

**City of New Port Richey, Florida**

**Comprehensive Annual  
Financial Report**



**Fiscal Year Ended  
September 30, 2017**



# City of New Port Richey, Florida

Council-Manager Form of Government

# Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2017

## City Council

Robert Marlowe, Mayor

Jeff Starkey

Bill Phillips

Judy DeBella Thomas

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, 2017

### Elected Officials

Mayor-Council Member	Robert Marlowe
Deputy Mayor-Council Member	Jeff Starkey
Council Member	Bill Phillips
Council Member	Judy DeBella Thomas
Council Member	Chopper Davis

### Appointed Officials

City Manager	Debbie L. Manns
City Attorney	Timothy Driscoll
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	Andrea Figart

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# NEW PORT RICHEY

5919 MAIN STREET • NEWPORTRICHEY, FL 34652 • 727.853.1016

November 30, 2016

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 2017 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.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2017. 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 a maintains a five-year Capital Improvement Program (CIP), which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the City identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. The fiscal year 2016-2017 Capital Improvement Program anticipates approximately \$15.8 million in capital projects, which included \$800,000 for stormwater utility projects, \$2.7 million in water & sewer improvement projects, \$2.6 million in street improvement projects, \$3.2 million in public safety projects, \$3.4 million for environmental projects, \$550,000 for transportation projects, and \$2.5 million for various economic development and community redevelopment projects.

The City Council must adopt a Capital Improvement Program in accordance with requirements of the City Charter and the State of Florida. The CIP is an integral component of the City's financial management system, but does not appropriate funds. Projections are updated and the first year's projects are incorporated into the 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 also 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.

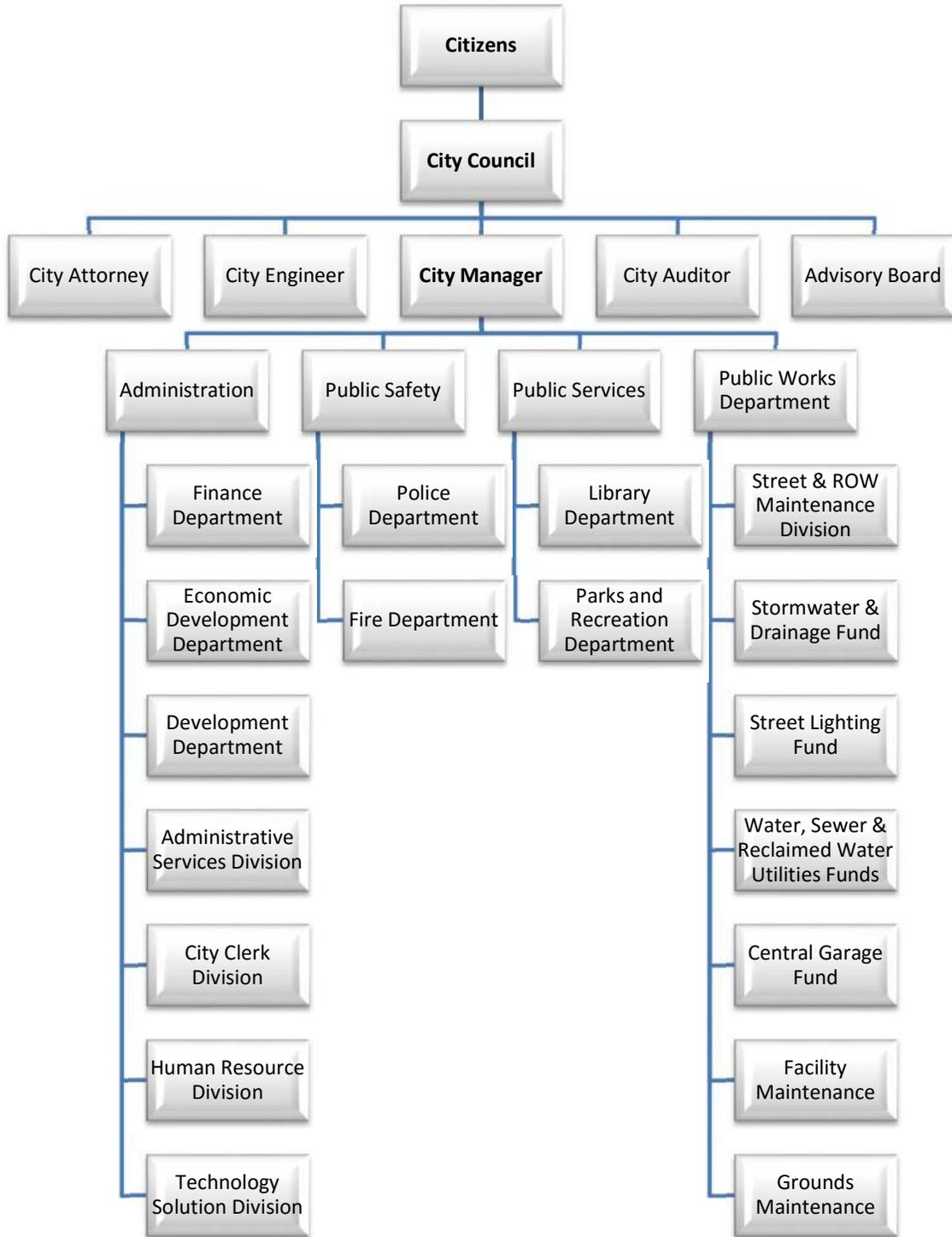
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor 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

# Citywide Organization Chart



# Financial Section

This section contains the following subsections:

Report of Independent Certified  
Public Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining Financial Statements

Other Supplementary Schedules

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Port Richey, Florida (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Officers' Retirement System and the Firefighters' Pension Plan, which represent 100% of the total assets, total revenues, and total net position of these pension trust funds and represent 93% of the total assets, 74% of the total revenues, and 94% of the total net position of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those components, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2017, 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 – Correction of an Error**

As described in Note P, the financial statements for the year ended September 30, 2017, 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.

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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Tampa, Florida  
December 28, 2018

## **Management's Discussion and Analysis**

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2017**

**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, 2016 and ended on September 30, 2017. 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.

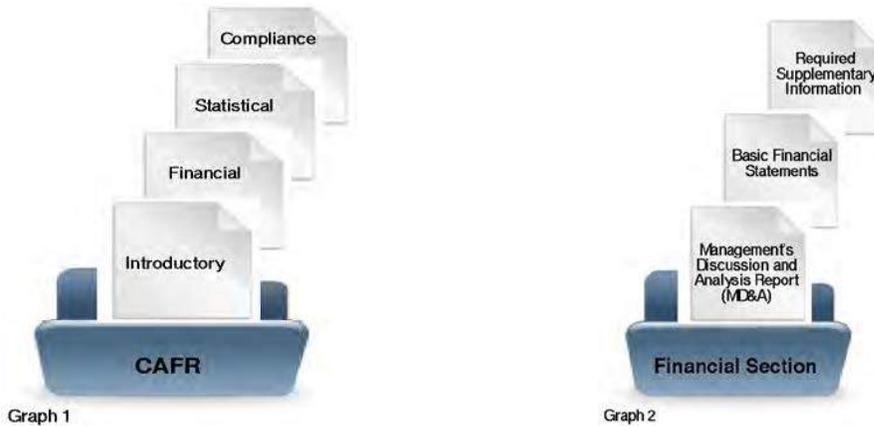
**FINANCIAL HIGHLIGHTS**

- ◇ The City's total assets and deferred outflows of resources (\$124.4 million) exceeded total liabilities and deferred inflows of resources (\$35.8 million) by \$88.6 million at year-end (net position). Of this amount, \$10.5 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 6.4%.
- ◇ The City's governmental funds reported a combined ending fund balance of \$13,062,338, a decrease of \$818,999 in comparison to prior year's fund balance.
- ◇ The City's total debt for revenue bonds and notes decreased by a net amount of \$402,939 or 2.3% 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, 2017**

**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, 2017**

**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, 2017**

**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 33-78 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 81-92 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 95-98 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 \$88.6 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	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 16,195,364	\$ 16,702,532	\$ 9,411,045	\$ 9,465,426	\$ 25,606,409	\$ 26,167,958
Capital assets	36,427,594	36,990,742	49,871,698	50,022,323	86,299,292	87,013,065
Other non-current assets	-	-	6,535,255	7,029,639	6,535,255	7,029,639
Total assets	<u>52,622,958</u>	<u>53,693,274</u>	<u>65,817,998</u>	<u>66,517,388</u>	<u>118,440,956</u>	<u>120,210,662</u>
Deferred Outflows	5,157,099	4,139,173	808,155	978,853	5,965,254	5,118,026
Current liabilities	3,309,529	3,797,381	2,595,300	2,350,746	5,904,829	6,148,127
Non-current liabilities	19,700,269	19,970,602	8,737,018	8,901,336	28,437,287	28,871,938
Total liabilities	<u>23,009,798</u>	<u>23,767,983</u>	<u>11,332,318</u>	<u>11,252,082</u>	<u>34,342,116</u>	<u>35,020,065</u>
Deferred Inflows	1,356,046	539,701	129,421	17,307	1,485,467	557,008
Net position:						
Net investment in						
capital assets	25,979,394	26,028,231	42,717,025	43,046,655	68,696,419	69,074,886
Restricted	5,953,485	6,162,908	3,429,235	3,478,157	9,382,720	9,641,065
Unrestricted	1,481,334	1,333,624	9,018,154	9,702,040	10,499,488	11,035,664
Total net position	<u>\$ 33,414,213</u>	<u>\$ 33,524,763</u>	<u>\$ 55,164,414</u>	<u>\$ 56,226,852</u>	<u>\$ 88,578,627</u>	<u>\$ 89,751,615</u>

By far, the largest portion of the City's net position (77.6%) 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, 2017**

An additional portion of the City's net position (10.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,499,488 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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 3,280,464	\$ 5,257,005	\$ 13,649,846	\$ 13,585,098	\$ 16,930,310	\$ 18,842,103
Operating grants and contributions	935,042	619,432	-	-	935,042	619,432
Capital grants and contributions	140,457	8,953	55,337	-	195,794	8,953
General Revenues:						
Taxes	12,359,195	11,648,148	-	-	12,359,195	11,648,148
State revenue sharing	1,794,217	1,738,673	-	-	1,794,217	1,738,673
Investment income	(732,379)	66,403	409,836	433,761	(322,543)	500,164
Gain on sale of capital assets	-	71,092	-	-	-	71,092
Miscellaneous	158,389	63,141	124,065	24,693	282,454	87,834
Total revenues	<u>17,935,385</u>	<u>19,472,847</u>	<u>14,239,084</u>	<u>14,043,552</u>	<u>32,174,469</u>	<u>33,516,399</u>
Expenses:						
General government	5,255,579	4,847,183	-	-	5,255,579	4,847,183
Public Safety	9,867,703	11,181,310	-	-	9,867,703	11,181,310
Public works	2,959,339	2,765,677	-	-	2,959,339	2,765,677
Culture and recreation	3,422,156	3,227,168	-	-	3,422,156	3,227,168
Interest on long-term debt	282,297	393,825	-	-	282,297	393,825
Water, reclaimed water, and sewer	-	-	8,459,773	8,907,807	8,459,773	8,907,807
Stormwater utility	-	-	675,874	856,625	675,874	856,625
Total expenses	<u>21,787,074</u>	<u>22,415,163</u>	<u>9,135,647</u>	<u>9,764,432</u>	<u>30,922,721</u>	<u>32,179,595</u>
Transfers	<u>5,236,119</u>	<u>4,263,384</u>	<u>(5,236,119)</u>	<u>(4,263,384)</u>	<u>-</u>	<u>-</u>
NET INCREASE(DECREASE) IN NET POSITION	1,384,430	1,321,068	(132,682)	15,736	1,251,748	1,336,804
Net position - beginning of year	<u>32,029,783</u>	<u>32,203,695</u>	<u>55,297,096</u>	<u>56,211,116</u>	<u>87,326,879</u>	<u>88,414,811</u>
Net position - end of year	<u>\$ 33,414,213</u>	<u>\$ 33,524,763</u>	<u>\$ 55,164,414</u>	<u>\$ 56,226,852</u>	<u>\$ 88,578,627</u>	<u>\$ 89,751,615</u>

The City's overall net position increased \$1,251,748 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, 2017**

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$1,384,430 from the prior fiscal year for an ending balance of \$33,414,213.

Total revenues for the City's governmental activities decreased by \$1,537,462 over prior year. Key elements are as follows:

- ◇ Program Revenues decreased by \$1,529,427 or 26.0%.
  - Charges for Services decreased by \$1,976,541, mainly due to a decrease in the number of cameras in the City's Red Light Camera program, resulting in a decline in red light camera fines issued.
  - Operating and capital grants and contributions increased by \$447,114, mainly due to a grant received from Florida Department of Transportation.
  
- ◇ General Revenues decreased by \$8,035 or 0.06%.
  - Taxes increased by \$711,047, as a result of increased property values and better economic conditions.
  - State Revenue Sharing increased by \$55,544.
  - Investment Income decreased by \$798,782, due to the write down of certain property held for resale.

Expenses for the City's governmental activities decreased by \$628,089, or 2.8%. The key element of this net decrease is related to a decline of Public Safety expenditures, which decreased by \$1,313,617. This decrease can be attributed to a decrease in the amount of red light camera fines remitted to the State, as a result of a decrease in the number of red light cameras utilized in the City's Red Light Camera program. There were also increases in the General Government, Public Works, and Culture and Recreation expenditures, which offset the decrease in Public Safety.

**Business-type activities.** Business-type activities resulted in a decrease in the City's net position by \$132,682.

Revenues for the City's business-type activities increased by \$195,532. The key elements are as follows:

- ◇ Program Revenues increased by \$120,085
  - Charges for services increased by \$64,748
  - Capital grants and contributions increased by \$55,337, due to the receipt of grants from the Gulf of Mexico Alliance, Southwest Florida Water Management District, and Florida Department of Transportation for the purchase of capital items.

Expenses for the City's business-type activities decreased by \$628,785, or 6.4%. The key element of this net decrease is related to a reduction in the cost to provide stormwater utility management services.

## **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

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

**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.

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

At September 30, 2017, the City's governmental funds reported combined fund balances of \$13,062,338, a decrease of \$818,999 in comparison to prior year's fund balance. This balance represents *nonspendable, restricted, committed, assigned, or unassigned*, which indicate that the funds are 1) not in spendable form, 2) restricted for particular purposes, 3) committed for particular purposes, 4) assigned for particular purposes, or 5) available for spending at the City's discretion.

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

**General Fund.** The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$3,929,176, 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 47.2% of total general fund expenditures, while unrestricted fund balance is 52.8% of total general fund expenditures.

General Fund balance increased by \$129,634 during the current year. Key elements of the increase are as follows:

- ◇ Expenditures of \$18,996,944 decreased by \$967,726, or 4.85% compared to the prior year.
  - Public safety decreased by \$1,149,560 over prior year. This can be attributed to a decrease in expenditures related to the City's Red Light Camera program.

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

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

**General Fund - Largest Revenues Components**

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Property taxes	\$ 4,661,075	\$ 4,482,608	\$ 4,510,864	\$ 4,476,414	\$ 4,561,087
Utility taxes/franchise fees	1,196,176	1,317,052	1,247,460	1,174,076	1,279,322
Communications taxes	854,510	704,995	656,780	651,949	655,342
State shared revenue	1,923,084	2,004,171	2,000,972	2,060,565	2,137,479
Grants and contributions	276,191	261,314	336,758	583,788	459,397
Other revenues	3,581,044	3,033,884	2,904,603	3,987,227	3,435,186
Total	<u>\$ 12,492,080</u>	<u>\$ 11,804,024</u>	<u>\$ 11,657,437</u>	<u>\$ 12,934,019</u>	<u>\$ 12,527,813</u>

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

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

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

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

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

Penny for Pasco	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Revenues	\$1,566,812	\$1,673,113	\$2,003,421	\$2,186,944	\$2,262,697

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 2018 and beyond.

The Capital Improvement Program (CIP) Fund’s total fund balance increased by \$408,950 in comparison to prior year’s fund balance. This is mainly due to the receipt of a grant from the Florida Department of Transportation to fund a major construction project during the fiscal year and due to a reduction in total capital outlay expenditures compared to the prior 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 F. of the CAFR. No major changes in capital assets are reported from the prior year.

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land, land rights, and improvements	\$ 3,822,012	\$ 3,784,612	\$ 1,220,787	\$ 1,198,860	\$ 5,042,799	\$ 4,983,472
Building and improvements	25,200,593	12,183,513	34,937,090	26,824,089	60,137,683	39,007,602
Improvements other than buildings	10,588,896	20,712,834	-	-	10,588,896	20,712,834
Machinery and equipment	11,947,894	11,184,739	5,226,931	4,586,653	17,174,825	15,771,392
Infrastructure	21,137,245	20,077,866	44,021,241	50,728,156	65,158,486	70,806,022
Less: Accumulated depreciation	(39,117,896)	(35,902,574)	(37,603,221)	(34,640,117)	(76,721,117)	(70,542,691)
Sub-total	<u>33,578,744</u>	<u>32,040,990</u>	<u>47,802,828</u>	<u>48,697,641</u>	<u>81,381,572</u>	<u>80,738,631</u>
Construction in progress	2,848,850	4,949,752	2,068,870	1,324,682	4,917,720	6,274,434
Total	<u>\$ 36,427,594</u>	<u>\$ 36,990,742</u>	<u>\$ 49,871,698</u>	<u>\$ 50,022,323</u>	<u>\$ 86,299,292</u>	<u>\$ 87,013,065</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**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 \$17.5 million compared to \$17.9 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 \$402,939. Details on all long-term loans are included in Note G in the CAFR.

	Totals	
	2017	2016
<b>Governmental:</b>		
Redevelopment note, Series 2016	\$ 10,345,000	\$ 10,954,000
Sub-total	10,345,000	10,954,000
<b>Business Type:</b>		
W&S Revenue bond, Series 2012	6,373,551	6,925,490
W&S Revenue bond, Series 2017A	758,000	-
Sub-total	7,131,551	6,925,490
<b>Total</b>	<b>\$ 17,476,551</b>	<b>\$ 17,879,490</b>

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 2018 property tax rate has been reduced to 8.9950 mills, from 9.1500 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 2018 budget includes cost of living raises for non-represented employees and as allowable for firefighters and police officers for the first time in five years.

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

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

**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.

**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, 2017. 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](http://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](mailto: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, 2017**

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash, cash equivalents, and investments	\$ 11,146,884	\$ 1,296,515	\$ 12,443,399
Restricted assets:			
Cash, cash equivalents, and investments			
Impact fees	-	3,429,235	3,429,235
Customer deposits	-	1,114,173	1,114,173
Receivables (net of allowance):			
Accounts, billed	223,182	1,816,432	2,039,614
Taxes	252,069	-	252,069
Special assessments	94,240	2,324	96,564
Note receivable - current portion	-	494,384	494,384
Due from other governments	1,883,966	858,392	2,742,358
Redevelopment properties held for resale	2,469,000	-	2,469,000
Inventories - at cost	123,407	399,590	522,997
Prepaid items	2,616	-	2,616
Total current assets	<u>16,195,364</u>	<u>9,411,045</u>	<u>25,606,409</u>
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Non-depreciable	6,670,862	3,289,657	9,960,519
Depreciable, net of accumulated depreciation	29,756,732	46,582,041	76,338,773
Note receivable - long-term portion	-	6,535,255	6,535,255
Total noncurrent assets	<u>36,427,594</u>	<u>56,406,953</u>	<u>92,834,547</u>
 Total assets	 <u>52,622,958</u>	 <u>65,817,998</u>	 <u>118,440,956</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	5,157,099	808,155	5,965,254
Total deferred outflows of resources	<u>5,157,099</u>	<u>808,155</u>	<u>5,965,254</u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**SEPTEMBER 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 1,729,522	\$ 491,558	\$ 2,221,080
Accrued liabilities	578,069	75,602	653,671
Due to other governments	135,668	200,337	336,005
Customer deposits	-	1,114,173	1,114,173
Unearned revenue	155,475	72,892	228,367
Current portion of:			
Revenue bonds payable	-	612,290	612,290
Redevelopment revenue notes payable	625,000	-	625,000
Net pension liability	42,172	14,818	56,990
Compensated absences	43,623	13,630	57,253
Total current liabilities	3,309,529	2,595,300	5,904,829
<b>NONCURRENT LIABILITIES</b>			
Lawsuit settlement payable	50,000	-	50,000
Revenue bonds payable	-	6,519,261	6,519,261
Redevelopment revenue notes payable	9,720,000	-	9,720,000
Net pension liability	7,781,042	1,801,839	9,582,881
Net OPEB obligation	1,786,551	373,817	2,160,368
Compensated absences	362,676	42,101	404,777
Total noncurrent liabilities	19,700,269	8,737,018	28,437,287
Total liabilities	23,009,798	11,332,318	34,342,116
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	1,356,046	129,421	1,485,467
Total deferred inflows of resources	1,356,046	129,421	1,485,467
<b>NET POSITION</b>			
Net Investment in capital assets	25,979,394	42,717,025	68,696,419
Restricted:			
Law enforcement programs	53,119	-	53,119
Donations received	23,019	-	23,019
Debt service	699,493	-	699,493
Impact fees	-	3,429,235	3,429,235
Infrastructure	3,305,983	-	3,305,983
Transportation	1,871,871	-	1,871,871
Unrestricted	1,481,334	9,018,154	10,499,488
Total net position	\$ 33,414,213	\$ 55,164,414	\$ 88,578,627

**CITY OF NEW PORT RICHEY, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 5,255,579	\$ 2,509,117	\$ -	\$ -
Public safety	9,867,703	213,985	51,736	-
Public works	2,959,339	38,559	681,652	-
Culture and recreation	3,422,156	518,803	201,654	140,457
Interest and fiscal charges on long-term debt	282,297	-	-	-
Total governmental activities	<u>21,787,074</u>	<u>3,280,464</u>	<u>935,042</u>	<u>140,457</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water and Sewer	8,459,773	12,643,966	-	-
Stormwater utility	675,874	1,005,880	-	55,337
Total business-type activities	<u>9,135,647</u>	<u>13,649,846</u>	<u>-</u>	<u>55,337</u>
Total	<u>\$ 30,922,721</u>	<u>\$ 16,930,310</u>	<u>\$ 935,042</u>	<u>\$ 195,794</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 (loss)

Miscellaneous

Total general revenues

Transfers

Total general revenue and transfers

Change in net position

Net position - beginning of year as previously reported

Prior period adjustment - see Note P

Net position - beginning of year restated

Net position - end of year

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,746,462)	\$ -	\$ (2,746,462)
(9,601,982)	-	(9,601,982)
(2,239,128)	-	(2,239,128)
(2,561,242)	-	(2,561,242)
(282,297)	-	(282,297)
(17,431,111)	-	(17,431,111)
-	4,184,193	4,184,193
-	385,343	385,343
-	4,569,536	4,569,536
(17,431,111)	4,569,536	(12,861,575)
5,242,171	-	5,242,171
1,242,978	-	1,242,978
1,388,523	-	1,388,523
655,342	-	655,342
2,713,655	-	2,713,655
773,264	-	773,264
343,262	-	343,262
1,794,217	-	1,794,217
(732,379)	409,836	(322,543)
158,389	124,065	282,454
13,579,422	533,901	14,113,323
5,236,119	(5,236,119)	-
18,815,541	(4,702,218)	14,113,323
1,384,430	(132,682)	1,251,748
33,524,763	56,226,852	89,751,615
(1,494,980)	(929,756)	(2,424,736)
32,029,783	55,297,096	87,326,879
\$ 33,414,213	\$ 55,164,414	\$ 88,578,627

**CITY OF NEW PORT RICHEY, FLORIDA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2017**

	General	Redevelopment	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash, cash equivalents, and investments	\$ 4,254,630	\$ 671,970	\$ 611,628	\$ 3,168,449	\$ 1,891,153	\$ 10,597,830
Receivables (net of allowance):						
Accounts, billed	215,200	7,982	-	-	-	223,182
Taxes	113,920	-	138,149	-	-	252,069
Special assessments	-	-	-	-	94,240	94,240
Advances from other funds	8,866,545	-	-	-	-	8,866,545
Due from other governments	863,926	-	-	890,919	129,121	1,883,966
Redevelopment properties held for resale	-	2,469,000	-	-	-	2,469,000
Inventories - at cost	27,416	-	-	-	-	27,416
Prepaid items	2,616	-	-	-	-	2,616
	<u>\$ 14,344,253</u>	<u>\$ 3,148,952</u>	<u>\$ 749,777</u>	<u>\$ 4,059,368</u>	<u>\$ 2,114,514</u>	<u>\$ 24,416,864</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 757,432	\$ 42,295	\$ 6,490	\$ 753,385	\$ 109,818	\$ 1,669,420
Accrued liabilities	526,612	806	-	-	-	527,418
Advances to other funds	-	8,866,545	-	-	-	8,866,545
Due to other governments	135,668	-	-	-	-	135,668
Unearned revenues	22,650	-	-	-	132,825	155,475
	<u>1,442,362</u>	<u>8,909,646</u>	<u>6,490</u>	<u>753,385</u>	<u>242,643</u>	<u>11,354,526</u>
Fund Balances:						
Nonspendable:						
Advances from other funds	8,866,545	-	-	-	-	8,866,545
Inventories	27,416	-	-	-	-	27,416
Prepaid items	2,616	-	-	-	-	2,616
Restricted for:						
Donations received	23,019	-	-	-	-	23,019
Law enforcement programs	53,119	-	-	-	-	53,119
Debt service	-	-	743,287	-	-	743,287
Infrastructure	-	-	-	3,305,983	-	3,305,983
Transportation	-	-	-	-	1,871,871	1,871,871
Committed to:						
Emergency reserve	3,267,511	-	-	-	-	3,267,511
Assigned to:						
Tree removal	9,593	-	-	-	-	9,593
Public safety equipment purchase	8,188	-	-	-	-	8,188
Employee recovery	11,374	-	-	-	-	11,374
Youth education	2,450	-	-	-	-	2,450
Unassigned:						
General fund	630,060	-	-	-	-	630,060
Redevelopment Fund	-	(5,760,694)	-	-	-	(5,760,694)
	<u>\$ 12,901,891</u>	<u>\$ (5,760,694)</u>	<u>\$ 743,287</u>	<u>\$ 3,305,983</u>	<u>\$ 1,871,871</u>	<u>\$ 13,062,338</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, 2017**

Fund Balances - total governmental funds		\$ 13,062,338
<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	74,990,645	
Less: accumulated depreciation	<u>(38,822,457)</u>	36,168,188
<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>		
		5,098,585
<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	(50,000)	
Redevelopment revenue notes payable	(10,345,000)	
Compensated absences	(399,101)	
Net pension liability	(7,690,557)	
Net OPEB obligation	<u>(1,744,466)</u>	(20,229,124)
<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		(43,794)
<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>		
		(1,346,451)
<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>704,471</u>
Net position of governmental activities		<u><u>\$ 33,414,213</u></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, 2017**

	General	Redevelopment	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 6,509,193	\$ 681,080	\$ 1,352,179	\$ 2,262,697	\$ 1,177,243	\$ 11,982,392
Licenses and permits	390,984	-	-	-	-	390,984
Intergovernmental revenue	2,596,876	125,000	-	475,645	-	3,197,521
Charges for services	840,199	-	-	-	-	840,199
Fines and forfeitures	2,049,281	-	-	-	-	2,049,281
Investment income (loss)	12,873	(823,372)	689	36,937	22,834	(750,039)
Miscellaneous revenues	128,407	43,909	-	-	52,732	225,048
Total Revenues	<u>12,527,813</u>	<u>26,617</u>	<u>1,352,868</u>	<u>2,775,279</u>	<u>1,252,809</u>	<u>17,935,386</u>
<b>EXPENDITURES</b>						
Current:						
General government	3,864,073	306,934	-	-	384,607	4,555,614
Public safety	10,169,514	-	-	-	-	10,169,514
Public works	2,097,798	-	-	-	-	2,097,798
Culture and recreation	2,179,970	-	-	-	-	2,179,970
Capital outlay	685,589	94,997	-	2,399,329	913,819	4,093,734
Debt service						
Principal retirement	-	-	609,000	-	-	609,000
Interest and fiscal charges	-	-	284,875	-	-	284,875
Total Expenditures	<u>18,996,944</u>	<u>401,931</u>	<u>893,875</u>	<u>2,399,329</u>	<u>1,298,426</u>	<u>23,990,505</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,469,131)</u>	<u>(375,314)</u>	<u>458,993</u>	<u>375,950</u>	<u>(45,617)</u>	<u>(6,055,119)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	7,464,480	865,715	887,230	283,000	56,030	9,556,455
Transfers out	(865,715)	(1,262,670)	(1,423,750)	(250,000)	(518,200)	(4,320,335)
Total Other Financing Sources (Uses)	<u>6,598,765</u>	<u>(396,955)</u>	<u>(536,520)</u>	<u>33,000</u>	<u>(462,170)</u>	<u>5,236,120</u>
<b>NET CHANGE IN FUND BALANCES</b>	129,634	(772,269)	(77,527)	408,950	(507,787)	(818,999)
<b>FUND BALANCES - BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	12,122,498	(4,988,425)	820,814	2,897,033	2,379,658	13,231,578
Prior period adjustment - see Note P	649,759	-	-	-	-	649,759
<b>FUND BALANCES - BEGINNING OF YEAR AS RESTATED</b>	<u>12,772,257</u>	<u>(4,988,425)</u>	<u>820,814</u>	<u>2,897,033</u>	<u>2,379,658</u>	<u>13,881,337</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 12,901,891</u>	<u>\$ (5,760,694)</u>	<u>\$ 743,287</u>	<u>\$ 3,305,983</u>	<u>\$ 1,871,871</u>	<u>\$ 13,062,338</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, 2017**

Net change in fund balances - total governmental funds \$ (818,999)

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	\$ 3,965,395	
Less: current year depreciation	<u>(2,374,738)</u>	1,590,657

Debt issuances provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the statement of net position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds

Principal payments - refunding notes		609,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in lawsuit settlement payable	50,000	
Change in pension related amounts	107,784	
Change in accrued interest payable	2,578	
Change in net OPEB obligation	(265,660)	
Change in compensated absences	<u>(37,923)</u>	(143,221)

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.

Change in net position of governmental activities		<u>146,993</u>
		<u><u>\$ 1,384,430</u></u>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	Business-Type Activities Enterprise Funds			Governmental Activity	Total
	Water and Sewer	Stormwater Utility	Total	Internal Service	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash, cash equivalents, and investments	\$ 301,033	\$ 995,482	\$ 1,296,515	\$ 549,054	\$ 1,845,569
Restricted:					
Cash, cash equivalents, and investments					
Impact fees	3,429,235	-	3,429,235	-	3,429,235
Customer deposits	1,114,173	-	1,114,173	-	1,114,173
Receivables (net of allowance):					
Accounts, billed	1,816,432	-	1,816,432	-	1,816,432
Special assessments	2,324	-	2,324	-	2,324
Note receivable - current portion	494,384	-	494,384	-	494,384
Due from other governments	823,301	35,091	858,392	-	858,392
Inventories - at cost	399,590	-	399,590	95,991	495,581
Prepaid items	-	-	-	-	-
Total current assets	<u>8,380,472</u>	<u>1,030,573</u>	<u>9,411,045</u>	<u>645,045</u>	<u>10,056,090</u>
<b>NONCURRENT ASSETS</b>					
Capital Assets:					
Non-depreciable:					
Land, land rights, and improvements	1,016,036	204,751	1,220,787	-	1,220,787
Construction in progress	1,776,370	292,500	2,068,870	-	2,068,870
Depreciable:					
Buildings and improvements	34,610,373	321,223	34,931,596	17,927	34,949,523
Machinery and equipment	4,522,456	704,473	5,226,929	214,523	5,441,452
Infrastructure and other improvements	35,622,942	8,403,792	44,026,734	322,395	44,349,129
Accumulated depreciation	(34,055,091)	(3,548,127)	(37,603,218)	(295,439)	(37,898,657)
Note receivable - long-term portion	6,535,255	-	6,535,255	-	6,535,255
Total noncurrent assets	<u>50,028,341</u>	<u>6,378,612</u>	<u>56,406,953</u>	<u>259,406</u>	<u>56,666,359</u>
Total assets	<u>58,408,813</u>	<u>7,409,185</u>	<u>65,817,998</u>	<u>904,451</u>	<u>66,722,449</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	691,128	117,027	808,155	58,514	866,669
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	367,863	123,695	491,558	60,102	551,660
Accrued liabilities	71,126	4,476	75,602	6,857	82,459
Due to other governments	200,337	-	200,337	-	200,337
Customer deposits	1,114,173	-	1,114,173	-	1,114,173
Unearned revenue	72,892	-	72,892	-	72,892
Revenue bonds payable - current portion	612,290	-	612,290	-	612,290
Net pension liability - current portion	12,538	2,280	14,818	1,140	15,958
Compensated absences - current portion	13,204	426	13,630	-	13,630
Total current liabilities	<u>2,464,423</u>	<u>130,877</u>	<u>2,595,300</u>	<u>68,099</u>	<u>2,663,399</u>
<b>NONCURRENT LIABILITIES</b>					
Revenue notes payable	6,519,261	-	6,519,261	-	6,519,261
Net OPEB obligation	344,446	29,371	373,817	42,085	415,902
Net pension liability	1,538,807	263,032	1,801,839	131,517	1,933,356
Compensated absences	41,375	726	42,101	7,198	49,299
Total noncurrent liabilities	<u>8,443,889</u>	<u>293,129</u>	<u>8,737,018</u>	<u>180,800</u>	<u>8,917,818</u>
Total liabilities	<u>10,908,312</u>	<u>424,006</u>	<u>11,332,318</u>	<u>248,899</u>	<u>11,581,217</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	110,232	19,189	129,421	9,595	139,016
<b>NET POSITION</b>					
Net investment in capital assets	36,361,535	6,355,490	42,717,025	259,406	42,976,431
Restricted:					
Water and sewer impact fees	3,429,235	-	3,429,235	-	3,429,235
Unrestricted	8,290,627	727,527	9,018,154	445,065	9,463,219
Total net position	<u>\$ 48,081,397</u>	<u>\$ 7,083,017</u>	<u>\$ 55,164,414</u>	<u>\$ 704,471</u>	<u>\$ 55,868,885</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, 2017**

	Business-Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
<b>OPERATING REVENUE</b>					
Charges for services	\$ 12,196,180	\$ 1,005,880	\$ 13,202,060	\$ 911,776	\$ 14,113,836
Impact fees	447,786	-	447,786	-	447,786
Total operating revenues	<u>12,643,966</u>	<u>1,005,880</u>	<u>13,649,846</u>	<u>911,776</u>	<u>14,561,622</u>
<b>OPERATING EXPENSES</b>					
Personal services	2,175,817	252,694	2,428,511	197,055	2,625,566
Contractual services	153,586	48,187	201,773	72,790	274,563
Operating supplies	601,097	76,143	677,240	453,273	1,130,513
Repairs and maintenance	236,310	19,841	256,151	12,019	268,170
Utilities	974,006	19,803	993,809	2,238	996,047
Depreciation	1,781,770	237,785	2,019,555	27,770	2,047,325
Subsidy from County	(905,921)	-	(905,921)	-	(905,921)
Other operating expenses	3,209,013	21,421	3,230,434	25	3,230,459
Total operating expenses	<u>8,225,678</u>	<u>675,874</u>	<u>8,901,552</u>	<u>765,170</u>	<u>9,666,722</u>
<b>OPERATING INCOME</b>	4,418,288	330,006	4,748,294	146,606	4,894,900
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	401,360	8,476	409,836	207	410,043
Capital grants	-	55,337	55,337	-	55,337
Miscellaneous revenues	120,893	3,172	124,065	180	124,245
Interest and fiscal charges	(234,095)	-	(234,095)	-	(234,095)
Total net nonoperating revenues	<u>288,158</u>	<u>66,985</u>	<u>355,143</u>	<u>387</u>	<u>355,530</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	4,706,446	396,991	5,103,437	146,993	5,250,430
Transfers out	(4,568,059)	(668,060)	(5,236,119)	-	(5,236,119)
<b>CHANGE IN NET POSITION</b>	138,387	(271,069)	(132,682)	146,993	14,311
Net position - beginning of year as previously reported	48,587,242	7,639,610	56,226,852	506,988	56,733,840
Prior period adjustment - see Note P	(644,232)	(285,524)	(929,756)	50,490	(879,266)
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<u>47,943,010</u>	<u>7,354,086</u>	<u>55,297,096</u>	<u>557,478</u>	<u>55,854,574</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 48,081,397</u>	<u>\$ 7,083,017</u>	<u>\$ 55,164,414</u>	<u>\$ 704,471</u>	<u>\$ 55,868,885</u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 12,173,040	\$ 970,789	\$ 13,143,829	\$ -	\$ 13,143,829
Cash received from interfund services provided	-	-	-	911,776	911,776
Cash paid to suppliers for goods and services	(4,177,149)	(88,547)	(4,265,696)	(536,322)	(4,802,018)
Cash paid to and for the benefit of employees	(2,231,596)	(230,063)	(2,461,659)	(214,091)	(2,675,750)
Net cash provided by operating activities	<u>5,764,295</u>	<u>652,179</u>	<u>6,416,474</u>	<u>161,363</u>	<u>6,577,837</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash transfers from other funds	-	21,392	21,392	249,832	271,224
Cash transfers to other funds	(4,685,405)	(677,188)	(5,362,593)	(141,849)	(5,504,442)
Net cash used by noncapital financing activities	<u>(4,685,405)</u>	<u>(655,796)</u>	<u>(5,341,201)</u>	<u>107,983</u>	<u>(5,233,218)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Interest and fiscal charges paid on revenue bonds	(234,095)	-	(234,095)	-	(234,095)
Proceeds from issuance of debt	787,000	-	787,000	-	787,000
Principal paid on revenue bonds, including current refinancing	(580,939)	-	(580,939)	-	(580,939)
Acquisition and construction of capital assets	(2,347,535)	(395,814)	(2,743,349)	(18,704)	(2,762,053)
Proceeds from sale of water rights	471,245	-	471,245	-	471,245
Net cash used by capital and related financing activities	<u>(1,904,324)</u>	<u>(395,814)</u>	<u>(2,300,138)</u>	<u>(18,704)</u>	<u>(2,318,842)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Earnings on investments	401,360	8,476	409,836	207	410,043
Other revenues	120,893	3,172	124,065	180	124,245
Net cash provided by investing activities	<u>522,253</u>	<u>11,648</u>	<u>533,901</u>	<u>387</u>	<u>534,288</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	(303,181)	(387,783)	(690,964)	251,029	(439,935)
Cash and cash equivalents - Beginning 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>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 4,844,441</u></u>	<u><u>\$ 995,482</u></u>	<u><u>\$ 5,839,923</u></u>	<u><u>\$ 549,054</u></u>	<u><u>\$ 6,388,977</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET</b>					
Unrestricted cash and pooled cash, cash equivalents, and investments	\$ 301,033	\$ 995,482	\$ 1,296,515	\$ 549,054	\$ 1,845,569
Restricted cash and pooled cash, cash equivalents, and investments:					
Impact fees	3,429,235	-	3,429,235	-	3,429,235
Customer deposits	1,114,173	-	1,114,173	-	1,114,173
	<u><u>\$ 4,844,441</u></u>	<u><u>\$ 995,482</u></u>	<u><u>\$ 5,839,923</u></u>	<u><u>\$ 549,054</u></u>	<u><u>\$ 6,388,977</u></u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income	\$ 4,418,288	\$ 330,006	\$ 4,748,294	\$ 146,606	\$ 4,894,900
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	1,781,770	237,785	2,019,555	27,770	2,047,325
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(74,868)	-	(74,868)	-	(74,868)
(Increase) decrease in due from other governments	(396,058)	(35,091)	(431,149)	-	(431,149)
(Increase) decrease in inventories	(2,345)	-	(2,345)	(19,197)	(21,542)
Increase (decrease) in accounts payable	(138,444)	96,848	(41,596)	23,220	(18,376)
Increase (decrease) in accrued liabilities	(2,017)	(1,887)	(3,904)	948	(2,956)
Increase (decrease) in customer deposits	58,330	-	58,330	-	58,330
Increase (decrease) in due to other governments	137,888	-	137,888	-	137,888
Increase (decrease) in unearned revenue	35,513	-	35,513	-	35,513
Increase (decrease) in compensated absences	14,039	(2,710)	11,329	2,003	13,332
Increase (decrease) in net pension liability	(388,109)	9,126	(378,983)	(59,482)	(438,465)
Increase (decrease) in deferred outflows relating to pension	174,298	(3,600)	170,698	26,556	197,254
Increase (decrease) in deferred inflows relating to pensions	94,914	17,200	112,114	8,103	120,217
Increase (decrease) in net OPEB obligation	51,096	4,502	55,598	4,836	60,434
 Net Cash Provided by Operating Activities	 <u>\$ 5,764,295</u>	 <u>\$ 652,179</u>	 <u>\$ 6,416,474</u>	 <u>\$ 161,363</u>	 <u>\$ 6,577,837</u>

See accompanying Notes to Financial Statements.

**CITY OF NEW PORT RICHEY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2017**

	<u>Employee Retirement Funds</u>
<b>ASSETS</b>	
Cash	\$ 5,316
Investments:	
U.S. government obligations	2,037,715
U.S. government agency obligations	3,913,177
Domestic corporate bonds and stocks	23,106,762
Real estate investment trust	2,985,229
Temporary investment funds	727,000
Pooled equity and fixed income funds	5,731,341
Total investments	<u>38,501,224</u>
Receivables:	
Accrued dividends and interest	47,746
Intergovernmental	266,001
Total receivables	<u>313,747</u>
Prepaid items	192,693
Equipment	101
Total assets	<u>39,013,081</u>
<b>LIABILITIES</b>	
Accounts payable	<u>207,127</u>
Total liabilities	<u>207,127</u>
<b>NET POSITION</b>	
Restricted for Pension Benefits	<u><u>\$ 38,805,954</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, 2017**

	<u>Employee Retirement Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,350,586
Employee	205,486
State	344,907
Total contributions	<u>1,900,979</u>
Investment earnings:	
Net increase in fair value of investments	3,769,990
Interest and dividends	759,534
Other	5,522
Total investment earnings	<u>4,535,046</u>
Less investment expense	<u>188,588</u>
Net investment earnings	<u>4,346,458</u>
Total additions	<u>6,247,437</u>
<b>DEDUCTIONS</b>	
Benefits	2,484,903
Refunds of contributions	66,327
Administrative expense	128,861
Total deductions	<u>2,680,091</u>
<b>CHANGE IN NET POSITION</b>	<u>3,567,346</u>
Net Position - Beginning of Year	<u>35,238,608</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 38,805,954</u></u>

See accompanying Notes to Financial Statements.

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**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The City has determined that the Community Redevelopment Agency (CRA) is the only organization that meets these requirements, and therefore, has appropriately blended the component unit in the financial statements as a Special Revenue Fund. Although legally separate, the City Council serves as the CRA Board. The CRA was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 1202 and City Resolutions 885, 8826, and 897. The CRA was modified and the redevelopment plan revised with the adoption of City Resolution 0105. Separate financial statements are not prepared for the CRA.

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

**CITY OF NEW PORT RICHEY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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 do 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, 2017**

**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.

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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, 2017**

**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, 2017 was 9.15 mills.

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

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

<u>Capital Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	20-50 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, 2017**

**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 \$9,382,720 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, 2017**

**NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Committed – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council that constitutes the most binding constraint, which is an ordinance. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager through the budgetary process. The City has assigned funds for Capital Projects that are to be used for the repair and replacement of equipment, street improvements, debt services and future expenditures, funds designated for future expenditures and an amount designated for minimum funding as established by Ordinance 1119.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The spending order of fund balances as established by the City is to first spend restricted amounts when both restricted and unrestricted fund balances are available, unless there are legal restrictions that prohibit such action, such as grant agreements that require a dollar match. Additionally, when expenditures are incurred for purposes for which unrestricted fund balances could be used, the City shall first spend committed fund balance, followed by assigned fund balance, and then unassigned fund balance.

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

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

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE B CASH, CASH EQUIVALENTS, AND INVESTMENTS**

At September 30, 2017, the carrying amount of the City's deposits with financial institutions was \$1,216,071 and the bank account balance was \$1,805,355. 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, 2017**

**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, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value within Florida PRIME.

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

The City's investments as of September 30, 2017, consist of the following:

Investment	Weighted Average Maturity	Fair Value	Overall Credit Rating (Standard & Poors)
State Board of Administration - Florida PRIME	80 days	\$ 5,669,246	AAAm
Florida Municipal Investment Trust - 0-2 Year High Quality Bond Fund	0.59 year	4,601,768	Not Rated
United States Treasury Bill	10 months	5,498,672	Not Rated
Portfolio Total		<u>\$ 15,769,686</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, 2017, 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, 2017**

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

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

Bank Deposits	\$	1,216,071
Petty Cash		1,050
Investments		15,769,686
Total		\$ 16,986,807
Unrestricted:		
Cash, Cash Equivalents, and Investments	\$	12,443,399
Restricted:		
Cash, Cash Equivalents, and Investments - Customer deposits		4,543,408
Total Cash, Cash Equivalents, and Investments	\$	16,986,807

**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, 2017, the carrying amount of the Plan's cash and cash equivalents was \$4,040.

**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, 2017:

Investment Type	Fair Value	Overall Credit Rating (S&P & Moody's)	Average Effective Duration (Years)
U.S. Government obligations	\$ 226,029	AA	6.4
U.S. Government agency obligations	671,095	AA	8.1
Domestic corporate bonds	1,669,168	A	5.2
Domestic fixed income investment fund	612,840	Not rated	N/A
Domestic stocks	3,528,450	Not rated	N/A
Domestic equity investment fund	3,292,242	Not rated	N/A
International equity investment fund	1,826,259	Not rated	N/A
Temporary investment funds	121,000	Not rated	N/A
Total Investments	\$ 11,947,083		

**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, 2017**

**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, 2017, the carrying amount of the Plan’s cash and cash equivalents was \$1,276.

**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, 2017:

<u>Investment</u>	<u>Fair Value</u>	<u>Overall Credit Rating (S&amp;P &amp; Moody's)</u>	<u>Average Effective Duration (Years)</u>
U.S. Government obligations	\$ 1,811,686	AA	5.2
U.S. Government agency obligations	3,242,082	AA	8.8
Domestic corporate bonds	1,181,116	A	6.7
Domestic stocks	16,728,028	Not rated	N/A
Real estate investment fund	2,985,229	Not rated	N/A
Temporary investment funds	606,000	Not rated	N/A
Total Fixed Investments	<u>\$ 26,554,141</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, 2017**

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

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

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

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

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

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

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

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

The investments of the City consist of the following:

- Florida PRIME, which is a qualified external investment pool and is valued at amortized cost of \$5,669,246 as of September 30, 2017.
- United States Treasury Bill, with a fair value of \$5,498,672 as of September 30, 2017. This is considered a Level 2 investment, whose pricing was obtained from an independent third party custodian that utilizes matrix pricing.
- 0-2 Year High Quality Bond Fund, which is invested through the Florida Municipal Investment Trust (FMIVT), is an external investment pool. The 0-2 Year High Quality Bond Fund is valued at the net asset value (NAV) of \$4,601,768 as of September 30, 2017. The NAV, provided by FMIVT, is based upon the values of the underlying securities within the fund. The 0-2 Year High Quality Bond Fund invests mainly in U.S. government and agency securities and asset-backed securities. The investment objective of this fund is to meet or exceed the return of its benchmark, the Bank of America ML 1 Year Treasury Note. The fund’s underlying portfolio is valued on the 15<sup>th</sup> 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, 2017**

**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, 2017:

	2017			
	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)
<b>Investment by Fair Value Level</b>				
Debt Securities:				
U.S. Government Obligations	\$ 226,029	\$ -	\$ 226,029	\$ -
U.S. Government Agency Securities	671,095	-	671,095	-
Domestic Corporate Bonds	1,669,168	-	1,669,168	-
Domestic Fixed Income Fund	612,840	612,840	-	-
Equity Securities:				
Domestic Equity Investment Fund	3,292,242	3,292,242	-	-
Domestic Stocks	3,528,450	3,528,450	-	-
International Equity Investment Fund	1,826,259	1,826,259	-	-
Temporary Investments	121,000	121,000	-	-
Total Investments Measured at Fair Value	<u>\$ 11,947,083</u>	<u>\$ 9,380,791</u>	<u>\$ 2,566,292</u>	<u>\$ -</u>

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

The Police Officers' Retirement System had the following recurring fair value measurements comprised of investments as of September 30, 2017:

	2017			
	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)
<b>Investment by Fair Value Level</b>				
Debt Securities:				
U.S. Government Obligations	\$ 1,811,686	\$ -	\$ 1,811,686	\$ -
U.S. Government Agency Securities	3,242,082	-	3,242,082	-
Corporate Bonds	1,181,116	-	1,181,116	-
Equity Securities:				
Domestic Stocks	16,728,028	16,728,028	-	-
Temporary Investments	606,000	606,000	-	-
Total Investments Measured at Fair Value	<u>23,568,912</u>	<u>\$ 17,334,028</u>	<u>\$ 6,234,884</u>	<u>\$ -</u>
<b>Investments Measured at Net Asset Value (NAV)</b>				
Real Estate Fund	2,985,229			
Total Investments Measured at Cost	<u>2,985,229</u>			
Total Investments	<u>\$ 26,554,141</u>			

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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, 2017 were as follows:

	Receivable Balance	Allowance for Uncollectible Balance	Net
<b>General Fund:</b>			
Taxes and franchise fees	\$ 113,920	\$ -	\$ 113,920
Lot mowing	22,136	-	22,136
Code enforcement	659,542	586,992	72,550
Red light camera fines	38,078	-	38,078
Other	82,436	-	82,436
Total General Fund	\$ 916,112	\$ 586,992	\$ 329,120
<b>Redevelopment Fund:</b>			
Lot mowing	\$ 7,982	\$ -	\$ 7,982
Code enforcement	326,767	326,767	-
Total Redevelopment Fund	\$ 334,749	\$ 326,767	\$ 7,982
<b>Debt Service Fund:</b>			
Taxes and franchise fees	\$ 138,149	\$ -	\$ 138,149
<b>Street Improvement Fund:</b>			
Special assessments	\$ 147,649	\$ 53,409	\$ 94,240
<b>Water and Sewer Fund:</b>			
Retail utility customers	\$ 2,254,560	\$ 502,767	\$ 1,751,793
Impact fees	23,838	-	23,838
Miscellaneous	40,801	-	40,801
Special assessments	46,477	44,153	2,324
Total Water and Sewer Fund	\$ 2,365,676	\$ 546,920	\$ 1,818,756

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE D INTERFUND TRANSFERS**

The composition of interfund transfers for the year ended September 30, 2017 is as follows:

Fund Transfer Out:	Fund Transfers In:					Total
	General Fund	Redevelopment Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	
General Fund	\$ -	\$ 865,715	\$ -	\$ -	\$ -	\$ 865,715
Redevelopment Fund	375,440	-	887,230	-	-	1,262,670
Debt Service Fund	1,423,750	-	-	-	-	1,423,750
Capital Projects Fund	250,000	-	-	-	-	250,000
Street Improvement Fund	518,200	-	-	-	-	518,200
Water and Sewer Fund	4,568,059	-	-	-	-	4,568,059
Stormwater Fund	329,030	-	-	283,000	56,030	668,060
Total	<u>\$ 7,464,479</u>	<u>\$ 865,715</u>	<u>\$ 887,230</u>	<u>\$ 283,000</u>	<u>\$ 56,030</u>	<u>\$ 9,556,454</u>

The majority of transfers to the general fund represent each fund's share of operating overhead and administrative costs paid by the general fund. In addition, the redevelopment fund transferred \$887,230 into the debt service fund to make principal and interest payments on the Redevelopment Revenue Note, Series 2016. Tax revenues and transfers into the debt service fund in excess of debt service requirements were transferred out to the general fund, totaling \$1,423,750. Also, a portion of transfers made from the water and sewer fund to the general fund represented payments in lieu of franchise fees on utility billing revenues.

In addition to transfers, the general fund has a long-term advance to the redevelopment fund with an outstanding balance of \$8,866,545 as of September 30, 2017. The purpose of this advance was to provide the necessary funding to the redevelopment fund in order to meet its debt service obligations.

**NOTE E NOTE RECEIVABLE**

In May 1998, the City, along with the cities of Tampa, St. Petersburg and the counties of Pasco, Pinellas, and Hillsborough, entered into an interlocal agreement to reorganize the West Coast Regional Water Supply Authority. As part of this agreement, the City conveyed its interest in the North Pasco Wellfield, including water rights to the Authority, for the net amount of \$13,226,250 that is to be received in the form of credits applied against the cost of water purchased over the next 30 years. For the year ending September 30, 2017, these applied credits totaled \$847,579, represented by a principal portion of \$471,245 and an interest portion of \$376,333 at a rate of 4.910% compounded semi-annually. At September 30, 2017, the \$7,029,639 outstanding balance (\$494,384 – current portion and \$6,535,255 – 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, 2017**

**NOTE F CAPITAL ASSETS**

Capital asset activity of governmental activities for the fiscal year ended September 30, 2017 was as follows:

<b>Governmental Activities:</b>	Beginning Balance 10/1/16	Additions/ Transfers In	Deletions/ Transfers Out	Reclassifications	Ending Balance 9/30/17
<b>Nondepreciable assets:</b>					
Land, land rights, and improvements	\$ 3,784,612	\$ 37,400	\$ -	\$ -	\$ 3,822,012
Construction in progress	4,949,752	2,854,518	(4,955,420)	-	2,848,850
<b>Depreciable assets:</b>					
Buildings and improvements	11,344,997	159,560	-	13,696,036	25,200,593
Improvements other than buildings	20,195,734	4,089,198	-	(13,696,036)	10,588,896
Machinery and Equipment	11,108,876	839,018	-	-	11,947,894
Infrastructure	20,177,420	959,825	-	-	21,137,245
<b>Total at historical cost</b>	<b>71,561,391</b>	<b>8,939,519</b>	<b>(4,955,420)</b>	<b>-</b>	<b>75,545,490</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	8,412,788	743,321	-	4,227,094	13,383,203
Improvements other than buildings	9,045,242	548,278	-	(4,227,094)	5,366,426
Machinery and Equipment	8,416,969	589,049	-	-	9,006,018
Infrastructure	10,840,389	521,860	-	-	11,362,249
<b>Total accumulated depreciation</b>	<b>36,715,388</b>	<b>2,402,508</b>	<b>-</b>	<b>-</b>	<b>39,117,896</b>
<b>Capital assets, net</b>	<b>\$ 34,846,003</b>	<b>\$ 6,537,011</b>	<b>\$ (4,955,420)</b>	<b>\$ -</b>	<b>\$ 36,427,594</b>

Depreciation charged to the governmental activities as follows:

General Government	\$ 274,816
Police	314,226
Fire	80,788
Public Works	690,589
Culture and recreation	1,014,319
Subtotal	<u>2,374,738</u>
Unallocated Internal Service Funds	27,770
<b>Total</b>	<b><u>\$ 2,402,508</u></b>

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE F CAPITAL ASSETS (continued)**

Capital asset activity of business-type activities for the fiscal year ended September 30, 2017 was as follows:

	Beginning Balance 10/1/16	Additions/ Transfers In	Deletions/ Transfers Out	Reclassifications	Ending Balance 9/30/17
<b>Business-Type Activities:</b>					
Nondepreciable assets:					
Land, land rights, and improvements	\$ 1,198,860	\$ 21,927	\$ -	\$ -	\$ 1,220,787
Construction in progress	1,324,682	959,197	(215,009)	-	2,068,870
Depreciable assets:					
Buildings and improvements	26,824,089	37,489	-	8,075,512	34,937,090
Machinery and Equipment	4,586,653	640,278	-	-	5,226,931
Infrastructure and other improvements	50,728,156	1,368,597	-	(8,075,512)	44,021,241
<b>Total at historical cost</b>	<b>84,662,440</b>	<b>3,027,488</b>	<b>(215,009)</b>	<b>-</b>	<b>87,474,919</b>
Less accumulated depreciation for:					
Buildings and improvements	14,288,403	805,002	-	2,273,496	17,366,901
Machinery and Equipment	3,051,262	339,703	-	-	3,390,965
Infrastructure and other improvements	18,244,001	874,850	-	(2,273,496)	16,845,355
<b>Total accumulated depreciation</b>	<b>35,583,666</b>	<b>2,019,555</b>	<b>-</b>	<b>-</b>	<b>37,603,221</b>
<b>Capital assets, net</b>	<b>\$ 49,078,774</b>	<b>\$ 1,007,933</b>	<b>\$ (215,009)</b>	<b>\$ -</b>	<b>\$ 49,871,698</b>

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE G LONG-TERM DEBT**

Activity relating to long-term governmental liabilities for the fiscal year ended September 30, 2017 was as follows:

<b>Governmental Activities</b>	Beginning Balance 10/1/2016	Increases	Decreases	Ending Balance 9/30/2017	Amounts Due Within One Year
Redevelopment Note, Series 2016	\$ 10,954,000	\$ -	\$ 609,000	\$ 10,345,000	\$ 625,000
Compensated absences	366,373	690,073	650,147	406,299	43,623
Total	<u>\$ 11,320,373</u>	<u>\$ 690,073</u>	<u>\$ 1,259,147</u>	<u>\$ 10,751,299</u>	<u>\$ 668,623</u>

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

Notes payable for the governmental activities is comprised of the following at September 30, 2017:

**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.

\$ 10,345,000

Total interest expense and fiscal charges for the governmental activities for the fiscal year ended September 30, 2017 was \$282,297.

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

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

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

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE G LONG-TERM DEBT** (continued)

**Debt Service Requirements:** The annual future debt service requirements for governmental activities long-term debt as of September 30, 2017 are as follows:

	Principal	Interest	Total
<u>Redevelopment Refunding Revenue Note,</u>			
<u>Series 2016</u>			
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	691,000	196,850	887,850
2023-2031	7,059,000	926,465	7,985,465
	<u>\$ 10,345,000</u>	<u>\$ 2,077,543</u>	<u>\$ 12,422,543</u>

Activity relating to long-term liabilities within business-type activities for the fiscal year ended September 30, 2017 was as follows:

<b>Business-Type Activities:</b>	Beginning Balance 10/1/2016	Increases	Decreases	Ending Balance 09/30/2017	Amounts Due Within One Year
Revenue Bond, Series 2017A	\$ -	\$ 787,000	\$ 29,000	\$ 758,000	\$ 46,000
Revenue Bond, Series 2012	6,925,490	-	551,939	6,373,551	566,290
Compensated absences	49,122	98,175	91,566	55,731	13,630
Total	<u>\$ 6,974,612</u>	<u>\$ 885,175</u>	<u>\$ 672,505</u>	<u>\$ 7,187,282</u>	<u>\$ 625,920</u>

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

Bonds payable for business type activities is comprised of the following at September 30, 2017:

**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. \$ 6,373,551

**Water and Sewer Revenue Bond, Series 2017A**, in the amount of \$787,000 was issued on February 10, 2017 for the purpose of financing the cost of acquisition of Purchased Assets based on the Utility Asset Acquisition Agreements by and between the City and Advisor Enterprises, Inc., dated November 15, 2016 and by and between the City and LWV Utilities, Inc., dated November 15, 2016, together with certain improvements to the water and sewer system of the City; and to pay the costs of issuing the Series 2017A Bond. Interest accrues on the Series 2017A Bond at an annual fixed rate of 2.53%. Interest is payable semi-annually on April 1 and October 1. Annual principal payments are due each October 1st in amounts ranging from \$29,000 to \$63,000 through October 1, 2031. The principal and interest payments are secured by and payable solely from a lien on and pledge of the net revenues of the City's utility system. \$ 758,000

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE G LONG-TERM DEBT** (continued)

Interest costs incurred for fiscal year ended September 30, 2017 were \$234,095, all of which has been expensed.

**Funding of Business-Type Activities Long-Term Debt:** Debt service payments are secured by a pledge and lien upon, and payable solely from, the net revenues of the City's utility system. The total amount of Water and Sewer Fund charges for services and other income earned by the City and the Change in Net Position before depreciation, interest expense, and net transfers out for the year ended September 30, 2017 was \$13,166,219 and \$6,722,311, respectively.

The annual future debt service requirements for business-type activities long-term debt as of September 30, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water and Sewer <u>Refunding Revenue Bond, Series 2012</u>			
2018	\$ 566,290	\$ 165,712	\$ 732,002
2019	581,013	150,989	732,002
2020	596,120	135,882	732,002
2021	611,619	120,383	732,002
2022-2026	3,305,054	354,953	3,660,007
2027	713,455	18,550	732,005
Total	<u>\$ 6,373,551</u>	<u>\$ 946,469</u>	<u>\$ 7,320,020</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water and Sewer <u>Revenue Bond, Series 2017A</u>			
2018	\$ 46,000	\$ 19,177	\$ 65,177
2019	47,000	18,014	65,014
2020	48,000	16,825	64,825
2021	49,000	15,610	64,610
2022-2026	267,000	58,671	325,671
2027-2031	301,000	23,225	324,225
Total	<u>\$ 758,000</u>	<u>\$ 151,522</u>	<u>\$ 909,522</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.

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS** (continued)

**Florida Retirement System Pension Plan (continued)**

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](http://www.dms.myflorida.com)).

The City's pension expense totaled \$1,059,988 for both the FRS pension Plan and HIS Plan for the year ended September 30, 2017.

**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, 2017**

**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, 2017**

**NOTE H RETIREMENT PLANS (continued)**

**Florida Retirement System Pension Plan (continued)**

**Contributions**

Employer contributions are based upon statewide rates established by the State of Florida. From October 1, 2016 through June 30, 2017, 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, 2017, 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 \$391,266 for the year ended September 30, 2017.

**Pension Costs**

At September 30, 2017, the City reported a liability of \$4,606,284 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2017, the City's proportion was 0.01557%, which was a decrease of 0.00079% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$862,216 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	\$ 422,746	\$ 25,516
Changes in Actuarial Assumptions	1,548,037	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	114,155
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	318,598	94,854
City Contributions Subsequent to the Measurement Date	84,562	-
Total	<u>\$ 2,373,943</u>	<u>\$ 234,525</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS** (continued)

***Florida Retirement System Pension Plan (continued)***

\$84,562 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, 2018. 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
2018	\$ 334,017
2019	730,273
2020	501,658
2021	90,728
2022	289,873
Thereafter	108,307

**Actuarial Assumptions**

The total pension liability in the July 1, 2017, 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	7.10%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The 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%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Totals	<u>100%</u>			
Assumed Inflation - Mean			2.6%	1.9%

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS (continued)**

**Florida Retirement System Pension Plan (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10% 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	6.10%	7.10%	8.10%
City's Proportionate Share of the FRS Plan Net Pension Liability	\$ 8,337,096	\$ 4,606,284	\$ 1,508,855

**Pension Plan Fiduciary Net Position**

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

**Retiree Health Insurance Subsidy Program**

**Plan Description**

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

**Benefits Provided**

For the fiscal year ended September 30, 2017, 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, 2017**

**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, 2017, 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 \$100,560 for the year ended September 30, 2017.

**Pension Costs**

At September 30, 2017, the City reported a liability of \$2,026,532 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2016, through June 30, 2017, relative to the total employer contributions received from all participating employers. At June 30, 2017, the City's proportion was 0.01895%, which was a decrease of 0.00078% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$197,772 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	\$ -	\$ 4,220
Changes in Actuarial Assumptions	284,861	175,236
Net Difference Between Projected and Actual Earnings on HIS Program Investments	1,124	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	242,759	65,755
City Contributions Subsequent to the Measurement Date	22,993	-
Total	<u>\$ 551,737</u>	<u>\$ 245,211</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS (continued)**

**Retiree Health Insurance Subsidy Program (continued)**

\$22,993 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, 2017. 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
2018	\$ 76,839
2019	76,627
2020	76,525
2021	61,310
2022	44,631
Thereafter	(52,399)

**Actuarial Assumptions**

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.58%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study of the FRS Plan for the period July 1, 2008, through June 30, 2013.

**Discount Rate**

The discount rate used to measure the total pension liability was 3.58% 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	\$ 2,312,541	\$ 2,026,532	\$ 1,788,302

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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 2016-17 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, 2017, 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 \$79,567 for the year ended September 30, 2017. Employee contributions to the Investment Plan totaled \$23,017 for the fiscal year ended September 30, 2017.

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS** (continued)

**Police Officers' and Firefighters' Retirement Systems**

*Plan Description* – The City contributes to two single-employer defined benefit pension plans, the Police Officers' Retirement System and Firefighters' Retirement System. The plans cover all sworn police officers and uniformed firefighters, respectively. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City Ordinances assign the authority to establish and amend benefit provisions to the Board of Trustees of each retirement plan. The City's pension expense totaled \$987,798 for both the Police Officers' and Firefighters' Retirement Systems for the year ended September 30, 2017.

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

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

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

**City of New Port Richey Police Officers' Retirement System**

At September 30, 2017, the Plan's membership consisted of the following:

Vested	10
Nonvested	28
Currently receiving benefits	37
DROP retirees	2
Terminated employees entitled to benefits but not yet receiving them	5

**Plan Description – Police Officers' Pension Plan**

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

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

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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, 2017**

**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, 2016, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of October 1, 2016.

Total pension liability	\$ 25,549,613
Plan fiduciary net position	<u>24,064,494</u>
City Net Pension Liability	<u><u>\$ 1,485,119</u></u>

**Actuarial assumptions – Police Officers' Pension Plan**

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

Inflation	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, 2017**

**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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	60%	4.67%
Domestic fixed income	30%	2.50%
Real estate	10%	4.50%

The discount rate used to measure the total pension liability was 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>\$ 4,395,910</u>	<u>\$ 1,485,119</u>	<u>\$ (946,707)</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS** (continued)

**Police Officers' and Firefighters' Retirement Systems** (continued)

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

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balance	\$ 25,010,695	\$ 23,075,102	\$ 1,935,593
Changes for the year:			
Service cost	760,315	-	760,315
Interest	1,939,254	-	1,939,254
Differences between expected and actual experience	(704,111)	-	(704,111)
Assumption changes	-	-	-
Contributions - employer and state	-	1,182,194	(1,182,194)
Contributions - members	-	105,320	(105,320)
Net Investment Income	-	1,211,993	(1,211,993)
Benefit payments, including refunds of member contributions	(1,456,540)	(1,456,540)	-
Administrative Expense	-	(53,575)	53,575
Net changes	538,918	989,392	(450,474)
Ending balance	\$ 25,549,613	\$ 24,064,494	\$ 1,485,119

**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, 2017, the City recognized pension expense of \$495,175. At September 30, 2017, 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	\$ -	\$ 704,990
Net Difference Between Projected and Actual Earnings on Police Pension Plan Investments	530,441	-
City and State Contributions Subsequent to the Measurement Date	1,038,318	-
Total	\$ 1,568,759	\$ 704,990

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ (274,464)
2019	(108,069)
2020	100,136
2021	107,848
2022	-
Thereafter	-

City of New Port Richey Firefighters' Retirement System

At September 30, 2017, the Plan's membership consisted of the following:

Vested	6
Nonvested	16
Retirees and beneficiaries	23
DROP retirees	1
Terminated, entitled to benefits	10

**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, 2017**

**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, 2017**

**NOTE H RETIREMENT PLANS** (continued)

**Police Officers' and Firefighters' Retirement Systems** (continued)

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

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

*Back DROP* – A Back DROP, as provided for herein, will be available to eligible members commencing October 1, 2013. (1) A member is eligible to elect Back DROP during the period commencing on the earlier of the date of attaining age 48 and the completion of 25 years of credited service or normal retirement age and ending before 10 years after attaining eligibility. (2) If electing Back DROP, a member shall designate a Back DROP date and a proposed date of termination of employment. The Back DROP date may be any date on or after the date of attaining eligibility for Back DROP but no more than 3 years prior to the proposed date of termination of employment (the “Back DROP Period”). The Back DROP Period shall in no case exceed 3 years. A firefighter’s election shall be submitted to the Board for its approval. (3) A member’s retirement benefit, payable commencing upon termination of employment, will be calculated using the amount of credited service and average final compensation as of the Back DROP date. Upon termination, a member will also receive a Back DROP lump sum payment calculated as the accumulated amount of monthly benefit payments he or she would have received if he or she had actually retired and terminated employment on the Back DROP date, plus interest at 1½ 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, 2017**

**NOTE H RETIREMENT PLANS** (continued)

**Police Officers' and Firefighters' Retirement Systems** (continued)

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

**Net Pension Liability of the City – Firefighters' Pension Plan**

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

Total pension liability	\$ 12,696,050
Plan fiduciary net position	<u>11,174,114</u>
City Net Pension Liability	<u><u>\$ 1,521,936</u></u>

Plan Fiduciary Net Position as a  
percentage of total pension liability 88.01%

**Actuarial assumptions – Firefighters' Pension Plan**

The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions applied to all measurement periods.

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

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date of September 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	60%	7.50%
International equity	15%	8.50%
Fixed income	25%	2.50%

**Discount Rate – Firefighter Pension Plan**

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

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS** (continued)

**Police Officers' and Firefighters' Retirement Systems** (continued)

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

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

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
City's net pension liability	\$ 2,875,480	\$ 1,521,936	\$ 394,739

**Changes in Net Pension Liability – Firefighters' Pension Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning balance	\$ 12,241,858	\$ 10,632,212	\$ 1,609,646
Changes for the year:			
Service cost	226,557	-	226,557
Interest	922,326	-	922,326
Changes in Excess State Money	33,395	-	33,395
Differences between expected and actual experience	(315,508)	-	(315,508)
Changes of assumptions	351,939	-	351,939
Contributions - Employer and State	-	396,911	(396,911)
Contributions - Member	-	94,075	(94,075)
Net Investment Income	-	881,197	(881,197)
Benefit payments, including refunds of member contributions	(764,517)	(766,095)	1,578
Administrative Expense	-	(64,186)	64,186
Net changes	454,192	541,902	(87,710)
Ending balance	\$ 12,696,050	\$ 11,174,114	\$ 1,521,936

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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, 2017, the City recognized pension expense of \$492,623. At September 30, 2017, 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	\$ -	\$ 300,741
Changes in Actuarial Assumptions	263,955	-
Net Difference Between Projected and Actual Earnings on Firefighter Pension Plan Investments	657,905	-
City and State Contributions Subsequent to the Measurement Date	548,956	-
Total	<u>\$ 1,470,816</u>	<u>\$ 300,741</u>

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

Year Ending September 30,	Amount
2018	\$ 191,360
2019	191,359
2020	247,908
2021	(9,508)
2022	-
Thereafter	-

**Summary of Defined Benefit Pension Plans**

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

	FRS Plan	HIS Plan	Police Officers' Pension Plan	Firefighters' Pension Plan	Total
Net pension liability	\$ 4,606,284	\$ 2,026,532	\$ 1,485,119	\$ 1,521,936	\$ 9,639,871
Deferred outflows of resources relating to pensions	2,373,943	551,737	1,568,759	1,470,816	5,965,255
Deferred inflows of resources relating to pensions	234,525	245,211	704,990	300,741	1,485,467
Pension expense	862,216	197,772	495,175	492,623	2,047,786

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

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE H RETIREMENT PLANS** (continued)

**Police Officers' and Firefighters' Retirement Systems** (continued)

Defined Contribution Retirement Plan

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

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

*Funding Policy* – The plan does not require contributions from members. The City contributes 10% of the annual compensation of participating employees. For fiscal years ended September 30, 2017, 2016, and 2015, 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, 2017**

**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, 2017
Annual Required Contribution (ARC)	\$ 411,118
Interest on net OPEB obligation	73,371
Adjustment to ARC	(72,896)
Annual OPEB cost	411,593
Expected employer contribution	(85,427)
Increase in net OPEB obligation	326,166
Net OPEB obligation beginning of year	1,834,274
Net OPEB obligation end of year	\$ 2,160,440

*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, 2017	\$ 411,593	\$ 85,427	20.76%	\$ 2,160,440
September 30, 2016	382,683	108,186	28.27%	1,834,273
September 30, 2015	373,458	91,836	24.59%	1,559,776

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 \$3,075,723 and an actuarial value of assets of zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,075,723 as of the latest actuarial valuation date of October 1, 2016. The covered payroll (annual payroll of active employees covered by the Plan) was \$8,670,358, and the ratio of the UAAL to covered payroll was 35.5%.

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, 2017**

**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, 2017 were \$343,262. 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, 2017, 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, 2017**

**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 post closure care as of September 30, 2017.

**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, 2017, 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, 2017.

Construction Commitments – As of September 30, 2017, the City's commitments with contractors totaled \$1,932,790 for a number of capital projects.

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE O FUND DEFICITS**

The Redevelopment Fund has a negative fund balance of \$6,360,694 caused primarily 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 was not recorded as an Other Financing Source, the transfer to the Debt Service Fund contributed to the reported fund balance deficit at September 30, 2017. The City plans to monitor cash flows in this fund to reduce this deficit over time with increases in collected tax increment financing revenues as the assessed values of properties in the City increases.

**NOTE P PRIOR PERIOD ADJUSTMENTS**

During the year ended September 30, 2017, the City restated net position and fund balance as of September 30, 2016, in order to correct the following errors affecting prior periods:

- The City recorded a duplicate entry in error affecting a liability and related expenditure in the general fund during fiscal year 2016, relating to the distribution of red light camera fines subsequent to September 30, 2016. This error caused the liability and related expenditure to be overstated by \$649,743 in the prior year.
- The City recorded increases to capital asset balances in previous years totaling \$1,331,926 that did not represent valid capital asset additions. Most significantly, the City erroneously reported costs totaling \$1,163,428 associated with rehabilitation activities on the Hacienda Hotel as additions to construction in progress within the government-wide financial statements. The hotel property was reported as an asset held for sale and is valued at market price. Thus, any improvement costs to that property represented investment-related activity and should not have increased the City's capital asset balance as of September 30, 2016.
- Depreciation expense and related accumulated depreciation had been erroneously calculated in previous years within the City's accounting software system. This error caused accumulated depreciation to be understated by \$1,742,569 prior to fiscal year 2017.

The net position and fund balance of governmental activities, business-type activities, governmental funds, and proprietary funds were restated as of September 30, 2016 as follows:

	Governmental Activities	Business-Type Activities	General Fund	Water and Sewer Fund	Stormwater Utility Fund	Internal Service Fund
Balance, September 30, 2016, as previously reported	\$ 33,524,763	\$ 56,226,852	\$ 12,122,498	\$ 48,587,242	\$ 7,639,610	\$ 506,988
Correction of an error - eliminate duplicate entry	649,759	-	649,759	-	-	-
Correction of an error - remove capital assets that should not have been recorded in prior periods	(1,331,926)	-	-	-	-	-
Correction of an error - adjust accumulated depreciation	(812,813)	(929,756)	-	(644,232)	(285,524)	50,490
Balance, September 30, 2016, as restated	<u>\$ 32,029,783</u>	<u>\$ 55,297,096</u>	<u>\$ 12,772,257</u>	<u>\$ 47,943,010</u>	<u>\$ 7,354,086</u>	<u>\$ 557,478</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE Q SUBSEQUENT EVENT**

On October 26, 2016, the City entered into a Purchase and Sale Agreement to sell a property held for sale for \$300,000. The Buyer will use the property to construct a luxury apartment complex.

On June 19, 2018, the City entered into a Lease and Option to Purchase Agreement to sell a property held for sale for \$800,000. The purchase price will be paid in annual installments, commencing one year from the date that the Certificate of Occupancy is issued. The annual installments are to be paid over a period of eight years, with annual payments ranging from \$75,000 to \$120,000.

As a result of these sales transactions that occurred subsequent to year end, the fair values of these investment properties were remeasured as of September 30, 2017. Upon reducing the fair values based on subsequent sales price, the redevelopment fund recognized a decrease in fair value of \$842,565 for the year ended September 30, 2017.

### **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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
TAXES				
Ad valorem	\$ 4,480,060	\$ 4,480,060	\$ 4,574,529	\$ 94,469
Franchise taxes	1,590,000	1,590,000	1,279,322	(310,678)
Communication services tax	639,065	639,065	655,342	16,277
<b>TOTAL TAXES</b>	<b>6,709,125</b>	<b>6,709,125</b>	<b>6,509,193</b>	<b>(199,932)</b>
LICENSES AND PERMITS				
Local business tax	198,000	198,000	126,415	(71,585)
Permits and Fees	300,750	300,750	264,569	(36,181)
<b>TOTAL LICENSES AND PERMITS</b>	<b>498,750</b>	<b>498,750</b>	<b>390,984</b>	<b>(107,766)</b>
INTERGOVERNMENTAL REVENUE				
Federal grants	213,000	213,000	374,999	161,999
State and local grants	240,650	240,650	84,398	(156,252)
State excise tax rebate - Fire Pension	115,000	115,000	118,621	3,621
State excise tax rebate - Police Pension	200,000	200,000	224,641	24,641
State revenue sharing	682,190	682,190	680,520	(1,670)
County occupational licenses	10,000	10,000	16,089	6,089
Mobile home license tax rebate	45,000	45,000	41,973	(3,027)
Municipality fuel tax refund	20,000	20,000	20,580	580
Half-cent sales tax	990,730	990,730	991,044	314
Alcoholic beverage licenses	35,000	35,000	36,347	1,347
Firefighters supplementary compensation	43,000	43,000	7,664	(35,336)
School district reimbursement for school resource officer	145,110	145,110	-	(145,110)
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>2,739,680</b>	<b>2,739,680</b>	<b>2,596,876</b>	<b>(142,804)</b>
CHARGES FOR SERVICES				
Recreation	591,300	591,300	518,803	(72,497)
Public safety	251,000	251,000	213,985	(37,015)
Street lights	42,000	42,000	38,559	(3,441)
Other	84,500	84,500	68,852	(15,648)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>968,800</b>	<b>968,800</b>	<b>840,199</b>	<b>(128,601)</b>
FINES AND FORFEITURES				
Court fines	965,110	965,110	1,739,065	773,955
Other fines	413,400	413,400	310,216	(103,184)
<b>TOTAL FINES AND FORFEITURES</b>	<b>1,378,510</b>	<b>1,378,510</b>	<b>2,049,281</b>	<b>670,771</b>
MISCELLANEOUS REVENUES				
Investment income	27,250	27,250	12,873	(14,377)
Contributions	-	-	15,097	15,097
Rents	5,000	5,000	4,280	(720)
Proceeds from sale of capital assets	-	-	-	-
Other	46,150	46,150	109,030	62,880
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>78,400</b>	<b>78,400</b>	<b>141,280</b>	<b>62,880</b>
TRANSFERS FROM OTHER FUNDS	7,464,480	7,464,480	7,464,480	-
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<b>19,837,745</b>	<b>19,837,745</b>	<b>19,992,293</b>	<b>154,548</b>

(continued)

**CITY OF NEW PORT RICHEY, FLORIDA  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
	Original	Final		(Negative)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
<b>GENERAL GOVERNMENT</b>				
Legislative - Nonclassified				
Personnel	\$ 20,000	\$ 20,000	\$ 20,023	\$ (23)
Operating	248,300	248,300	209,505	38,795
Nonoperating	51,770	51,770	189,403	(137,633)
	<u>320,070</u>	<u>320,070</u>	<u>418,931</u>	<u>(98,861)</u>
Executive				
Personnel	229,020	229,020	219,523	9,497
Operating	16,100	16,100	20,365	(4,265)
	<u>245,120</u>	<u>245,120</u>	<u>239,888</u>	<u>5,232</u>
Human Resources				
Personnel	109,860	105,222	107,362	(2,140)
Operating	383,650	388,288	397,200	(8,912)
	<u>493,510</u>	<u>493,510</u>	<u>504,562</u>	<u>(11,052)</u>
Financial Administration				
Personnel	734,190	734,190	762,073	(27,883)
Operating	276,860	254,860	257,536	(2,676)
Capital outlay	5,000	5,000	-	5,000
	<u>1,016,050</u>	<u>994,050</u>	<u>1,019,609</u>	<u>(25,559)</u>
Technology Solutions				
Personnel	249,630	249,630	223,585	26,045
Operating	287,830	287,830	226,377	61,453
Capital outlay	436,700	436,700	234,070	202,630
	<u>974,160</u>	<u>974,160</u>	<u>684,032</u>	<u>290,128</u>
City Clerk				
Personnel	65,880	46,892	29,057	17,835
Operating	54,860	49,860	48,108	1,752
	<u>120,740</u>	<u>96,752</u>	<u>77,165</u>	<u>19,587</u>
Administrative Services				
Personnel	88,640	93,640	96,613	(2,973)
Operating	9,800	52,788	47,747	5,041
Capital outlay	2,000	-	-	-
	<u>100,440</u>	<u>146,428</u>	<u>144,360</u>	<u>2,068</u>
Economic Development				
Personnel	156,440	156,440	156,300	140
Operating	4,250	4,250	4,763	(513)
Capital outlay	-	-	-	-
	<u>160,690</u>	<u>160,690</u>	<u>161,063</u>	<u>(373)</u>
Development Services				
Personnel	644,100	644,100	604,893	39,207
Operating	368,550	368,550	246,654	121,896
Capital outlay	250,000	250,000	105,558	144,442
	<u>1,262,650</u>	<u>1,262,650</u>	<u>957,105</u>	<u>305,545</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u><u>4,693,430</u></u>	<u><u>4,693,430</u></u>	<u><u>4,206,715</u></u>	<u><u>486,715</u></u>
<b>PUBLIC SAFETY</b>				
Police				
Personnel	5,457,710	5,457,710	5,797,539	(339,829)
Operating	1,075,400	1,073,600	1,884,885	(811,285)
Capital outlay	70,000	70,000	146,121	(76,121)
	<u>6,603,110</u>	<u>6,601,310</u>	<u>7,828,545</u>	<u>(1,227,235)</u>
Fire				
Personnel	2,133,910	2,124,860	2,214,377	(89,517)
Operating	292,760	296,850	243,717	53,133
Capital outlay	288,000	288,000	14,664	273,336
Debt service	-	-	-	-
	<u>2,714,670</u>	<u>2,709,710</u>	<u>2,472,758</u>	<u>236,952</u>
<b>TOTAL PUBLIC SAFETY</b>	<u><u>9,317,780</u></u>	<u><u>9,311,020</u></u>	<u><u>10,301,303</u></u>	<u><u>(990,283)</u></u>

(continued)

**CITY OF NEW PORT RICHEY, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PUBLIC WORKS</b>				
Public Works Administration				
Personnel	\$ 292,630	\$ 292,630	\$ 297,195	\$ (4,565)
Operating	99,990	99,990	97,036	2,954
Capital outlay	3,500	3,500	28,547	(25,047)
	<u>396,120</u>	<u>396,120</u>	<u>422,778</u>	<u>(26,658)</u>
Road and Street Facilities				
Personnel	315,870	315,870	283,804	32,066
Operating	295,670	295,670	307,134	(11,464)
Capital outlay	-	-	-	-
	<u>611,540</u>	<u>611,540</u>	<u>590,938</u>	<u>20,602</u>
Facilities Maintenance				
Personnel	214,350	214,350	177,053	37,297
Operating	239,660	242,000	259,380	(17,380)
Capital outlay	-	-	-	-
	<u>454,010</u>	<u>456,350</u>	<u>436,433</u>	<u>19,917</u>
Grounds Maintenance				
Personnel	336,050	336,050	339,919	(3,869)
Operating	291,440	291,440	336,277	(44,837)
Capital outlay	28,000	28,000	25,251	2,749
	<u>655,490</u>	<u>655,490</u>	<u>701,447</u>	<u>(45,957)</u>
<b>TOTAL PUBLIC WORKS</b>	<u>2,117,160</u>	<u>2,119,500</u>	<u>2,151,596</u>	<u>(52,013)</u>
<b>CULTURE AND RECREATION</b>				
Library				
Personnel	597,380	597,380	592,607	4,773
Operating	350,980	350,980	290,684	60,296
Capital outlay	104,900	107,520	83,852	23,668
	<u>1,053,260</u>	<u>1,055,880</u>	<u>967,143</u>	<u>88,737</u>
Recreation				
Personnel	650,830	650,830	583,447	67,383
Operating	415,900	415,900	399,226	16,674
Capital outlay	149,160	149,160	28,693	120,467
	<u>1,215,890</u>	<u>1,215,890</u>	<u>1,011,366</u>	<u>204,524</u>
Swimming Pool				
Personnel	182,620	182,620	176,332	6,288
Operating	135,390	135,390	134,660	730
Capital outlay	47,400	47,400	47,829	(429)
	<u>365,410</u>	<u>365,410</u>	<u>358,821</u>	<u>6,589</u>
<b>TOTAL CULTURE AND RECREATION</b>	<u>2,634,560</u>	<u>2,637,180</u>	<u>2,337,330</u>	<u>299,850</u>
<b>TRANSFERS TO OTHER FUNDS</b>	<u>865,715</u>	<u>865,715</u>	<u>865,715</u>	<u>-</u>
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	19,628,645	19,626,845	19,862,659	(235,814)
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	209,100	210,900	129,634	(81,266)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>12,122,499</u>	<u>12,122,499</u>	<u>12,122,499</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 6,677,600</u>	<u>\$ 6,573,094</u>	<u>\$ 12,252,133</u>	<u>\$ 5,679,039</u>

(continued)

**CITY OF NEW PORT RICHEY, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)  
 YEAR ENDED SEPTEMBER 30, 2017**

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	\$ 19,992,293
Differences - budget to GAAP:	
Transfers from other funds and proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(7,464,480)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 12,527,813</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 19,862,659
Difference - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(865,715)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 18,996,944</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
BUDGETARY COMPARISON SCHEDULE – REDEVELOPMENT FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Taxes	\$ 719,780	\$ 719,780	\$ 681,080	\$ (38,700)
Intergovernmental revenues	300,000	300,000	125,000	(175,000)
Fines and forfeitures	-	-	-	-
Investment income (loss)	-	-	(823,372)	(823,372)
Miscellaneous	336,000	336,000	43,909	(292,091)
Transfers from other funds	865,715	865,715	865,715	-
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>2,221,495</u>	<u>2,221,495</u>	<u>892,332</u>	<u>(1,329,163)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Current				
General government	643,825	595,400	306,934	288,466
Capital outlay	600,000	648,425	94,997	553,428
Debt service				
Principal and interest	-	-	-	-
Transfer to other funds	1,262,670	1,262,670	1,262,670	-
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>2,506,495</u>	<u>2,506,495</u>	<u>1,664,601</u>	<u>841,894</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	(285,000)	(285,000)	(772,269)	(487,269)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>(4,988,425)</u>	<u>(4,988,425)</u>	<u>(4,988,425)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (5,273,425)</u>	<u>\$ (5,273,425)</u>	<u>\$ (5,760,694)</u>	<u>\$ (487,269)</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.	\$ 892,332
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(865,715)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 26,617</u>

**USES/OUTFLOWS OF RESOURCES**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,664,601
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,262,670)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 401,931</u>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**YEAR ENDED SEPTEMBER 30, 2017**

**Florida Retirement System Pension Plan**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.015572645%	0.016258868%	0.016311776%
City's Proportionate Share of the Net Pension Liability	4,606,284	\$ 4,105,377	\$ 2,106,885
City's Covered-Employee Payroll	\$ 6,041,876	\$ 6,114,037	\$ 5,445,154
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	76.24%	67.15%	38.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.89%	84.88%	92.00%

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

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Note: For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**Retiree Health Insurance Subsidy Program (HIS)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.018952904%	0.019728422%	0.017911774%
City's Proportionate Share of the Net Pension Liability	\$ 2,026,532	\$ 2,299,266	\$ 1,826,719
City's Covered-Employee Payroll	\$ 6,041,876	\$ 6,114,037	\$ 5,445,154
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	33.54%	37.61%	33.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.64%	0.97%	0.50%

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

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Note: For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**CITY OF NEW PORT RICHEY, FLORIDA  
SCHEDULE OF RETIREMENT CONTRIBUTIONS  
YEAR ENDED SEPTEMBER 30, 2017**

**Florida Retirement System Pension Plan**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 391,266	\$ 394,410	\$ 383,864
Contributions in Relation to the Contractually Required Contribution	(391,266)	(394,410)	(383,864)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 6,271,939	\$ 6,010,597	\$ 5,427,103
Contributions as a Percentage of Covered Employee Payroll	6.24%	6.56%	7.07%

Note: The Amounts Presented for Each Fiscal Year were Determined as the City's fiscal year end September 30).

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Note: For September 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**Retiree Health Insurance Subsidy Program (HIS)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 100,560	\$ 99,131	\$ 74,334
Contributions in Relation to the Contractually Required Contribution	(100,560)	(99,131)	(74,334)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 6,271,939	\$ 6,010,597	\$ 5,427,103
Contributions as a Percentage of Covered Employee Payroll	1.60%	1.65%	1.37%

Note: The Amounts Presented for Each Fiscal Year were Determined as the City's fiscal year end September 30).

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Note: For September 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

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

Measurement Date	September 30, 2016 *	September 30, 2015 *	September 30, 2014 *
<b>Total Pension Liability:</b>			
Service Cost	\$ 226,557	\$ 179,408	\$ 167,944
Interest	922,326	936,203	935,634
Change in Excess State Money	33,395	153,093	154,517
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(315,508)	(128,221)	-
Changes of Assumptions	351,939	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(764,517)</u>	<u>(1,615,853)</u>	<u>(600,003)</u>
Net Change in Total Pension Liability	454,192	(475,370)	658,092
Total Pension Liability - Beginning	12,241,858	12,717,228	12,059,136
Total Pension Liability - Ending (a)	<u>\$ 12,696,050</u>	<u>\$ 12,241,858</u>	<u>\$ 12,717,228</u>
<b>Plan Fiduciary Net Position:</b>			
Contributions - Employer and State	\$ 396,911	\$ 418,315	\$ 538,130
Contributions - Employee	94,075	79,624	75,982
Net Investment Income	881,197	(325,030)	1,006,135
Benefit Payments, including Refunds of Employee Contributions	(766,095)	(1,615,853)	(600,003)
Administrative Expense	<u>(64,186)</u>	<u>(49,641)</u>	<u>(42,509)</u>
Net Change in Plan Fiduciary Net Position	541,902	(1,492,585)	977,735
Plan Fiduciary Net Position - Beginning	10,632,212	12,124,797	11,147,062
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,174,114</u>	<u>\$ 10,632,212</u>	<u>\$ 12,124,797</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 1,521,936</u>	<u>\$ 1,609,646</u>	<u>\$ 592,431</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	88.01%	86.85%	95.34%
<b>Covered Employee Payroll</b>	\$ 1,201,440	\$ 1,199,825	\$ 952,337
<b>Net Pension Liability as a percentage of Covered Employee Payroll</b>	126.68%	134.16%	62.21%

**Notes to Schedule:**

Valuation date is beginning of year as of October 1

\* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

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

Fiscal Year Ending	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *
Actuarially Determined Contribution	\$ 230,006	\$ 272,482	\$ 337,210
Contributions in Relation to the Actuarially Determined Contribution	305,906	344,470	265,222
Contribution Deficiency (Excess)	<u>\$ (75,900)</u>	<u>\$ (71,988)</u>	<u>\$ 71,988</u>
Covered Employee Payroll	\$ 1,183,189	\$ 1,201,440	\$ 1,199,825
Contributions as a Percentage of Covered Employee Payroll	25.85%	28.67%	22.11%

**Notes to Schedule:**

\* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate for the most recent actuarial valuation:

Funding Method:	Aggregate Actuarial Cost Method
Amortization Method:	N/A
Payroll Growth:	N/A
Asset Valuation Method:	Each year, the prior 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 deaths 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\***

Measurement Date	September 30, 2016 *	September 30, 2015 *	September 30, 2014 *
Total Pension Liability:			
Service Cost	\$ 760,315	\$ 685,630	\$ 728,582
Interest	1,939,254	1,895,631	1,799,225
Change in Excess State Money	-	-	-
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(704,111)	(18,648)	(780,543)
Changes of assumptions	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,456,540)	(1,337,591)	(1,205,714)
Net Change in Total Pension Liability	538,918	1,225,022	541,550
Total Pension Liability - Beginning	25,010,695	23,785,673	23,244,123
Total Pension Liability - Ending (a)	<u>\$ 25,549,613</u>	<u>\$ 25,010,695</u>	<u>\$ 23,785,673</u>
Plan Fiduciary Net Position:			
Contributions - Employer and State	\$ 1,182,194	\$ 1,118,829	\$ 943,208
Contributions - Employee	105,320	97,124	90,712
Net Investment Income	1,211,993	1,036,070	2,603,632
Benefit Payments, including Refunds of Employee Contributions	(1,456,540)	(1,337,591)	(1,205,714)
Administrative Expense	(53,575)	(58,144)	(51,602)
Net Change in Plan Fiduciary Net Position	989,392	856,288	2,380,236
Plan Fiduciary Net Position - Beginning	23,075,102	22,218,814	19,838,578
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,064,494</u>	<u>\$ 23,075,102</u>	<u>\$ 22,218,814</u>
Net Pension Liability - Ending (a) - (b)	\$ 1,485,119	\$ 1,935,593	\$ 1,566,859
Plan Fiduciary Net Position as a percentage of Total Pension Liability	94.19%	92.26%	93.41%
Covered Employee Payroll	\$ 2,335,381	\$ 2,158,300	\$ 1,912,968
Net Pension Liability as a percentage of Covered Employee Payroll	63.59%	89.68%	81.91%

**Notes to Schedule:**

Valuation date is beginning of year as of October 1

Update procedures used to roll forward Total Pension Liability, excluding DROP account balances and reserve for excess State Funds to the measurement date - actual DROP account balances and reserve for excess State funds as of measurement date included in Total Pension Liability.

No assumption changes or benefit changes during the year.

\* Information is required to be presented for 10 years. However, until a full 10-year trend 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**

Fiscal Year Ending	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *
Actuarially Determined Contribution	\$ 1,075,632	\$ 1,162,424	\$ 1,118,829
Contributions in Relation to the Actuarially Determined Contribution	1,262,959	1,182,194	1,118,829
Contribution Deficiency (Excess)	<u>\$ (187,327)</u>	<u>\$ (19,770)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 2,472,455	\$ 2,335,381	\$ 2,158,300
Contributions as a Percentage of Covered Employee Payroll	51.08%	50.62%	51.84%

**Notes to Schedule:**

\* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal 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  
SCHEDULE OF FUNDING PROGRESS –  
OTHER POSTEMPLOYMENT BENEFITS  
YEAR ENDED SEPTEMBER 30, 2017**

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, 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%
October 1, 2016	-	3,075,723	3,075,723	0.00%	8,670,358	35.5%

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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, 2017**

	<u>Street Improvement</u>	<u>Street Lights</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash, cash equivalents, and investments	\$ 1,554,259	\$ 336,894	\$ 1,891,153
Receivables (net of allowance):			
Accounts, billed	-	-	-
Special assessments	94,240	-	94,240
Due from other governments	128,497	624	129,121
Total assets	<u>\$ 1,776,996</u>	<u>\$ 337,518</u>	<u>\$ 2,114,514</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 73,864	\$ 35,954	\$ 109,818
Unearned revenue	132,825	-	132,825
Total liabilities	<u>206,689</u>	<u>35,954</u>	<u>242,643</u>
<b>FUND BALANCES</b>			
Fund balances			
Restricted - other capital projects	1,570,307	301,564	1,871,871
Total fund balances	<u>1,570,307</u>	<u>301,564</u>	<u>1,871,871</u>
Total liabilities and fund balances	<u>\$ 1,776,996</u>	<u>\$ 337,518</u>	<u>\$ 2,114,514</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2017**

	Street Improvement	Street Lights	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 773,268	\$ 403,975	\$ 1,177,243
Investment Income	22,834	-	22,834
Miscellaneous	52,732	-	52,732
Total revenues	<u>848,834</u>	<u>403,975</u>	<u>1,252,809</u>
<b>EXPENDITURES</b>			
General government	-	384,607	384,607
Capital outlay	913,819	-	913,819
Total expenditures	<u>913,819</u>	<u>384,607</u>	<u>1,298,426</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(64,985)	19,368	(45,617)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	56,030	-	56,030
Transfers out	(518,200)	-	(518,200)
Total other financing sources (uses)	<u>(462,170)</u>	<u>-</u>	<u>(462,170)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(527,155)	19,368	(507,787)
Fund Balances - Beginning of Year	<u>2,097,462</u>	<u>282,196</u>	<u>2,379,658</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,570,307</u>	<u>\$ 301,564</u>	<u>\$ 1,871,871</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2017**

	Pension Trust Funds		Total Pension Trust Funds
	Police Officer	Firefighters	
<b>ASSETS</b>			
Cash	\$ 1,276	\$ 4,040	\$ 5,316
Investments:			
U.S. government obligations	1,811,686	226,029	2,037,715
U.S. government agency obligations	3,242,082	671,095	3,913,177
Domestic corporate bonds and stocks	17,909,144	5,197,618	23,106,762
Real estate investment trust	2,985,229	-	2,985,229
Temporary investment funds	606,000	121,000	727,000
Pooled equity and fixed income funds	5,731,341	5,731,341	5,731,341
Total investments	<u>26,554,141</u>	<u>11,947,083</u>	<u>38,501,224</u>
Receivables:			
Accrued dividends and interest	28,047	19,699	47,746
Intergovernmental	-	120,266	120,266
Broker-dealers	145,735	-	145,735
Total receivables	<u>173,782</u>	<u>139,965</u>	<u>313,747</u>
Prepaid items	121,687	71,006	192,693
Equipment	101	-	101
Total assets	<u>26,850,987</u>	<u>12,162,094</u>	<u>39,013,081</u>
<b>LIABILITIES</b>			
Accounts payable	50,261	13,481	63,742
Accounts payable, broker-dealers	143,385	-	143,385
Total liabilities	<u>193,646</u>	<u>13,481</u>	<u>207,127</u>
<b>NET POSITION</b>			
Restricted for Pension Benefits	<u>\$ 26,657,341</u>	<u>\$ 12,148,613</u>	<u>\$ 38,805,954</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 YEAR ENDED SEPTEMBER 30, 2017**

	Pension Trust Funds		Total Pension Trust Funds
	Police Officer	Firefighters	
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 1,038,318	\$ 312,268	\$ 1,350,586
Employee	111,261	94,225	205,486
State	224,641	120,266	344,907
Total contributions	1,374,220	526,759	1,900,979
Investment earnings:			
Net increase in fair value of investments	2,672,243	1,097,747	3,769,990
Interest and dividends	476,044	283,490	759,534
Other	4,382	1,140	5,522
Total investment earnings	3,152,669	1,382,377	4,535,046
Less investment expense	141,531	47,057	188,588
Net investment earnings	3,011,138	1,335,320	4,346,458
Total additions	4,385,358	1,862,079	6,247,437
<b>DEDUCTIONS</b>			
Benefits	1,701,775	783,128	2,484,903
Refunds of contributions	25,471	40,856	66,327
Administrative expense	65,265	63,596	128,861
Total deductions	1,792,511	887,580	2,680,091
<b>CHANGE IN NET POSITION</b>	2,592,847	974,499	3,567,346
Net Position - Beginning of Year	24,064,494	11,174,114	35,238,608
<b>NET POSITION - END OF YEAR</b>	\$ 26,657,341	\$ 12,148,613	\$ 38,805,954

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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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 371,900	\$ 371,900	\$ 364,228	\$ (7,672)
Intergovernmental revenue	35,000	35,000	36,715	-
Miscellaneous revenue	1,250	1,250	3,032	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>408,150</u>	<u>408,150</u>	<u>403,975</u>	<u>(4,175)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	408,150	408,150	384,607	23,543
Capital outlay	-	-	-	-
TOTAL CHARGES TO APPROPRIATIONS	<u>408,150</u>	<u>408,150</u>	<u>384,607</u>	<u>23,543</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	-	19,368	19,368
FUND BALANCE - BEGINNING OF YEAR	<u>282,196</u>	<u>282,196</u>	<u>282,196</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 282,196</u>	<u>\$ 282,196</u>	<u>\$ 301,564</u>	<u>\$ 19,368</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
BUDGETARY COMPARISON SCHEDULE – STREET IMPROVEMENT FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 798,500	\$ 798,500	\$ 773,268	\$ (25,232)
Intergovernmental revenue	205,000	205,000	-	(205,000)
Investment income	6,300	6,300	22,834	16,534
Miscellaneous	73,940	73,940	52,732	(21,208)
Transfers from other funds	56,030	56,030	56,030	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,139,770</u>	<u>1,139,770</u>	<u>904,864</u>	<u>(234,906)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital outlay	<u>2,660,000</u>	<u>2,660,000</u>	<u>913,819</u>	<u>1,746,181</u>
TRANSFERS TO OTHER FUNDS	<u>518,200</u>	<u>518,200</u>	<u>518,200</u>	<u>-</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>3,178,200</u>	<u>3,178,200</u>	<u>1,432,019</u>	<u>1,746,181</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(2,038,430)	(2,038,430)	(527,155)	1,511,275
FUND BALANCE - BEGINNING OF YEAR	<u>2,097,462</u>	<u>2,097,462</u>	<u>2,097,462</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 59,032</u>	<u>\$ 59,032</u>	<u>\$ 1,570,307</u>	<u>\$ 1,511,275</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.	\$ 1,432,019
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(518,200)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 913,819</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,432,019
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(518,200)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 913,819</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 1,423,000	\$ 1,423,000	\$ 1,352,179	\$ (70,821)
Investment income	750	750	689	(61)
Transfers from other funds	887,230	887,230	887,230	-
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>2,310,980</u>	<u>2,310,980</u>	<u>2,240,098</u>	<u>(70,882)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt service				
Principal retirement	609,000	609,000	609,000	-
Interest and fiscal charges	278,230	278,230	284,875	(6,645)
Transfer to other funds	1,423,750	1,423,750	1,423,750	-
TOTAL CHARGES TO APPROPRIATIONS	<u>2,310,980</u>	<u>2,310,980</u>	<u>2,317,625</u>	<u>(6,645)</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	-	(77,527)	(77,527)
FUND BALANCE - BEGINNING OF YEAR	<u>820,814</u>	<u>820,814</u>	<u>820,814</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 820,814</u>	<u>\$ 820,814</u>	<u>\$ 743,287</u>	<u>\$ (77,527)</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.	\$ 2,240,098
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>(887,230)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,352,868</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,317,625
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,423,750)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 893,875</u>

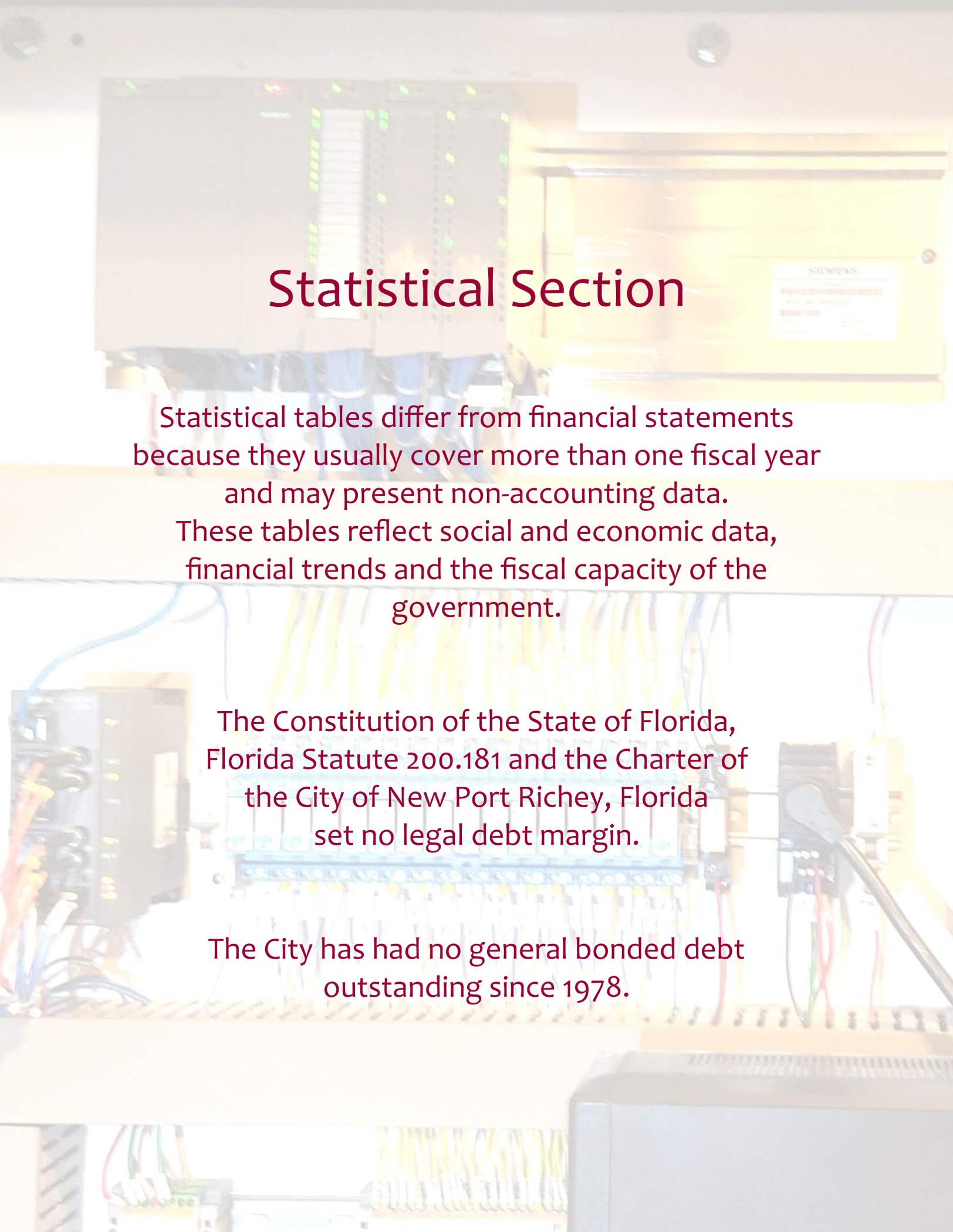
**CITY OF NEW PORT RICHEY, FLORIDA  
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Taxes	\$ 2,240,000	\$ 2,240,000	\$ 2,262,697	\$ 22,697
Intergovernmental revenue	1,445,060	1,445,060	475,645	(969,415)
Investment income	6,000	6,000	36,937	30,937
Transfers from other funds	283,000	283,000	283,000	-
Loan proceeds	2,900,000	2,900,000	-	-
AMOUNTS AVAILABLE FOR APPROPRIATION	6,874,060	6,874,060	3,058,279	(3,815,781)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital outlay	8,782,000	8,782,000	2,399,329	6,382,671
Transfer to other funds	250,000	250,000	250,000	-
TOTAL CHARGES TO APPROPRIATIONS	9,032,000	9,032,000	2,649,329	6,382,671
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(2,157,940)	(2,157,940)	408,950	2,566,890
FUND BALANCE - BEGINNING OF YEAR	2,897,033	2,897,033	2,897,033	-
FUND BALANCE - END OF YEAR	\$ 739,093	\$ 739,093	\$ 3,305,983	\$ 2,566,890

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.	\$ 2,649,329
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(250,000)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 2,399,329



# 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, 2017**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:				
Net investment in capital assets	\$ 18,626,067	\$ 19,021,599	\$ 19,656,908	\$ 20,746,105
Restricted	3,618,120	3,368,339	3,854,717	4,370,155
Unrestricted	5,727,958	6,008,016	6,504,647	5,571,785
Total governmental activities net position	<u>\$ 27,972,145</u>	<u>\$ 28,397,954</u>	<u>\$ 30,016,272</u>	<u>\$ 30,688,045</u>
Business-type activities:				
Net investment in capital assets	\$ 35,649,923	\$ 39,193,944	\$ 38,412,817	\$ 37,304,052
Restricted	4,880,588	-	-	-
Unrestricted	18,217,655	21,946,034	23,127,036	25,564,859
Total business-type activities net position	<u>\$ 58,748,166</u>	<u>\$ 61,139,978</u>	<u>\$ 61,539,853</u>	<u>\$ 62,868,911</u>
Primary Government:				
Net investment in capital assets	\$ 54,275,990	\$ 58,215,543	\$ 58,069,725	\$ 58,050,157
Restricted	8,498,708	3,368,339	3,854,717	4,370,155
Unrestricted	23,945,613	27,954,050	29,631,683	31,136,644
Total primary government activities net position	<u>\$ 86,720,311</u>	<u>\$ 89,537,932</u>	<u>\$ 91,556,125</u>	<u>\$ 93,556,956</u>

2012	2013	2014	2015	2016	2017
\$ 21,304,827	\$ 24,341,556	\$ 20,724,327	\$ 21,994,422	\$ 26,028,231	\$ 25,979,394
3,819,762	4,653,007	5,215,107	8,704,016	6,162,908	5,953,485
6,132,718	3,227,510	10,506,974	1,505,257	1,333,624	1,481,334
<u>\$ 31,257,307</u>	<u>\$ 32,222,073</u>	<u>\$ 36,446,408</u>	<u>\$ 32,203,695</u>	<u>\$ 33,524,763</u>	<u>\$ 33,414,213</u>
\$ 38,714,222	\$ 38,895,570	\$ 40,710,853	\$ 43,049,853	\$ 43,046,655	\$ 42,717,025
-	-	2,785,560	3,151,358	3,478,157	3,429,235
24,855,298	25,837,383	13,665,199	10,009,905	9,702,040	9,018,154
<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>	<u>\$ 55,164,414</u>
\$ 60,019,049	\$ 63,237,126	\$ 61,435,180	\$ 65,044,275	\$ 69,074,886	\$ 68,696,419
3,819,762	4,653,007	8,000,667	11,855,374	9,641,065	9,382,720
30,988,016	29,064,893	24,172,173	11,515,162	11,035,664	10,499,488
<u>\$ 94,826,827</u>	<u>\$ 96,955,026</u>	<u>\$ 93,608,020</u>	<u>\$ 88,414,811</u>	<u>\$ 89,751,615</u>	<u>\$ 88,578,627</u>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**CHANGES IN NET POSITION – LAST TEN FISCAL YEARS**  
**YEAR ENDED SEPTEMBER 30, 2017**

	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,373,917	\$ 3,225,682	\$ 3,054,628	\$ 3,310,681
Public safety	8,007,226	7,752,011	7,834,782	7,350,804
Public works	1,941,794	2,026,155	2,013,057	1,499,293
Culture and recreation	3,238,780	3,332,231	3,392,098	3,225,776
Interest and fiscal charges on long-term debt	1,157,657	967,199	885,174	1,108,639
Total governmental activities expenses	<u>17,719,374</u>	<u>17,303,278</u>	<u>17,179,739</u>	<u>16,495,193</u>
Business-type activities:				
Water and sewer	10,545,857	10,254,834	10,433,682	9,874,088
Stormwater utility	407,676	474,715	628,092	663,686
Total business-type activities expenses	<u>10,953,533</u>	<u>10,729,549</u>	<u>11,061,774</u>	<u>10,537,774</u>
Total primary government expenses	<u>\$ 28,672,907</u>	<u>\$ 28,032,827</u>	<u>\$ 28,241,513</u>	<u>\$ 27,032,967</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,521,610	\$ 1,560,094	\$ 1,804,241	\$ 1,733,446
Public safety	562,585	532,478	534,461	502,602
Public works	752,679	765,109	854,986	768,672
Culture and recreation	388,844	421,710	412,934	456,605
Operating grants and contributions	270,981	153,503	569,413	268,662
Capital grants and contributions	547,057	89,770	359,021	411,586
Total governmental activities program revenues	<u>4,043,756</u>	<u>3,522,664</u>	<u>4,535,056</u>	<u>4,141,573</u>
Business-type activities:				
Charges for services:				
Water and sewer	8,819,583	9,304,922	9,071,949	9,339,704
Stormwater utility	521,977	522,131	524,905	527,087
Operating grants and contributions	2,070,274	1,654,741	1,622,710	1,862,601
Capital grants and contributions	430,202	177,637	-	-
Total business-type activities program revenues	<u>11,842,036</u>	<u>11,659,431</u>	<u>11,219,564</u>	<u>11,729,392</u>
Total primary government program revenues	<u>\$ 15,885,792</u>	<u>\$ 15,182,095</u>	<u>\$ 15,754,620</u>	<u>\$ 15,870,965</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities net expense	\$ (13,675,618)	\$ (13,780,614)	\$ (12,644,683)	\$ (12,353,620)
Business-type activities net expense	888,503	929,882	157,790	1,191,618
Total primary government net expense	<u>\$ (12,787,115)</u>	<u>\$ (12,850,732)</u>	<u>\$ (12,486,893)</u>	<u>\$ (11,162,002)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Ad valorem	\$ 8,429,652	\$ 7,010,662	\$ 6,782,693	\$ 5,731,993
Franchise taxes	1,231,639	1,357,654	1,436,506	1,323,242
Utility taxes	1,275,909	1,330,281	1,547,618	1,450,542
Communication services tax	1,030,679	987,969	953,055	881,055
Half-cent sales tax	897,898	884,227	804,287	809,572
Local option gas tax	589,291	532,918	528,570	504,016
Infrastructure tax	1,320,105	1,131,126	1,186,900	1,311,649
State excise taxes - Public Safety	545,863	350,731	358,195	358,888
Other taxes	100,252	100,559	96,408	310,998
State revenue sharing	673,775	664,919	666,104	668,568
Investment income (loss)	197,684	48,200	125,127	74,515
Miscellaneous	42,094	80,269	52,243	55,767
Total governmental activities	<u>16,334,841</u>	<u>14,479,515</u>	<u>14,537,706</u>	<u>13,480,805</u>
Business-type activities:				
Local option gas tax	-	-	-	-
Impact fees (w/charges for Svcs water & sewer - 2015)	258,490	401,570	246,017	216,145
Investment income	893,880	717,764	608,070	543,688
Miscellaneous	31,342	38,073	40,156	17,241
Total business-type activities	<u>1,183,712</u>	<u>1,157,407</u>	<u>894,243</u>	<u>777,074</u>
Special Item:				
Loss from sale of property held for resale	(431,285)	-	-	-
Total primary government	<u>\$ 17,087,268</u>	<u>\$ 15,636,922</u>	<u>\$ 15,431,949</u>	<u>\$ 14,257,879</u>
<b>Change in Net Position (Excluding Transfers)</b>				
Governmental activities	\$ 2,227,938	\$ 698,901	\$ 1,893,023	\$ 1,127,185
Business-type activities	2,072,215	2,087,289	1,052,033	1,968,692
Total primary government	<u>\$ 4,300,153</u>	<u>\$ 2,786,190</u>	<u>\$ 2,945,056</u>	<u>\$ 3,095,877</u>

	2012	2013	2014	2015	2016	2017
\$	3,629,266	\$ 3,413,510	\$ 3,857,622	\$ 3,948,776	\$ 4,847,183	\$ 5,255,579
	7,073,227	7,678,591	7,678,826	7,501,095	11,181,310	9,867,703
	1,584,915	2,007,581	2,533,260	2,525,824	2,765,677	2,959,339
	3,100,143	3,205,459	3,487,705	3,472,055	3,227,168	3,422,156
	1,019,676	963,600	710,587	416,559	393,825	282,297
	<u>16,407,227</u>	<u>17,268,741</u>	<u>18,268,000</u>	<u>17,864,309</u>	<u>22,415,163</u>	<u>21,787,074</u>
	10,386,931	11,060,727	9,491,918	9,798,540	8,907,807	8,459,773
	688,978	714,851	837,742	653,911	856,625	675,874
	<u>11,075,909</u>	<u>11,775,578</u>	<u>10,329,660</u>	<u>10,452,451</u>	<u>9,764,432</u>	<u>9,135,647</u>
\$	<u>27,483,136</u>	<u>29,044,319</u>	<u>28,597,660</u>	<u>28,316,760</u>	<u>32,179,595</u>	<u>30,922,721</u>
\$	1,908,712	\$ 2,959,119	\$ 3,738,052	\$ 2,055,286	\$ 4,147,705	\$ 2,509,117
	547,736	637,961	532,867	360,868	163,610	213,985
	766,085	31,011	36,716	394,107	408,267	38,559
	461,879	495,550	488,520	474,779	537,423	518,803
	212,087	336,592	407,632	371,365	619,432	935,042
	165,442	92,098	71,034	331,170	8,953	140,457
	<u>4,061,941</u>	<u>4,552,331</u>	<u>5,274,821</u>	<u>3,987,575</u>	<u>5,885,390</u>	<u>4,355,963</u>
	9,450,701	9,794,132	9,879,326	10,343,289	12,617,220	12,643,966
	522,915	993,449	992,663	951,875	967,878	1,005,880
	1,586,954	1,167,928	-	-	-	-
	-	-	-	-	-	55,337
	<u>11,560,570</u>	<u>11,955,509</u>	<u>10,871,989</u>	<u>11,295,164</u>	<u>13,585,098</u>	<u>13,705,183</u>
\$	<u>15,622,511</u>	<u>16,507,840</u>	<u>16,146,810</u>	<u>15,282,739</u>	<u>19,470,488</u>	<u>18,061,146</u>
\$	(12,345,286)	\$ (12,716,410)	\$ (12,993,179)	\$ (13,876,734)	\$ (16,529,773)	\$ (17,431,111)
	484,661	179,931	542,329	842,713	3,820,666	4,569,536
\$	<u>(11,860,625)</u>	<u>(12,536,479)</u>	<u>(12,450,850)</u>	<u>(13,034,021)</u>	<u>(12,709,107)</u>	<u>(12,861,575)</u>
\$	5,322,729	\$ 5,167,269	\$ 4,971,732	\$ 5,067,125	\$ 5,133,835	\$ 5,242,171
	1,270,726	1,196,176	1,317,052	1,247,460	1,174,076	1,242,978
	1,342,740	1,407,935	1,494,804	1,352,119	1,375,391	1,388,523
	895,727	854,510	704,995	656,780	651,949	655,342
	742,897	784,691	813,673	882,574	954,797	991,044
	498,890	1,566,812	522,565	654,244	742,954	773,264
	1,430,997	529,683	1,673,113	2,036,452	2,248,051	2,713,655
	353,945	308,579	293,365	300,040	321,892	343,262
	226,667	226,285	239,135	-	-	-
	668,623	610,486	723,724	818,358	783,876	803,173
	86,018	56,667	24,713	64,671	66,403	(732,379)
	99,171	258,804	(9,794)	213,901	134,233	158,389
	<u>12,939,130</u>	<u>12,967,897</u>	<u>12,769,077</u>	<u>13,293,724</u>	<u>13,587,457</u>	<u>13,579,422</u>
	-	-	-	-	-	-
	244,550	597,939	-	-	-	-
	531,331	485,391	465,495	437,135	433,761	409,836
	555	18,949	222,172	114,515	24,693	124,065
	<u>776,436</u>	<u>1,102,279</u>	<u>687,667</u>	<u>551,650</u>	<u>458,454</u>	<u>533,901</u>
	-	-	-	-	-	-
\$	<u>13,715,566</u>	<u>14,070,176</u>	<u>13,456,744</u>	<u>13,845,374</u>	<u>14,045,911</u>	<u>14,113,323</u>
\$	593,844	\$ 251,487	\$ (224,102)	\$ (583,010)	\$ (2,942,316)	\$ (3,851,689)
	1,261,097	1,282,210	1,229,996	1,394,363	4,279,120	5,103,437
\$	<u>1,854,941</u>	<u>1,533,697</u>	<u>1,005,894</u>	<u>811,353</u>	<u>1,336,804</u>	<u>1,251,748</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
 FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS  
 SEPTEMBER 30, 2017**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:				
Nonspendable	\$ 103,527	\$ 149,233	\$ 122,878	\$ 36,082
Restricted	51,842	57,574	179,333	152,831
Committed	970,590	1,099,328	975,933	635,822
Assigned	-	-	-	643,925
Unassigned	3,166,481	2,750,898	3,986,510	3,937,179
Total general fund	<u>\$ 4,292,440</u>	<u>\$ 4,057,033</u>	<u>\$ 5,264,654</u>	<u>\$ 5,405,839</u>
All Other Governmental Funds:				
Nonspendable	\$ 3,132,399	\$ 3,131,301	\$ 3,217,840	\$ 3,206,723
Restricted	3,618,120	3,368,339	3,675,384	4,217,324
Assigned to:				
Redevelopment	1,795,328	2,196,911	1,647,685	1,004,950
Street improvement	1,478,933	1,780,031	1,429,713	1,318,441
Debt service	123,658	128,269	139,083	137,109
Capital project fund	-	-	5,204	12,701
Other Gov. fund	-	-	-	-
Unassigned (deficit)	(528,190)	(506,775)	-	-
Total all other governmental funds	<u>\$ 9,620,248</u>	<u>\$ 10,098,076</u>	<u>\$ 10,114,909</u>	<u>\$ 9,897,248</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.

2012	2013	2014	2015	2016	2017
\$ 20,309	\$ 24,064	\$ 7,434,660	\$ 9,097,360	\$ 8,904,744	\$ 8,896,577
82,336	110,734	38,553	102,155	101,335	76,138
949,847	975,529	2,956,553	2,655,554	3,025,008	3,267,511
56,060	242,530	948,890	111,242	28,642	31,605
4,391,831	5,485,728	1,811,805	519,195	62,770	630,060
<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>	<u>\$ 12,901,891</u>
\$ 3,206,723	\$ 3,206,723	\$ 3,241,550	\$ -	\$ -	\$ -
3,737,426	4,542,273	-	8,677,376	6,097,506	5,921,141
289,074	-	-	-	-	-
1,974,567	2,580,844	3,116,725	-	-	-
130,682	145,272	268,111	-	-	-
10,057	41,175	4,908,443	-	-	-
-	-	124,590	-	-	-
-	(524,660)	(7,421,423)	(4,990,418)	(4,988,425)	(5,760,694)
<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>	<u>\$ 160,447</u>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS**  
**YEAR ENDED SEPTEMBER 30, 2017**

	2008	2009	2010	2011
<b>Revenues</b>				
Taxes	\$ 13,877,275	\$ 12,350,610	\$ 12,435,341	\$ 11,202,497
Licenses and permits	337,750	335,235	316,072	349,795
Intergovernmental revenue	3,006,188	2,241,014	2,744,562	2,605,456
Charges for services	4,026,811	4,038,187	4,393,928	2,983,696
Fines and forfeitures	253,357	217,105	193,888	276,388
Investment income (loss)	-	-	-	-
Miscellaneous revenue	362,432	211,359	405,646	270,916
Total revenues	<u>21,863,813</u>	<u>19,393,510</u>	<u>20,489,437</u>	<u>17,688,748</u>
<b>Expenditures</b>				
General government	3,415,073	3,223,566	3,077,625	3,037,032
Public Safety	9,044,927	8,572,021	8,661,533	7,427,937
Public Works	1,417,925	1,429,995	1,356,920	846,131
Culture and recreation	2,185,308	2,121,450	2,192,716	2,070,964
Capital outlay	2,385,139	1,881,079	2,139,263	1,974,584
Debt service:				
Principal retirement	1,210,622	957,867	988,766	1,317,791
Interest and fiscal charges	1,188,193	993,613	859,365	1,099,006
Total expenditures	<u>20,847,187</u>	<u>19,179,591</u>	<u>19,276,188</u>	<u>17,773,445</u>
Excess of revenues over (under) expenditures	1,016,626	213,919	1,213,249	(84,697)
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	17,415	-	7,000,000	-
Proceeds from sale of capital assets	140,337	15,000	11,205	8,221
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	4,348,791	4,129,732	3,420,488	4,271,034
Transfers out	(4,348,791)	(4,129,732)	(3,420,488)	(4,271,034)
Total other financing sources (uses)	<u>(273,533)</u>	<u>28,502</u>	<u>11,205</u>	<u>8,221</u>
Net change in fund balances	743,093	242,421	1,224,454	(76,476)
Fund balances - beginning of year	13,169,595	13,912,688	14,155,109	15,379,563
Prior Period Adjustment	-	-	-	-
Fund balances - end of year	<u>\$ 13,912,688</u>	<u>\$ 14,155,109</u>	<u>\$ 15,379,563</u>	<u>\$ 15,303,087</u>
Debt service as a percentage of noncapital expenditures	13.0%	11.3%	10.8%	15.3%

	2012	2013	2014	2015	2016	2017
\$	10,761,809	\$ 11,125,287	\$ 11,090,929	\$ 11,353,527	\$ 11,673,019	\$ 11,982,392
	176,377	441,144	337,764	322,553	404,488	390,984
	2,114,752	2,199,275	2,472,297	2,635,950	3,594,353	3,197,521
	3,349,502	3,139,900	3,033,884	640,005	743,141	840,199
	987,780	716,261	339,445	1,705,093	2,777,550	2,049,281
	-	-	-	-	-	(750,039)
	313,889	402,420	233,902	348,173	209,204	225,048
	<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>	<u>17,935,386</u>
	3,250,608	2,269,718	2,919,051	3,174,239	4,463,664	4,555,614
	7,219,904	7,504,941	7,910,644	9,683,755	11,319,074	10,169,514
	812,689	1,321,383	1,708,078	1,738,639	1,852,146	2,097,798
	2,051,818	2,044,045	2,355,535	2,446,502	1,999,993	2,179,970
	2,441,273	1,036,969	2,380,655	4,597,311	6,590,420	4,093,734
	1,331,929	1,484,865	7,579,989	873,000	11,295,000	609,000
	1,067,039	902,460	710,587	489,100	422,968	284,875
	<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>	<u>23,990,505</u>
	(471,151)	1,459,906	(8,056,318)	(5,997,245)	(18,541,510)	(6,055,119)
	-	-	22,219	-	-	-
	16,976	-	17,169,557	16,215	72,241	-
	-	-	(8,572,040)	-	-	-
	6,449,269	-	-	-	-	-
	(6,449,269)	-	-	-	11,265,000	-
	3,288,551	3,333,452	-	7,369,842	31,082,146	9,556,455
	(3,288,551)	(2,812,058)	-	(3,195,862)	(26,818,762)	(4,320,335)
	<u>16,976</u>	<u>521,394</u>	<u>8,619,736</u>	<u>4,190,195</u>	<u>15,600,625</u>	<u>5,236,120</u>
	(454,175)	1,981,300	563,418	(1,807,050)	(2,940,885)	(818,999)
	15,303,087	14,848,912	16,830,212	17,428,457	16,172,465	13,231,578
	-	-	34,827	551,058	-	649,759
\$	<u>14,848,912</u>	<u>\$ 16,830,212</u>	<u>\$ 17,428,457</u>	<u>\$ 16,172,465</u>	<u>\$ 13,231,580</u>	<u>\$ 13,062,338</u>
	15.2%	15.4%	35.8%	7.4%	37.4%	4.5%

**CITY OF NEW PORT RICHEY, FLORIDA**  
**TAX REVENUES BY SOURCE, GENERAL FUND – LAST TEN FISCAL YEARS**  
**YEAR ENDED SEPTEMBER 30, 2017**

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Communications Service Tax	Total
2017	\$ 4,561,087	\$ 1,242,978	\$ 655,342	\$ 6,459,407
2016	4,476,414	1,174,076	651,949	6,302,439
2015	4,510,864	1,247,460	656,780	6,415,104
2014	4,482,608	1,317,052	704,995	6,504,655
2013	4,661,075	1,196,176	854,510	6,711,761
2012	4,538,889	1,270,726	895,727	6,705,342
2011	4,730,981	1,323,242	881,055	6,935,278
2010	5,396,402	1,436,507	953,055	7,785,964
2009	5,100,734	1,357,654	987,969	7,446,357
2008	6,061,548	1,231,639	1,030,679	8,323,866

**CITY OF NEW PORT RICHEY, FLORIDA  
SPECIAL ASSESSMENT COLLECTIONS – LAST TEN FISCAL YEARS  
YEAR ENDED SEPTEMBER 30, 2017**

Fiscal Year	General Fund Original Budget	Unassigned Fund Balance at Beginning of Year	
		Amount	% of Budget
2017	\$ 19,628,645	\$ 62,770	0.3%
2016	30,206,880	519,195	1.7%
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%

### **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, 2017**

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
2017	\$ 424,589,630	\$ 167,945,635	\$ 98,748,596	\$ 44,526,874	\$ 735,810,735
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

Source: Pasco County Property Appraiser

Just Value Tangible Personal Property	Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 83,348,562	\$ 819,159,297	\$ 277,412,531	\$ 541,746,766	9.1500
83,208,411	810,856,947	276,170,720	534,686,227	9.2500
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

**CITY OF NEW PORT RICHEY, FLORIDA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN FISCAL YEARS  
YEAR ENDED SEPTEMBER 30, 2017**

Fiscal Year	City	Pasco County			Pasco County		School Board	
		Operating	Mosquito Control	Total County - Operating	Operating	Capital Outlay	School Bond	Total School Board
2017	9.1500	7.6076	0.2254	7.8330	5.2777	1.5000	-	6.7777
2016	9.5000	7.6076	0.2336	7.8412	5.6090	1.5000	-	7.1090
2015	9.5000	7.3441	0.2400	7.5841	5.6490	1.5000	-	7.1490
2014	9.5799	7.3441	0.1620	7.5061	5.8570	1.5000	-	7.3570
2013	9.5799	6.8623	0.1630	7.0253	5.8410	1.5000	-	7.3410
2012	8.3877	6.3668	0.1920	6.5588	6.1440	1.5000	-	7.6440
2011	8.1037	6.3668	0.1989	6.5657	6.2670	1.5000	-	7.7670
2010	8.1037	6.3668	0.1883	6.5551	5.8400	1.5000	-	7.3400
2009	6.6274	5.4333	0.1567	5.5900	5.7080	1.5000	-	7.2080
2008	6.7840	5.4333	0.1448	5.5781	5.5220	1.5000	0.1860	7.2080

- Notes:
- (1) The overall total includes the Florida Coastal Rivers Basin (and excludes the Pinellas Anclote River Basin) because it is the most predominant in the City.
  - (2) The City portion of property taxes is fully committed to operating expenditures.

Source: Pasco County Property Appraiser

Southwest Florida Water Management District	Florida Coastal Rivers Basin	Pinellas Anclote River Basin	Total (1)
0.3317	-	-	24.7990
0.3488	-	-	24.7990
0.3658	-	-	24.5989
0.3818	-	-	24.8248
0.3928	-	-	24.3390
0.3928	-	-	22.9833
0.3770	0.1885	0.2600	23.0019
0.3866	0.1885	0.3200	22.5739
0.3866	0.1885	0.3600	20.0005
0.3866	0.1885	0.3701	20.1452

**CITY OF NEW PORT RICHEY, FLORIDA  
PRINCIPAL PROPERTY TAX PAYERS – CURRENT YEAR AND NINE YEARS AGO  
YEAR ENDED SEPTEMBER 30, 2017**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
New Plan Florida Holdings LLC (Southgate Shopping Plaza)	\$ 15,932,354	1	2.77%			
Harbor View MHC LLC	12,093,688	2	2.10%			
Duke Energy	10,659,405	3	1.85%			
Sunshine Lake Estates MHC LLC	9,535,137	4	1.66%	\$ 7,718,535	5	0.84%
Frontier Florida LLC	7,055,645	5	1.23%			
HCA Health Services of Florida	4,737,384	6	0.82%			
Columbia Regional Medical Center						
Gillis & Gilliss Inc	3,975,814	7	0.69%			
Rajn Hotels LLC	3,905,508	8	0.68%			
Orchard Ridge Realty LLC	3,116,799	9	0.54%	4,656,736	8	0.51%
Royal Five Hospitality Inc	2,997,398	10	0.52%			
Verizon Communications, Inc.				37,888,485	1	4.12%
New Port Richey Hospital, Inc.				30,062,906	2	3.27%
New Plan Realty Trust (Southgate Shopping Plaza)				13,827,795	3	1.50%
Harborview Investors LLC (Harborview Trailer Park)				13,676,392	4	1.49%
Florida Power Corporation				7,372,404	6	0.80%
Sima Hotels, Inc. (Quality Inns & Suites)				4,872,641	7	0.53%
Florida - LTC Inc. (Clarion Hotel)				4,537,107	9	0.49%
Bright House Networks				3,901,402	10	0.42%
	<u>\$ 74,009,132</u>		<u>12.86%</u>	<u>\$ 128,514,403</u>		<u>13.97%</u>

**CITY OF NEW PORT RICHEY, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS  
YEAR ENDED SEPTEMBER 30, 2017**

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
2017	\$ 4,705,767	\$ 4,315,635	91.71%	\$ 245,452	\$ 4,561,087	96.93%
2016	4,754,168	4,284,165	90.11%	192,249	4,476,414	94.16%
2015	4,644,819	4,486,507	96.59%	24,357	4,510,864	97.12%
2014	4,643,394	4,473,225	96.34%	9,383	4,482,608	96.54%
2013	4,803,751	4,653,277	96.87%	7,788	4,661,065	97.03%
2012	4,683,698	4,537,813	96.89%	1,076	4,538,889	96.91%
2011	4,870,318	4,725,924	97.04%	5,057	4,730,981	97.14%
2010	5,470,946	5,282,446	96.55%	113,956	5,396,402	98.64%
2009	5,504,786	5,093,337	92.53%	7,397	5,100,734	92.66%
2008	6,238,513	6,054,273	97.05%	7,275	6,061,548	97.16%

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, 2017**

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
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,345,000
2016	-	-	-	-	-	-	-	-	10,954,000
2015	-	-	-	5,497,000	5,487,000	-	-	-	-
2014	-	-	-	5,934,000	5,923,000	-	-	-	-
2013	673,522	-	-	6,354,000	6,342,000	-	-	6,067,466	-
2012	983,068	-	-	6,757,000	6,745,000	-	-	6,436,786	-
2011	1,275,780	-	-	7,144,000	7,132,000	-	6,702,003	-	-
2010	1,552,574	-	-	7,516,000	7,503,000	-	7,000,000	-	-
2009	1,814,315	13,025	-	7,873,000	7,860,000	7,000,000	-	-	-
2008	2,061,822	38,385	-	8,216,000	8,202,000	7,000,000	-	-	-

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

N/A - Personal income data was not available.

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

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

Business-type Activities									
Revenue Bonds Series 1991	Revenue Bonds Series 1996	Revenue Bonds Series 2007A	Revenue Bonds Series 2007B	Refunding Revenue Bond Series 2012	Revenue Bond Series 2017A	Total	Percentage of Personal Income	Per Capita	
\$ -	\$ -	\$ -	\$ -	\$ 6,373,551	\$ 758,000	17,476,551	0.09%	\$ 1,075	
-	-	-	-	6,925,490	-	17,879,490	0.10%	1,106	
-	-	-	-	7,463,443	-	18,447,443	N/A	1,202	
-	-	654,150	-	7,463,443	-	19,974,593	0.12%	1,322	
-	-	1,280,550	-	7,463,443	-	28,180,981	0.18%	1,895	
-	-	1,883,360	-	7,463,443	-	30,268,657	0.20%	2,038	
-	-	2,461,790	7,530,000	-	-	32,245,573	0.21%	2,156	
-	-	3,015,090	7,675,000	-	-	34,261,664	0.24%	2,298	
-	-	3,546,110	7,815,000	-	-	35,921,450	0.27%	2,183	
-	-	4,054,320	7,950,000	-	-	37,522,527	0.27%	2,260	

**CITY OF NEW PORT RICHEY, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
YEAR ENDED SEPTEMBER 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Pasco County School Board (1)	\$ 498,561,655	4.287%	\$ 21,373,672
City's direct debt			<u>17,476,551</u>
Total direct and overlapping debt			<u><u>\$ 29,738,258</u></u>

Notes: (1) The City's share is calculated based on the ratio of the 2016 City Taxable Value of \$ 534,686,227 to the County's Taxable Value of \$22,922,357

Source: Pasco County School Board

**CITY OF NEW PORT RICHEY, FLORIDA  
 PLEDGED REVENUE COVERAGE – LAST TEN FISCAL YEARS  
 YEAR ENDED SEPTEMBER 30, 2017**

Year	Public Service Tax	Revenue Note, Series 2000			Tax Increment Revenue	Redevelopment Revenue Notes		
		Principal	Interest	Coverage		Principal	Interest	Coverage
2017	\$ -	\$ -	\$ -	\$ -	\$ 1,546,795	\$ 609,000	\$ 284,875	0.13
2016	-	-	-	-	1,468,482	11,295,000	422,968	0.13
2015	-	-	-	-	1,275,820	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

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 2012 and 2017A		
				Principal	Interest	Coverage
\$ -	\$ -	\$ -	\$ -	\$ 580,939	\$ 192,800	-
-	-	-	-	537,953	194,050	-
-	-	-	-	654,150	222,113	-
-	-	-	-	626,400	248,914	-
12,802,058	8,869,172	-	3,932,886	602,810	274,639	4.48
11,963,671	8,931,134	-	3,032,537	684,488	376,012	2.86
11,901,282	8,260,388	-	3,640,894	698,300	424,772	3.24
11,477,117	8,768,895	-	2,708,222	671,020	453,006	2.41
12,632,188	8,458,637	-	4,173,551	643,210	479,959	3.72
12,935,623	9,730,889	-	3,204,734	567,330	485,178	3.04

## **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, 2017**

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)
2017	16,256	505,709	\$ 19,000,369,000	\$ 37,572	44.2	72,493	5.20%
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%

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, 2017**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
North Bay Hospital/Morton Plant	806	1	10.92%	450	2	5.35%
Baycare Behavioral Health, Inc.	332	2	5.10%			
Madison Pointe Rehab & Health	186	3	2.62%	125	9	1.49%
Orchard Ridge Nursing Center	156	4	2.40%	142	6	1.69%
Med-Fleet Systems, Inc.	152	5	2.18%			
Cracker Barrel	136	6	2.04%			
Publix Supermarket #1020 (Southgate)	135	7	2.02%	140	7	1.66%
Heather Hills Nursing Home	127	8	1.96%			
Applicant Insight, Inc.	126	9	1.95%			
Southern Pines Nursing Home	130	10	1.92%			
Community Hospital				600	1	7.13%
Community Hospital Health Care				439	3	5.22%
TCS Communications				410	4	4.87%
Gulfside Regional Hospice				250	5	2.97%
Mobile Personal Services, Inc.				138	8	1.64%
Radiology Associates West Pasco				120	10	1.43%
	2,286		33.10%	2,814		33.45%

Note: (1) Does not include government or nonprofit agencies.

## **Schedules of Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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**CITY OF NEW PORT RICHEY, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM –**  
**LAST TEN FISCAL YEARS**  
**YEAR ENDED SEPTEMBER 30, 2017**

Function/Program	Full-time Equivalent Employees as of September 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Legislative	5.0	5.0	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Executive	3.0	2.4	2.8	2.8	2.8	2.0	2.0	2.0	2.0	2.0
Technology Solutions (1)	4.0	3.0	3.0	3.0	3.0	-	-	-	-	-
Human Resources	1.8	1.8	1.8	2.9	2.6	2.0	2.0	2.0	2.0	2.0
Financial Administration	14.0	14.6	14.6	14.3	14.3	18.3	20.5	20.3	20.3	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	3.0	3.8	3.8	2.5	2.5	3.0	3.0	3.0	3.0	3.0
Support Services	15.7	14.8	14.8	13.6	12.6	11.9	11.9	11.9	9.8	10.8
Community Services	9.0	11.0	11.0	9.0	9.0	10.0	11.0	11.0	14.0	14.0
Patrol	33.5	28.7	28.7	26.7	26.7	26.9	22.9	24.9	24.9	23.9
Code Enforcement	3.0	2.0	2.0	1.0	1.0	1.0	2.0	4.5	4.5	4.5
Code Enforcement-Grant Funded	-	-	1.0	1.0	1.0	-	-	-	-	-
Red Light Camera (2)	2.0	1.4	2.0	2.0	-	-	-	-	-	-
Fire:										
Supervision	3.7	3.0	3.0	3.0	2.7	2.8	3.0	3.0	3.0	3.0
Inspection	-	-	-	-	-	-	-	-	-	1.0
Firefighting	24.0	23.8	23.8	23.8	21.8	23.6	25.6	22.1	22.1	23.2
Development:										
Development Department	10.0	6.4	7.0	7.0	7.0	7.0	-	-	-	-
Redevelopment:										
Economic Development	2.0	2.0	2.0	2.0	-	-	-	2.0	2.0	4.4
Development Department	-	-	-	-	-	-	9.0	10.0	10.0	9.0
Public Works:										
Supervision	4.0	4.0	4.0	4.0	4.0	7.0	7.0	7.0	7.0	7.0
Road and Street Facilities	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	9.0
Facilities Maintenance	5.5	5.5	-	-	-	-	-	-	-	-
Grounds Maintenance	9.0	8.0	-	-	-	-	-	-	-	-
Water Production	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water Distribution	10.0	10.0	11.0	12.0	10.0	10.8	10.8	10.0	10.0	10.0
Water Pollution Control	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Sewer Collection	8.0	7.0	7.0	8.0	8.0	7.0	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	4.0	-	-	-	-	-	-	-
Stormwater	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0
Central Garage	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Culture and Recreation:										
Library	13.2	13.2	13.9	13.9	13.9	14.8	15.3	15.8	15.8	15.3
Playgrounds and Parks	14.6	11.9	12.5	16.8	16.8	15.8	16.8	17.8	17.8	20.7
Aquatics	6.0	7.0	6.4	5.3	5.3	6.3	6.3	6.4	6.2	7.8
	<u>248.0</u>	<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>

Source: City of New Port Richey Accounting & Budgeting Division

- (1) Previously part of Financial Administration
- (2) Made into a separate Division in FY 13-14

**CITY OF NEW PORT RICHEY, FLORIDA  
OPERATING INDICATORS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS  
YEAR ENDED SEPTEMBER 30, 2017**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Police:</b>										
Calls for service	28,741	28,461	28,230	27,274	19,471	19,664	22,253	25,370	28,772	30,176
Physical arrests	985	953	841	884	761	631	911	874	1,151	1,168
Parking violations	7	5	6	5	4	8	51	45	37	166
Traffic violations	1,749	1,649	1,462	2,048	1,211	1,187	2,560	2,350	2,911	3,644
<b>Fire:</b>										
Emergency responses	4,356	4,323	3,977	3,921	3,753	3,972	3,563	3,385	3,483	3,348
Fires extinguished	29	27	33	46	47	52	68	64	50	47
Inspections	1,254	1,000	1,100	1,088	1,155	1,124	1,086	1,616	1,181	1,088
<b>Development services:</b>										
Building permits	1,527	1,696	1,515	1,665	1,502	1,376	1,175	1,278	1,116	1,247
Building permit amount	31,678,000	32,809,997	16,400,350	14,606,289	18,606,369	12,090,800	6,092,700	10,575,127	28,810,687	11,688,390
<b>Public works:</b>										
Street resurfacing (miles)	-	-	-	-	-	-	4.050	4.866	0.658	-
<b>Recreation:</b>										
Daily attendance (1)	281,452	279,456	281,221	280,521	275,952	257,650	257,643	220,361	345,000	330,960
Memberships	2,341	2,275	2,269	2,254	1,768	1,531	1,674	1,648	2,034	1,542
Swimming pool admissions (2)	-	-	-	-	-	-	-	-	-	-
<b>Library:</b>										
Attendance (3)	491,489	491,256	490,920	471,581	488,847	517,655	443,211	422,388	-	-
Volumes in collection	167,452	165,487	157,964	141,152	113,859	97,134	95,467	80,116	83,596	82,168
Total volumes borrowed	755,412	754,260	734,425	652,164	323,256	339,504	395,630	349,679	236,034	214,873
<b>Water:</b>										
New connections	10	10	45	13	459	(260)	22	7	22	50
Avg.daily consumption(MG)	5.62	5.27	5.15	5.20	5.13	4.91	3.35	3.84	5.00	3.16
<b>Sewer:</b>										
New connections	112	150	20	8	893	(1,040)	7	12	19	20
Average daily flow (MG)	5.62	5.43	5.25	5.133	4.963	5.161	4.856	5.605	5.254	5.657
Miles of new sewer lines	-	-	-	-	0.610	-	-	-	2.038	-
<b>Reclaimed water:</b>										
New connections	(6)	(12)	19	224	9	(2)	5	5	(8)	51
Avg.daily consumption(MG) (Pasco County & City)	4.46	4.97	5.05	5.133	4.867	4.389	4.856	5.605	5.254	5.657
Avg.daily consumption(MG) (City only)	1.85	2.21	2.25	2.267	2.182	1.273	1.168	0.664	0.919	1.002

**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, 2017**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Streets (miles)	80.53	80.53	80.53	80.53	80.53	80.53	80.53	80.53	80.53	80.53
Streetlights	2,726	2,726	2,726	2,718	2,714	2,704	2,704	2,704	2,689	2,679
Recreation:										
Number of parks	12	12	12	12	12	12	12	12	12	12
Acreage	172.43	172.43	172.43	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)	142.65	141.22	141.22	139.56	139.56	138.86	138.86	138.70	138.70	137.20
Fire hydrants	669	669	669	669	669	660	657	657	657	657
Storage capacity (MG)	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Number of connections	16,951	16,612	16,550	16,505	16,492	16,033	16,293	16,271	16,264	16,242
Wastewater:										
Number of connections	13,791	13,750	13,600	13,580	13,572	12,679	13,749	13,742	13,730	13,711
Sanitary sewers (miles)	84.85	84.77	84.77	84.77	84.77	84.46	84.46	84.46	84.46	84.39
Forced Main (miles)	29.25	29.25	29.25	29.25	29.25	29.20	29.20	29.20	29.20	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	29.00	28.12	17.83	16.98	16.89	16.89	16.89
Number of connections	493	503	515	496	272	263	265	260	255	263

**Notes:**

N/A = not available  
MG = million gallons

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Port Richey, Florida (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 2018. 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 deficiencies described in the accompanying schedule of findings and responses as Findings 2017-001 and 2017-002 to be material weaknesses.

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 2017-003, 2017-004, and 2017-005 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 responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion 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  
December 28, 2018

**CITY OF NEW PORT RICHEY, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2017**

**2017-001: 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 2017. 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 2017 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 nine 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. The Finance Department continues to work through staffing constraints and an accounting software conversion, which has caused delays in the completion of the year-end closing process. Management has identified some ways to improve efficiencies, which should allow for a timely closing process in the next fiscal year.

**2017-002: Prior Period Adjustments**

***Material Weakness in Internal Control over Financial Reporting***

**Criteria**

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

**Condition**

The City recorded a duplicate entry in error affecting a liability and related expenditure in the general fund during fiscal year 2016, relating to the distribution of red light camera fines subsequent to September 30, 2016. This error caused the liability and related expenditure to be overstated by \$649,743 in the prior year.

**CITY OF NEW PORT RICHEY, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2017**

The City recorded increases to capital asset balances in previous years totaling \$1,331,926 that did not represent valid capital asset additions. Most significantly, the City erroneously reported costs totaling \$1,163,428 associated with rehabilitation activities on the Hacienda Hotel as additions to construction in progress within the government-wide financial statements. The hotel property was reported as an asset held for sale. Thus, any improvement costs to that property represented investment-related activity and should not have increased the City's capital asset balance as of September 30, 2016.

Depreciation expense and related accumulated depreciation had been erroneously calculated in previous years within the City's accounting software system. This error caused accumulated depreciation to be understated by \$1,742,569 prior to fiscal year 2017.

**Cause**

The City did not maintain an effective review process over year-end accrual adjustments. Furthermore, the City did not reconcile totals of individual assets at cost and related accumulated depreciation per the capital asset detailed register to balances per the accounting system in prior years. In the current year, this comparison did not occur timely as part of the City's closing process.

**Effect**

These errors were identified in the current year, and the net position of the governmental activities and business-type activities and fund balance of the general fund and net position of the water and sewer fund and stormwater fund were restated to correct the errors.

**Recommendation**

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

**Views of Responsible Officials**

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

**2017-003: 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 and performed and reviewed on a timely basis.

**Condition**

At the onset of our year-end audit procedures, we observed that the City's cash balances per general ledger did not reconcile to respective bank balances. Through the course of the audit, these unreconciled differences were identified and subsequently corrected.

**Cause**

The City had not performed monthly bank reconciliation procedures on a timely basis.

**CITY OF NEW PORT RICHEY, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2017**

**Effect**

Identification of reconciling items between bank balances and general ledger balances becomes increasingly difficult when a significant time lag exists between month end and the date that the reconciliation activities are completed.

**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 preparer should complete a reconciliation of all of the City's cash and investment accounts by no later than the end of the following month, and individual(s) responsible for reviewing the reconciliations should ensure the timeliness standard is met.

**Views of Responsible Officials**

Management concurs and notes that the issue noted above was due to employee turnover and vacancies within the Finance Department. Management is actively looking to fill any vacancies within the department and cross train employees to ensure all financial functions, including bank reconciliations, are performed in a timely and accurate manner.

**2017-004: 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, 2017, 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 all four quarters within fiscal year 2017. Quarterly investment reports were submitted to the City Council beginning in March 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.

**Views of Responsible Officials**

The City has implemented procedures to address this finding and we consider it resolved. Management will review the City's investment policy and suggest changes that align with the City's current investment objectives, if any are discovered.

**CITY OF NEW PORT RICHEY, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2017**

**2017-005: Utility Billing Rates**

***Significant Deficiency in Internal Control over Financial Reporting***

**Criteria**

The City periodically issues ordinances to update utility rate charts and clarify the billing system.

**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. During the course of our audit, we identified individual customer bills issued during fiscal year 2017 that contained inaccuracies due to incorrect utility rates incorporated in the calculation of customer charges.

**Cause**

Certain utility rates within the City's system were not properly adjusted based on the latest City ordinance.

**Effect**

The customer utility bills that were recalculated in the months of October and November 2016 resulted in a \$1,215 net variance between recalculated amounts and actual amounts billed.

**Recommendation**

We recommend that the City update its utility system with the current rate structure based on the most recent City ordinance. Furthermore, testing should be performed on a sample of customer bills to ensure that the rates were accurately adjusted within the system.

**Views of Responsible Officials**

The City's current utility billing system limits the entering and annual updating of utility rates to a manual process, which, unfortunately, can result in human error as there are hundreds of inputs entered. The issue will be resolved with the implementation of a new utility billing system, which will provide for annual updates to be performed automatically. This implementation is expected to take place in February of 2019.

## 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, 2017, and have issued our report thereon dated December 28, 2018.

### 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*; Schedule of Findings and Responses; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 28, 2018, 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 us to apply appropriate procedures and communicate 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 to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. See Appendix B to this Management Letter.

**Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The City does not have any special district component units.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not 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  
December 28, 2018

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2017**

**APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

Prior Year Findings		Current Year Status		
Finding Reference #	Comment	Cleared	Partially Cleared	Not Cleared
2016-001	Timeliness of Closing Process			X (See current year finding 2017-001 within the Schedule of Findings and Responses)
2016-002	Preparation and Review of Cash Reconciliations			X (See current year finding 2017-002 within the Schedule of Findings and Responses)
2016-003	Investment Policy Compliance			X (See current year finding 2017-003 within the Schedule of Findings and Responses)
2016-004	Utility Billing Rates			X (See current year finding 2017-004 within the Schedule of Findings and Responses)
2016-005	Analysis of Uncollectible Accounts			X (See current year finding 2017-005 within the Schedule of Findings and Responses)
2016-006	Inventory Procedures		X (See below)	
2015-001	Review of Transactions and Reconciliation of Account Balances			X (See current year finding 2017-001 within the Schedule of Findings and Responses)
2015-004	Consideration of Information Technology Controls	X		
2014-01	Cash Account Balance		X (See current year finding 2017-002 within the Schedule of Findings and Responses)	
2014-03	Bank Reconciliations		X (See current year finding 2017-002 within the Schedule of Findings and Responses)	

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2017**

**APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

Prior Year Findings		Current Year Status		
Finding Reference #	Comment	Cleared	Partially Cleared	Not Cleared
2014-05	Financial Reporting			X (See current year finding 2017-001 within the Schedule of Findings and Responses)
2014-06	Investment Policy		X (See current year finding 2017-003 within the Schedule of Findings and Responses)	
MLC-3 (2014)	Improper Utility Rates Billed			(See current year finding 2017-004 within the Schedule of Findings and Responses)
MLC-4 (2014)	Inconsistent Rates Between Ordinance and Billing System			(See current year finding 2017-004 within the Schedule of Findings and Responses)
MLC-14 (2014)	Security Policies	X		

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2017**

**APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**Finding 2016-006: Inventory Procedures**

**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

**Current Year Status:** We observed improvements within the City's annual inventory process compared to the previous fiscal year. Noted improvements include the design and layout of inventory items, accuracy of test count procedures performed, and overall organization of the warehouse. However, the reconciliation between the count sheets used by City personnel and the inventory quantity balances reported in the system did not get performed timely. This reconciliation should be performed as soon as possible after the date of the inventory procedures.

**Management's Response:** Management will continue to work on improving inventory procedures, which includes more timely reconciliation of general ledger account balances.

**CITY OF NEW PORT RICHEY, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2017**

**APPENDIX B – RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT**

**2017-006: 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. Also, the Utility Billing Department reviews monthly aging receivables throughout the month prior to processing cycle bills to identify if there are any collectibility issues.

**Condition**

The City's estimate of the allowance for doubtful accounts balance relating to uncollected water and sewer retail customer accounts did not get adjusted as part of the City's closing process. Furthermore, an aging of customer receivable balances could not be generated from the City's utility system as of September 30, 2017, which is necessary in order to accurately derive an allowance estimate.

**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 perform the following:

- Enact a policy that stipulates the frequency by which the allowance analysis should be conducted (at least annually).
- Ensure that reliable customer receivable data can be extracted from the utility system as needed
- Formally document the preparation (including data extraction) process as well as the recurring review process over monthly aged receivables of its retail customers, including roles and responsibilities of those involved.

**Management's Response**

Management concurs with finding and will develop a methodology to evaluate any allowance balances and generate the appropriate customer aging report as part of its annual closing process.

## 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, 2017. 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, 2017. In our opinion, because of the effect of the noncompliance with certain requirements of its investment policy, the City has not complied with the aforementioned requirements for the year ended September 30, 2017.

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**

Tampa, Florida  
December 28, 2018

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