



**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**OF THE**

**CITY OF PORT RICHEY, FLORIDA**

**FOR THE**

**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**CITY OF PORT RICHEY, FLORIDA**

**Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2015**

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

City of Port Richey, Florida  
Listing of City Officials

Council – Manager Form of Government

As of September 30, 2015

Elected Officials

Acting Mayor – Councilor

William Colombo

Councilor

Nancy Britton

Interim Councilor

Phyllis Grae

Councilor

Steven O’Neill

Councilor

Terrence Rowe

Appointed Officials

City Manager

Thomas O’Neill

City Attorney

Joseph A. Poblick

Department Directors

Fire

Timothy Fussell

Police

Robert Lovering

Public Works

Patrick Stewart

Public Utilities

Patrick Stewart

Building Official

John Cosmo

City Clerk

Tammy Schuck

Finance Director

Erin Applegate

## **INTRODUCTORY SECTION**

CITY OF PORT RICHEY, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

September 30, 2015

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**INTRODUCTORY SECTION**

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## **LETTER OF TRANSMITTAL**

**CITY OF PORT RICHEY**

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



June 21, 2016

Honorable Mayor and City Council  
City of Port Richey, Florida

The Comprehensive Annual Financial Report of the City of Port Richey, Florida, for the fiscal year ended September 30, 2015 is hereby submitted in compliance with Florida law. The staff of the Finance Department prepared this Comprehensive Annual Financial Report with assistance from other departments. The responsibility for both the integrity of the data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City’s management. The report summarizes the City’s financial position and results of operations for its citizens, the City Council, the financial community and any other persons interested in the financial affairs of the City of Port Richey. All data is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We have included all necessary disclosures to enable the reader to gain the maximum understanding of the City’s financial activity.

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

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

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

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

The financial section of the report contains the government-wide financial statements, the fund financial statements – governmental funds and proprietary funds, notes to the financial statements, required supplementary information and other supplementary schedules which present fairly the financial position and results of the operations for the fiscal year ended September 30, 2015. These statements are divided into four parts.

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

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

### **THE REPORTING ENTITY**

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

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

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

### **LOCAL ECONOMIC CONDITION AND OUTLOOK**

The City has been affected by the decline in property values that had continued into the last fiscal year (2014), and the impact that it had on the City's revenue sources. Beginning in fiscal year 2015, the City is starting to see a greater increase in the property values of higher end housing. The City is continuing to develop programs through the use of funds available in Port Richey Community Redevelopment Agency (CRA) to promote redevelopment and improve the community's economic condition and outlook. The City has been working in conjunction with Pasco County to redevelop the U.S.19 corridor and encourage private investment in the City's Waterfront District. The City has seen increased commercial activity along U.S. 19, as well as the Waterfront District.

## MAJOR INITIATIVES

An initiative that was begun in fiscal year 2011 that has continued into fiscal year 2015 is the revitalization the City's financial well being. The City ended fiscal year 2010 with a deficit balance of \$342,617 in the Governmental Activities Unrestricted Net Assets and a deficit balance of \$867,969 in the Business-type Activities Unrestricted Net Assets. Additionally, the Water and Sewer Fund had a history of many years of continued losses. Through initiatives such as a Water and Sewer utility rate increases, the re-instatement of the Electric Utility tax that went into effect January 1, 2011, and the ability to utilize Red Light Cameras for all of fiscal years 2011 and 2012 and for a portion of fiscal years 2013, 2014 and 2015, the City has been able to considerably improve upon its financial position. A new rate structure for the City Water and Sewer Utility was adopted on October 15, 2013 which will help increase the fund balance.

As of September 30, 2015, the Governmental Activities Unrestricted Net Position had a negative balance of \$1,759,331, and the Business-type Activities Unrestricted Net Position had a positive balance of \$475,489. It is very important for the user of the City's Comprehensive Annual Financial Report to understand why the Governmental Activities Unrestricted Net Position now has a negative balance of \$1,759,331. The City adopted Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for fiscal year ended September 30, 2015. As a result of the implementation of GASB Statements 68 and 71, the City reported a restatement for the change in accounting principle as of October 1, 2014 for the City's proportionate interest in the Florida Retirement System cost sharing - multiple employer plan. This resulted in the City recording a prior period adjust in the Statement of Activities (pages 22 and 23 of the report) as of October 1, 2014 in the total amount of \$2,531,904. The recording of the prior period adjustment reduced the Governmental Activities Unrestricted Net Position by \$2,319,391 and the Business-type Activities Unrestricted Net Assets by \$212,513.

Said another way, the City's Governmental Activities Unrestricted Net Position would have a positive balance of \$560,060 as of September 30, 2015 and the Business-type Activities Unrestricted Net Assets would have a balance of \$688,002 if the City was not required to record its proportionate share of the Florida Retirement System net pension liability.

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

Another indicator of the significant improvement that has been achieved since 2011 in the City's financial condition is that the General Fund Unassigned Fund Balance was \$1,152,156 as of September 30, 2015. The General Fund Unassigned Fund Balance is that portion of the fund equity that is available to pay for the on-going activities of the City.

The City expended \$456,552 in fiscal year 2015 for infrastructure improvements and equipment additions including improvements to two lift stations costing \$166,722, the acquisition of 4 new vehicles for the police and public works departments for \$112,757, the acquisition of a bucket loader for \$87,040 and improvements to the fire station with a cost of \$30,452. The City will continue on with efforts to improve its water and sewer infrastructure.

## **FINANCIAL INFORMATION**

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

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

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

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

## **BUDGETING CONTROLS**

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

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

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

### **ENTERPRISE OPERATIONS**

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

### **WATER AND SEWER FUND**

The City provides utility service to approximately 2,400 residential customers and 430 commercial customers. The service population is approximately 10,000 customers. This represents customers both within and outside of the City's limits. The City owns its well field and water treatment facility. This Water Treatment Plant facility has a treatment capacity of approximately 1.2 million gallons of water per day. The safe yield of the City well field has been estimated at .450 million gallons per day.

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

### **DEBT ADMINISTRATION**

*Revenue Bonds Payable, Series 2005C:* On July 12, 2005, the City issued \$1,155,000 of bonds through the Florida Municipal Loan Council for the purpose of advance refunding a portion of the Revenue Bonds Payable Series 2000A. As a result, \$1,055,000 of the Revenue Bonds Payable Series 2000A were defeased and subsequently paid-off on April 1, 2010 from the amount being held in escrow. The 2005C Bonds were issued to reduce the City's overall interest costs. The balance outstanding on the Revenue Bonds Payable, Series 2005C as of September 30, 2015, is \$615,000

*Revenue Bonds Payable, Series 2005D:* On September 23, 2005, the City issued \$4,545,000 of bonds through the Florida Municipal Loan Council for the purpose of refunding the remaining amount due on the Water and Sewer Revenue Bonds, Series 1994, in the amount of \$1,240,000 and to provide \$3,305,000 of funding to construct water and sewer improvements. The bond refunding was undertaken to reduce the City's overall interest costs. The balance outstanding on the Revenue Bonds Payable, Series 2005D as of September 30, 2015 is \$2,615,000.

*Revenue Note, Series 2010:* On July 28, 2010, the City entered into a loan agreement to borrow \$203,487 for the purpose of financing the acquisition of real estate located within the City's Community Redevelopment Agency (CRA) district. The loan is secured by the incremental tax revenues of the CRA fund. The balance outstanding on the Revenue Note, Series 2010 as of September 30, 2015 is \$107,143.

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

## PERSPECTIVE

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

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

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

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

## INDEPENDENT AUDIT

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

## ACKNOWLEDGEMENTS

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

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

Respectfully submitted,

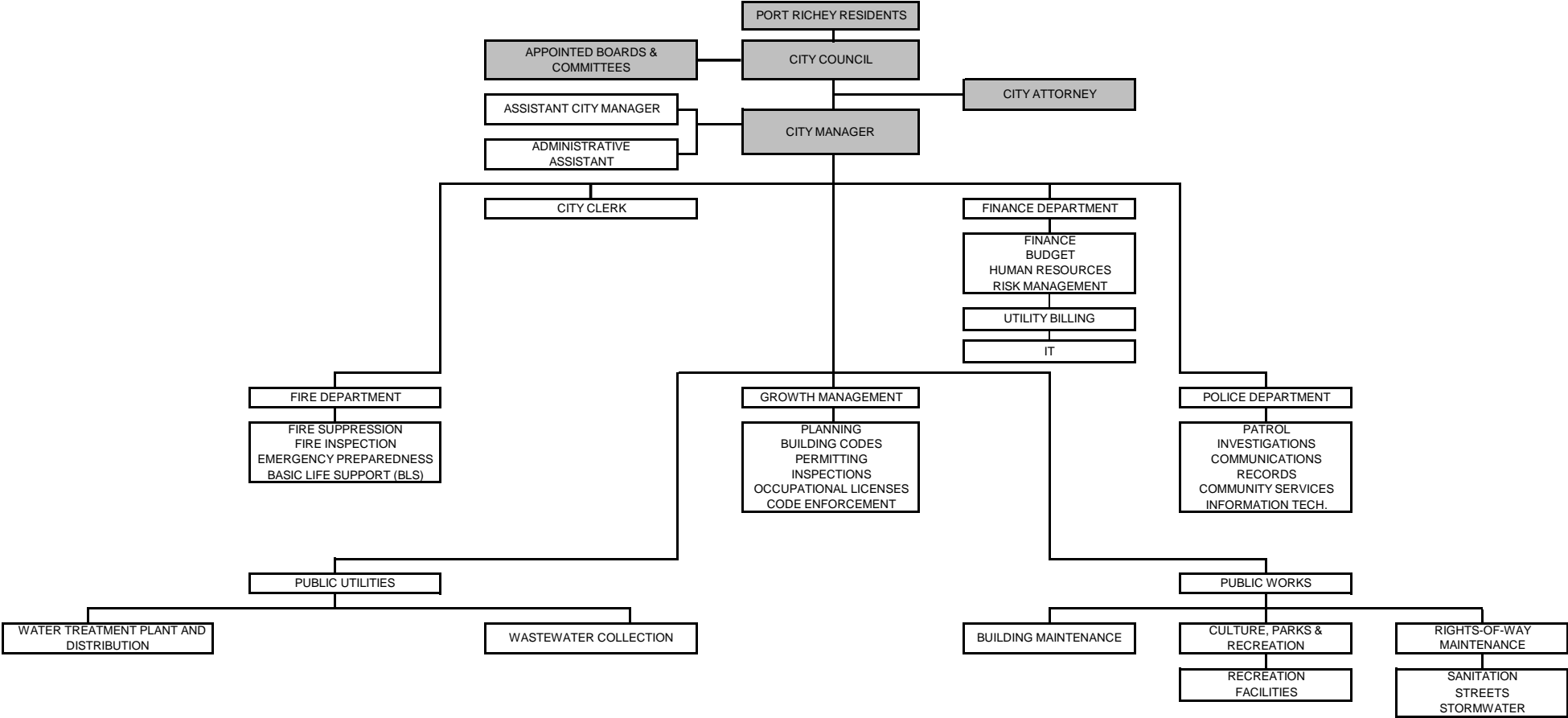
*James Mathieu*

James Mathieu  
Interim City Manager

## **ORGANIZATION CHART**



# CITY OF PORT RICHEY



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## **FINANCIAL SECTION**

This section contains the following subsections:

Independent Auditor's Report

Required Supplemental Information  
Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information other than  
Management's Discussion and Analysis

Other Supplementary Schedules

## **INDEPENDENT AUDITOR'S REPORT**



**Powell & Jones**  
Certified Public Accountants

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Marian Jones Powell, CPA

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Port Richey, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Richey, Florida, (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Port Richey, Florida's basic financial statements.

The prior year comparative information has been derived from the City's 2014 financial statements and, in our report dated June 11, 2015, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Richey, Florida as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 17 and 53 - 57 and pension schedule on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Port Richey, Florida's basic financial statements. The introductory section, other supplementary schedules, and statistical sections as listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of the City of Port Richey, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Port Richey, Florida's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Richey, Florida's 2014 financial statements, and in our report dated June 11, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**POWELL & JONES**  
Certified Public Accountants  
June 21, 2016

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

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

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

### **HIGHLIGHTS**

#### **Financial Highlights**

- For the fiscal year ended September 30, 2015, citywide expenses of \$8,095,154 net of program revenues of \$4,591,664 resulted in a net cost of providing city services of \$3,503,490. This net cost amount is generally the amount that needs to be funded by the General Revenues of the City. The net cost of providing city services for September 30, 2014 was \$4,540,226. The decrease in net cost of providing city services of \$1,036,736 compared to the prior year is attributable to governmental activities expenses decreasing by \$281,205 and business-type activities program revenues increasing by \$723,082.
- The net cost of providing city services in the governmental activities was \$3,670,430 compared to \$3,945,136 in 2014.
- For the business-type activities (water and sewer and stormwater utility operations) program revenues exceeded program expenses by \$166,940. In 2014 program expenses exceeded revenues by \$595,050 primarily as a result of providing for uncollectible water and sewer accounts receivable (that originated in fiscal years 2012 and 2013) in the amount of \$400,585. The uncollectable accounts receivable were reported as a reduction of 2014 revenues.
- The City’s net position decreased by \$177,666 or .1% in 2015 based on the beginning of the year net position before consideration of the prior period adjustment. The governmental net position decreased \$427,356 or 4.1% (exclusive of the impact of the prior period adjustment) and the business-type (Water and Sewer Fund and Stormwater Utility Fund) net position increased by \$249,690 or 2.8% (exclusive of the impact of the prior period adjustment).



- The decrease in the net position of the governmental activities totaling \$427,356 is a direct result of the intended deficit spending in the General Fund and Community Redevelopment Fund. The fiscal year 2015 budgets for the General Fund and Community Redevelopment Fund provided for deficits of \$1,088,310 and \$577,243, respectively. The actual deficits were \$381,961 and \$210,176, respectively.
- The net position of the City (overall equity) exceeded its liabilities at the close of fiscal 2015 by \$16,644,753 (net position). The governmental activities unrestricted net position was a negative \$1,759,331 as of September 30, 2015. Business-type activities unrestricted net position was \$475,489 as of September 30, 2015. The negative balance in the governmental activities unrestricted net position is directly as a result of the first time recording of the City's proportionate interest in the net pension liability of the Florida Retirement System of \$2,129,767 as explained below.
- As noted immediately above, the City was required to implement Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*, during fiscal year 2015. This necessitated the City reporting the net pension liability for the City's proportionate share of the Florida Retirement System (FRS). This resulted in the City recording a prior period adjust in the Statement of Activities (pages 22 and 23) as of October 1, 2014 in the total amount of \$2,531,904. The net pension liability as of September 30, 2015 as reported in the Statement of Net Position (page 21) is \$2,324,906 of which \$2,129,767 pertains to the governmental activities and \$195,139 to the business-type activities. The implementation of GASB 68 did not impact the governmental fund financial statements that are presented on pages 24 and 26 of this report.
- Government-wide unrestricted cash, pooled cash and cash equivalents totaled \$2,695,926 at September 30, 2015. Restricted cash and cash equivalents totaled \$1,493,764 at September 30, 2015.

### **City Highlights**

- The City expended \$248,727 on capital improvements for governmental activities during fiscal year 2015, including \$92,780 for police and public works vehicles (3 vehicles), \$87,040 for a bucket loader, and \$30,452 for fire station improvements.
- The City expended \$207,825 on capital improvements for the business-type activities – in the Water and Sewer Fund - including one vehicle at a cost of \$19,977, improvements to the Bay Boulevard lift station costing \$22,875, and a partial rehabilitation of the Queener Avenue lift station at a cost of \$143,847. The City utilized \$125,112 of proceeds from a FEMA grant for the Queener Avenue lift station improvements.

### **USING THIS ANNUAL REPORT**

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

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

### **Government-wide Financial Statements**

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

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

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

### **Fund Financial Statements**

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

The Governmental Major Fund (see pages 24-27) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 55).

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

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

### **Infrastructure Assets**

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

## **GOVERNMENT-WIDE STATEMENTS**

### **Statement of Net Position**

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

**Table 1**  
**Statement of Net Position**  
**As of September 30, 2015**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total Primary Government</u></b>
Current assets	\$ 2,009,017	\$ 1,145,738	\$ 3,154,755
Capital assets, net	8,359,595	10,948,348	9,307,943
Non-current assets – cash and investments	1,340,721	60,712	1,401,433
Non-current assets - other	2,030	19,789	21,819
Deferred outflows of resources	503,265	44,818	548,083
<b>Total assets and deferred outflows of resources</b>	<b>12,214,628</b>	<b>12,219,405</b>	<b>24,434,033</b>
Current liabilities	625,341	498,762	1,124,103
Non-current liabilities -			
Long-term debt outstanding	748,686	2,530,000	3,278,686
Net pension liability	2,129,767	195,139	2,324,906
Other long-term liabilities	415,427	73,813	489,240
Deferred inflows of resources	520,203	52,142	572,345
<b>Total liabilities and deferred inflows of resources</b>	<b>4,439,424</b>	<b>3,349,856</b>	<b>7,789,280</b>
Net position:			
Net investment in capital assets	7,430,706	8,333,348	15,764,054

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>
Restricted	2,103,829	60,712	2,164,541
Unrestricted	(1,759,331)	475,489	(1,283,842)
<b>Total net position</b>	<b>\$ 7,775,204</b>	<b>\$ 8,869,549</b>	<b>\$ 16,644,753</b>

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

At the end of fiscal 2015, the city-wide net position decreased \$2,709,570 to \$16,644,753. The decrease in net position is attributable to the change in net assets of \$(177,666) (loss) plus the impact of the prior period adjustment pertaining to the implementation of GASB 68 of \$(2,531,904) as of October 1, 2014. Net position for Governmental Activities was \$7,775,204 and net position for Business-type Activities was \$8,869,549. The total net position includes the amount of \$15,764,054 which represents the City's net investment in capital assets and \$2,214,541 represents current and other assets restricted for specific purposes. The portion of net position that is unrestricted equals a negative amount of \$1,283,842. As previously explained, the negative unrestricted net position is directly associated with recording the net pension liability of \$2,324,906 as required by GASB 68.

The Statement of Net Position on pages 20-21 shows the specific restrictions to net position. Restrictions within the City's Governmental Activities include \$1,623,914 for capital projects, which is comprised of unexpended Transportation Impact fees of \$742,848 which must be used to fund transportation infrastructure capital improvements, unexpended Police and Fire Impact fees of \$168,522 which are committed for facility capital projects in these two departments, and \$712,544 of unexpended discretionary sales tax funding that it to be expended on infrastructure improvements, vehicles, or the payment of indebtedness incurred for infrastructure assets. There is a total of \$387,584 that is restricted for community redevelopment, and \$92,331 for police benevolence.

### **Normal Impacts – Statement of Net Position**

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

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

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

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

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

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

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

**Current Year Impacts**

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

**Table 2**  
**Change in Unrestricted Net Position**  
**For the Year Ended September 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Unrestricted Net Position – Beginning of Year	\$ 903,014	\$ 298,466	\$ 1,201,480
Results of Operations	(427,356)	249,690	(177,666)
Prior period adjustment	(2,319,391)	(212,513)	(2,531,904)
Adjustments- restricted assets			
Capital projects – transportation	3,531		3,531
Capital projects – police and fire	(33,672)	-	(33,672)
Capital projects - infrastructure	(148,583)	-	(148,583)
Capital projects – water system	-	(60,712)	(60,712)
Community redevelopment	210,176	-	210,176
Police benevolence	(3,226)	-	(3,226)
Depreciation	443,946	488,383	932,329
Book value of assets disposed	58,809	-	58,809
Total adjustments	<u>530,981</u>	<u>427,671</u>	<u>958,652</u>
Adjusted Results of Operations	(2,215,766)	464,848	(1,750,918)
Capital Expenditures	(248,757)	(207,825)	(456,582)
Debt principal payment	(167,514)	(80,000)	(247,514)
Debt principal forgiven	(30,308)	-	(30,308)
Unrestricted Net Position - End of Year	<u>\$ (1,759,331)</u>	<u>\$ 475,489</u>	<u>\$ (1,283,842)</u>

## Statement of Activities

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

**Table 3**  
**Statement of Activities**  
**For the Year Ended September 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
<b>REVENUES</b>			
<b>Program Revenues:</b>			
<b>Charges for services</b>			
Water and Sewer Fees	\$ -	\$ 3,092,095	\$ 3,092,095
Stormwater Utility	-	119,878	119,878
Police Fines & Forfeitures	646,416	-	646,416
Building Inspections and Permits	168,093	-	168,093
Local business tax	61,897	-	61,897
Administrative Fees	333,288	-	333,288
Other Fees	25,572	-	25,572
<b>Capital Grants and Contributions</b>			
Water and Sewer		125,112	125,112
Fire	19,313		19,313
<b>General Revenues:</b>			
Property Taxes	1,710,641	-	1,710,641
Franchise Fees	304,574	-	304,574
Communications Service Tax	137,442	-	137,442
Other Utility Taxes	364,249	-	364,249
Half-Cent Sales Tax	154,080	-	154,080
Local Option Gas Tax	62,299	-	62,299
Discretionary Surtax - Infrastructure	353,551	-	353,551
Other Taxes	28,506	-	28,506
State Revenue Sharing	101,057	-	101,057
Impact Fees	-	82,750	82,750
Investment income	4,235	-	4,235
Miscellaneous	22,440	-	22,440
<b>Total Revenues</b>	<b>4,497,653</b>	<b>3,419,835</b>	<b>7,917,488</b>
<b>EXPENSES</b>			
<b>Program Activities</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General Government	1,695,041	-	1,695,041
Police	1,581,571	-	1,581,571
Fire	682,650	-	682,650
Protective Inspections	231,356	-	231,356
Physical Environment	661,618	-	661,618
Human Services	19,877	-	19,877
Interest Expense	52,896	-	52,896
<b>Business-Type Activities:</b>			
Water and Sewer	-	3,034,961	3,034,961
Stormwater Utility	-	135,184	135,184
<b>Total Expenses</b>	<b>4,925,009</b>	<b>3,170,145</b>	<b>8,095,154</b>
<b>Change in Net Assets (Decrease)</b>	<b>(427,356)</b>	<b>249,690</b>	<b>(177,666)</b>
<b>Net Assets – Beginning of Year – as restated</b>	<b>8,202,560</b>	<b>8,619,859</b>	<b>16,822,419</b>
<b>Net Assets- End of Year</b>	<b>\$ 7,775,204</b>	<b>\$ 8,869,549</b>	<b>\$ 16,644,753</b>

## **Normal Impacts – Statement of Activities**

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

### **Revenues**

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

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

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

**Contribution from the Water and Sewer Fund and Stormwater Utility Fund** – the City owns and operates the Water and Sewer Utility system and Stormwater Utility system. The City provides considerable administrative support services for the utility systems for which the General Fund assesses \$294,000 in fees to the Water and Sewer Fund and \$39,288 in fees to the Stormwater Utility Fund. The City's legislative body may, at its discretion, transfer additional amounts out of the Water and Sewer Fund's profits over to other funds for their operational use. There were no such transfers made during fiscal year 2015.

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

### **Expenses**

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

**Increase in Authorized Personnel** – changes in service demand may cause the City Council to increase or decrease authorized staffing. Staffing costs (salary and related benefits) represented 46% of the City's 2015 General Fund budget.

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

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

## Current Year Impacts

### Revenues

**Table 4  
Governmental Funds  
Revenues**

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
<b>Revenues</b>				
Taxes (Property, Franchise & Utility)	\$ 2,516,906	\$ 2,500,672	\$ 16,234	00.65 %
Licenses and Permits	229,989	157,095	72,894	46.40 %
Intergovernmental Revenues	718,806	728,510	(9,704)	(01.33)%
Impact Fees	-	277	(277)	(100.00)%
Charges for Services	358,860	357,479	1,381	00.39 %
Fines and Forfeitures	646,416	746,505	(100,089)	(13.41)%
Interest Income	4,235	902	3,333	369.51 %
Miscellaneous Revenues	20,198	9,498	10,700	112.66 %
<b>Total Revenues</b>	<u>\$ 4,495,410</u>	<u>\$ 4,500,938</u>	<u>\$ (5,528)</u>	(00.12)%

Overall, revenues in the City’s Governmental funds decreased \$5,528 or .12% from last year. The primary source of the decrease was from a decline in Fines and Forfeitures – impound lot – \$71,863. Licenses and permits revenues increased, having an offsetting effect to the decline in Fines and Forfeitures, as a result of building permit income increasing by \$76,121.

### Expenditures

**Table 5  
Governmental Funds  
Expenditures**

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
<b>Expenditures</b>				
General Government	\$ 1,627,106	\$ 1,694,339	\$ (67,233)	(03.97)%
Public Safety	2,459,087	2,489,721	(30,634)	(01.23)%
Physical Environment	444,829	436,531	8,298	1.90 %
Human Services	19,877	18,840	1,037	5.50 %
Capital Outlay	248,757	363,310	(114,553)	(31.53)%
Debt Service	213,604	444,844	(231,240)	(51.98)%
<b>Total Expenditures</b>	<u>\$ 5,013,260</u>	<u>\$ 5,447,585</u>	<u>\$ (434,325)</u>	(7.97)%

Total expenditures for the Governmental funds were \$5,013,260 for the fiscal year ended September 30, 2015. This compares to \$4,925,009 in expenses shown on the Statement of



Activities for the same governmental funds. The main differences in arriving at the amounts per the Statement of Activities are providing for non-cash depreciation of \$443,946, the removing of capital expenditures of \$248,757, the removing of the principal payments of \$167,514 made on long-term debt and the reduction of pension expense by \$163,557 as a result of implementing GASB 68.

Total current Governmental funds operating expenditures (excluding capital outlay and debt service) totaled \$4,550,899 in 2015 and \$4,639,431 in 2014, an \$88,532 or a 1.91% decrease from 2014. There were no individually significant changes in expenditures within the Governmental Funds. Operating expenditures increased in the General Fund by \$271,314 and decreased by \$473,662 in the Community Redevelopment Fund as the City begins to transition certain areas of expenditures to the General Fund. Debt service expenditures were less in the Capital Improvement Fund as the City re-financed a capital lease in 2014 and paid the balance of the old lease in the amount of \$217,272.

**The City Funds**

**Governmental Funds**

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

	<b><u>FY 2015</u></b>	<b><u>FY 2014</u></b>	<b><u>Increase (Decrease)</u></b>
<b>Nonspendable:</b>			
Prepaid items	\$ 18,259	\$ 375	\$ 17,884
<b>Restricted:</b>			
Capital Projects - Transportation	742,848	746,379	(3,531)
Capital Projects – Police and Fire	168,522	134,850	33,672
Police Benevolence	<u>92,331</u>	<u>89,105</u>	<u>3,226</u>
<b>Total Restricted Fund Balance</b>	1,003,701	970,334	33,367
<b>Unassigned:</b>	<u>1,152,156</u>	<u>1,585,368</u>	<u>(433,212)</u>
<b>Total General Fund Balance</b>	<u>\$ 2,174,116</u>	<u>\$ 2,556,077</u>	<u>\$ (381,961)</u>

The Fund Balance of the General Fund decreased \$381,961 to \$2,174,116 because expenditures and other financing uses (\$4,097,434) exceeded revenues and other financing sources (\$3,715,473) by \$381,961.

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

	<u><b>FY 2015</b></u>	<u><b>FY 2014</b></u>	<u><b>Increase (Decrease)</b></u>
<b>Restricted for:</b>			
Community Redevelopment	\$ <u>387,584</u>	\$ <u>597,760</u>	\$ <u>(210,176)</u>
<b>Total Fund Balance</b>	\$ <u>387,584</u>	\$ <u>597,760</u>	\$ <u>(210,176)</u>

The Fund Balance of the Community Redevelopment fund decreased \$210,176 as a result of expenditures of \$918,492 exceeding revenues plus other financing sources totaling \$708,316.

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

	<u><b>FY 2015</b></u>	<u><b>FY 2014</b></u>	<u><b>Increase (Decrease)</b></u>
<b>Reserved for:</b>			
Infrastructure	\$712,544	\$563,961	\$ 148,583
<b>Unassigned (deficit)</b>	<u>(263,102)</u>	<u>(188,806)</u>	<u>(74,296)</u>
<b>Total Fund Balance</b>	<u>\$449,442</u>	<u>\$375,155</u>	<u>\$ 74,287</u>

The City implemented the Community Improvement Fund in fiscal year 2010 for the purpose of accounting for capital outlay expenditures designated within the City’s Capital Improvement Plan. Funding for these capital projects comes from the One-Cent Infrastructure Sales Surtax “Penny for Pasco”. The Fund Balance of the Community Improvement Fund increased \$74,287 as a result of revenues totaling \$372,864 exceeding expenditures of \$298,577.

**Proprietary Fund (Business Type Funds)**

The net position of the Water and Sewer and Stormwater Utility enterprise funds increased \$37,177 in 2015. This increase is comprised of operating income of \$168,413, impact fee income of \$82,750, less an excess of non-operating expenses over non-operating revenues of \$1,473 less a prior period adjustment of \$212,513 resulting from the implementation of GASB 68.

Net Income (Loss) from Operations is a measure of profit before non-operating revenues and expenses and contributions and measures only the revenues and costs associated with the operation of the business activity. For fiscal 2015, the Water and Sewer Fund and Stormwater Utility Fund combined operating income of \$168,413 compared to an operating loss of \$466,806 in 2014.

The Water and Sewer Fund incurred an overall increase in net position of \$64,157. Charges for services increased by \$598,971 compared to 2014. As discussed in the Financial Highlights and City Highlights at the outset of this discussion and analysis, the Water and Sewer Fund had to provide for a provision for uncollectable accounts receivable in the amount of \$400,585 in 2014. This provision for uncollectible accounts receivable was reported in the Statement of Revenues, Expenses and Changes in Net Position as a reduction of charges for services. Therefore, when evaluating the \$598,971 increase in charges for services in 2015 compared to 2014, the increase should be reduced by the \$400,585 provision which would result in a net increase of \$198,386.

Personnel related costs increased \$69,800 in the Water and Sewer Fund compared to the prior year while wastewater treatment fees paid to the City of New Port Richey and Pasco County decreased \$193,947 compare to 2014.

The City implemented a Stormwater Utility charge in fiscal year 2006 to fund needed stormwater improvements and established a new proprietary fund to account for the activity in this enterprise fund. Total stormwater utility fees received in fiscal year 2015 were \$119,878 and operating expenses were \$135,184, resulting in an operating loss of \$15,306. There was an overall decrease in net position for the Stormwater Utility fund in 2015 of \$26,980 resulting from the operating loss of \$15,306 and the prior period adjustment of \$11,674 resulting from the implementation off GASB 68.

**Table 9**  
**Water and Sewer Fund – Change in Net Assets**

	<u><b>FY 2015</b></u>	<u><b>FY 2014</b></u>	<u><b>Increase (Decrease)</b></u>
<b>Net Investment in Capital Assets</b>	\$ 8,159,556	\$ 8,343,640	\$ (184,084)
Restricted:			
Capital improvement – Water			
Impact fees	60,712	-	60,712
<b>Unrestricted Net Assets</b>	<u>314,262</u>	<u>126,733</u>	<u>187,529</u>
<b>Total Net Assets</b>	<u>\$ 8,534,530</u>	<u>\$ 8,470,373</u>	<u>\$ 64,157</u>

**Budgetary Highlights – General Fund**

There was no change in the total final budgeted appropriations for the General Fund compared to the original budgeted total amount for 2015. Actual revenues were \$269,053 less than the amount budgeted or 6.8% under budget and expenditures, including transfer - out, were less than the amount budgeted by \$975,402 or 19.2% under budget.

Budgeted revenues were \$3,984,526 compared to actual revenues of \$3,715,473. Revenue budgets are based on projections using historic trend analysis. Actual amounts collected may

vary significantly depending on changing domestic and global economic conditions and consumer spending habits.

A review of the financial statements will reveal that total taxes were \$98,533 in excess of the amount budgeted, licenses and permits were in excess of the amount budgeted by \$108,989, intergovernmental revenues were \$179,146 below budget and fines and forfeitures were \$317,984 less than the amount budgeted.

Budgeted expenditures totaled \$5,072,836 compared to \$4,097,434 in actual cash expenditures for a positive variance of \$975,402.

The significant final budget to actual variances for expenditures in 2015 include the following: non-departmental operating expenditures were under budget by \$251,591 as a result of Red Light Camera Service fees and State of Florida Red Light Camera fees being under budget by \$50,699 and \$149,234, respectively. Police personal services expense was \$42,642 over budget while Police operating expenses were \$105,847 under budget. Fire operating expenses were \$131,778 under budget. Public Works capital outlays were under budget by \$422,000 as a result of anticipated roadway improvements with a budgeted cost of \$400,000 having been deferred into the future

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of September 30, 2015, the City had \$19,307,943 invested in capital assets as compared to \$19,842,499 as September 30, 2014. This represents a net decrease of \$534,556 from the end of last year.

**Table 10**  
**Capital Assets at September 30,**

	<b><u>Governmental</u></b>		<b><u>Business-Type</u></b>		<b><u>Total Primary</u></b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Land, improvements and rights	\$3,000,685	\$3,000,685	\$ 27,000	\$ 27,000	\$ 3,027,685	\$ 3,027,685
Capital Projects in Process	1,598,721	1,598,721	-	-	1,598,721	1,598,721
Buildings and Improvements	2,013,485	1,983,034	451,883	451,883	2,465,368	2,434,917
Improvements and Infrastructure						
Other than Buildings	4,367,138	4,366,253	17,543,513	17,362,753	21,910,651	21,729,006
Equipment and Vehicles	<u>2,583,279</u>	<u>2,547,616</u>	<u>762,339</u>	<u>768,731</u>	<u>3,345,618</u>	<u>3,316,347</u>
Total Cost of Assets	13,563,308	13,496,309	18,784,735	18,610,367	32,348,043	32,106,676
Less: Accumulated Depreciation	<u>(5,203,713)</u>	<u>(4,882,716)</u>	<u>(7,836,387)</u>	<u>(7,381,461)</u>	<u>(13,040,100)</u>	<u>(12,264,177)</u>
<b>Total</b>	<b><u>\$8,359,595</u></b>	<b><u>\$8,613,593</u></b>	<b><u>\$10,948,348</u></b>	<b><u>\$11,228,906</u></b>	<b><u>\$19,307,943</u></b>	<b><u>\$19,842,499</u></b>

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

**Table 11**  
**Change in Capital Assets – (Net)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Beginning Balance 10-1-14</b>	\$ 8,613,593	\$11,228,906	\$19,842,499
Additions / Transfers in	248,757	207,825	456,582
Retirements / Transfers out	(181,758)	(33,457)	(215,215)
Depreciation	(443,946)	(488,383)	(932,329)
Accumulated Depreciation Retirements	122,949	33,457	156,406
<b>Ending Balance 9-30-15</b>	<b>\$ 8,359,595</b>	<b>\$ 10,948,348</b>	<b>\$19,307,943</b>

**Debt Outstanding**

As of September 30, 2015, the City had \$4,050,710 of outstanding debt, including compensated absences, as compared to \$4,326,595 as of September 30, 2014. This represents a net decrease of \$275,885 from the end of last year.

**Table 12**  
**Debt Outstanding at September 30,**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenue Bonds, Series 2005C	\$ 615,000	\$ 720,000	\$ -	\$ -	\$ 615,000	\$ 720,000
Revenue Bonds, Series 2005D	-	-	2,615,000	2,695,000	2,615,000	2,695,000
Revenue Note, Series 2010	107,143	127,069	-	-	107,143	127,069
Capital Leases Payable	206,746	279,642	-	-	206,746	279,642
Compensated Absences	426,168	434,454	80,653	70,430	506,821	504,884
<b>Total</b>	<b><u>\$1,355,057</u></b>	<b><u>\$1,561,165</u></b>	<b><u>\$2,695,653</u></b>	<b><u>\$2,765,430</u></b>	<b><u>\$4,050,7105</u></b>	<b><u>\$4,326,595</u></b>

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

**ECONOMIC FACTORS**

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

- After 6 years of decline, fiscal year 2015 marked an upward trend in which real estate property values have increased within the City and also within the Tampa Bay area. Looking to the future it does appear that property values are stabilizing and are beginning to increase steadily.

- The State of Florida, by constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of other taxes (sales, gasoline, utilities services) and fees (franchise, business tax, and permits) for their governmental activities. There a limited number of state shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

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

### **FINANCIAL CONTACT**

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

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## **BASIC FINANCIAL STATEMENTS**

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



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## CITY OF PORT RICHEY, FLORIDA

## STATEMENT OF NET POSITION

September 30, 2015

With Comparative Totals for September 30, 2014

	2015		2014	
	Governmental Activities	Business-type Activities	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, pooled cash and cash equivalents	\$ 1,861,444	\$ 834,482	\$ 2,695,926	\$ 3,107,803
Restricted assets:				
Cash and cash equivalents	92,331	-	92,331	89,105
Receivables (Net of allowance):				
Taxes	17,016	-	17,016	52,906
Accounts	-	322,677	322,677	273,854
Internal balances	15,988	(15,988)	-	-
Prepaid expenses	22,238	4,567	26,805	375
Total current assets	<u>2,009,017</u>	<u>1,145,738</u>	<u>3,154,755</u>	<u>3,524,043</u>
<b>NON-CURRENT ASSETS</b>				
Restricted assets:				
Cash and cash equivalents	1,340,721	60,712	1,401,433	1,218,561
Capital assets:				
Land, improvements and land rights	3,000,685	27,000	3,027,685	3,027,685
Buildings	2,013,485	451,883	2,465,368	2,434,917
Improvements and infrastructure other than buildings	4,367,138	17,543,513	21,910,651	21,729,006
Equipment and vehicles	2,583,279	762,339	3,345,618	3,316,347
Capital projects in process	1,598,721	-	1,598,721	1,598,721
Accumulated depreciation	(5,203,713)	(7,836,387)	(13,040,100)	(12,264,177)
Unamortized debt costs - insurance	2,030	19,789	21,819	23,260
Total non-current assets	<u>9,702,346</u>	<u>11,028,849</u>	<u>20,731,195</u>	<u>21,084,320</u>
<b>TOTAL ASSETS</b>	<b>11,711,363</b>	<b>12,174,587</b>	<b>23,885,950</b>	<b>24,608,363</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Defined benefit pension plans	489,154	44,818	533,972	-
Deferred charge on refunding of debt	14,111	-	14,111	20,466
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 12,214,628</u></u>	<u><u>\$ 12,219,405</u></u>	<u><u>\$ 24,434,033</u></u>	<u><u>\$ 24,628,829</u></u>

	2015			2014
	Governmental Activities	Business-type Activities	Total	Total
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 148,158	\$ 145,348	\$ 293,506	\$ 426,769
Accrued liabilities	156,401	29,093	185,494	177,343
Customer deposits	-	216,988	216,988	215,316
Unearned revenue	31,132	-	31,132	26,953
Due to other governments	2,905	-	2,905	2,084
Current portion of				
Capital leases payable	44,401	-	44,401	72,896
Revenue bonds payable	115,000	85,000	200,000	185,000
Revenue note - series 2010	20,802	-	20,802	19,926
Accrued compensated absences	106,542	22,333	128,875	129,305
Total current liabilities	<u>625,341</u>	<u>498,762</u>	<u>1,124,103</u>	<u>1,255,592</u>
<b>NON-CURRENT LIABILITIES</b>				
Net Other Post Employment Benefits	95,801	15,493	111,294	86,867
Net pension liability	2,129,767	195,139	2,324,906	-
Capital leases payable	162,345	-	162,345	206,746
Revenue bonds payable	500,000	2,530,000	3,030,000	3,230,000
Revenue note - series 2010	86,341	-	86,341	107,143
Accrued compensated absences	319,626	58,320	377,946	375,579
Total non-current liabilities	<u>3,293,880</u>	<u>2,798,952</u>	<u>6,092,832</u>	<u>4,006,335</u>
<b>TOTAL LIABILITIES</b>	<b>3,919,221</b>	<b>3,297,714</b>	<b>7,216,935</b>	<b>5,261,927</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Defined benefit pension plans	515,222	47,207	562,429	-
Deferred premium on issuance of debt	4,981	4,935	9,916	12,579
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>4,439,424</u></b>	<b><u>3,349,856</u></b>	<b><u>7,789,280</u></b>	<b><u>5,274,506</u></b>
<b>NET POSITION</b>				
Net investment in capital assets	7,430,706	8,333,348	15,764,054	16,020,788
Restricted:				
Capital projects - transportation	742,848	-	742,848	746,379
Capital projects - police and fire	168,522	-	168,522	134,850
Capital projects - infrastructure	712,544	-	712,544	563,961
Stormwater improvements	-	60,712	60,712	-
Community redevelopment	387,584	-	387,584	597,760
Police benevolence - Johnny Cash Reserve	92,331	-	92,331	89,105
Unrestricted	<u>(1,759,331)</u>	<u>475,489</u>	<u>(1,283,842)</u>	<u>1,201,480</u>
<b>TOTAL NET POSITION</b>	<b><u>7,775,204</u></b>	<b><u>8,869,549</u></b>	<b><u>16,644,753</u></b>	<b><u>19,354,323</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 12,214,628</u></b>	<b><u>\$ 12,219,405</u></b>	<b><u>\$ 24,434,033</u></b>	<b><u>\$ 24,628,829</u></b>

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

With Comparative Amounts for the Fiscal Year Ended September 30, 2014

FUNCTIONS/PROGRAMS	2015			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,695,041	\$ 420,757	\$ -	\$ -
Police	1,581,571	646,416	-	-
Fire	682,650	-	-	19,313
Protective inspections	231,356	168,093	-	-
Physical environment	661,618	-	-	-
Human services	19,877	-	-	-
Interest and fiscal charges on long-term debt	52,896	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>4,925,009</b>	<b>1,235,266</b>	<b>-</b>	<b>19,313</b>
BUSINESS-TYPE ACTIVITIES				
Water and sewer	3,034,961	3,092,095	-	125,112
Stormwater utility	135,184	119,878	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>3,170,145</b>	<b>3,211,973</b>	<b>-</b>	<b>125,112</b>
<b>TOTAL</b>	<b>\$ 8,095,154</b>	<b>\$ 4,447,239</b>	<b>\$ -</b>	<b>\$ 144,425</b>

General Revenues

Taxes:

Ad valorem

Franchise fees

Utility taxes

Communication services tax

Half-cent sales tax

Local option gas tax

Discretionary sales surtax - infrastructure

Other taxes

State revenue sharing

Impact fees

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net position - beginning of year

Prior period adjustment - Note Q

Net position - beginning of year as restated

Net position - end of year

2015			2014
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Total
\$ (1,274,284)	\$ -	\$ (1,274,284)	\$ (1,353,909)
(935,155)	-	(935,155)	(962,428)
(663,337)	-	(663,337)	(752,357)
(63,263)	-	(63,263)	(154,007)
(661,618)	-	(661,618)	(639,667)
(19,877)	-	(19,877)	(18,840)
(52,896)	-	(52,896)	(63,928)
<u>(3,670,430)</u>	<u>-</u>	<u>(3,670,430)</u>	<u>(3,945,136)</u>
-	182,246	182,246	(605,632)
-	(15,306)	(15,306)	10,542
-	166,940	166,940	(595,090)
<u>(3,670,430)</u>	<u>166,940</u>	<u>(3,503,490)</u>	<u>(4,540,226)</u>
1,710,641	-	1,710,641	1,679,769
304,574	-	304,574	352,568
364,249	-	364,249	324,164
137,442	-	137,442	144,171
154,080	-	154,080	146,394
62,299	-	62,299	135,918
353,551	-	353,551	316,892
28,506	-	28,506	29,260
101,057	-	101,057	100,046
-	82,750	82,750	5,977
4,235	-	4,235	902
22,440	-	22,440	12,122
<u>3,243,074</u>	<u>82,750</u>	<u>3,325,824</u>	<u>3,248,183</u>
<u>(427,356)</u>	<u>249,690</u>	<u>(177,666)</u>	<u>(1,292,043)</u>
10,521,951	8,832,372	19,354,323	20,646,366
<u>(2,319,391)</u>	<u>(212,513)</u>	<u>(2,531,904)</u>	<u>-</u>
<u>8,202,560</u>	<u>8,619,859</u>	<u>16,822,419</u>	<u>20,646,366</u>
<u>\$ 7,775,204</u>	<u>\$ 8,869,549</u>	<u>\$ 16,644,753</u>	<u>\$ 19,354,323</u>

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

## CITY OF PORT RICHEY, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUNDSSeptember 30, 2015  
With Comparative Amounts for September 30, 2014

	2015			2014	
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
<b>ASSETS</b>					
Cash, pooled cash and cash equivalents	\$ 1,861,444	\$ -	\$ -	\$ 1,861,444	\$ 2,492,049
Restricted assets:					
Cash and cash equivalents	1,003,701	-	429,351	1,433,052	1,307,666
Receivables (Net of allowance):					
Taxes	17,016	-	-	17,016	52,906
Accounts	-	-	-	-	18,846
Due from other funds	-	420,183	25,225	445,408	694,597
Prepaid items	18,259	3,979	-	22,238	375
<b>TOTAL ASSETS</b>	<b>\$ 2,900,420</b>	<b>\$ 424,162</b>	<b>\$ 454,576</b>	<b>\$ 3,779,158</b>	<b>\$ 4,566,439</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 141,557	\$ 1,467	\$ 5,134	\$ 148,158	\$ 174,937
Accrued liabilities	121,290	35,111	-	156,401	154,865
Deferred revenue	31,132	-	-	31,132	26,953
Due to other funds	429,420	-	-	429,420	678,608
Due to other governments	2,905	-	-	2,905	2,084
<b>TOTAL LIABILITIES</b>	<b>726,304</b>	<b>36,578</b>	<b>5,134</b>	<b>768,016</b>	<b>1,037,447</b>
<b>FUND BALANCES</b>					
Fund balances					
Nonspendable:					
Prepaid items	18,259	-	-	18,259	375
Restricted for:					
Police Benevolence - Johnny Cash reserve	92,331	-	-	92,331	89,105
Capital projects - transportation	742,848	-	-	742,848	746,379
Capital projects - police and fire	168,522	-	-	168,522	134,850
Capital projects - infrastructure	-	-	712,544	712,544	563,961
Community redevelopment	-	387,584	-	387,584	597,760
Unassigned					
General fund	1,152,156	-	-	1,152,156	1,585,368
Capital Improvement Fund (deficit)	-	-	(263,102)	(263,102)	(188,806)
<b>TOTAL FUND BALANCES</b>	<b>2,174,116</b>	<b>387,584</b>	<b>449,442</b>	<b>3,011,142</b>	<b>3,528,992</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,900,420</b>	<b>\$ 424,162</b>	<b>\$ 454,576</b>	<b>\$ 3,779,158</b>	<b>\$ 4,566,439</b>

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

CITY OF PORT RICHEY, FLORIDA

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

September 30, 2015

Fund Balances - total governmental funds \$ 3,011,142

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

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

Governmental capital assets	\$ 11,964,587	
Less accumulated depreciation	(5,203,713)	
Capital projects in process	1,598,721	8,359,595

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

Capitalized debt issuance costs - insurance		2,030
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The difference between the reacquisition price of debt advance refunded and the carrying amount of the refunded debt is not a use of financial resources and is not accounted for in the governmental funds in the year in which the refunding occurs but is reported in governmental activities as a deferred charge to operations and is amortized using an effective interest rate. This item is reported as a deferred outflow of resources, net of amortization, in the statement of net position.

14,111

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

Net Other Post Employment Benefits	(95,801)	
Net Pension Liability	(2,129,767)	
Capital leases payable	(206,746)	
Revenue bonds payable	(615,000)	
Revenue note - series 2010	(107,143)	
Accrued compensated absences	(426,168)	(3,580,625)

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

(4,981)

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

Deferred outflows of resources related to pensions	489,154	
Deferred inflows of resources related to pensions	(515,222)	(26,068)

Net position of governmental activities.		\$ 7,775,204
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The notes to the financial statements are an integral part of this statement.

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2015  
With Comparative Amounts for the Year Ended September 30, 2014

	(1)	(105)	2015	(117)	2014
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
<b>REVENUES</b>					
Taxes (105-311000)	\$ 2,109,833	\$ 407,073 *1	\$ -	\$ 2,516,906	\$ 2,500,672
Licenses and permits	229,989	-	-	229,989	157,095
Intergovernmental revenue (117-335160)	345,942	-	372,864 *4	718,806	728,510
Impact fees	-	-	-	-	277
Charges for services	358,860	-	-	358,860	357,479
Fines and forfeitures	646,416	-	-	646,416	746,505
Interest	4,235	-	-	4,235	902
Miscellaneous revenues	20,198	-	-	20,198	9,498
<b>TOTAL REVENUES</b>	<b>3,715,473</b>	<b>407,073</b>	<b>372,864</b>	<b>4,495,410</b>	<b>4,500,938</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	1,290,981	336,125	-	1,627,106	1,694,339
Public safety	2,007,302	419,408	32,377	2,459,087	2,489,721
Physical environment (537.10,541.10,541.30)	329,694	109,535	5,600	444,829	436,531
Human services	19,877	-	-	19,877	18,840
Capital outlay (559.60)	11,126	8,810	228,821	248,757	363,310
<b>Debt service</b>					
Principal retirement	105,000	36,951	25,563	167,514	388,800
Interest and fiscal charges	32,211	7,663	6,216	46,090	56,044
<b>TOTAL EXPENDITURES</b>	<b>3,796,191</b>	<b>918,492</b>	<b>298,577</b>	<b>5,013,260</b>	<b>5,447,585</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(80,718)</b>	<b>(511,419)</b>	<b>74,287</b>	<b>(517,850)</b>	<b>(946,647)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital lease	-	-	-	-	220,892
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in (105-381000)	-	301,243 *2	-	301,243	290,847
Transfers out	(301,243)	-	-	(301,243)	(290,847)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(301,243)</b>	<b>301,243</b>	<b>-</b>	<b>-</b>	<b>220,892</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(381,961)</b>	<b>(210,176)</b>	<b>74,287</b>	<b>(517,850)</b>	<b>(725,755)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>2,556,077</b>	<b>597,760</b>	<b>375,155</b>	<b>3,528,992</b>	<b>4,254,747</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 2,174,116</b>	<b>\$ 387,584</b>	<b>\$ 449,442</b>	<b>\$ 3,011,142</b>	<b>\$ 3,528,992</b>

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



CITY OF PORT RICHEY, FLORIDA

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

September 30, 2015

Net change in fund balances - total governmental funds \$ (517,850)

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	\$ 248,757	
Less current year depreciation	<u>(443,946)</u>	(195,189)

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

Un-depreciated cost of capital assets sold as surplus or disposed of		(58,809)
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Repayment of debt principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net  
position.

Revenue bonds	105,000	
Revenue note	19,926	
Capital lease payments	<u>42,588</u>	167,514

A capital lease obligation was forgiven in exchange for the return of the leased asset. This transaction is not recorded in the governmental funds, but the forgiveness of the indebtedness has been offset against the undepreciated cost of the leased asset in the statement of activities.		30,308
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Some revenues (expenses) reported in the statement of activities do not  
result in the receipt (use) of current financial resources and therefore are  
not reported as revenues (expenditures) in governmental funds.

Change in accrued compensated absences	8,286	
Change in Net Other Post Employment Benefits	(20,610)	
Pension expense	163,557	
Amortization of current year bond premium	2,243	
Amortization of current year debt issuance costs	<u>(6,806)</u>	<u>146,670</u>

Change in net position of governmental activities.		<u>\$ (427,356)</u>
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The notes to the financial statements are an integral part of this statement.

## CITY OF PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDSSeptember 30, 2015  
With Comparative Amounts for September 30, 2014

	2015			2014
	Business-type Activities			Total
	Enterprise Fund			
Water and Sewer	Stormwater Utility	Total	Total	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, pooled cash and cash equivalents	\$ 609,097	\$ 225,385	\$ 834,482	\$ 615,754
Receivables (Net of allowance):				
Accounts	310,341	12,336	322,677	255,008
Due from other funds	57,543	-	57,543	57,543
Prepaid expenses	4,230	337	4,567	-
Total current assets	981,211	238,058	1,219,269	928,305
<b>NON-CURRENT ASSETS</b>				
Restricted:				
Cash and cash equivalents	60,712	-	60,712	-
Capital assets:				
Property, plant, equipment, and infrastructure	18,522,443	262,292	18,784,735	18,610,367
Less: Accumulated depreciation	(7,747,887)	(88,500)	(7,836,387)	(7,381,461)
Unamortized debt costs - insurance	19,789	-	19,789	20,779
Total non-current assets	10,855,057	173,792	11,028,849	11,249,685
<b>TOTAL ASSETS</b>	<b>11,836,268</b>	<b>411,850</b>	<b>12,248,118</b>	<b>12,177,990</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Defined benefit pension plan	42,356	2,462	44,818	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 11,878,624</b>	<b>\$ 414,312</b>	<b>\$ 12,292,936</b>	<b>\$ 12,177,990</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 145,042	\$ 306	\$ 145,348	\$ 251,832
Accrued liabilities	27,308	1,785	29,093	22,478
Customer deposits	216,988	-	216,988	215,316
Due to other funds	15,988	57,543	73,531	73,532
Revenue bonds payable - current portion	85,000	-	85,000	80,000
Accrued compensated absences - current portion	20,841	1,492	22,333	20,692
Total current liabilities	511,167	61,126	572,293	663,850
<b>NON-CURRENT LIABILITIES</b>				
Net Other Post Employment Benefits liability	14,535	958	15,493	11,676
Net pension liability	184,419	10,720	195,139	-
Revenue bonds payable	2,530,000	-	2,530,000	2,615,000
Accrued compensated absences	54,424	3,896	58,320	49,738
Total non-current liabilities	2,783,378	15,574	2,798,952	2,676,414
<b>TOTAL LIABILITIES</b>	<b>3,294,545</b>	<b>76,700</b>	<b>3,371,245</b>	<b>3,340,264</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unamortized bond issuance premium	4,935	-	4,935	5,354
Defined benefit pension plan	44,614	2,593	47,207	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>49,549</b>	<b>2,593</b>	<b>52,142</b>	<b>5,354</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>3,344,094</b>	<b>79,293</b>	<b>3,423,387</b>	<b>3,345,618</b>
<b>NET POSITION</b>				
Net investment in capital assets	8,159,556	173,792	8,333,348	8,533,906
Restricted:				
Water impact fees	60,712	-	60,712	-
Unrestricted	314,262	161,227	475,489	298,466
<b>TOTAL NET POSITION</b>	<b>8,534,530</b>	<b>335,019</b>	<b>8,869,549</b>	<b>8,832,372</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 11,878,624</b>	<b>\$ 414,312</b>	<b>\$ 12,292,936</b>	<b>\$ 12,177,990</b>

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

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2015  
 With Comparative Amounts for the Year Ended September 30, 2014

	2015			2014
	Business-type Activities			Total
	Enterprise Funds			
	Water and Sewer	Stormwater Utility	Total	
OPERATING REVENUE				
Charges for services	\$ 3,092,095	\$ 119,878	\$ 3,211,973	\$ 2,614,003
Total operating revenues	3,092,095	119,878	3,211,973	2,614,003
OPERATING EXPENSES				
Personal services	528,284	28,897	557,181	486,239
Contractual services	789,869	36,645	826,514	993,661
Materials and supplies	282,330	13,880	296,210	230,466
Purchased water	425,955	-	425,955	452,845
Utilities	116,029	-	116,029	108,577
Depreciation	471,909	16,474	488,383	475,733
Administrative charges	294,000	39,288	333,288	333,288
Total operating expenses	2,908,376	135,184	3,043,560	3,080,809
OPERATING INCOME	183,719	(15,306)	168,413	(466,806)
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue - FEMA Grant	125,112	-	125,112	-
Interest and fiscal charges	(125,595)	-	(125,595)	(127,295)
Amortization	(990)	-	(990)	(989)
Total non-operating revenues (expenses)	(1,473)	-	(1,473)	(128,284)
INCOME BEFORE CONTRIBUTIONS	182,246	(15,306)	166,940	(595,090)
Impact fees	82,750	-	82,750	5,700
CHANGE IN NET POSITION	264,996	(15,306)	249,690	(589,390)
NET POSITION - BEGINNING OF YEAR	8,470,373	361,999	8,832,372	9,421,762
Prior period adjustment - Note Q	(200,839)	(11,674)	(212,513)	-
NET POSITION - BEGINNING OF YEAR AS RESTATED	8,269,534	350,325	8,619,859	9,421,762
NET POSITION - END OF YEAR	\$ 8,534,530	\$ 335,019	\$ 8,869,549	\$ 8,832,372

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended September 30, 2015  
With Comparative Amounts for the Year Ended September 30, 2014

	2015			2014
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,025,680	\$ 119,877	\$ 3,145,557	\$ 3,121,889
Cash paid to suppliers for goods and services	(1,724,816)	(50,944)	(1,775,760)	(2,104,092)
Cash paid for inter-fund services	(294,000)	(39,288)	(333,288)	(333,288)
Cash paid to and for the benefit of employees	(522,624)	(28,887)	(551,511)	(463,985)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	484,240	758	484,998	220,524
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Collection of Impact Fees	82,750	-	82,750	-
Advances (to) from other funds	-	-	-	(120,026)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	82,750	-	82,750	(120,026)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grant	125,112	-	125,112	-
Principal paid on revenue bonds	(80,000)	-	(80,000)	(75,000)
Acquisition and construction of capital assets	(207,825)	-	(207,825)	(139,566)
Interest and fiscal charges paid on indebtedness	(125,595)	-	(125,595)	(127,295)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(288,308)	-	(288,308)	(341,861)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	-	-	-	640,152
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	640,152
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	278,682	758	279,440	404,489
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	391,127	224,627	615,754	211,265
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 669,809	\$ 225,385	\$ 895,194	\$ 615,754
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET				
Unrestricted cash, pooled cash and cash equivalents	\$ 609,097	\$ 225,385	\$ 834,482	\$ 615,754
Restricted cash and cash equivalents	60,712	-	60,712	-
	\$ 669,809	\$ 225,385	\$ 895,194	\$ 615,754

	2015			2014
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 183,719	\$ (15,306)	\$ 168,413	\$ (466,806)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	471,909	16,474	488,383	475,733
Net effect of non-cash transactions	(419)	-	(419)	400,157
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(67,668)	(1)	(67,669)	107,244
(Increase) decrease in prepaid expenses	(4,230)	(337)	(4,567)	-
(Increase) decrease in deferred outflows - pension plan - pertaining to current year	(23,798)	(1,383)	(25,181)	-
Increase (decrease) in accounts payable	(106,402)	(82)	(106,484)	(318,543)
Increase (decrease) in accrued liabilities	6,320	295	6,615	6,058
Increase (decrease) in utility deposits	1,672	-	1,672	485
Increase (decrease) in compensated absences	9,910	313	10,223	10,691
Increase (decrease) in Net Other Post Employment Benefits	3,592	225	3,817	5,505
Increase (decrease) in Net pension liability - pertaining to current year	69,721	4,053	73,774	-
Increase (decrease) in deferred inflows - pension plan pertaining to current year	(60,086)	(3,493)	(63,579)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 484,240</u>	<u>\$ 758</u>	<u>\$ 484,998</u>	<u>\$ 220,524</u>

#### NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

- \* Bond issuance costs and premium related to the Revenue Bonds, Series 2005D are being amortized over the life of the outstanding debt issue. Amortization expense for the years ended September 30, 2015 and 2014 was \$990 for each year. Amortization of the bond premium for the years ended September 30, 2015 and 2014 was \$419 and \$428, respectively.
- \* The increase in the allowance for uncollectible accounts in the Water and Sewer Fund for 2014 that pertains to uncollected prior year accounts receivable was \$400,585. This represents a non-cash expense that has been offset against operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

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

September 30, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

September 30, 2015

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

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

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

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

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

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

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

Governmental Fund Types:

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

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

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

September 30, 2015

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

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

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

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

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

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

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

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

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

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

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



CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

**7. Property Taxes:** Under Florida law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pasco County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for fiscal year ending September 30, 2015 was 5.4348.

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

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

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

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

**8. Assets, Liabilities, and Fund Equity**

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

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

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

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

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

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

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

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

September 30, 2015

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

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

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

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

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

Specific Restrictions and Reserves:

Governmental Activities / Governmental Funds:

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

September 30, 2015

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

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

Business-type Activities / Proprietary Funds:

- f) Restricted for Water Impact Fees: Indicates the unexpended portion of water impact fees that have been restricted for future improvements to the water distribution system

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

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

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

**11. Net Pension Liability:** The City adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for fiscal year ended September 30, 2015. As a result of the implementation of GASB Statements 68 and 71, the City reported a restatement for the change in accounting principle as of October 1, 2014 for the City's proportionate interest in the Florida Retirement System cost sharing - multiple employer plan. The City did not have the information necessary to adopt GASB Statements 68 and 71 as of October 1, 2013 for the City's proportionate interest in the Florida Retirement System cost sharing - multiple employer plan. The impact of the implementation and prior period adjustment is presented in the schedule on page 54.

September 30, 2015

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

**13. Comparative data and Reclassifications:** The financial statements include summarized prior year comparative information that does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2014, from which such summarized information has been derived.

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

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

##### **Pooled Cash**

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

##### **Deposits**

Florida Statutes and City policy require that all City demand accounts be in financial institutions that pledge collateral with the State Treasurer pursuant to Chapter 280, Florida Statutes. The City is required to verify that monies are on deposit with "qualified public depositories" as defined in Florida Statutes Section 280.02. Florida Statutes require that all qualified public depositories provide collateral each month equal to a least 50 percent of the public funds on deposit with the institution that are in excess of deposit insurance amounts. The carrying amount of the City's deposits as of September 30, 2015 was \$4,188,435, of which \$4,009,275 is on deposit in interest bearing checking and money market accounts. The carrying amount of deposits excludes \$1,255 of petty cash accounts.

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

##### **Investments**

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

The Florida Municipal Investment Trust (Trust) is an investment pool administered by the Florida League of Cities, Inc. The Trust is an inter-local government entity created under the laws of Florida. The Trust is an authorized investment under Section 163.01 of the Florida Statutes.

The City did not have any investments as of September 30, 2015.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

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

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

A reconciliation of the amount of petty cash and deposits to the Statement of Net position as of September 30, 2015, is as follows:

Petty cash	\$ 1,255
Deposits	4,188,435
Total	\$ 4,189,690
As reported in Statement of Net position:	
Cash, pooled cash and cash equivalents	\$ 2,695,926
Restricted Assets - Current:	
Cash and cash equivalents	92,331
Restricted Assets – Non-Current	
Cash and cash equivalents	1,401,433
Total	\$ 4,189,690

**NOTE C- RECEIVABLES**

The receivables and related allowances for uncollectibles at September 30, 2015 were as follows:

	Receivables Taxes	Receivables - Accounts		
		Amount	Allowance for Uncollectibles	Total
General Fund	\$ 17,016	\$ -	\$ -	\$ -
Enterprise Fund	-	1,347,883	1,025,206	322,677
Total	\$ 17,016	\$ 1,347,883	\$ 1,025,206	\$ 322,677

**NOTE D- RESTRICTED ASSETS**

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

	<u>Amount</u>
Restricted cash:	
On deposit at TD Bank – Police Benevolence	\$ 92,331
Current	92,331
On deposit at PNC Bank – Transportation, Police and Fire	
Impact Fees	911,370
On deposit at TD Bank – Infrastructure	429,351

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE D- RESTRICTED ASSETS** (continued)

	<u>Amount</u>
On deposit at TD Bank – Water Impact Fees	60,712
Non-Current	1,401,433
Total restricted cash	<u>\$ 1,493,764</u>

The government-wide statement of net position reports \$2,164,541 restricted net position, of which \$1,451,997 is restricted by legislation enacted by the City.

**NOTE E - CAPITAL ASSETS**

Capital asset activity for the fiscal year ending September 30, 2015 was as follows:

	Ending Balance 10-1-2014	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2015
<b>Governmental Activities</b>				
<u>Non-depreciable assets:</u>				
Land and land rights	\$3,000,685	\$ -	\$ -	\$3,000,685
Capital projects in process	1,598,721	-	-	1,598,721
<u>Depreciable assets:</u>				
Buildings and improvements	1,983,034	30,451	-	2,013,485
Improvements and Infrastructure other than buildings	4,366,253	8,810	7,925	4,367,138
Equipment and vehicles	2,547,616	209,496	173,833	2,583,279
Total at historical cost	<u>13,496,309</u>	<u>248,757</u>	<u>181,758</u>	<u>13,563,308</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	636,731	52,489	\$ -	689,220
Improvements and Infrastructure other than buildings	2,823,710	123,803	2,961	2,944,552
Equipment and vehicles	1,422,275	267,654	119,988	1,569,941
Total accumulated depreciation	<u>4,882,716</u>	<u>443,946</u>	<u>122,949</u>	<u>5,203,713</u>
Capital assets, net	<u>\$8,613,593</u>	<u>\$ (195,189)</u>	<u>\$ 58,809</u>	<u>\$8,359,595</u>

General government	\$ 75,545
Police	81,718
Fire	71,371
Protective inspections	9,858
Physical environment	205,454
	<u>\$ 443,946</u>



CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE E - CAPITAL ASSETS** (continued)

	Ending Balance 10-1-2014	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2015
<b>Business-type Activities</b>				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 27,000	\$ -	\$ -	\$ 27,000
<u>Depreciable assets:</u>				
Buildings and improvements	451,883	-	-	451,883
Improvements and Infrastructure other than buildings	17,362,753	180,760	-	17,543,513
Equipment and vehicles	768,731	27,065	33,457	762,339
Total at historical cost	<u>18,610,367</u>	<u>207,825</u>	<u>33,457</u>	<u>18,784,735</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	222,011	9,755	-	231,766
Improvements and Infrastructure other than buildings	6,537,277	444,900	-	6,982,177
Equipment and vehicles	622,173	33,728	33,457	622,444
Total accumulated depreciation	<u>7,381,461</u>	<u>488,383</u>	<u>33,457</u>	<u>7,836,387</u>
Capital assets, net	<u>\$11,228,906</u>	<u>\$ (280,558)</u>	<u>\$ -</u>	<u>\$10,948,348</u>

**NOTE F - RISK MANAGEMENT**

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

**NOTE G- LONG-TERM DEBT**

Long-term debt activity for the fiscal year ending September 30, 2015 was as follows:

	Beginning Balance 10-1-2014	Increases	Decreases	Ending Balance 9-30-2015	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and leases payable:					
Revenue Note, Series 2010	\$ 127,069	\$ -	\$ 19,926	\$ 107,143	\$ 20,802
Revenue Bonds, Series 2005C	720,000	-	105,000	615,000	115,000
Debt payable	847,069	-	124,926	722,143	135,802
Capital leases payable	279,642	-	72,896	206,746	44,401
Total notes, bonds and leases payable	1,126,711	-	197,822	928,889	180,203
Other liabilities					
Compensated absences	434,454	100,327	108,613	426,168	106,542
Total long-term liabilities – Governmental Activities	<u>\$ 1,561,165</u>	<u>\$ 100,327</u>	<u>\$ 306,435</u>	<u>\$ 1,355,057</u>	<u>\$ 286,745</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

	Beginning Balance 10-1-2014	Increases	Decreases	Ending Balance 9-30-2015	Amounts Due Within One Year
<b>Business-type Activities</b>					
Bonds and leases payable:					
Revenue Bonds, Series 2005D	\$ 2,695,000	\$ -	\$ 80,000	\$ 2,615,000	\$ 85,000
Total bonds payable	2,695,000	-	80,000	2,615,000	85,000
Other liabilities					
Compensated absences	70,430	30,915	20,692	80,653	22,333
Total long-term liabilities – Business-type Activities	<u>\$ 2,765,430</u>	<u>\$ 30,915</u>	<u>\$ 100,692</u>	<u>\$ 2,695,653</u>	<u>\$ 107,333</u>

**Long-term debt for the governmental activities is comprised of the following at September 30, 2015:**

Revenue Note, Series 2010 – A loan in the amount of \$203,486 was obtained to finance the acquisition of property located within the City’s Community Redevelopment Agency (CRA) district. The loan is payable in monthly installments of declining amounts ranging from \$2,123 to \$1,883, including interest which accrues at 4.31%. The note matures July 2020 and is secured by incremental tax revenues of the CRA fund. \$ 107,143

Revenue Bonds, Series 2005C – Revenue Bonds in the amount of \$1,155,000 were issued to advance refund a portion of the Revenue Bonds, Series 2000. Please see the additional disclosure on the advance refunding provided below. The remaining outstanding bonds mature in various amounts annually, ranging from \$115,000 to \$135,000 through April 1, 2020. Interest accrues on the bonds at rates ranging from 4.0% to 5.0% and is payable semi-annually on October 1 and April 1. The City has covenanted to appropriate in its annual budget from non – ad valorem revenues, amounts sufficient to pay annual principal and interest installments on the bonds. The City has the option to redeem the bonds maturing after April 1, 2015 at any time on or after April 1, 2015. 615,000

Capital leases: The City currently leases an E-One Pumper fire truck and 2 Generators under capital lease – purchase agreements within the governmental activities. The leases mature in December 2020 (Pumper) and August 2017 (Generators). The leases generally provide that the City pay the taxes, insurance and maintenance expenses related to the leased assets. The present value of future minimum lease payments is: 206,746

Accrued compensated absences, consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 426,168

Total long-term debt – governmental activities \$1,355,057

Partial advance refunding of Revenue Bonds, Series 2000 – In fiscal year 2000 Revenue bonds in the amount of \$1,690,000 were issued for the construction of a new city hall. On July 12, 2005, the City issued \$1,155,000 in Revenue Bonds, Series 2005C to advance refund a portion of the Revenue Bonds, Series 2000. The City advance refunded \$1,055,000 of the Series 2000 Bonds. The proceeds of the Series 2005C bonds in the amount of \$1,193,025, including a premium of \$38,025, less the bond issuance costs of \$27,755, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the Series 2000 bonds. The funds deposited with the escrow agent were used to purchase United States government obligations to establish a sinking fund. As a result, the \$1,055,000 of 2000 Revenue bonds were considered to be defeased and the liability for those bonds was removed from the

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

accompanying government-wide Statement of Net position. The defeased bonds were paid-off on April 1, 2010 from the amounts on deposit in the escrowed sinking fund.

The partial advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the debt in the amount of \$107,717. The remaining unamortized difference of \$14,111 is reported in the accompanying Statement of Net Position as Deferred Outflows of Resources and is being charged to operations through the year ended September 30, 2020 using the effective- interest method. The City completed the advance refunding to reduce its total debt service by \$48,203 and to obtain an economic gain (the difference between the present values of the old and new debt service) of \$37,781.

**Long-term debt for the business-type activities is comprised of the following at September 30, 2015:**

<u>Revenue Bonds, Series 2005D</u> – Revenue Bonds in the amount of \$4,545,000 were issued to construct water and sewer improvements (\$3,250,000) and to refund the Water and Sewer Revenue Bonds, Series 1994 (\$1,240,000). Please see the additional disclosure on the refunding provided below. The remaining outstanding bonds mature in various amounts annually, ranging from \$80,000 to \$195,000 through October 1, 2035. Interest accrues on the bonds at rates ranging from 3.625% to 5.0% and is payable semi-annually on April 1 and October 1. The City has covenanted to appropriate in its annual budget from non – ad valorem revenues, amounts sufficient to pay annual principal and interest installments on the bonds.	\$2,615,000
<u>Accrued compensated absences</u> , consisting of the vested portion of accumulated vacation and sick pay benefits due employees.	<u>80,653</u>
Total long-term debt – business-type activities	<u>\$2,695,653</u>

Refunding of Water and Sewer Revenue Bonds, Series 1994 - On September 23, 2005 the City issued the Revenue Bonds, Series 2005D to obtain \$3,305,000 in funding to construct water and sewer improvements and \$1,240,000 of funding to refund the Water and Sewer Revenue Bonds, Series 1994. The City refunded \$1,435,000 of the Series 1994 bonds through the issuance of the Series 2005D bonds (\$1,240,000) and by making a cash payment in the amount of \$227,987 after reducing the proceeds by allocable bond issuance costs of \$27,266. The net proceeds of the Series 2005D bonds in the amount of \$1,212,734 and the City’s cash payment of \$227,987 were deposited in trust with an escrow agent to provide for the payment of the Series 1994 bonds on October 28, 2008 in the amount of \$1,435,000 plus interest in the amount of \$5,721.

The City completed the advance refunding to reduce its total debt service by \$363,724 and to obtain an economic gain (the difference between the present values of the old and new debt service less the cash payment of \$227,987) of \$85,982.

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2015 is as follows:

<u>Revenue Note, Series 2010</u> Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 20,802	\$ 4,211	\$ 25,013
2017	21,717	3,296	25,013
2018	22,671	2,342	25,013
2019	23,188	1,347	24,535
2020	18,765	370	19,135
	<u>\$ 107,143</u>	<u>\$ 11,566</u>	<u>\$ 118,709</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

<u>Revenue Bonds, Series 2005C</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2016	\$ 115,000	\$ 24,244	\$ 139,244
2017	120,000	18,369	138,369
2018	120,000	12,969	132,969
2019	125,000	8,069	133,069
2020	135,000	2,784	137,784
	<u>\$ 615,000</u>	<u>\$ 66,435</u>	<u>\$ 681,435</u>

<u>Capital Leases</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2016	\$ 44,401	\$ 6,979	\$ 51,380
2017	44,665	5,082	49,747
2018	28,063	3,717	31,780
2019	28,948	2,830	31,778
2020	29,863	1,916	
2021	30,806	973	63,558
	<u>\$ 206,746</u>	<u>\$ 21,497</u>	<u>\$ 228,243</u>

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2015 is as follows:

<u>Revenue Bonds, Series 2005D</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2016	\$ 85,000	\$ 118,200	\$ 203,200
2017	85,000	114,800	199,800
2018	90,000	111,400	201,400
2019	95,000	107,800	202,800
2020	100,000	104,000	204,000
2021-2025	560,000	447,250	1,007,250
2026-2030	710,000	299,025	1,009,025
2031-2035	890,000	123,975	1,013,975
	<u>\$ 2,615,000</u>	<u>\$ 1,426,450</u>	<u>\$ 4,041,450</u>

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
<b>Governmental Activities</b>			
Fire Truck	\$ 299,000	\$ 87,208	\$ 211,792
Generators (2)	85,000	18,417	66,583
Total	<u>\$ 384,000</u>	<u>\$ 105,625</u>	<u>\$ 278,375</u>

The issuance costs that pertain to debt repayment insurance for both the 2005C and 2005D Revenue Bonds are being amortized as a charge against income using the effective interest method over the remaining life of the bonds outstanding. The remaining balances to be amortized as of September 30, 2015, are \$2,030 and \$19,789, respectively. The effective interest method is also used to amortize into income the bond premium realized on the 2005C and 2005D Revenue Bonds. The remaining balances to be amortized as of September 30, 2015, are \$4,981 and \$4,935, respectively. The unamortized

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

bond issuance costs and bond premium realized are reported in the accompanying Statement of Net Position as Unamortized Debt Costs and Deferred Inflows of Resources, respectively.

**NOTE I - INTRA-GOVERNMENTAL CHARGES:**

The General Fund incurs administrative costs on behalf of the Business-type Activities – Enterprise Funds. These administrative costs have been allocated to the Enterprise Funds for the year ended September 30, 2015, as shown in the following table:

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

**NOTE J - EMPLOYEE RETIREMENT SYSTEMS**

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

Florida Retirement System

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

[www.myfrs.com/content/resources/publications/index](http://www.myfrs.com/content/resources/publications/index)

*Funding Policy:* Effective July 1, 2011, FRS requires contributions from covered members at a rate of 3%. The City is required by State Statute to contribute, on a monthly basis, an actuarially determined rate. The current rates, effective July 1, 2015 and continuing through September 30, 2015, based on employees' gross earnings, are 7.26% for regular employees and 22.04% for special risk (fire and police) service classes. The rates for the period July 1, 2014 through June 30, 2015 were 7.37% for regular employees and 19.82% for special risk (fire and police) service classes. The City's contributions to the FRS for the fiscal years ending September 30, 2015, 2014, and 2013 were \$345,644 \$294,549, and \$233,128, respectively, and were equal to the required contributions for each year.

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE J - EMPLOYEE RETIREMENT SYSTEMS** (continued)

to make contributions to FRS. The current rate, effective July 1, 2015 and continuing through September 30, 2015, based upon employees' gross earnings is 12.88%. The rate for the period July 1, 2014 through June 30, 2015 was 12.28%.

*Pension liabilities, Pension expense and Deferred Outflows (Inflows) of Resources related to pensions-* At September 30, 2015, as required by GASB 68 *Accounting and Financial Reporting for Pensions*, the City reported a total net pension liability of \$2,324,906 comprised of \$1,488,189 for the FRS Plan component and \$836,717 for the HIS Plan component for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share at June 30, 2015 for the FRS Plan component was .011521747%. The City's proportionate share at June 30, 2015 for the HIS Plan component was .008204376%. The City's proportionate shares at June 30, 2014 were .010731390% and .008461553% for the FRS and HIS Plan components, respectively. For the fiscal year ended September 30, 2015 the City recognized pension expense of \$(206,344) and \$27,801 for the FRS and HIS Plan components, respectively. Deferred Outflows and Inflows of resources related to pensions are from the following sources:

FRS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 157,109	\$ 35,295
Changes in assumptions	98,776	-
Net difference between projected and actual earnings on investments	-	355,354
Changes in proportion and differences between City contributions and proportionate share of contributions	103,729	151,820
Contributions subsequent to the measurement date	<u>79,426</u>	<u>-</u>
	<u>\$ 439,040</u>	<u>\$ 542,469</u>

HIS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	65,828	-
Net difference between projected and actual earnings on investments	453	-
Changes in proportion and differences between City contributions and proportionate share of contributions	17,990	19,960
Contributions subsequent to the measurement date	<u>10,661</u>	<u>-</u>
	<u>\$ 94,932</u>	<u>\$ 19,960</u>

The deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the fiscal year ended September 30, 2016. Other amounts related to deferred outflows and inflows of resources will be recognized as pension expense as follows:

<u>Fiscal year ending September 30,</u>	<u>FRS component</u>	<u>HIS component</u>
2016	\$ (15,735)	\$ 241
2017	(15,735)	241
2018	(15,735)	241
2019	(15,735)	241
2020	8,980	241
Thereafter	5,871	(3,171)

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE J - EMPLOYEE RETIREMENT SYSTEMS** (continued)

Net Pension Liability –

	<u>FRS component</u>	<u>HIS component</u>
City's proportionate share of Total Pension Liability	\$ 18,592,728	\$ 840,883
City's proportionate share of Plan Fiduciary Net Position	(17,104,539)	(4,166)
City's proportionate share of Net Pension Liability	<u>\$ 1,488,189</u>	<u>\$ 836,717</u>
 Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	 92%	 .50%

Change in Net Pension Liability –

	<u>FRS component</u>	<u>HIS component</u>
Beginning balance – City's proportionate share	\$ 654,773	\$ 791,176
Service Cost	258,534	11,679
Interest on total pension liability	1,433,474	21,769
Effect of economic/demographic gain or loss	198,221	32,629
Employer contributions	(298,162)	(20,525)
Member contributions	(85,398)	-
Net investment income	(675,463)	(21)
Administrative expense	<u>2,210</u>	<u>10</u>
 Ending balance – City's proportionate share	 <u>\$ 1,488,189</u>	 <u>\$ 836,717</u>

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

	<u>FRS component</u>	<u>HIS component</u>
Valuation date	July 1, 2015	July 1, 2015
Measurement date	June 30, 2015	June 30, 2015
Inflation	2.60%	2.60%
Salary increases	3.25%, average, includes inflation	3.25%, average, includes inflation
Investment rate of return	7.65%, net of expense, includes inflation	3.80%, Municipal Bond Rate
Mortality tables	Generation RP-2000 with Projection Scale BB tables	Generation RP-2000 with Projection Scale BB tables
Discount rate	7.65%	3.80%

The actuarial assumptions used in the July 1, 2015 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 and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized as follows:

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE J - EMPLOYEE RETIREMENT SYSTEMS** (continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
<b>Total</b>	<b>100.00%</b>			
Assumed Inflation – Mean		2.60%		2.00%

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

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

FRS component	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
City’s Proportionate share of the net pension liability (asset)	\$ 3,856,240	\$ 1,488,189	\$ (482,411)
<b>HIS component</b>	<b>1% Decrease (2.80%)</b>	<b>Current Discount Rate (3.80%)</b>	<b>1% Increase (4.80%)</b>
City’s Proportionate share of the net pension liability	\$ 953,397	\$ 836,717	\$ 739,424

**NOTE L – OTHER POSTEMPLOYMENT BENEFITS PLAN**

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

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



NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE L – OTHER POSTEMPLOYMENT BENEFITS PLAN** (continued)

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

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

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

*Funding Policy:* The annual required contribution to fund the incremental cost of the benefits plan is based on a pay-as-you-go funding approach. For the year ended September 30, 2014, the expected contribution for the City was \$12,266.

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

	Pay-As-You- Go Funding - Fiscal Year Ending 9/30/15
Annual Required Contribution (ARC)	\$ 36,563
Interest on net OPEB obligation	375
Annual OPEB cost	36,938
Expected employer contribution	12,511
Increase in net OPEB obligation	24,427
Net OPEB obligation beginning of year	86,867
Net OPEB obligation end of year	\$ 111,294

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE L – OTHER POSTEMPLOYMENT BENEFITS PLAN** (continued)

designed to reduce the effects of short-term volatility in actuarial liabilities consistent with the long-term perspective of the calculations.

Required Actuarial Information:

Contribution Rate	5.0%
Actuarial valuation date	10-1-13
Annual OPEB Cost	\$36,938
Contributions made	\$12,511
Actuarial cost method	Frozen Entry Age
Amortization method	Level percent - Closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions	
Investment rate of return *	3.00%
Payroll growth assumptions	2.00%
* - Includes inflation at	2.00%

*Other Required Supplementary Information:*

Three Year Trend Information:

Year Ending	Actuarial Valuation Date	Annual Required Contribution	Actual Contribution (Estimated)	Percent Contributed	Net OPEB Obligation
9-30-15	10-1-13	\$ 36,938	\$ 12,511	33.9%	\$111,294
9-30-14	10-1-13	48,271	12,266	25.4%	86,867
9-30-13	1-1-11	55,712	42,997	77.2%	50,862

Schedule of Funding Progress:

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

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE M - DEFERRED COMPENSATION PLAN**

The City offers an optional deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to all employees in addition to the pension plan. The City is not the trustee of the deferred compensation plan. Therefore, under the provisions of Internal Revenue Code Section *Deferred Compensation Plans* and GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the plan are not to be reported within the City’s financial statements as of September 30, 2014.

**NOTE N – OTHER EMPLOYEE BENEFITS**

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

**NOTE O – INTER-FUND TRANSACTIONS**

Inter-fund receivables and payables consist of the following as of September 30, 2015. These amounts have been eliminated in the government-wide financial statements.

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 429,420
Community Redevelopment Fund	420,183	-
Capital Improvement Fund	25,225	-
Water and Sewer Fund	57,543	15,988
Stormwater Utility Fund	-	57,543
	<u>\$ 502,951</u>	<u>\$ 502,951</u>

Inter-fund transfers consist of the following for the year ended September 30, 2015. The General Fund transfer to the Community Redevelopment Fund was for operating purposes and consists of the Tax Increment Funding pertaining to the Community Redevelopment district.

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 301,243
Community Redevelopment Fund	301,243	-
	<u>\$ 301,243</u>	<u>\$ 301,243</u>

**NOTE P - CONTINGENT LIABILITIES**

The City is involved in a dispute with Pasco County regarding billings for wastewater processing fees totaling \$169,761. It is the City’s position that these billings were rendered in error as a result of a meter replacement and incorrect meter settings. The billings that are being disputed have not been recorded as a liability in the Water and Sewer Fund as it is the City’s position that there are no amounts owed to Pasco County.

A portion of the City’s court fines revenue is collected from red light camera traffic fines. The City is required to remit a portion of all collected red light camera traffic fines to the State of Florida. The computation of the State of Florida’s portion of the collected red light camera traffic fines is subject to review by the State and a contested underpayment, if applicable, could result in a liability for the City.

The City is involved in legal matters as of September 30, 2015 that are incidental to its routine operations. It is the opinion of management, based upon the advice of legal counsel, that the likely outcome of these matters will not be material in nature to the overall operating results of the City.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

**NOTE Q – PRIOR PERIOD ADJUSTMENTS**

During the year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of the implementation of GASB Statements 68 and 71, the City has reported a restatement of its net position for the change in accounting principle as of October 1, 2014. The restatements to net position were reported in the accompanying Statement of Activities (pages 22 and 23) and Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds (page 29). The effects of implementing the statements are as follows:

Governmental Activities

Increase in deferred outflows of resources	\$	214,322
Increase in deferred inflows of resources		(1,209,128)
Increase in net pension liability		(1,324,585)
Decrease in net position		2,319,391

Business-type Activities – Water and Sewer Fund and Stormwater Utility Fund

Increase in deferred outflows of resources	\$	19,637
Increase in deferred inflows of resources		(110,786)
Increase in net pension liability		(121,364)
Decrease in net position		212,513

The prior period adjustment recorded in the Statement of Activities as of October 1, 2014 totaling \$2,531,904 is comprised of the decrease in net position for the Governmental Activities in the amount of \$2,319,391 plus the decrease in net position for the Business-type Activities in the amount of \$212,513.

**NOTE R – SUBSEQUENT EVENTS**

The City has evaluated whether any subsequent events have occurred subsequent to September 30, 2015, and before the issuance of the financial statements, that would have an impact on the City's financial condition as of September 30, 2015 or would influence the conclusions reached by the reader of the financial statements regarding the City's overall financial condition. The City has determined that no such events occurred through June 21, 2016 which is the date that the financial statements were available to be issued.

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

Required supplementary information includes a budgetary comparison schedule for the general fund and major special revenue fund.

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2015  
With Comparative Actual Amounts for the Year Ended September 30, 2014

	2015			Variance with Final Budget Positive (Negative)	2014 Actual
	Budgeted Amounts		Actual Amounts		
	Original	Final	(Budgetary Basis)		
RESOURCES (INFLOWS):					
TAXES					
Ad valorem (311000)	\$ 1,277,565	\$ 1,277,565	\$ 1,303,568 *11	\$ 26,003	\$ 1,286,745
Franchise fees (323100)	300,000	300,000	304,574 *R4	4,574	352,568
Utility taxes (314100 & 314400)	290,000	290,000	364,249 *R1 & R2	74,249	324,164
Communication services tax (315000)	143,735	143,735	137,442 *20	(6,293)	144,171
<b>TOTAL TAXES</b>	<b>2,011,300</b>	<b>2,011,300</b>	<b>2,109,833</b>	<b>98,533</b>	<b>2,107,648</b>
LICENSES AND PERMITS					
Local business tax (316000)	60,000	60,000	61,897 *19	1,897	67,367
Building permits (323000)	61,000	61,000	168,092 *R3	107,092	89,728
<b>TOTAL LICENSES AND PERMITS</b>	<b>121,000</b>	<b>121,000</b>	<b>229,989</b>	<b>108,989</b>	<b>157,095</b>
INTERGOVERNMENTAL					
Federal and State grants	125,000	125,000	-	(125,000)	-
State revenue sharing (335120)	95,273	95,273	101,057 *24	5,784	100,046
County business license fees (316000)	2,000	2,000	2,038 *19	38	2,280
Mobile home license tax rebate (335140)	12,000	12,000	11,329 *21	(671)	11,145
Municipality fuel tax refund (312100)	3,600	3,600	4,953 *12	1,353	4,555
Half-cent sales tax (335180)	141,004	141,004	154,080 *14	13,076	146,394
Local option gas tax (312100)	135,211	135,211	62,299 *12	(72,912)	135,918
Alcoholic beverage licenses (335150)	11,000	11,000	10,186 *13	(814)	11,280
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>525,088</b>	<b>525,088</b>	<b>345,942</b>	<b>(179,146)</b>	<b>411,618</b>
IMPACT FEES					
Police and Fire impact fees	-	-	-	-	277
<b>TOTAL IMPACT FEES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277</b>
CHARGES FOR SERVICES					
Administration fees (341300)	333,288	333,288	333,288 *25	-	333,288
Other Charges (349000)	25,200	25,200	25,572 *26	372	24,191
<b>TOTAL CHARGES FOR SERVICES</b>	<b>358,488</b>	<b>358,488</b>	<b>358,860</b>	<b>372</b>	<b>357,479</b>
FINES AND FORFEITURES					
Court fines (351500 & 351900)	884,400	884,400	618,360 *27 & 28	(266,040)	646,511
Other fines (359000)	80,000	80,000	28,056 *R6	(51,944)	99,994
<b>TOTAL FINES AND FORFEITURES</b>	<b>964,400</b>	<b>964,400</b>	<b>646,416</b>	<b>(317,984)</b>	<b>746,505</b>
MISCELLANEOUS					
Investment income (361100)	1,000	1,000	4,235 *18	3,235	902
Contributions (366000)	-	-	3,088 *15	3,088	2,672
Proceeds from sale of capital assets	-	-	-	-	-
Other (369900)	3,250	3,250	17,110 *R8	13,860	6,826
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>4,250</b>	<b>4,250</b>	<b>24,433</b>	<b>20,183</b>	<b>10,400</b>
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<b>3,984,526</b>	<b>3,984,526</b>	<b>3,715,473</b>	<b>(269,053)</b>	<b>3,791,022</b>

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2015 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2014

	2015				2014	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual	
	Original	Final				
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>						
<b>GENERAL GOVERNMENT</b>						
Legislative						
Personal services	\$ 18,633	\$ 18,633	\$ 18,430 *1	\$ 203	\$ 18,472	
Operating expenses	6,100	6,100	3,569 *2	2,531	3,870	
	24,733	24,733	21,999	2,734	22,342	
City Manager and City Clerk						
Personal services	140,430	142,137	168,038 *3	(25,901)	132,897	
Operating expenses	9,065	9,065	3,249 *4	5,816	4,198	
	149,495	151,202	171,287	(20,085)	137,095	
Financial and administrative						
Personal services	132,019	133,645	97,438 *5	36,207	125,310	
Operating expenses	3,635	3,635	2,593 *6	1,042	3,146	
	135,654	137,280	100,031	37,249	128,456	
Information technology						
Personal services	91,078	92,162	76,876 *8	15,286	-	
Operating expenses	125,200	125,200	139,701 *9	(14,501)	155,602	
Capital outlay	57,500	57,500	4,910 *10	52,590	12,500	
	273,778	274,862	221,487	53,375	168,102	
Non-departmental						
Personal services	-	-	-	-	-	
Operating expenses	990,407	990,407	740,974 *11	249,433	698,663	
Debt service	139,369	139,369	137,211 *12	2,158	136,439	
	1,129,776	1,129,776	878,185	251,591	835,102	
Legal						
Operating expenses	52,500	52,500	40,113 *7	12,387	33,486	
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,765,936</b>	<b>1,770,353</b>	<b>1,433,102</b>	<b>337,251</b>	<b>1,324,583</b>	
<b>PUBLIC SAFETY</b>						
Police						
Personal services	1,284,270	1,299,962	1,342,604 *13	(42,642)	1,215,098	
Operating expenses	218,250	218,250	112,403 *14	105,847	186,748	
Capital outlay	10,000	10,000	6,216 *15	3,784	6,994	
	1,512,520	1,528,212	1,461,223	66,989	1,408,840	
Fire						
Personal services	416,720	421,164	419,708 *16	1,456	399,415	
Operating expenses	203,986	203,986	72,208 *17	131,778	70,590	
	620,706	625,150	491,916	133,234	470,005	
Protective Inspections						
Personal services	29,996	30,375	23,028 *18	7,347	31,358	
Operating expenses	39,600	39,600	37,351 *19	2,249	13,535	
	69,596	69,975	60,379	9,596	44,893	
<b>TOTAL PUBLIC SAFETY</b>	<b>2,202,822</b>	<b>2,223,337</b>	<b>2,013,518</b>	<b>209,819</b>	<b>1,923,738</b>	

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2015 (continued)  
With Comparative Actual Amounts for the Year Ended September 30, 2014

	2015				2014
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
PHYSICAL ENVIRONMENT					
Public Works					
Personal services	\$ 191,929	\$ 194,097	\$ 203,557	\$ (9,460)	\$ 128,392
Operating expenses	128,985	128,985	126,137	2,848	107,833
Capital outlay	422,000	422,000	-	422,000	6,750
Debt service	-	-	-	-	14,741
TOTAL PHYSICAL ENVIRONMENT	742,914	745,082	329,694	415,388	257,716
HUMAN SERVICES					
Health					
Operating expenses	32,821	32,821	19,877	12,944	18,840
TOTAL HUMAN SERVICES	32,821	32,821	19,877	12,944	18,840
TRANSFERS TO OTHER FUNDS	301,243	301,243	301,243	-	290,847
CONTINGENCIES	27,100	-	-	-	-
TOTAL CHARGES TO APPROPRIATIONS	5,072,836	5,072,836	4,097,434	975,402	3,815,724
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(1,088,310)	(1,088,310)	(381,961)	706,349	(24,702)
FUND BALANCE - BEGINNING OF YEAR	2,556,077	2,556,077	2,556,077	-	2,580,779
FUND BALANCE - END OF YEAR	\$ 1,467,767	\$ 1,467,767	\$ 2,174,116	\$ 706,349	\$ 2,556,077

(continued)



CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2015 (continued)

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

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule.	\$ 3,715,473
Differences - budget to GAAP:	
None	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 3,715,473</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 4,097,434
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(301,243)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 3,796,191</u></u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND - COMMUNITY REDEVELOPMENT

For the Year Ended September 30, 2015  
With Comparative Actual Amounts for the Year Ended September 30, 2014

	2015			Variance with Final Budget Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS):					
Taxes	\$ 407,073	\$ 407,073	\$ 407,073	\$ -	\$ 393,024
Transfers from other fund	301,243	301,243	301,243	-	290,847
AMOUNTS AVAILABLE FOR APPROPRIATION	708,316	708,316	708,316	-	683,871
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General Government	398,615	410,057	335,500	74,557	518,695
Public Safety	610,289	622,712	419,408	203,304	503,942
Physical environment	153,459	155,574	109,535	46,039	200,306
Capital outlay	81,800	78,400	8,810	69,590	124,598
Debt service	-	-	44,614	(44,614)	44,613
Contingencies	41,396	18,816	625	18,191	-
TOTAL CHARGES TO APPROPRIATIONS	1,285,559	1,285,559	918,492	367,067	1,392,154
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(577,243)	(577,243)	(210,176)	367,067	(708,283)
FUND BALANCE - BEGINNING OF YEAR	597,760	597,760	597,760	-	1,306,043
FUND BALANCE - END OF YEAR	\$ 20,517	\$ 20,517	\$ 387,584	\$ 367,067	\$ 597,760

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.	\$ 708,316
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(301,243)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 407,073</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 918,492
Differences - budget to GAAP:	
None	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 918,492</u>

CITY OF PORT RICHEY

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

(First year of data for GASB 67 and 68)  
 September 30, 2015

	<u>9/30/2015</u>
<b>FRS Pension Plan</b>	
Total Pension Liability	\$ 18,592,728
Plan Fiduciary Net Position	(17,104,539)
Net Pension Liability	<u>\$ 1,488,189</u>
Plan Net Position as a Percentage of Total Net Pension Liability	92%
Service Cost	\$ 258,534
Interest on the total pension liability	1,433,474
Effect of economic/demographic gain or loss	198,221
Employer contributions	(298,162)
Member contributions	(85,398)
Net investment income	(675,463)
Administrative expense	<u>2,210</u>
Net change in net pension liability	833,416
Net pension liability - beginning	654,773
Net pension liability - ending	<u>\$ 1,488,189</u>
Covered employee payroll	\$ 2,551,678
Net pension liability as a percentage of covered employee payroll	58%
<b>Retiree Health Insurance Subsidy (HIS Plan)</b>	
Total Pension Liability	\$ 840,883
Plan Fiduciary Net Position	(4,166)
Net Pension Liability	<u>\$ 836,717</u>
Plan Net Position as a Percentage of Total Net Pension Liability	0.50%
Service Cost	\$ 11,679
Interest on the total pension liability	21,769
Effect of economic/demographic gain or loss	32,629
Employer contributions	(20,525)
Member contributions	-
Net investment income	(21)
Administrative expense	<u>10</u>
Net change in net pension liability	45,541
Net pension liability - beginning	791,176
Net pension liability - ending	<u>\$ 836,717</u>
Covered employee payroll	\$ 2,551,678
Net pension liability as a percentage of covered employee payroll	33%
<b>Combined FRS and HIS Pension Plan</b>	
Total Pension Liability	\$ 19,433,611
Plan Fiduciary Net Position	(17,108,705)
Net Pension Liability	<u>\$ 2,324,906</u>

## **OTHER SUPPLEMENTARY SCHEDULES**

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

CITY OF PORT RICHEY, FLORIDA

COMPARATIVE BALANCE SHEET  
GENERAL FUND

	September 30,	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash, pooled cash and cash equivalents	\$ 1,861,444	\$ 2,492,049
Restricted assets:		
Cash and cash equivalents	1,003,701	970,334
Receivables (Net of allowance):		
Taxes	17,016	32,802
Accounts	-	18,846
Prepaid items	<u>18,259</u>	<u>375</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,900,420</u></u>	<u><u>\$ 3,514,406</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 141,557	\$ 139,457
Accrued liabilities	121,290	111,227
Unearned revenue	31,132	26,953
Due to other funds	429,420	678,608
Due to other governments	<u>2,905</u>	<u>2,084</u>
<b>TOTAL LIABILITIES</b>	<u>726,304</u>	<u>958,329</u>
<b>FUND BALANCES</b>		
Fund balances		
Nonspendable:		
Prepaid items	18,259	375
Restricted for:		
Police benevolence - Johnny Cash Reserve	92,331	89,105
Capital projects- transportation	742,848	746,379
Capital projects- police and fire	168,522	134,850
Unassigned	<u>1,152,156</u>	<u>1,585,368</u>
<b>TOTAL FUND BALANCES</b>	<u>2,174,116</u>	<u>2,556,077</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,900,420</u></u>	<u><u>\$ 3,514,406</u></u>

CITY OF PORT RICHEY, FLORIDA

COMPARATIVE BALANCE SHEET  
COMMUNITY REDEVELOPMENT FUND

	September 30,	
	<u>2015</u>	<u>2014</u>
ASSETS		
Prepaid items	\$ 3,979	\$ -
Due from other funds	<u>420,183</u>	<u>669,371</u>
TOTAL ASSETS	<u>\$ 424,162</u>	<u>\$ 669,371</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,467	\$ 27,973
Accrued liabilities	<u>35,111</u>	<u>43,638</u>
TOTAL LIABILITIES	<u>36,578</u>	<u>71,611</u>
FUND BALANCES		
Fund balances		
Restricted for:		
Community redevelopment	<u>387,584</u>	<u>597,760</u>
TOTAL FUND BALANCES	<u>387,584</u>	<u>597,760</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 424,162</u>	<u>\$ 669,371</u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMEMENT FUND

For the Year Ended September 30, 2015  
With Comparative Actual Amounts for the Year Ended September 30, 2014

	2015			Variance with Final Budget Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
<b>RESOURCES (INFLOWS):</b>					
Intergovernmental					
Discretionary sales surtax	\$ 255,767	\$ 255,767	\$ 353,551	\$ 97,784	\$ 316,892
FEMA Grant	-	-	19,313	19,313	-
Proceeds from capital lease	-	-	-	-	220,892
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>255,767</u>	<u>255,767</u>	<u>372,864</u>	<u>117,097</u>	<u>537,784</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>					
Current					
Public Safety	47,550	47,550	32,377	15,173	69,035
Physical environment	28,100	31,200	5,600	25,600	-
Capital outlay					
Public Safety	201,600	201,600	82,652	118,948	84,849
Physical environment	203,900	200,800	146,169	54,631	127,619
Debt service	-	-	31,779	(31,779)	249,051
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>481,150</u>	<u>481,150</u>	<u>298,577</u>	<u>182,573</u>	<u>530,554</u>
<b>EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>(225,383)</u>	<u>(225,383)</u>	<u>74,287</u>	<u>299,670</u>	<u>7,230</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>375,155</u>	<u>375,155</u>	<u>375,155</u>	<u>-</u>	<u>367,925</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 149,772</u>	<u>\$ 149,772</u>	<u>\$ 449,442</u>	<u>\$ 299,670</u>	<u>\$ 375,155</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.	\$ 372,864
Differences - budget to GAAP:	
Proceeds from capital lease are inflows of budgetary resources but are not revenues for financial reporting purposes.	-
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 372,864</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 298,577
Differences - budget to GAAP:	
None	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 298,577</u>

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2015  
 With Comparative Actual Amounts for the Year Ended September 30, 2014

	2015			Variance with Final Budget Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
<b>REVENUES AND OTHER SOURCES</b>					
Charges for services (400-343600)	\$ 3,788,200	\$ 3,788,200	\$ 3,092,095*8	\$ (696,105)	\$ 2,493,124
Intergovernmental revenue - FEMA Grant (400-389200)	-	-	125,112*10	125,112	-
Impact fees (400-324210)	-	-	82,750*5	82,750	4,890
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<b>3,788,200</b>	<b>3,788,200</b>	<b>3,299,957</b>	<b>(488,243)</b>	<b>2,498,014</b>
<b>OPERATING EXPENSES AND OTHER USES</b>					
<b>WATER AND SEWER</b>					
Personal services	526,674	538,277	528,284	9,993	458,484
Contractual services	1,069,785	1,069,785	789,869	279,916	983,816
Materials and supplies	473,375	473,375	282,330	191,045	212,614
Purchased water	590,000	590,000	425,955	164,045	452,845
Utilities	131,250	131,250	116,029	15,221	108,577
Administrative charges	294,000	294,000	294,000	-	294,000
Interest and fiscal charges	126,413	126,413	125,595	818	127,295
Bond principal payment	75,000	75,000	80,000	(5,000)	75,000
Capital outlay	438,000	438,000	207,825	230,175	54,163
Depreciation	126,779	126,779	471,909	(345,130)	460,136
Contingency	131,924	120,321		120,321	-
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<b>3,983,200</b>	<b>3,983,200</b>	<b>3,321,796</b>	<b>661,404</b>	<b>3,226,930</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) OPERATING EXPENSES AND OTHER USES</b>	<b>\$ (195,000)</b>	<b>\$ (195,000)</b>	<b>\$ (21,839)</b>	<b>\$ 173,161</b>	<b>\$ (728,916)</b>

NOTES TO SCHEDULE:

The City does not budget for amortization expense. Total expenses, including amortization expense of \$990, for GAAP purposes was \$3,034,961. Capital Outlay expenditures of \$207,825 and bond principal payments of \$80,000 are not expenses for GAAP purposes.



CITY OF PORT RICHEY, FLORIDA

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

September 30, 2015

	Total Governmental Funds	Long-term Assets, Liabilities	Reclasses & Eliminations	Statement of Net Asset Totals
<b>ASSETS</b>				
Cash, pooled cash and cash equivalents	\$ 1,861,444	\$ -	\$ -	\$ 1,861,444
Restricted assets				
Cash and cash equivalents	1,433,052	-	-	1,433,052
Receivables (Net of allowance):				
Taxes	17,016	-	-	17,016
Accounts	-	-	-	-
Due from other funds	445,408	-	(429,420)	15,988
Prepaid items	22,238	-	-	22,238
Capital assets	-	11,964,587	-	11,964,587
Accumulated depreciation	-	(5,203,713)	-	(5,203,713)
Capital projects in process	-	1,598,721	-	1,598,721
Unamortized debt issuance costs - insurance	-	2,030	-	2,030
Total Assets	<u>3,779,158</u>	<u>8,361,625</u>	<u>(429,420)</u>	<u>11,711,363</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Defined benefit pension plans	-	489,154	-	489,154
Deferred charge on refunding of debt	-	14,111	-	14,111
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 3,779,158</u>	<u>\$ 8,864,890</u>	<u>\$ (429,420)</u>	<u>\$12,214,628</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 148,158	\$ -	\$ -	\$ 148,158
Accrued liabilities	156,401	-	-	156,401
Deferred revenue	31,132	-	-	31,132
Due to other funds	429,420	-	(429,420)	-
Due to other governments	2,905	-	-	2,905
Net Other Post Employment Benefits	-	95,801	-	95,801
Net Pension Liability	-	2,129,767	-	2,129,767
Capital leases payable	-	206,746	-	206,746
Revenue bonds payable	-	615,000	-	615,000
Revenue note - series 2010	-	107,143	-	107,143
Accrued compensated absences	-	426,168	-	426,168
Total Liabilities	<u>768,016</u>	<u>3,580,625</u>	<u>(429,420)</u>	<u>3,919,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Defined benefit pension plans	-	515,222	-	515,222
Deferred premium on issuance of debt	-	4,981	-	4,981
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OR RESOURCES</b>	<u>768,016</u>	<u>4,100,828</u>	<u>(429,420)</u>	<u>4,439,424</u>
<b>TOTAL FUND BALANCES / NET POSITION</b>	<u>3,011,142</u>	<u>4,764,062</u>	<u>-</u>	<u>7,775,204</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES / NET POSITION</b>	<u>\$ 3,779,158</u>	<u>\$ 8,864,890</u>	<u>\$ (429,420)</u>	<u>\$12,214,628</u>

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2015

	Total Governmental Funds	Capital Related Items		Long-term Debt Transactions		Reclasses & Eliminations	Statement of Activities Totals
		Capital Outlay	Depreciation	Debt	OPEB Comp. Absen. Pension Exp.		
<b>REVENUES</b>							
Taxes	\$ 2,516,906	\$ -	\$ -	\$ -	\$ -	\$ (2,516,906)	\$ -
Licenses and permits	229,989	-	-	-	-	(229,989)	-
Intergovernmental revenue	718,806	-	-	-	-	(718,806)	-
Impact fees	-	-	-	-	-	-	-
Charges for services	358,860	-	-	-	-	876,406	1,235,266
Fines and forfeitures	646,416	-	-	-	-	(646,416)	-
Interest	4,235	-	-	-	-	(4,235)	-
Miscellaneous revenues	20,198	-	-	2,243	-	(22,441)	-
Capital grants and contributions	-	-	-	-	-	19,313	19,313
General revenues	-	-	-	-	-	3,243,074	3,243,074
<b>TOTAL REVENUES</b>	<b>4,495,410</b>	<b>-</b>	<b>-</b>	<b>2,243</b>	<b>-</b>	<b>-</b>	<b>4,497,653</b>
<b>EXPENDITURES</b>							
<b>Current</b>							
General government	1,627,106	4,964	75,545	-	(12,574)	-	1,695,041
Public safety	2,459,087	-	-	-	-	(2,459,087)	-
Police	-	5,572	81,718	-	(91,296)	1,585,577	1,581,571
Fire	-	-	71,371	-	(32,395)	643,674	682,650
Protective inspections	-	-	9,858	-	(8,338)	229,836	231,356
Physical environment	444,829	17,965	205,454	-	(6,630)	-	661,618
Human Services	19,877	-	-	-	-	-	19,877
Capital outlay	248,757	(248,757)	-	-	-	-	-
<b>Debt service</b>							
Principal retirement	167,514	-	-	(167,514)	-	-	-
Interest and fiscal charges	46,090	-	-	6,806	-	-	52,896
<b>TOTAL EXPENDITURES</b>	<b>5,013,260</b>	<b>(220,256)</b>	<b>443,946</b>	<b>(160,708)</b>	<b>(151,233)</b>	<b>-</b>	<b>4,925,009</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from capital lease	-	-	-	-	-	-	-
Transfers in	301,243	-	-	-	-	-	301,243
Transfers out	(301,243)	-	-	-	-	-	(301,243)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE / NET POSITION</b>	<b>\$ (517,850)</b>	<b>\$ 220,256</b>	<b>\$ (443,946)</b>	<b>\$ 162,951</b>	<b>\$ 151,233</b>	<b>\$ -</b>	<b>\$ (427,356)</b>

## **STATISTICAL SECTION**

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



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

The City has no general bonded debt outstanding.

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

## **Schedules of Financial Trends Information**

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
<b>Governmental activities</b>										
Net investment in capital assets	\$ 5,956,760	\$ 6,447,691	\$ 6,660,099	\$ 6,996,142	\$ 7,132,065	\$ 7,377,656	\$ 7,454,455	\$ 7,430,569	\$ 7,486,882	\$ 7,430,706
Restricted	1,870,468	3,078,353	4,018,489	4,266,257	4,200,265	3,433,425	3,055,857	2,736,422	2,132,055	2,103,829
Unrestricted	(37,386)	(154,112)	(137,330)	(392,618)	(537,799)	52,585	499,028	1,057,613	903,014	(1,759,331)
<b>Total governmental activities net position</b>	<b>\$ 7,789,842</b>	<b>\$ 9,371,932</b>	<b>\$ 10,541,258</b>	<b>\$ 10,869,781</b>	<b>\$ 10,794,531</b>	<b>\$ 10,863,666</b>	<b>\$ 11,009,340</b>	<b>\$ 11,224,604</b>	<b>\$ 10,521,951</b>	<b>\$ 7,775,204</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 5,604,407	\$ 6,303,668	\$ 7,444,791	\$ 7,191,757	\$ 8,394,142	\$ 8,461,053	\$ 8,397,729	\$ 8,868,776	\$ 8,533,906	\$ 8,333,348
Restricted	3,411,748	2,882,311	2,352,841	2,017,083	954,169	966,557	840,858	1,078	-	60,712
Unrestricted	398,036	(318,973)	(1,100,464)	(562,443)	(867,969)	(427,649)	166,996	551,908	298,466	475,489
<b>Total business-type activities net position</b>	<b>\$ 9,414,191</b>	<b>\$ 8,867,006</b>	<b>\$ 8,697,168</b>	<b>\$ 8,646,397</b>	<b>\$ 8,480,342</b>	<b>\$ 8,999,961</b>	<b>\$ 9,405,583</b>	<b>\$ 9,421,762</b>	<b>\$ 8,832,372</b>	<b>\$ 8,869,549</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 11,561,167	\$ 12,751,359	\$ 14,104,890	\$ 14,187,899	\$ 15,526,207	\$ 15,838,709	\$ 15,852,184	\$ 16,299,345	\$ 16,020,788	\$ 15,764,054
Restricted	5,282,216	5,046,881	6,371,330	6,283,340	5,154,434	4,399,992	3,896,715	2,737,500	2,132,055	2,164,541
Unrestricted	360,650	473,085	(1,237,794)	(955,061)	(1,405,768)	(375,064)	666,024	1,609,521	1,201,480	(1,283,842)
<b>Total primary government activities net position</b>	<b>\$ 17,204,033</b>	<b>\$ 18,271,325</b>	<b>\$ 19,238,426</b>	<b>\$ 19,516,178</b>	<b>\$ 19,274,873</b>	<b>\$ 19,863,637</b>	<b>\$ 20,414,923</b>	<b>\$ 20,646,366</b>	<b>\$ 19,354,323</b>	<b>\$ 16,644,753</b>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,048,078	\$ 1,054,974	\$ 1,301,460	\$ 1,295,793	\$ 1,414,126	\$ 2,392,742	\$ 2,173,292	\$ 1,942,143	\$ 1,778,754	\$ 1,695,041
Public safety - Police	1,221,893	1,212,871	1,181,439	1,248,481	1,424,313	1,611,640	1,623,726	1,671,207	1,708,858	1,581,571
Public safety - Fire	424,895	515,826	525,445	520,645	541,484	570,886	597,965	600,398	752,432	682,650
Public safety - Protective inspections	216,475	224,981	222,270	176,869	170,994	153,374	156,202	211,397	243,735	231,356
Physical Environment - Public Works	90,288	933,488	1,704,619	528,265	396,188	346,695	397,599	573,045	639,667	661,618
Transportation	330,019	191,103	217,529	52,503	192,122	178,486	150,169	20,431	-	-
Human services	14,724	12,229	4,487	12,900	26,382	23,191	19,037	17,444	18,840	19,877
Parks and recreation	140,555	140,217	154,884	169,090	152,705	153,287	140,813	62,227	-	-
Interest and fiscal charges on long-term debt	83,023	80,589	74,585	69,184	79,482	85,362	78,807	77,389	63,928	52,896
Total governmental activities expenses	3,569,950	4,366,278	5,386,718	4,073,730	4,397,796	5,515,663	5,337,610	5,175,681	5,206,214	4,925,009
Business-type activities:										
Water & Sewer	2,991,928	3,218,281	3,067,973	2,269,128	2,433,193	2,429,743	2,595,220	2,966,697	3,098,756	3,034,961
Stormwater Utility	147	-	12,674	117,552	133,892	105,665	86,503	111,769	110,337	135,184
Total business-type activities expenses	2,992,075	3,218,281	3,080,647	2,386,680	2,567,085	2,535,408	2,681,723	3,078,466	3,209,093	3,170,145
Total primary government expenses	\$ 6,562,025	\$ 7,584,559	\$ 8,467,365	\$ 6,460,410	\$ 6,964,881	\$ 8,051,071	\$ 8,019,333	\$ 8,254,147	\$ 8,415,307	\$ 8,095,154
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 833,568	\$ 564,465	\$ 877,742	\$ 791,110	\$ 1,104,048	\$ 2,360,938	\$ 2,299,967	\$ 2,084,490	\$ 1,261,078	\$ 1,235,266
Operating grants and contributions	2,648	865,239	1,448,856	157,634	112,923	63,031	-	-	-	-
Capital grants and contributions	27,736	-	70,695	-	33,156	89,638	15,908	81,105	-	19,313
Total governmental activities program revenues	863,952	1,429,704	2,397,293	948,744	1,250,127	2,513,607	2,315,875	2,165,595	1,261,078	1,254,579
Business-type activities:										
Charges for services	2,605,256	2,565,006	2,466,099	2,243,802	2,362,773	3,042,639	3,054,136	3,130,364	2,614,003	3,211,973
Capital grants and contributions	-	-	-	-	-	-	-	-	-	125,112
Total business-type activities program revenues	2,605,256	2,565,006	2,466,099	2,243,802	2,362,773	3,042,639	3,054,136	3,130,364	2,614,003	3,337,085
Total primary government program revenues	\$ 3,469,208	\$ 3,994,710	\$ 4,863,392	\$ 3,192,546	\$ 3,612,900	\$ 5,556,246	\$ 5,370,011	\$ 5,295,959	\$ 3,875,081	\$ 4,591,664
<b>Net (Expense)/Revenue</b>										
Governmental activities net expense	\$ (2,705,998)	\$ (2,936,574)	\$ (2,989,425)	\$ (3,124,986)	\$ (3,147,669)	\$ (3,002,056)	\$ (3,021,735)	\$ (3,010,086)	\$ (3,945,136)	\$ (3,670,430)
Business-type activities net revenue	(386,819)	(839,129)	(614,548)	(142,878)	(204,312)	507,231	372,413	51,898	(595,090)	166,940
Total primary government net expense	\$ (3,092,817)	\$ (3,775,703)	\$ (3,603,973)	\$ (3,267,864)	\$ (3,351,981)	\$ (2,494,825)	\$ (2,649,322)	\$ (2,958,188)	\$ (4,540,226)	\$ (3,503,490)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Ad valorem	\$ 2,315,392	\$ 2,656,561	\$ 2,502,109	\$ 2,114,275	\$ 1,821,564	\$ 1,640,588	\$ 1,662,086	\$ 1,678,730	\$ 1,679,769	\$ 1,710,641
Franchise fees	320,804	328,572	308,766	333,447	349,058	314,782	304,713	326,650	352,568	304,574
Utility taxes	339,637	342,368	333,986	50,981	26,140	247,995	345,236	314,897	324,164	364,249
Communication services tax	222,588	238,289	232,325	230,508	199,224	178,161	185,064	190,187	144,171	137,442
Half-cent sales tax	201,024	187,620	172,890	155,317	152,289	154,363	132,247	138,214	146,394	154,080
Impact fees	82,624	24,175	125,684	4,784	4,784	4,627	428	24,508	277	-
Local option gas tax	135,661	132,197	244,879	123,683	122,832	118,581	116,949	124,580	135,918	62,299
Discretionary sales surtax - infrastructure	304,066	276,967	30,752	217,887	225,272	247,641	270,236	295,688	316,892	353,551
Other taxes	28,472	105,461	102,166	30,679	29,583	33,582	32,241	29,502	29,260	28,506
State revenue sharing	103,377	104,035	1,800	100,327	100,380	100,817	100,727	99,749	100,046	101,057
Investment income	67,736	91,897	72,538	10,612	2,439	2,304	1,068	516	902	4,235
Miscellaneous	68,946	38,522	30,856	94,563	40,556	27,750	37,900	12,889	12,122	22,440
Transfers	-	-	-	(8,770)	(1,701)	-	(21,486)	-	-	-
Total governmental activities	4,190,327	4,526,664	4,158,751	3,453,509	3,072,420	3,071,191	3,167,409	3,236,110	3,242,483	3,243,074
Business-type activities										
Impact fees	182,345	62,667	355,648	15,550	9,045	7,503	7,800	6,504	5,700	82,750
Investment income	191,894	229,277	89,062	67,787	27,511	4,895	3,913	481	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	8,770	1,701	-	21,486	-	-	-
Total business-type activities	374,239	291,944	444,710	92,107	38,257	12,398	33,199	6,985	5,700	82,750
Total primary government	\$ 4,564,566	\$ 4,818,608	\$ 4,603,461	\$ 3,545,616	\$ 3,110,677	\$ 3,083,589	\$ 3,200,608	\$ 3,243,095	\$ 3,248,183	\$ 3,325,824
<b>Change in Net Position</b>										
Governmental activities	\$ 1,484,329	\$ 1,590,090	\$ 1,169,326	\$ 328,523	\$ (75,249)	\$ 69,135	\$ 145,674	\$ 226,024	\$ (702,653)	\$ (427,356)
Business-type activities	(12,580)	(547,185)	(169,838)	(50,771)	(166,055)	519,629	405,612	58,883	(589,390)	249,690
Total primary government	\$ 1,471,749	\$ 1,042,905	\$ 999,488	\$ 277,752	\$ (241,304)	\$ 588,764	\$ 551,286	\$ 284,907	\$ (1,292,043)	\$ (177,666)

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

	2006	2007	2008	2009	2010	2011 (Note)	2012	2013	2014	2015
General Fund										
Reserved	\$ 911,783	\$ 1,014,274	\$ 1,030,173	\$ 1,174,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	420,097	171,858	204,354	(9,863)	-	-	-	-	-	-
Nonspendable	-	-	-	-	17,144	4,287	3,413	3,235	375	18,259
Restricted	-	-	-	-	1,040,627	880,482	914,339	950,387	970,334	1,003,701
Unassigned	-	-	-	-	64,787	542,534	1,010,959	1,627,157	1,585,368	1,152,156
Total general fund	<u>\$ 1,331,880</u>	<u>\$ 1,186,132</u>	<u>\$ 1,234,527</u>	<u>\$ 1,164,220</u>	<u>1,122,558</u>	<u>\$ 1,427,303</u>	<u>1,928,711</u>	<u>\$ 2,580,779</u>	<u>\$ 2,556,077</u>	<u>\$ 2,174,116</u>
All Other Governmental Funds										
Reserved	\$ 958,685	\$ 2,064,079	\$ 2,988,316	\$ 3,092,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	2,964,456	2,552,943	2,141,518	1,786,035	1,161,721	1,100,128
Unassigned	-	-	-	-	(16,511)	(35,928)	(76,754)	(112,067)	(188,806)	(263,102)
Total all other governmental funds	<u>\$ 958,685</u>	<u>\$ 2,064,079</u>	<u>\$ 2,988,316</u>	<u>\$ 3,092,174</u>	<u>\$ 2,947,945</u>	<u>\$ 2,517,015</u>	<u>\$ 2,064,764</u>	<u>\$ 1,673,968</u>	<u>\$ 972,915</u>	<u>\$ 837,026</u>

Note:

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 3,198,421	\$ 3,565,790	\$ 3,377,186	\$ 2,729,211	\$ 2,395,986	\$ 2,381,525	\$ 2,497,099	\$ 2,510,464	\$ 2,500,672	\$ 2,516,906
Licenses and permits	493,117	297,002	158,019	120,766	132,369	174,617	181,826	174,848	157,095	229,989
Intergovernmental revenue	802,984	1,594,425	2,195,922	785,527	776,435	807,654	668,307	769,500	728,510	718,806
Impact fees	82,624	24,175	1,800		4,784	4,627	428	24,508	277	-
Charges for service	251,047	278,430	520,254	321,125	363,193	376,413	376,800	355,479	357,479	358,860
Fines and forfeitures	89,404	66,127	199,469	349,219	608,486	1,809,908	1,741,341	1,553,501	746,505	646,416
Interest	67,736	91,897	72,538	10,612	2,439	2,304	1,069	516	902	4,235
Miscellaneous revenue	65,334	34,410	27,282	91,025	37,020	24,328	34,744	9,961	9,498	20,198
Total revenues	<u>5,050,667</u>	<u>5,952,256</u>	<u>6,552,470</u>	<u>4,407,485</u>	<u>4,320,712</u>	<u>5,581,376</u>	<u>5,501,614</u>	<u>5,398,777</u>	<u>4,500,938</u>	<u>4,495,410</u>
<b>Expenditures</b>										
General government	981,133	998,925	1,229,735	1,238,573	1,376,468	2,319,942	2,102,661	1,870,619	1,694,339	1,627,106
Public safety	1,745,335	1,997,157	1,849,008	1,852,912	2,016,996	2,177,447	2,240,574	2,248,857	2,489,721	2,459,087
Physical environment	90,100	905,652	1,662,867	455,663	321,225	282,276	262,677	488,999	436,531	444,829
Transportation	269,831	139,873	177,089	2,442	144,796	145,070	151,783	-	-	-
Human services	14,724	12,229	4,487	12,900	26,382	23,191	19,037	17,444	18,840	19,877
Parks and recreation	87,661	97,570	96,729	110,917	84,783	90,549	106,374	-	-	-
Capital outlay	652,429	656,857	418,994	522,659	903,953	440,894	476,110	280,342	363,310	248,757
Debt service										
Principal retirement	158,244	115,880	127,782	120,587	147,655	154,241	181,522	165,804	388,800	167,514
Interest and fiscal charges	70,904	68,470	62,574	57,280	67,579	73,951	67,981	68,644	56,044	46,090
Total expenditures	<u>4,070,361</u>	<u>4,992,613</u>	<u>5,629,265</u>	<u>4,373,933</u>	<u>5,089,837</u>	<u>5,707,561</u>	<u>5,608,719</u>	<u>5,140,709</u>	<u>5,447,585</u>	<u>5,013,260</u>
Excess of revenues over (under) expenditures	980,306	959,643	923,205	33,552	(769,125)	(126,185)	(107,105)	258,068	(946,647)	(517,850)
<b>Other Financing Sources (Uses)</b>										
Proceeds from the sale of capital assets	-	-	-	-	-	-	8,686	3,204	-	-
Proceeds from capital lease obligations	62,593	-	49,427	-	299,000	-	153,962	-	220,892	-
Proceeds from issuance of long-term debt	-	-	-	-	285,936	-	-	-	-	-
Proceeds from the issuance of refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,701)	-	(6,386)	-	-	-
Total other financing sources (uses)	<u>62,593</u>	<u>-</u>	<u>49,427</u>	<u>-</u>	<u>583,235</u>	<u>-</u>	<u>156,262</u>	<u>3,204</u>	<u>220,892</u>	<u>-</u>
Net change in fund balances	1,042,899	959,643	972,632	33,552	(185,890)	(126,185)	49,157	261,272	(725,755)	(517,850)
Fund balances - beginning of year	5,477,355	2,290,565	3,250,208	4,222,843	4,256,393	4,070,503	3,944,318	3,993,475	4,254,747	3,528,992
Prior Period Adjustment	89,039									
Fund balances - end of year	<u>\$ 6,609,293</u>	<u>\$ 3,250,208</u>	<u>\$ 4,222,840</u>	<u>\$ 4,256,395</u>	<u>\$ 4,070,503</u>	<u>\$ 3,944,318</u>	<u>\$ 3,993,475</u>	<u>\$ 4,254,747</u>	<u>\$ 3,528,992</u>	<u>\$ 3,011,142</u>
Debt service as a percentage of noncapital expenditures	6.7%	4.3%	3.7%	4.6%	5.1%	4.3%	4.9%	4.8%	8.75%	4.5%



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Function / Program</b>										
<b>Governmental activities :</b>										
Charges for services										
General government	\$ 338,040	\$ 278,430	\$ 588,397	\$ 386,442	\$ 434,412	\$ 443,107	\$ 446,794	\$ 410,873	\$ 424,845	\$ 420,757
Police	89,404	66,127	199,469	349,219	608,486	1,809,908	1,741,341	1,553,501	746,430	646,416
Fire	-	-	-	-	-	-	-	-	75	-
Protective inspections	405,919	219,908	89,876	55,449	61,150	107,923	111,832	120,116	89,728	168,093
Parks and recreation	205	-	-	-	-	-	-	-	-	-
Total charges for services	<u>833,568</u>	<u>564,465</u>	<u>877,742</u>	<u>791,110</u>	<u>1,104,048</u>	<u>2,360,938</u>	<u>2,299,967</u>	<u>2,084,490</u>	<u>1,261,078</u>	<u>1,235,266</u>
Operating grants and contributions										
General Government	-	150,000	-	-	-	-	-	-	-	-
Police	2,648	54,549	885	2,232	50,030	16,970	-	-	-	-
Public works	-	660,690	1,447,971	155,402	62,893	46,061	-	-	-	-
Total operating grants and contributions	<u>2,648</u>	<u>865,239</u>	<u>1,448,856</u>	<u>157,634</u>	<u>112,923</u>	<u>63,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital grants and contributions										
Police	-	-	-	-	3,851	-	8,408	81,105	-	-
Fire	-	-	-	-	-	55,735	-	-	-	19,313
Public works	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	70,695	-	29,305	33,903	-	-	-	-
Transportation	27,736	-	-	-	-	-	7,500	-	-	-
Total capital grants and contributions	<u>27,736</u>	<u>-</u>	<u>70,695</u>	<u>-</u>	<u>33,156</u>	<u>89,638</u>	<u>15,908</u>	<u>81,105</u>	<u>-</u>	<u>19,313</u>
Sub-total governmental activities	<u>863,952</u>	<u>1,429,704</u>	<u>2,397,293</u>	<u>948,744</u>	<u>1,250,127</u>	<u>2,513,607</u>	<u>2,315,875</u>	<u>2,165,595</u>	<u>1,261,078</u>	<u>1,254,579</u>
<b>Business-type activities:</b>										
Charges for services										
Water and Sewer	2,566,001	2,440,263	2,342,616	2,111,697	2,241,567	2,921,691	2,935,362	3,010,883	2,493,124	3,092,095
Stormwater utility	39,255	124,743	123,483	132,105	121,206	120,948	118,774	119,481	120,879	119,878
Total charges for services	<u>2,605,256</u>	<u>2,565,006</u>	<u>2,466,099</u>	<u>2,243,802</u>	<u>2,362,773</u>	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>	<u>2,614,003</u>	<u>3,211,973</u>
Capital grants and contributions										
Water and Sewer	-	-	-	-	-	-	-	-	-	125,112
Sub-total business-type activities	<u>2,605,256</u>	<u>2,565,006</u>	<u>2,466,099</u>	<u>2,243,802</u>	<u>2,362,773</u>	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>	<u>2,614,003</u>	<u>3,337,085</u>
Total primary government revenues	<u>\$ 3,469,208</u>	<u>\$ 3,994,710</u>	<u>\$ 4,863,392</u>	<u>\$ 3,192,546</u>	<u>\$ 3,612,900</u>	<u>\$ 5,556,246</u>	<u>\$ 5,370,011</u>	<u>\$ 5,295,959</u>	<u>\$ 3,875,081</u>	<u>\$ 4,591,664</u>

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

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Utility Tax	Communications Service Tax	Total
2015	\$ 1,303,568 (1-311000)	\$ 304,574 (1-323100)	\$ 364,249 (1-314100, 1-314400)	\$ 137,442	\$ 2,109,833
2014	1,286,745	352,568	324,164	144,171	2,107,648
2013	1,284,698	326,650	314,897	190,187	2,116,432
2012	1,250,148	304,713	345,236	185,064	2,085,161
2011	1,194,040	314,782	247,995	178,161	1,934,978
2010	1,233,393	349,058	26,140	199,224	1,807,815
2009	1,354,580	333,447	50,981	230,508	1,969,516
2008	1,545,340	308,766	333,986	232,325	2,420,417
2007	1,380,037	328,572	342,368	238,289	2,289,266
2006	1,702,966	320,804	339,637	222,588	2,585,995

## **Schedules of Revenue Capacity Information**

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

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

Fiscal Year Ended September 30,	Real Property	Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2015	\$ 283,212,534	\$ 24,394,607	\$ 307,607,141	\$ 39,029,794	\$ 268,577,347	5.4348
2014	267,225,271	23,015,775	290,241,046	46,402,689	243,838,357	5.4348
2013	281,576,479	23,249,898	304,826,377	56,818,927	248,007,450	5.3202
2012	297,673,379	24,886,748	322,560,127	41,734,759	280,825,368	5.0000
2011	300,232,741	27,427,479	327,660,220	50,286,285	277,373,935	4.6250
2010	314,725,105	32,979,629	347,704,734	43,637,615	304,067,119	4.2260
2009	366,589,084	49,609,357	416,198,441	56,805,550	359,392,891	4.2260
2008	390,328,277	54,834,988	445,163,265	36,972,528	408,190,737	3.9000
2007	369,834,953	42,831,038	412,665,991	36,619,875	376,046,116	4.7000
2006	298,198,879	37,487,840	335,686,719	34,965,003	300,721,716	5.8200

Note:

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

Source:

Pasco County Property Appraiser

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

Fiscal Year	City	Pasco County				Total County - Operating	Pasco
		Operating	Library Bond	Parks Bond	Municipal Fire District		School Board Operating
2015	5.4348	7.3441	-	-	1.7165	9.0606	5.6490
2014	5.4348	7.3441	-	-	1.7165	9.0606	5.8570
2013	5.3202	6.8623	-	-	1.5405	8.4028	5.8410
2012	5.0000	6.3668	-	-	-	6.3668	6.1440
2011	4.6250	6.3668	-	-	-	6.3668	6.2670
2010	4.2260	6.3668	-	-	-	6.3668	5.8400
2009	3.9000	5.4333	-	-	-	5.4333	5.7080
2008	3.9000	5.4333	-	-	-	5.4333	5.5220
2007	4.7000	5.9880	-	-	-	5.9880	5.6810
2006	5.8200	6.6810	-	-	-	6.6810	6.0130

Source:

Pasco County Tax Collector

County School Board				Other Taxing Districts				Total
Capital Outlay	School Bond	West Pasco Bond	Total School Board	SW Fla. Wtr. Management District	Florida Coastal River Basin	Mosquito Control	Total Other	
1.5000	-	-	7.1490	0.3658	-	0.2400	0.6058	22.2502
1.5000	-	-	7.3570	0.3818	-	0.1620	0.5438	22.3962
1.5000	-	-	7.3410	0.3928	-	0.1630	0.5558	21.6198
1.5000	-	-	7.6440	0.3928	-	0.1920	-	19.0108
1.5000	-	-	7.7670	0.3770	0.1885	0.1989	0.9093	19.6681
1.5000	-	-	7.3400	0.3866	0.1885	0.1567	0.8556	18.7884
1.5000	-	-	7.2080	0.3866	0.1885	0.1567	0.8556	17.3969
1.5000	-	0.1860	7.2080	0.3866	0.1885	0.1448	0.8556	17.3969
1.5000	-	0.2280	7.4090	0.4220	0.2050	0.1599	0.7869	18.8839
1.5000	-	0.2850	7.7980	0.4220	0.2350	0.1936	0.8506	21.1496

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Stores	\$ 11,118,274	1	4.56%	\$ 16,871,013	1	5.61%
Cappo Management XXV Inc.	6,668,943	2	2.73%			
NHC-FL 133 LLC	5,800,989	3	2.38%			
Ridge Road Center LLC	3,817,268	4	1.57%	3,494,500	6	1.16%
Port Richey 1031, LLC	3,501,835	5	1.44%	4,239,033	4	1.41%
Duke Energy	3,096,446	6	1.27%	4,895,694	2	1.63%
Haverty Furniture Company, Inc.	2,485,506	7	1.02%	3,165,230	7	1.05%
US 19 Property LLC	1,720,359	8	0.71%			
Chang Sing Long & Fong Mei	1,671,583	9	0.69%			
Washington Professional center	1,669,256	10	0.68%			
Wood Motors South, Inc.			0.00%	4,622,220	3	1.54%
Suncoast Gateway Mobile Village, Inc.			0.00%	3,844,223	5	1.28%
Wal Den Greene Developers, Inc.			0.00%	2,806,724	8	0.93%
Verizon Communications, Inc.			0.00%	2,465,903	9	0.82%
Healthcare Property Investors, Inc.				2,438,605	10	0.81%
Total Principal Taxpayers	41,550,459		17.04%	48,843,145		16.24%
All Other Taxpayers	202,287,898		82.96%	251,878,571		83.76%
Total	\$ 243,838,357		100.00%	\$ 300,721,716		100.00%

Source:

Pasco County Property Appraiser's Office

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2015	\$ 1,325,624	\$ 1,303,568	98.34%
2014	1,325,213	1,286,745	97.10%
2013	1,319,449	1,250,148	94.75%
2012	1,287,230	1,248,882	97.02%
2011	1,226,248	1,191,246	97.15%
2010	1,284,988	1,224,287	95.28%
2009	1,401,632	1,349,679	96.29%
2008	1,591,944	1,540,732	96.78%
2007	1,767,417	1,714,714	97.02%
2006	1,750,200	1,702,966	97.30%

Note:

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

Source:

Pasco County Property Appraiser



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## **Schedules of Debt Capacity Information**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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

Fiscal Year	Governmental Activities					Business-type Activities		Total	Percentage of Personal Income	Per Capita
	Revenue Bonds Series 2000A	Revenue Bonds Series 2005C	Revenue Note Series 2010	Promissory Note	Capital Leases	Revenue Bonds Series 2005D	Capital Leases			
2015	\$ -	\$ 615,000	\$ 107,143	\$ -	\$ 206,746	\$ 2,615,000	\$ -	\$ 3,543,889	N/A	#VALUE!
2014	-	720,000	127,069	-	279,642	2,695,000	-	3,821,711	N/A	1,403
2013	-	820,000	146,154	-	328,464	2,770,000	-	4,064,618	N/A	1,522
2012	-	915,000	164,438	4,756	376,229	3,020,000	-	4,480,423	N/A	1,689
2011	-	1,010,000	181,951	37,974	258,058	3,260,000	-	4,747,983	N/A	1,778
2010	-	1,100,000	200,358	65,057	276,978	3,490,000	31,390	5,163,783	N/A	1,642
2009	80,000	1,110,000	-	-	50,703	3,720,000	16,865	4,977,568	N/A	1,595
2008	155,000	1,120,000	-	-	91,356	3,940,000	33,170	5,339,526	N/A	1,565
2007	225,000	1,130,000	-	-	89,711	4,155,000	55,944	5,655,655	N/A	1,765
2006	295,000	1,135,000	-	-	123,091	4,355,000	18,556	5,926,647	N/A	1,848

Note:

N/A - Information not available.

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

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

City of Port Richey  
 Schedule 12  
 Direct and Overlapping Governmental Activities Debt  
 As of September 30, 2015

<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)	\$ 473,190,336	1.319%	\$ 6,239,162
City direct governmental activities debt			<u>928,889</u>
Total direct and overlapping debt			<u>\$ 7,168,051</u>
Total direct and overlapping governmental activities debt per capita			<u>\$ 2,596</u>

Note:

(1) The City's share is calculated based on the ratio of the 2014 City Taxable Value of \$ 268,577,347 to the County's Taxable Value of \$ 20,369,434,833.

Source:

Pasco County School Board CAFR Table 12

## **Schedules of Demographic and Economic Information**

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

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

Year	Population (1)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2015	2,761	\$ 33,953	44.1	68,904	5.80%
2014	2,723	32,975	43.8	70,328	6.70%
2013	2,671	26,738	46.0	68,904	4.90%
2012	2,652	32,102	52.0	65,976	9.70%
2011	2,671	28,989	52.0	66,539	11.90%
2010	3,144	N/A	44.0	66,427	14.00%
2009	3,120	N/A	48.0	67,136	11.30%
2008	3,412	N/A	47.6	66,314	8.10%
2007	3,205	N/A	N/A	65,126	5.20%
2006	3,207	29,619	46.2	61,796	3.40%

Note:

N/A = Information not available.

Sources:

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

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

Employer	2015		2006	
	Employees	Rank	Employees	Rank
Wal Mart Management Corporation	370	1	540	1
Seaway Mold & Engineering	138	2		
Hooters Restaurant	90	3	75	6
Ocean Honda (Gateway Honda)	75	4	77	5
City of Port Richey	69	5	52	9
U. S. Post Office	56	6	70	8
Pratt's Landscape Services, Inc.	52	7		
Catches Waterfront Grille	50	8		
Golden Coral	50	9	90	4
The Cottages of Port Richey	48	10	53	7
Sun Cruz			200	2
Red Lobster			91	3
Fatty-N-Mables			30	10
	<u>998</u>		<u>1,278</u>	

## **Schedules of Operating Information**

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



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

<u>Function/Program</u>	Full-time Equivalent Employees as of September 30.									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Financial Administration	3.0	3.0	3.0	3.0	2.5	2.0	2.0	3.0	2.0	2.0
City Clerk / Administration	4.0	4.0	5.0	5.0	3.0	3.0	3.0	3.0	4.0	4.0
IT	2.0	2.0	2.0	-	-	-	-	-	-	-
Fire	7.0	7.0	7.0	6.5	6.5	6.0	6.0	6.0	6.0	6.5
Police	20.0	21.0	19.0	21.0	19.0	19.0	16.0	18.0	17.0	21.0
Public Works										
Parks/Horticulture	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works/Roads	5.0	5.0	10.0	5.5	5.0	5.0	5.0	6.5	6.0	6.0
Water/Sewer	8.0	8.0	7.0	8.5	8.0	8.0	7.0	9.0	7.0	10.0
Administration/Billing	3.0	4.0	3.0	-	-	-	-	-	-	-
Building Permitting/Licensing										
Administration	1.5	1.5	1.0	1.5	1.5	1.0	1.0	1.0	2.0	2.0
Inspectors	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Code Enforcement	1.0	1.0	1.0	-	-	-	-	-	-	1.0
	<u>61.5</u>	<u>63.5</u>	<u>65.0</u>	<u>59.0</u>	<u>53.5</u>	<u>52.0</u>	<u>48.0</u>	<u>54.5</u>	<u>52.0</u>	<u>60.5</u>

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fire										
Fire dept. responses	879	849	926	895	868	861	982	954	904	982
Water										
Avg. daily consumption (thousands of gallons)	0.800	0.750	0.800	0.800	0.656	0.742	0.722	0.722	0.783	0.813
Residential Units	2,016	2,007	2,004	2,155	2,221	2,146	4,695	4,694	4,796	4,873
Commercial Units	377	355	361	359	401	393	454	453	407	405
Sewer										
Number of Lift Stations	48	48	48	48	54	54	53	53	53	50
Number of residential	1,051	1,040	1,051	1,043	1,058	1,058	3,476	3,475	3,037	3,378
Number of commercial	270	262	260	261	260	254	454	453	262	261
Police										
Physical arrests	660	981	950	914	982	625	451	550	550	531
Traffic violations	1,047	3,291	5,354	5,634	6,890	5,680	5,101	6,947	3,351	2,392

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

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	20.96	20.96	20.96	20.96	19.01	19.01	19.01	19.01	19.01	19.01
Recreation										
Parks (acres)	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78
Water mains (miles)	46	46	46	46	46	46	46	46	46	46
Wastewater										
Sanitary sewers (miles)	30	30	30	30	30	30	30	30	30	30

Note

The Police Department is housed in City Hall.

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**OTHER REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**



**Powell & Jones**  
Certified Public Accountants

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

Honorable Mayor and City Council  
City of Port Richey, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the City of Port Richey, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Port Richey, Florida's basic financial statements, and have issued our report thereon dated June 21, 2016.

**Internal Control Over Financial Reporting**

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

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

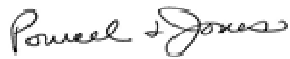
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**POWELL & JONES**  
Certified Public Accountants  
June 21, 2016



**Powell & Jones**  
Certified Public Accountants

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Marian Jones Powell, CPA

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## MANAGEMENT LETTER

Honorable Mayor and City Council  
City of Port Richey, Florida

We have audited the financial statements of the City of Port Richey, Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 21, 2016. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### PRIOR YEAR FINDINGS

2014.01 - Red Light Camera Traffic Fines - In the prior year we noted that collections and disbursements of the red light camera traffic fine revenue were inadvertently calculated incorrectly which resulted in an approximate liability of \$60,705 due to the State. During the current year the City fully corrected the distribution formula and recorded the liability due to the State. We have been advised by management that this liability will be liquidated in the ensuing year budget cycle.

#### **MANAGEMENT'S RESPONSE:**

***We concur with this finding and will fully budget repayment of this liability in the ensuing year's budget.***

### CURRENT YEAR FINDINGS

There were no additional reportable findings in the current year.



## **FINANCIAL COMPLIANCE MATTERS**

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the City of Port Richey, Florida, for the fiscal year ended September 30, 2015.

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

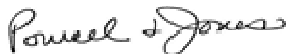
Financial Condition Assessment - Pursuant to Chapter 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures to the City's financial statements. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment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

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

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

## **CONCLUSION**

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



**POWELL & JONES**  
Certified Public Accountants  
June 21, 2016



**Powell & Jones**  
Certified Public Accountants

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## INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Port Richey, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

**POWELL & JONES**  
Certified Public Accountants  
June 21, 2016

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