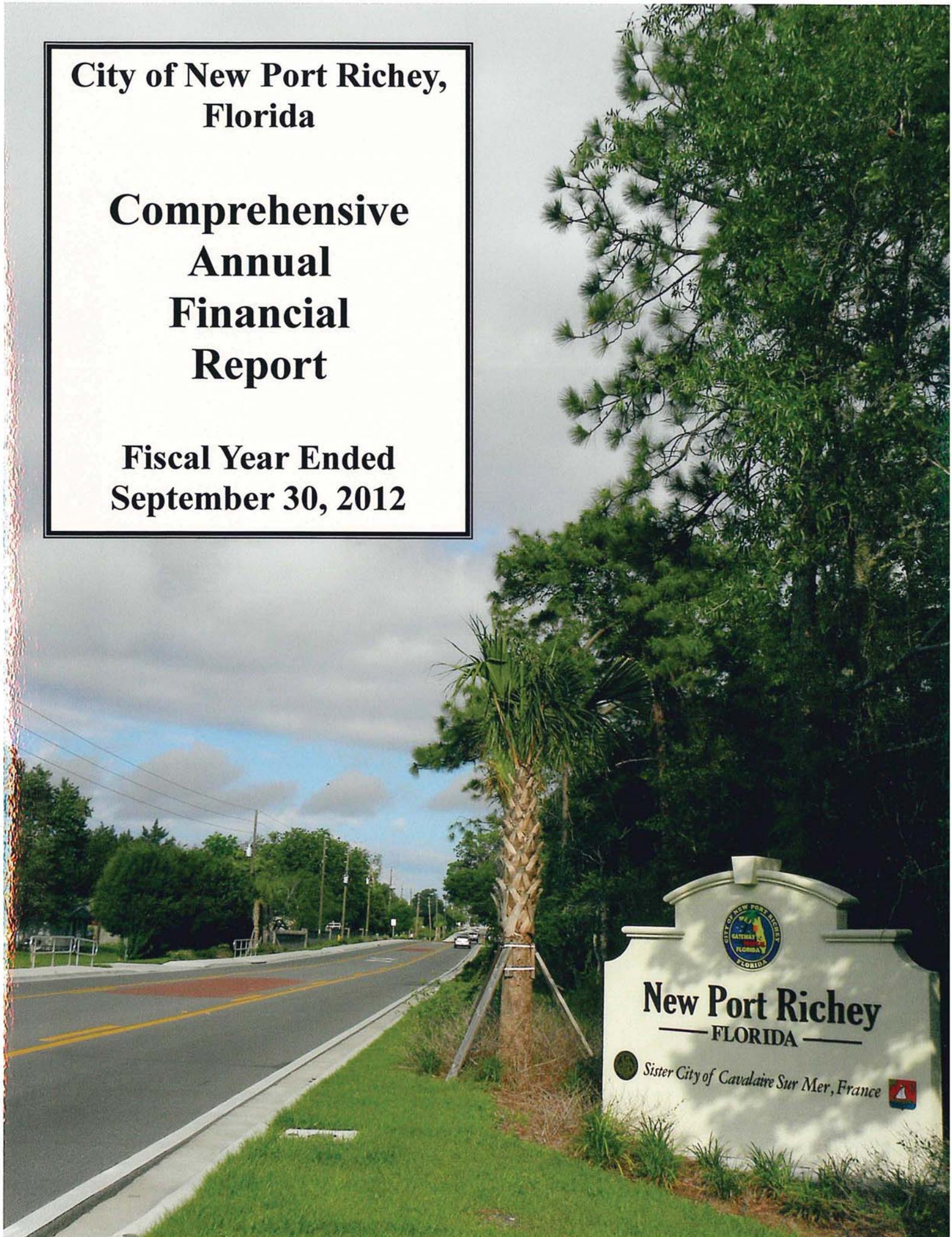


**City of New Port Richey,
Florida**

**Comprehensive
Annual
Financial
Report**

**Fiscal Year Ended
September 30, 2012**



City of New Port Richey, Florida

Council-Manager Form of Government

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2012

City Council

Robert Consalvo, Mayor

**Robert C. Marlowe
Robert H. Langford
Judy DeBella Thomas
Bill Phillips**

Interim City Manager

Susan D. Dillinger

**Prepared By:
Finance Department**

**Douglas M. Haag, Finance Director
Nancy L. Hildebrand, Chief Accountant**

City of New Port Richey, Florida

Listing of City Officials

As of September 30, 2012

Elected Officials

**Mayor-Councilmember
Deputy Mayor-Councilmember
Councilmember
Councilmember
Councilmember**

**Robert Consalvo
Robert C. Marlowe
Robert H. Langford
Judy DeBella Thomas
Bill Phillips**

Appointed Officials

**Interim City Manager
City Attorney
Director of Finance
Director of Public Works
Interim Police Chief
Fire Chief
Development Director
City Clerk
Parks & Recreation Director
Library Dir./Special Proj. Coord.
Human Resources Director**

**Susan D. Dillinger
Michael S. Davis
Douglas M. Haag
Sherman Applegate
Kim Bogart
Alex Onishenko
Lisa Fierce
Doreen Summers
Elaine Smith
Susan D. Dillinger
Lindy Thomas**

CITY OF NEW PORT RICHEY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2012

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Letter of Transmittal



NEW PORT RICHEY

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

June 18, 2013

Letter of Transmittal

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

INTRODUCTION

The Finance Department respectfully transmits the City's FY 2012 Comprehensive Annual Financial Report (CAFR). Despite the prolonged economic downturn, the City improved to fair financial condition at the end of FY 2012 and is reporting a slightly better financial condition than last year. This is based on the fact that undesignated reserves for the General Fund increased by just over \$130,000.

Two documents are provided in the CAFR to assist interested parties (users) interpret the City's financial statements and assess the City's financial condition, including:

- **Letter of Transmittal** - This letter introduces the CAFR, presents general information about the City and highlights information that is not discussed elsewhere in the CAFR.
- **Management's Discussion and Analysis (MD&A)** – The MD&A is located after the Independent Auditors' Report and provides an overview of financial reporting principles and practices used by the City. The MD&A also provides commentary and analysis of major components of the City's financial condition, financial position at year end and results of operations for the year.

Preparation of the City's CAFR fulfills reporting requirements for several different user groups. The CAFR reports the City's financial condition and results of operations to the Mayor and City Council, who are primarily responsible for maintaining the City's financial integrity. The CAFR also targets the information needs of New Port Richey citizens and businesses, who are the City's most important stakeholders.

The CAFR also reports information to other government agencies and the financial industry. These users monitor the City's compliance with grant restrictions, debt covenants and statutory requirements.

CITY OF NEW PORT RICHEY PROFILE

The City of New Port Richey, Florida is an independent reporting entity, as defined by the Governmental Accounting Standards Board (GASB). Please visit www.citynpr.org for more information about the City and for links to other related sites.

New Port Richey is located in Pasco County on Florida's central Gulf Coast, approximately thirty miles northwest of Tampa. New Port Richey provides a full range of municipal services, including police and fire protection, potable water, wastewater collection and treatment, reclaimed water, community planning, street repair and maintenance, stormwater repair and maintenance, recreation, parks, arts and library services. New Port Richey was incorporated in 1924. The Gulf of Mexico coastline borders the west side and the Pithlachascotee River runs through the City. The City has a total area of 4.6 square miles and 15,000 residents, which makes New Port Richey the largest city in Pasco County.

New Port Richey's Mayor and four City Council members (the City Council) are elected at large and serve staggered three year terms all expiring in April. The City Council establishes policies, hires the City Manager and approves certain appointments. The City Manager is responsible for implementing the City Council's policies and manages daily operations through an executive management staff.

INDEPENDENT AUDIT

State Statutes and the City Charter require an annual audit to be conducted by independent Certified Public Accountants selected by the City Council. This requirement was fulfilled and the City's financial statements have received an unqualified opinion from the auditors, Carr Riggs and Ingram, LLC, which is the highest opinion that can be received. The Independent Auditors' Report (opinion) enhances the reliability of the City's financial statements within certain limitations, as outlined in the opinion letter.

MANAGEMENT'S FINANCIAL REPORTING RESPONSIBILITY

The City Administration (management) is responsible for the accuracy, completeness and fairness of the presentation of all information included in this CAFR. Internal accounting and administrative controls have been implemented to capture and record all financial information so that the City's financial statements can be prepared in accordance with generally accepted accounting principles (GAAP). Management believes the information presented in this CAFR is accurate and complete in all material respects and fairly presents the City's financial position and results of operations.

FINANCIAL MANAGEMENT POLICIES

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

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

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

BUDGETARY & INTERNAL ACCOUNTING CONTROLS

The City's annual budget is an integral part of the financial accounting system. The City Manager proposes an annual operating budget to the City Council. The City Council must adopt an operating budget in accordance with procedures established by the City Charter and the State of Florida.

Initial budget preparation and monitoring responsibility is assigned at the department level. Each department designates individuals who authorize purchases and payments and evaluate budget performance throughout the year. Encumbrances are recorded for all significant purchases at the time a commitment is made. Line item information is accessible to all managers that includes: amounts budgeted, expenditures to-date, encumbrances, remaining budget balances and prior year activity for comparison.

The Finance Department monitors financial activity on an ongoing basis. Periodic reports summarizing the City's financial activities are prepared for the City Council. The City Manager, Finance Director and Chief Accountant also review financial activity at regular intervals.

LONG-TERM FINANCIAL PLANNING

The City prepares a five year Long-term Financial Plan (LTFP) and Capital Improvements Program (CIP) for all Major Funds, which projects the City's major revenues, operating expenditures, fund balance and capital projects over a rolling five year period. The LTFP/CIP provides information to assess the City's long-term financial condition in comparison to the short-term focus of the annual operating budget and CAFR.

The City Manager proposes a new LTFP/CIP to the City Council annually. The City Council must adopt a CIP in accordance with requirements of the City Charter and the State of Florida. The LTFP/CIP is an integral component of the City's financial management system, but does not appropriate funds. Projections are updated and the first year's projects are incorporated into the operating budget.

The City of New Port Richey is projected to remain in relatively stable but fair financial condition over the next several years due to a relatively weak economy and fiscal challenges that are still being addressed. The City's responsible fiscal policies have placed the City in a better financial condition than it was several years ago.

Significant budget reductions have been made annually over the past several years in response to declining revenues caused by the prolonged recession, which has been commonly referred to as the Great Recession. Budget reductions have included tightening the budget, achieving greater efficiency, improving cost allocations, downgrading positions and eliminating positions. Overdue fee increases were also implemented to just cover expenses. Programs with low demand were eliminated and service hours were reduced, although no major service reductions were approved.

The City has also used fund balance to compensate for revenue declines. Ending fund balances are deemed adequate, with the exception of the Redevelopment Fund. Over all, Governmental Fund balances have inched up slightly in the past five years, primarily due to postponing capital projects. The most recent LTFP proposed by the City for FY 2013 through FY 2017 indicated a projected five year deficit of \$4 - \$5 million. Great strides have been made and continue to get the City back to break-even.

Conditions that will enable the City to maintain a positive financial condition include:

- Adequate reserves.
- The City has no general obligation debt.
- Overdue fee increases approved in 2012 for storm water and street lighting to just cover expenses for the next 5 years.
- Loans restructured and refinanced in July, 2012.
- Renewal of the Penny for Pasco infrastructure tax in November, 2012 for an additional ten years.
- The City strives to maintain a diversified revenue structure, which provides stability.
- A Revenue Sufficiency Study and Cost Allocation Review for Water-Sewer Funds adopted April, 2013.
- A more aggressive approach to obtaining grant funds for capital projects.
- An energy performance contract project is underway that will allow the City to finance certain infrastructure projects from the resulting guaranteed energy savings.

Conditions that will challenge the City's future financial condition, include:

- Public safety pension costs are projected to remain relatively high until renegotiated with the unions.
- Health care costs increases are projected due to implementation of universal reforms.
- Major revenues are projected to grow slowly or remain flat.
- The current millage rate is 9.5799, close to the allowable state maximum of 10.00.
- Continued decline in property values hamper the ability of the Redevelopment Fund (CRA) to make debt payments that will have to be subsidized by the City beginning in FY 2014.

- Major revenues are projected to grow slowly or remain flat.
- The current millage rate is 9.5799, close to the allowable state maximum of 10.00.
- Continued decline in property values hamper the ability of the Redevelopment Fund (CRA) to make debt payments that will have to be subsidized by the City beginning in FY 2014.
- It has been several years since provisions have been made for infrastructure repairs, maintenance and replacement, and implementation of a staff pay plan with pay ranges.

Future legislative initiatives are also projected to challenge the City's financial condition, including:

- The Governor and legislature have expressed a desire for smaller local government.
- Property tax exemptions, including 'Save Our Home' portability, will limit revenue growth.
- Previous Bills that would have eliminated or reduced local revenues may be reintroduced.

AWARDS FOR FINANCIAL REPORTING & BUDGET PRESENTATION

The City participates in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program, which recognizes conformance with the highest standards for preparation of state and local government financial reports. The City received the Certificate for the FY 2011 CAFR (the 29th consecutive year) and believes the FY 2012 CAFR conforms to all Certificate Program requirements. In order to receive a Certificate, a government must publish a CAFR that is easily readable, efficiently organized and conforms to rigorous Program standards. The CAFR must also promote consistency, full disclosure and uniformity and must meet all GAAP and applicable legal requirements.

The City also participates in the GFOA's Distinguished Budget Presentation Award Program. In order to receive this award, a government must publish a budget that meets Program criteria as a policy document, as an operations guide, and as a communication medium. The City received the award for the FY 2012 budget for the first time and believes the FY 2013 budget will meet all Program requirements.

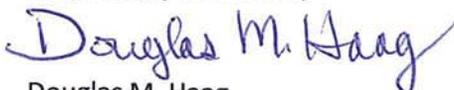
ACKNOWLEDGMENTS

The largest contributing factor to New Port Richey's sound financial condition is the steadfast commitment of New Port Richey's elected officials to maintaining the City's financial integrity. The City Council has established prudent fiscal policies and has worked hard to ensure those policies were implemented. With their continued leadership, the City can look forward to a secure financial future.

Preparation of the City's CAFR was made possible by the dedicated efforts of everyone in the Finance Department. Other City Departments, although not as extensively involved in year-end audit activities, contributed significantly to the success of the audit process by ensuring the accuracy of accounting information recorded throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Every department's efforts are greatly appreciated.

Last, but not least, appreciation is expressed to the City's auditors, Carr Riggs and Ingram, LLC (CRI), for their professionalism in conducting the audit. CRI contributed valuable reporting suggestions that made the CAFR better than it would have been otherwise, in addition to adding credibility to the contents therein.

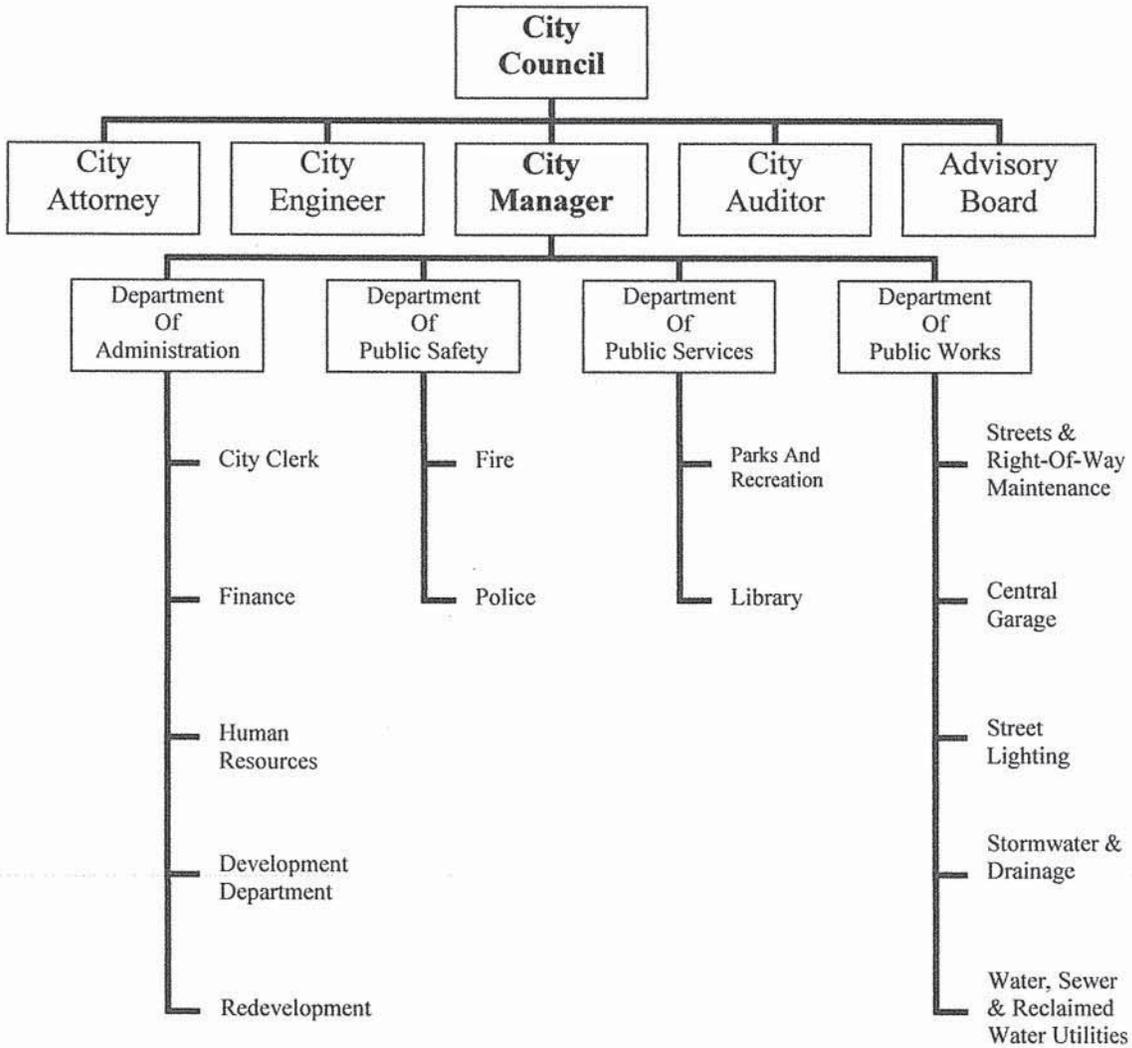
Respectfully submitted,



Douglas M. Haag
Finance Director

Organization Chart

City of New Port Richey, Florida Organization Chart



Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of New Port Richey
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Mouill

President

Jeffrey R. Emer

Executive Director

Financial Section

This section contains the following subsections:

**Report of Independent Certified
Public Accountants**

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining Financial Statements

Other Supplementary Schedules

Independent Auditors' Report

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Council,
and City Manager
City of New 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 New Port Richey, Florida (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the police officers' and firefighters' retirement funds, which represent 86% of the assets and 87% of the revenues of the *fiduciary funds*. Those financial statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for the police officers' and firefighters' retirement funds, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, the budgetary information and the Pension Schedules on pages 3 through 24 and 78 through 81, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and other supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are also not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the basis financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The information presented in the Introductory and Statistical Sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Certified Public Accountants

June 18, 2013

Management's Discussion and Analysis

City of New Port Richey, Florida

Management's Discussion and Analysis

September 30, 2012

INTRODUCTION

The City's Comprehensive Annual Financial Report (CAFR) was prepared in accordance with generally accepted accounting principles (GAAP) applicable to government entities. This Management's Discussion and Analysis report (MD&A) is required supplementary information (RSI), which must be presented to remain in compliance with GAAP.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) OVERVIEW

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



Government GAAP requires preparation of two types of financial statements:

- *Government-wide financial statements*
- Report the City's overall financial position and results of operations similar to consolidated financial reporting in the private sector.
- Report on governmental activities and business type activities, not on individual funds.
- Are prepared using the accrual basis of accounting, which focuses on economic resources (long-term focus).
- *Individual fund financial statements*
- Report the financial activity of individual funds.
- Are prepared using the modified accrual basis of accounting for governmental funds, which focuses on current financial resources (short-term focus).
- Are prepared using the accrual basis of accounting for proprietary and fiduciary funds, which focuses on economic resources (long-term focus).

Since the two types of financial statements are prepared using different basis of accounting for Governmental Funds, information in the Government-wide statements differs from information presented in the Individual Fund statements; therefore, a reconciliation of the differences is provided in the CAFR directly after the statements. Additional information about the two types of financial statements is also included at the beginning of the notes to the financial statements.

FINANCIAL CONDITION OVERVIEW

The financial condition of most local governments in the State of Florida continued to be impacted over the past year by the prolonged economic downturn. Key financial measures of the City of New Port Richey's financial condition are as follows:

- *Operating Results* – The degree to which revenue and expenditure budgets met expectations.
Several major revenues were under budget due to the weak economy; however, cost reductions, hiring freezes and other measures compensated for most of the revenue declines.
- *Liquidity* – The City's ability to pay current liabilities with current assets.
The City maintained prudent liquidity levels throughout the year and at year end.
- *Reserves and Fund Balances* – The provision of financial resources for future needs.
Reserves and fund balances provided reasonable amounts of working capital during the year and at year end. Reserves and fund balances were lower at year end in several funds and the General Fund reported an unassigned fund balance slightly higher than the prior year. Lower reserves and fund balances mean that the City is less able to compensate for revenue declines, expenditure increases or unexpected events, such as hurricanes.
- *Debt Levels and Debt Payments* – The results and impacts of the City's borrowing decisions.
The City completed a refinancing and restructuring of its debt to take advantage of lower interest rates and also to make the utility system an “open system”, allowing transfers to other funds. Net overall debt declined \$2 million as a result. The City's unfunded pension liability for police and fire increased to \$7.4 million.
- *Trends* - The degree to which the key financial metrics above are changing.
As a consequence of the recession and weak recovery over the past five years, most major City revenues have declined, have not grown, or have grown only slightly, which has impacted City services. This experience is similar to the experience of most other state and local governments.

Department operating budgets have been reduced each year over the past several years to compensate for revenue declines, which has reduced Departments' operating flexibility. Fund balances have also been reduced to compensate for a portion of revenue declines, which means that certain fund balances are nearer to minimum acceptable levels, which reduces also the City's flexibility to deal with future revenue declines, expenditure increases or unanticipated events.

The general public and the State Legislature have expressed continued interest in adopting additional revenue restrictions on local governments, especially in regard to taxes. New property tax exemptions have been approved over the past several years that will limit property tax revenue growth. Bills have also been introduced to remove the City's authority to levy the Business Tax and Communications Services Tax, which generate over \$1 million annually for the City of New Port Richey.

FINANCIAL HIGHLIGHTS

Government-wide financial statements (Statement of Net Assets and Statement of Activities)

- The Government-wide financial statements present information for the City as a whole and do not present any information for individual funds.
- The City's Total Assets (\$129 million) exceeded Total Liabilities (\$34 million) by \$95 million at year end, which is called Net Assets. Net Assets of \$94 million were reported in FY 2011, which means there was little change in the City's net financial position. At year end, 23% of the City's Total Assets were offset by debt compared to 25% at the end of the prior year.
- Total long-term debt decreased by \$1.6 million (net decrease), including an increase in Other Post Employment Benefits (OPEB) and compensated absences of \$250,000.
 - Note : A new GASB reporting standard that will become effective in FY 2015 requires the inclusion of any unfunded pension liability in the City's financial statements for the first time. The City elected not to implement this standard early. The new standard is intended to more transparently reflect local governments' total long-term obligations and the affects of those obligations on net assets. This requirement is in response to what is perceived as permanent, pervasive and fundamental changes in pension fundamentals, which has created unprecedented levels of underfunding.

If the \$7.4 million unfunded pension liability had been recorded in the FY 2012 financial statements, the City's total net assets would have declined 9% and Governmental Activities' net assets would have declined by 33%. The new standard would have also created negative unrestricted Governmental Activities net assets of \$1 million (a deficit). Public safety expenses would have also increased approximately \$1.5 million, or 19%, which reflects amortization of the unfunded liability over five years.

- Total Governmental Activities program revenue (nontax revenue) was \$4.8 million compared to \$4.2 million in the prior year. This means 28% of Governmental Activities expenses (\$17.4 million) were paid with nontax revenue, compared with 25% in the prior year.
- Total Business type Activities reported a \$700,000 increase in Net Assets compared with the prior year.

Individual Fund financial statements (Major Funds only)

- The General Fund's budgeted net fund balance decrease was \$299,000 compared to an actual increase of \$95,000. The difference was primarily due to cost reduction measures taken during the year in most departments, including salary freezes.
- The General Fund's ending unassigned fund balance of \$4.3 million represents approximately 33% of the FY 2013 General Fund budget, which is an increase over the prior year of 3 percentage points.
- In the Capital Improvement Fund the Penny for Pasco local option sales tax revenue was over budget by \$153,000 (approximately 11%), due to some improvement in the economy.
- The Redevelopment Fund's total fund balance decreased \$716,000 compared to a budgeted decrease of \$467,000 because revenues no longer cover the debt service.

FINANCIAL STATEMENTS OVERVIEW

This section includes a brief overview of the City's financial statements that is required by the GASB. This section is intended to help readers understand the City's financial statements and does not present any financial information specifically for the City of New Port Richey.

Fund Types – The City uses fund accounting to enhance accountability over public resources and to demonstrate compliance with finance-related legal requirements. A *Fund* is a self-balancing grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The City uses three different types of funds:

- a. *Governmental funds.* Governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on the spendable resources available at year end. This information is useful in evaluating the City's short-term financial condition and results of operations.

The focus of governmental fund financial statements is on major funds, which for the City include the General Fund and four Special Revenue Funds: Redevelopment Fund, Street Improvement Fund, Debt Service Fund and Capital Improvement Program (CIP) Fund. The Governmental Fund financial statements located at the front of the CAFR present information for each major fund, while information for non-major governmental funds is combined into a separate, single column. Additional information on each individual non-major fund is provided in the combining financial statements located after the notes to the financial statements.

The City adopts an annual budget for all governmental funds. A budgetary comparison statement has been provided for all governmental funds that have a legally adopted budget to demonstrate compliance with the budget. Significant budget variances for non-major funds (if any) are discussed in the notes to the financial statements.

- b. *Proprietary funds.* The City maintains two types of proprietary funds:

- i. *Enterprise funds.* Enterprise funds report the same information presented as Business-type Activities in the government-wide financial statements, only in greater detail. The City has two enterprise funds: Water-Sewer Utility and Stormwater Utility.

- ii. *Internal service funds.* Internal service funds are used to pay the costs of providing certain services to other City departments. The City uses an internal service fund for vehicle repair and maintenance (Central Garage Fund).

In the fund level statements, the internal service fund is a single column included with the proprietary fund financial statements. Individual fund data is provided in the combining financial statements located after the notes to the financial statements.

In the two government-wide financial statements, information for the internal service fund is consolidated into the Governmental Activities column statements, because internal service funds' predominately serve Governmental Activities rather than Business-type Activities.

- c. *Fiduciary funds.* Fiduciary fund financial statements report resources held for the benefit of parties other than the City, such as pension plan members. Fiduciary fund information is not reported in the two government-wide statements, because the resources of these funds are not available to support the City's programs or services.

Basic Financial Statements – The City's basic financial statements are presented in three components:

- a. Government-wide statements – The two *government-wide financial statements* provide a broad overview of the City's finances using the accrual basis of accounting in a manner similar to that of a private-sector business entity.

Government-wide statements divide the City's financial information into two types of Activities:

- i. *Governmental Activities* are primarily supported by taxes and other non-program revenue. The City's governmental activities include: general government, public safety, public works, economic development, culture and recreation (library, recreation, parks and arts).
- ii. *Business-type Activities* are primarily supported by charges for services (user fees) rather than taxes and other non-program revenue. The City's business-type activities include: Water-Sewer and Stormwater Utilities. Also, the Central Garage Fund.

Government-wide statements include two types of financial statements:

- i. *Statement of Net Assets*. This statement presents information on all City assets and liabilities, with the difference being reported as *net assets* (assets minus liabilities). Increases or decreases in net assets may be an indicator of whether the City's financial condition is improving or declining; however, increases and decreases in net assets cannot be viewed as positive or negative without further evaluation of the causes.

For example, if a new capital asset is purchased for cash, net assets will decline as the capital asset is depreciated over its useful life. Since the City's service objectives are better met by purchasing and using capital assets than by holding cash, the gradual decline in net assets can be viewed positively.

- ii. *Statement of Activities*. This statement presents information on the City's net asset changes during the fiscal year related to revenue and expenses. All revenue and expenses are reported as soon as an underlying event occurs, regardless of when cash is received or paid, as required under the accrual basis of accounting.

- b. Individual Fund statements Individual fund statements report a narrower financial view than the government-wide statements. Even though an individual fund statements' focus is narrower, it is useful to compare fund information with government-wide information.

Financial Statement Comparison: Comparing the two types of governmental financial statements will enable readers to better understand the long-term financial impacts (presented in government-wide statements) of short-term spending decisions (presented in the individual fund statements). A reconciliation of the differences between the two types of governmental financial statements in a. and b. is provided in the CAFR to facilitate this comparison.

- c. Notes to the Financial Statements – The notes provide additional information that is essential to gaining a full understanding of the government-wide statements and individual fund statements.

Required Supplementary Information (RSI) Other Than the MD&A – Other RSI in addition to the MD&A is related to the City's progress in funding employee pension benefits. Other RSI is located just after the notes to the financial statements.

Combining Financial Statements, Individual Fund Financial Statements and Schedules – These statements and schedules are provided for non-major governmental funds and internal service funds and are located immediately following RSI other than the MD&A.

GOVERNMENTWIDE FINANCIAL ANALYSIS

This section presents information related to the City's government-wide financial statements (the City as a whole). This section is intended to help readers better understand the government-wide financial statements by summarizing, highlighting and describing information reported in these statements. This section does not discuss individual Funds, and instead, focuses on Governmental Activities (which include all governmental funds) and Business-type Activities (which includes all enterprise funds).

Summary Statement of Net Assets. The following schedule summarizes the Statement of Net Assets for the past two years. The summary reflects little change in the overall financial position for both governmental and business-type activities, taken as a whole.

Summary - Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$13,233,527	\$13,684,085	\$17,933,434	\$17,136,666	\$31,166,961	\$30,820,751
Capital assets	38,036,889	38,517,385	47,974,299	47,749,221	86,011,188	86,266,606
Other non-current assets	3,272,829	3,282,462	8,787,640	9,207,906	12,060,469	12,490,368
Total assets	54,543,245	55,483,932	74,695,373	74,093,793	129,238,618	129,577,725
Current liabilities	3,173,394	3,465,309	2,295,670	1,889,147	5,469,064	5,354,456
Non-current liabilities	20,112,544	21,330,578	8,830,183	9,335,735	28,942,727	30,666,313
Total liabilities	23,285,938	24,795,887	11,125,853	11,224,882	34,411,791	36,020,769
Net assets:						
Invested in capital assets, net of related debt	21,304,827	20,746,105	38,714,222	37,304,052	60,019,049	58,050,157
Restricted	3,819,762	4,370,155	-	-	3,819,762	4,370,155
Unrestricted	6,132,718	5,571,785	24,855,298	25,564,859	30,988,016	31,136,644
Total net assets	\$31,257,307	\$30,688,045	\$63,569,520	\$62,868,911	\$94,826,827	\$93,556,956

The Government-wide Statement of Net Assets reports on all of the City's assets, liabilities and net assets (equity). All amounts are reported using the accrual basis of accounting, which focuses on the City's total economic resources. Based on the Summary above, there were no significant changes in the City's financial position from the prior year for Governmental Activities or Business-type Activities, except for non-current liabilities.

Total net assets and liabilities decreased slightly for Governmental Activities, primarily due to lower cash holdings. The actual decrease in noncurrent liabilities of \$1.2 million was due to principal repayments made during the year.

The City's ending total asset to total liability ratio was 3.8 (3.6 in the prior year), which means total assets were almost four times greater than liabilities, which is a positive indicator. Note: If the City's unfunded pension liability of \$7.4 million was reported this year, the total asset to total liability ratio would decline to 3.1.

Total current assets greatly exceeded current liabilities for governmental and business-type activities, which indicate excellent liquidity. Liquidity is a measure of the City's ability to pay its current liabilities.

Most net assets were invested in capital assets at the end of both years, which means these amounts are unavailable for appropriation. The amount of total net assets invested in capital assets (\$60 million) compared to total capital assets (\$86 million) indicates that 70% of capital assets are not financed, which reflects the City's current conservative debt policy. Unrestricted net assets, which are generally considered available for use without restrictions, increased slightly in the Governmental and decreased slightly in the Business-type Activities.

Part of the unrestricted net asset decline was intentional, as more fund balance was used in several Funds to compensate for revenue declines. This is especially true in the Redevelopment Fund. Note: If the unfunded pension liability of \$7.4 million was reported this year, total unrestricted net assets would be \$23.6 million and would be below zero for Governmental Activities.

Summary Statement of Activities. The following schedule summarizes the Statement of Activities, which presents all revenues, expenses and other sources/uses of funds by Governmental and Business-type Activities. These items are responsible for any changes in net assets discussed above.

Program Revenues. As presented in the Summary above, Governmental Activities expenses exceeded program revenues by \$12.4 million in FY 2012. Most Governmental Activities expenses are not paid for with program revenue, but are typically paid for with general revenues, mainly taxes; therefore, reporting net expenses after deducting program revenues is normal for most local governments.

Approximately 28% of Governmental Activities expenses were paid with program revenue (25% in the prior year). This percentage will vary between governments, depending on each government's revenue structure, legal revenue sources and taxing policies.

Charges for services revenue in Governmental Activities increased more than \$900,000 from the prior year as the City placed greater emphasis on charging fees for governmental services, based on the continued decline in taxes related to the economic downturn and the public's resistance to paying higher taxes. The trend toward placing greater reliance on charges for services is expected to continue.

Total Business-type Activities program expenses exceeded revenues by \$76,000. Business-type Activities expenses are typically paid for with program revenues, which are mainly charges for services (user fees), because these services are provided on a cost-reimbursement basis. Further discussion of each of the three individual business-type activities is included later in this MD&A report.

Government Wide Summary – Statement of Activities

	Governmental Activities		Business Type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 4,404,207	\$ 3,518,231	\$10,126,015	\$ 9,791,271	\$14,530,222	\$13,309,502
Operating grants & contributions	212,087	268,662	1,586,954	1,862,601	1,799,041	2,131,263
Capital grants & contributions	165,442	411,586	-	-	165,442	411,586
General Revenues:						
Taxes	12,085,318	12,681,955	-	-	12,085,318	12,681,955
State revenue sharing	668,623	668,568	-	-	668,623	668,568
Impact fees	-	-	244,550	216,145	244,550	216,145
Investment income	86,018	74,515	531,331	543,688	617,349	618,203
Gain on sale of capital assets	16,757	-	-	-	16,757	-
Miscellaneous	82,414	55,767	555	17,240	82,969	73,007
Total revenues	<u>17,720,866</u>	<u>17,679,284</u>	<u>12,489,405</u>	<u>12,430,945</u>	<u>30,210,271</u>	<u>30,110,229</u>
Expenses:						
General government	3,629,265	3,310,681	-	-	3,629,265	3,310,681
Police	5,668,691	5,436,632	-	-	5,668,691	5,436,632
Fire	2,067,707	2,388,224	-	-	2,067,707	2,388,224
Protective inspections	81,206	38,266	-	-	81,206	38,266
Public works	1,584,915	1,499,293	-	-	1,584,915	1,499,293
Culture and recreation	3,100,143	3,225,776	-	-	3,100,143	3,225,776
Interest on long-term debt	1,019,676	1,108,639	-	-	1,019,676	1,108,639
Water	-	-	5,515,410	5,366,636	5,515,410	5,366,636
Sewer	-	-	4,364,907	3,932,277	4,364,907	3,932,277
Reclaimed water	-	-	1,219,501	1,139,288	1,219,501	1,139,288
Stormwater utility	-	-	688,978	663,686	688,978	663,686
Total expenses	<u>17,151,604</u>	<u>17,007,511</u>	<u>11,788,796</u>	<u>11,101,887</u>	<u>28,940,400</u>	<u>28,109,398</u>
NET INCREASE(DECREASE) IN NET ASSETS	569,262	671,773	700,609	1,329,058	1,269,871	2,000,831
Net assets - beginning of year	<u>30,688,045</u>	<u>30,016,272</u>	<u>62,868,911</u>	<u>61,539,853</u>	<u>93,556,956</u>	<u>91,556,125</u>
Net assets - end of year	<u>\$ 31,257,307</u>	<u>\$ 30,688,045</u>	<u>\$ 63,569,520</u>	<u>\$ 62,868,911</u>	<u>\$ 94,826,827</u>	<u>\$ 93,556,956</u>

General Revenues. General Revenues for Governmental Activities are analyzed further in the table below, because they are important revenue sources for the City. Most General Revenues are also reported in the General Fund and are discussed further in the General Fund section of the MD&A.

As presented in the table below, total Governmental Activities General Revenues decreased slightly from \$14.3 million to \$13.7 million, or 4%. The decrease is mostly attributable to taxes, which reflected decreased utility tax collections. Property taxes increased slightly, because the previous year's millage rate was increased from 8.1037 mills to 8.3877, which was a 3.6% increase.

The decrease in Other Taxes is mostly attributable to lower Electric Utility taxes, which were impacted by reduced consumer demand, due to the downturn in the economy, a net outbound migration trend and replacement of less energy efficient appliance and equipment, especially air conditioning units. Last year's winter was also unseasonably mild, which reduced electric consumption.

The lack of growth in General Revenues over the past few years reflects a long-term challenge that could require future cost reductions as costs rise, because General Revenues typically comprise 60% or more of total Governmental Activities revenues. Of all General Revenues, only property taxes can be increased by the City. Other Taxes are currently set at the maximum levy allowed by law and are dependent on tax base increases for growth, as is Shared Revenue.

Governmental Activities - General Revenues

	<u>FY 2012</u>	<u>FY 2011</u>	Increase (Decrease)
Property Taxes	\$5,322,729	\$5,731,993	\$(409,264)
Other Taxes	3,509,193	3,654,839	(145,646)
Shared Revenue	3,922,019	3,963,691	(41,672)
Other Revenue (Expense)	185,189	130,282	54,907
Total	<u>\$12,939,130</u>	<u>\$13,480,805</u>	<u>\$(541,675)</u>

Governmental Activities Revenue Trends – The City maintains a diversified revenue base, which means revenues are collected from a variety of sources, including property taxes, utility taxes, sales taxes and service charges (user fees). Governments that rely on a larger number of revenues are generally subject to less revenue volatility.

A diversified revenue base provides protection against fluctuations in any single revenue, because each revenue may be affected differently by changes in economic activity and consumption. A diversified revenue base also helps distribute the revenue burden over a larger base of individuals and businesses.

Even with a diversified revenue base, the lack of control over most major revenues continues to affect the City's revenue stability. Most Governmental Activities revenues have reported low growth or no growth over the past five years.

The following table depicts the City's major Governmental Activities revenues over the past five years, which is useful in identifying trends. As shown in the graph, most Governmental Activities revenues have reported low-to-no growth or have declined. Most taxes cannot be increased, because most tax levies are already set at the maximum amounts allowed by law, except for property taxes.

The City's FY 2012 property tax rate of 8.3877 mills was below the maximum of 10 mills. Property values continued to decline and at a faster pace than in the previous year.

Service charges (user fees) can be increased at the City's discretion to recover more of the cost of providing the related services, subject to legal constraints (such as with building permit fees), competitive pressures by private firms and other public sector providers and the users' willingness and ability to pay (elasticity of demand). Some City provided services are inherently difficult to charge for, such as for park usage (where access is unrestricted), most public safety services and most library services.

Charging for many City services may also not be cost-effective or publicly acceptable; therefore, many services must be paid for with taxes, must be discontinued, or be provided by a combination of both.

Most Governmental Activities revenues in the graph below are also reported in the General Fund and the Capital Improvement Fund which includes the Penny for Pasco local option sales tax. Overall, these revenues have declined by over 13% in the last five years – having a significant impact on the City's financial condition. These revenues are discussed further in those sections of the MD&A.

Governmental Activities

Major Revenues	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Property Tax	\$8,429,652	\$7,010,662	\$6,782,693	\$5,731,993	\$5,322,729
Utility Tax/Franchise Fees	2,507,548	2,687,935	2,984,124	2,773,784	2,613,466
Communications Tax	1,030,679	987,969	953,055	881,055	895,727
Infrastructure Tax	1,320,105	1,131,126	1,186,900	1,311,649	1,430,997
State Shared	2,217,788	2,000,436	1,924,974	2,148,026	1,992,132
Grants & Contributions	818,038	243,273	928,434	680,248	377,529
Service Charges	3,271,617	3,301,501	3,688,717	3,518,231	4,404,207
Local Options Gas Tax	589,291	532,918	528,570	504,016	498,890
Total	<u>\$20,184,718</u>	<u>\$17,895,820</u>	<u>\$18,977,467</u>	<u>\$17,549,002</u>	<u>\$17,535,677</u>

Governmental Activities Expense Trends – The following graph presents the City's major expenses for Governmental Activities by five Functional Areas for the past five years, which can be useful in identifying trends. Most Functional Areas have experienced no appreciable growth over the past five years, having increased by just 2% over that time.

Governmental Activities

Major Expenses	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
General Government	\$3,373,917	\$3,225,682	\$3,054,628	\$3,310,681	\$3,629,265
Public Safety	7,716,184	7,434,487	7,579,271	7,824,856	7,736,398
Public Works	1,941,794	2,026,155	2,013,057	1,499,293	1,584,915
Culture and Recreation	3,238,780	3,332,231	3,392,098	3,225,776	3,100,143
Interest & Fiscal Charges on LT Debt	1,157,657	967,199	885,174	1,108,639	1,019,676
Total	<u>\$17,428,332</u>	<u>\$16,985,754</u>	<u>\$16,924,228</u>	<u>\$16,969,245</u>	<u>\$17,070,397</u>

While the total Public safety expenses have changed little over the past several years, the City pension costs for firefighters and police officers has increased by over \$750,000. This has more than offset any cost saving measures that have been undertaken.

The Public Safety pension expense increase is mostly due to investment losses over the past several years related to the recession, which were experienced by most pension plans. The City's required pension contribution in FY 2008 for firefighters was \$70,000 (8.1% of pay) and \$425,000 (49%) projected in FY 2014 \$1.9 million (14.4% of pay). For the police officers pension, the City's required contribution in FY 2008 was \$633,000 (36.9%) while the projected FY 2014 contribution is \$1,033,000 (48.3%).

The following provides additional perspective on the pension expense:

- The \$32 million total pension liability is almost double the General Fund budget
- The \$17.4 million unfunded liability is 95% of the total General Fund budget
- The unfunded liability is \$1,160 per capita (15,000 residents)
- Annual pension costs are \$1.3 million - larger than the Recreation Center budget of \$846,000
- Annual public safety pension costs of \$1.3 million equal 7% of the total General Fund Budget

Overall, the City's pension contribution is far above the average rate for most Florida public safety pension plans. The Plan's FY 2012 funded ratio was 76% for police officers and 80% for firefighters. The most recent valuation reports prepared on October 1, 2012 indicated a required contribution from the City for FY 2013 of 44.5% for police officers and 49% for firefighters.

While recent pension plan experience reflects a positive and welcomed change from a decade of increasing contributions and declining funded ratios, one good year is not a trend. Approximately 80% of the pension plan's improvement was due to above average investment performance, while 20% was mostly related to below average salary increases. Neither of these events can be projected to recur regularly, because investment market uncertainty continues and the salary freezes implemented over the last four years (two years for police and fire) are not projected to continue.

Business-type Activities – The City operates two enterprise funds - Water-Sewer-Reclaimed and Stormwater – and an Internal Service Fund – Central Garage. The following table depicts changes in net assets (net income or loss), excluding interfund transfers. Combined net income has dropped by \$1.2 million since 2008.

Enterprise Funds

Change in Net Assets (income or loss)	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Water & Sewer	\$1,323,053	\$2,337,141	\$499,827	\$1,463,080	\$863,853
Stormwater	291,657	54,671	(99,952)	(134,022)	(163,244)
Central Garage	44,878	(67,750)	(68,119)	(32,513)	(248,654)
Total	\$1,659,588	\$2,324,062	\$331,756	\$1,296,545	\$451,955

Both enterprise funds' financial information is combined and reported under Business-type Activities in the Government-wide statements. Individual fund financial information is presented in the Proprietary Fund financial statements.

Key elements of the net asset changes (net income or loss) for Business-type Activities include:

- Water-Sewer rates were increased by 4% in FY 2012. This is an annual increase provided by ordinance. A study completed by Burton & Associates and adopted by the City Council in April, 2013, provides for additional annual transfers of approximately \$1 million to the General Fund. These are broken down as follows for FY 2013 and FY 2014.

Additional Utility Transfers to General Fund

	FY 2013	FY 2014	Total
Payment In lieu of franchise fees (PILOFF)	\$107,360	\$220,988	\$328,348
Additional cost allocation expenses	12,760	12,760	25,520
Transfer proceeds from sale of assets to TBW	847,579	847,579	1,695,158
Total	\$967,699	\$1,081,327	\$2,049,026

- Stormwater rates were increased by 92% in 2012 after not having been adjusted for over ten years. No further rate adjustments are planned again until possibly 2017.
- Water operating revenue was 5.3% (\$228,000) higher than the prior year. Water revenues are not growing significantly, because the City is virtually at build out and redevelopment growth has been insignificant relative to the existing customer base. If anything, consumption has declined as more households implement voluntary and mandatory conservation efforts.
- Water operating expenses were 9% (\$447,000) higher than the prior year. The increase was distributed among several types of expenses and there were no major or unusual causes of the increase. Expenses can vary between years based on work plans and service demands.
- Sewer operating revenue was 2% (\$99,000) higher than the prior year. The same limiting factors for water revenues hold true here as well as the majority of sewer bills are based on water consumption. Sewer operating expenses were 7% (\$275,000) higher than the prior year.
- Reclaimed operating revenue was 6% (\$12,000) higher than the prior year. Reclaimed operating expenses were 7% (\$77,400) lower than the prior year. The City was notified by Pasco County that they were going to start charging additional fees for disposal of excess reclaimed water that was being produced but measures are underway to avoid this issue.

MAJOR GOVERNMENTAL FUNDS

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

The focus of individual fund financial statements is on measuring the short-term flow of financial resources, such as revenue inflows, expenditure outflows and balances of spendable resources. This is different from the long-term economic measurement focus used in the government-wide statements.

General Fund. The General Fund is the City's largest fund and accounts for the majority of general governmental activities. General Fund activities also directly impact property taxes, which are the General Fund's largest revenue. The next several pages highlight General Fund financial activity.

Fund Balance – The following graph presents the General Fund's fund balance for the past five years divided into its main components. The three main components of fund balance are discussed below.

The Governmental Accounting Standards Board (GASB) introduced new reporting standards in FY 2011, which changed the definitions of each component of fund balance. Amounts presented in the graph for FY 2008 through FY 2010 were reclassified according to the new reporting categories' titles and definitions and are considered materially correct.

General Fund					
Fund Balance	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Non-spendable	\$103,527	\$149,233	\$122,878	\$36,082	\$20,309
Restricted & Assigned	1,022,432	1,156,902	1,155,266	1,432,578	1,088,243
Unassigned					
Designated	2,588,895	2,588,673	2,405,856	2,412,704	2,734,050
Undesignated	577,586	162,225	1,580,654	1,524,475	1,657,781
Total	<u>\$4,292,440</u>	<u>\$4,057,033</u>	<u>\$5,264,654</u>	<u>\$5,405,839</u>	<u>\$5,500,383</u>

The *Non-spendable* portion of fund balance represents an amount that cannot be spent, because this amount is held in a non-spendable type of asset, like inventory. Non-spendable assets like inventory can be used to operate the City, but they cannot be spent or appropriated.

At year end, the General Fund's total fund balance increased to \$5.5 million compared to \$5.4 million at the end of the prior year. The General Fund's fund balance is in a slightly better position now than at the end of the prior year for two reasons: the amount Restricted was reduced and the amount Unassigned increased, which is available for use without restrictions.

The largest portion of the *Restricted & Assigned* fund balance is usually committed to balancing the succeeding year's budget. The amount of fund balance assigned to balancing the subsequent budget was reduced, which means there is less of a difference between revenues and expenditures in the FY 2013 budget. At the end of FY 2012, \$1.1 million was assigned for the FY 2013 budget, compared to \$1.4 million at the end of the prior year, which is a significant decrease.

Most of the amount assigned for the subsequent year's budget is never used, because of the normal turnover in positions and mandated expenditure reductions, such as hiring freezes, which reduces expenditures. If the amount assigned for the subsequent year's budget is ever used, or if a major portion of this amount is ever used, balancing future budgets will be more difficult.

Part of the Assigned fund balance is for outstanding purchase orders that were not fulfilled at year end, which was \$56,000 at the end of FY 2012 compared to \$644,000 at the end of the prior year. Part of this amount may become available if the purchase is reduced or canceled.

Unpaid vacation leave is recorded as a liability and as an expense and in proprietary funds, fiduciary funds and at the government-wide reporting level for Governmental Activities and Business-type Activities; however, unpaid vacation leave cannot be recorded as a liability and an expenditure in governmental funds, such as the General Fund, in accordance with GAAP. An assignment of fund balance for unpaid vacation leave has been established within each governmental fund to acknowledge that a potential liability has been incurred and that this potential liability has been recorded as a liability and an expense at the government-wide reporting level. This assignment of fund balance also reports specifically how much unpaid vacation leave has been accumulated within each governmental fund.

The *Unassigned* fund balance represents what is sometimes called a, "rainy day fund", or a contingency reserve. The Unassigned fund balance represents the portion of fund balance that is available for appropriation, to compensate for revenue shortfalls or for emergencies. As depicted in the table above, the Unassigned fund balance increased approximately \$455,000. This means that the Unassigned fund

balance increased nearer to the City's minimum target amount recommended to be maintained. Methods used to measure the level of an ending Unassigned fund balance, include:

- Absolute dollars amount
- As a percentage of the current year's revenue or expenditure budgets
- As a percentage of the following year's revenue or expenditure budgets
- As a percentage of the current year's actual revenues or expenditures

The following table presents the General Fund's Unassigned fund balance for the past five years as a percentage of the following year's expenditure budget.

General Fund					
Unassigned Fund Balance	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
As a Percent of Next Year's Budget	18.3%	17.2%	24.8%	21.6%	26.4%
Adopted Budget	\$17,259,300	\$17,257,820	\$16,039,040	\$16,084,690	\$18,227,000
Unassigned Fund Balance	\$3,166,481	\$2,750,898	\$3,986,510	\$3,937,179	\$4,391,831

The above table shows that the total Unassigned fund balance has increased over the last five years which is a very good sign. On another positive note, the FY Unassigned fund balance as a percent of budget increased to 26.4% from 18.3%, which means that the Unassigned fund balance is just over the overall minimum target amount of 25%. The increase resulted mostly from the reduction of the subsequent year's budget deficits discussed earlier, which reduced the amount Committed.

Evaluating the adequacy of the Unassigned fund balance must be conducted separately for each Fund, because each Fund has different operating characteristics. Factors to consider when evaluating the adequacy of the Unassigned fund balance, include: the stability and diversification of revenues, the ability to reduce expenditures, if necessary and the ability to borrow and repay debt (debt capacity), among many other factors. For example, the Unassigned fund balance should be higher if a Fund's revenues are more unpredictable or if expenditures cannot be easily reduced.

The Government Finance Officers Association recommends that governments maintain a minimum Unassigned fund balance of 5% to 15% of budgeted expenditures in normal operating Funds, depending on each Fund's characteristics. Florida Statutes set no specific requirements, except that the Unassigned fund balance must not be negative.

As an example, a lower target level would be selected if the General Fund's revenues are well diversified and fairly stable, flexibility exists to reduce expenditures if needed (most expenditures are variable), the General Fund makes no debt service payments and user fees and property taxes could be increased. Also, the property tax rate is well below the maximum allowed by law.

The most important item to note is that the General Fund's Unassigned fund balance is near the GFOA's recommended minimum acceptable level of 5% and cannot be reduced much further without impacting the General Fund's financial stability. At the same time the Unassigned fund balance has declined, department budgets have grown tighter, which means there is less flexibility in fund balance and department budgets to compensate for unusual operating events.

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

As indicated in the table below, most major revenues declined or reported low or no growth this year. The total of all major revenues declined \$2.6 million or 17% over the last five years.

General Fund

Largest Revenues	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Property Tax	\$6,061,548	\$5,100,734	\$5,396,402	\$4,730,981	\$4,538,889
Utility Tax/Franchise Fees	1,231,639	1,357,654	1,436,507	1,323,242	1,270,726
Communications Tax	1,030,679	987,969	953,055	881,055	895,727
State Shared	2,147,751	1,931,042	1,856,689	1,892,266	1,798,824
Grants & Contributions	344,165	172,828	653,977	267,410	198,656
Service Charges	4,014,491	4,031,533	4,389,379	2,973,472	3,209,383
Transfers from Other Funds	1,035,226	1,619,202	1,436,196	2,025,522	1,261,605
Total	\$15,865,499	\$15,200,962	\$16,122,205	\$14,093,948	\$13,173,810

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

Property tax revenue was flat even though taxable property values declined, because the millage rate was increased. Property values are not projected to stabilize until FY 2015 and after that should increase slightly each year as the economy improves. If property values increase, passage of Amendment One, which made the Save Our Homes assessment cap portable will also impact future taxable valuations. Statutory restrictions on property tax increases will also affect future growth. Additional tax reduction proposals have also been discussed by the State legislature, which could impact future property tax revenues.

Utility taxes and franchise fees decreased \$52,500 or 4% from the prior year, which was the second year of decline for this revenue (\$113,000, or 8% decline in the prior year). The decrease was mostly due to another milder than normal winter. Part of the decline is also likely due to reduced consumption, due to the economy and energy conservation efforts; however, no specific data is available.

State shared sales tax revenues decreased \$93,000, due to lower sales tax collections and because the City's population decreased, which meant the City received a lesser portion of collections. These revenues are down \$349,000 or 16% for five years. Communications Services Tax (CST) has also declined over the last five years - a total of \$134,000, or, 13%.

Most local governments have experienced declines in CST revenue, due to an overall reduction in the tax base. The lower tax base is mostly a result of price reductions caused by heightened competition and reduced pricing for bundled services such as telephone, cable and Internet. Many customers also appear to be eliminating or reducing premium services and even basic services, due to the weak economy. The CST tax base may increase, due to the growth in cellular data plans and tablet computers; however, this growth may be partly offset by continued service reductions in other areas.

General Fund Revenue Trends. The following table compares General Fund revenues as a percentage of total General Fund revenue for this fiscal year and ten years ago, which helps identify trends in revenue sources. The table indicates that reliance has shifted among several sources.

The City's reliance on Property Taxes has always been relatively low compared to many local governments, where property taxes often comprise 50% or more of total revenues. This is one of the few revenues that can be increased by the City.

General Fund

Ten Year Revenue Trends	FY 2003	%	FY 2012	%
Property Tax	\$3,171,407	34.2%	\$4,538,889	32.1%
Utility Tax/Franchise Fees	951,782	10.3%	1,447,103	9.0%
Communications Tax	1,166,048	12.6%	895,727	6.3%
State Shared	1,479,409	15.9%	2,067,296	12.7%
Grants & Contributions	254,135	2.7%	184,022	1.4%
Service Charges	1,556,140	16.8%	3,209,383	22.7%
Transfers from Other Funds	701,225	7.6%	1,261,605	8.9%
Fines & Forfeitures	120,473	1.3%	947,425	6.7%
Total	\$9,280,146	100.0%	\$14,551,450	100.0%

Reliance on Utility Taxes and Franchise Fees has also declined as has reliance on State Shared Revenue, which is generated by the State Sales Tax. The Communication Services Tax proportion of total revenues has gone down by 50%.

Reliance on Services Charges (user fees) has increased and is anticipated to grow, because of the public's preference for paying fees instead of taxes. Service Charges are reviewed and adjusted regularly based on costs of providing services and market conditions. Fines and forfeitures have increased significantly since the traffic intersection safety program was implemented in June, 2011.

Overall, the General Fund has maintained a diversified revenue structure which provides greater budget stability; however, most revenues are not controllable by the City, as discussed previously.

General Fund Expenditures. The following schedule compares General Fund expenditures to the final budget, by department.

General Fund	Total	Final	% Budget	\$ Budget
Department Budget Variances	Expended	Budget	Variance	Variance
			under (over)	under (over)
Council	\$151,636	\$145,409	(4.3%)	\$ (6,227)
City Manager	204,978	221,917	7.6%	16,939
Human Resources	472,672	552,074	14.4%	79,402
Finance	1,178,209	1,170,934	(0.6%)	(7,275)
City Clerk	91,257	102,830	11.3%	11,573
Police	5,133,090	6,822,236	24.8%	1,689,146
Fire	2,279,127	2,287,177	0.4%	8,050
Public Works	1,431,542	2,388,367	66.83%	956,825
Library	796,716	939,778	15.2%	143,062
Parks, Recreation & Pools	1,382,062	1,660,606	20.15%	278,544
Total	\$13,121,289	\$16,291,328		\$3,170,039

Note: The majority of variances < 10% are related to personnel savings, due to vacancies.

~ Variances > 10% are discussed below.

* Net budget variance after deducting amounts that were re-budgeted in FY 2013.

The net actual budget variance was positive and generated mostly through personnel savings related to frozen positions. Most vacant positions were frozen during the year, because of higher uncertainty regarding the receipt of revenues. Departments also reduced costs and increased operating efficiencies, wherever possible. Departmental variances of greater than 10% are discussed below.

- Recreation, Parks & Aquatics - A large portion of the Recreation, Parks & Aquatics Department's expenditure budget is related to special programs, such as summer camps, senior trips and similar events supported by user fees. If the actual demand for these programs is below estimates, related expenditures and revenues will both be under budget.
- Human Resources – Approximately \$50,000 of the variance is related to the property & liability insurances being rebid and coming in under budget. Also, unemployment claims were \$25,000 under budget. The two combined account for 95% of the variance.
- City Clerk – The majority of the variance was due to lower election costs for ballots and a drop in legal advertising expenses.
- Library - \$100,000 of the variance (70%) was due to postponing installation of a new roof. The remaining variance was primarily due to lower expenditures for library materials (\$28,000 or, 19%).
- Police – Almost all of the variance (\$1,394,000 or 82%) was a result of reclassifying the red light camera costs into a contra account so as to show a “net” revenue amount. The balance was mostly due to freezing of vacant positions.
- General Fund Expenditure & Encumbrance Trends . The following table compares the General Fund's FY 2012 expenditures & encumbrances to amounts reported ten years ago, which can identify spending trends.

General Fund

Ten Year Expenditure Trends	<u>FY 2003</u>	<u>%</u>	<u>FY 2012</u>	<u>%</u>
Council	\$710,623	7.0%	\$151,636	1.2%
City Manager	165,764	1.6%	204,978	1.6%
Human Resources	129,289	1.3%	472,672	3.6%
Finance	1,021,514	10.0%	1,178,209	9.0%
City Clerk	128,527	1.3%	91,257	0.7%
Police	3,239,589	31.7%	5,133,090	39.1%
Fire	1,945,392	19.0%	2,279,127	17.4%
Public Works	1,309,080	12.8%	1,431,542	10.9%
Library	673,763	6.6%	796,716	6.1%
Parks, Recreation & Pools	892,534	8.7%	1,382,062	10.5%
Total	<u>\$10,216,075</u>	<u>100.0%</u>	<u>\$13,121,289</u>	<u>100.0%</u>

The largest change over the past ten years has been in the Police Department, where total expenditures and encumbrances increased from 32% to 39% of the General Fund budget. This is largely due to the impact of the implementation of the traffic intersection safety program in 2011. Some of this increase relates to the pension costs which were also significantly higher in FY 2012, as discussed elsewhere in the MD&A.

The only other departments that increased their proportion of the budget was Human Resources, which went from 1.3% to 3.6% due to reallocating insurance costs from the Council budget; Parks, Recreation and Pools increased from 8.7% to 10.5% with the opening of the new recreation center in 2007.

Capital Improvement Fund. The One-Cent *Penny for Pasco* local option government infrastructure surtax was originally approved for a ten year period beginning in January 2005 and ending December 31, 2014. It was recently extended through a voter referendum in November, 2012 and effective January 2015 and will expire on December 31, 2024.

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

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

Penny for Pasco					
Revenues	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
	\$1,320,105	\$1,131,126	\$1,186,900	\$1,311,649	\$1,430,997

FY 2012 *Penny for Pasco* revenue was \$201,000 under budget, or 12%, and was below the prior year's revenue by \$113,000, or 7%. The decrease was due to the slow turnaround in the economy, which has affected automobile and retail sales as well as construction. *Penny for Pasco* revenue has been virtually flat over the last four years and is down appreciably from the highest amount received of \$1.6 million in FY 2006.

The Capital Improvement Program (CIP) Fund's total fund balance decreased from \$3.8 million to \$3.0 million, which was mostly attributable to construction projects such as Main Street Landing that were substantially completed. Fund balance in the CIP Fund can vary widely, due to the variability of capital projects between years.

Total CIP Fund expenditures were over-budget by \$93,000. The schedule below summarizes major CIP projects during the year.

“Penny for Pasco” Projects

Main Street Widening Project	\$1,995,821
Miscellaneous Neighborhood Impr.	43,445
Transfers to General Fund (budgeted amt was \$217,145)	0
2 Unmarked Vehicle - Community Services	34,977
4 Pursuit Vehicles - Police Patrol	102,241
Air Bags - Firefighting	6,998
Defibrillator - Firefighting	16,998
Respirator Fit Testor - Firefighting	14,542
Gym Floor Cover & Reel - Recreation	13,144
Transfers to Redevelopment Fund	0
Main Street Landing Streetscape (budgeted amt was \$200,000)	13,098
	<u>\$2,241,264</u>

CAPITAL ASSETS, INFRASTRUCTURE AND DEBT

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

	Capital Assets					
	Governmental Activities		Business Type Activities		Primary Government	
	2012	2011	2012	2011	2012	2011
Land, land rights and improvements	\$5.4	\$5.4	\$1.0	\$1.0	\$6.4	\$6.4
Building and improvements	13.8	13.8	26.7	26.7	40.5	40.5
Improvements other than buildings	20.1	20.1	0.0	0.0	20.1	20.1
Equipment	8.8	8.7	3.1	2.9	11.9	11.6
Infrastructure	14.4	14.3	42.1	41.9	56.4	56.2
Less: Accumulated Depreciation	(27.2)	(25.0)	(26.7)	(24.9)	(53.9)	(49.9)
Sub-total	35.3	37.3	46.2	47.6	81.4	84.9
Work in progress	2.7	1.2	1.7	0.1	5.0	1.3
Total	<u>\$ 38.0</u>	<u>\$ 38.5</u>	<u>\$ 47.9</u>	<u>\$ 47.7</u>	<u>\$ 86.4</u>	<u>86.2</u>

Long-term liabilities. The cornerstone of a City's good financial condition is a conservative debt policy. At year end, the City reported total loans outstanding of approximately \$30 million compared to \$32 million at the end of the prior year. The City also has other long-term liabilities such as Compensated Absences payable (unused vacation leave), Other Post-Employment Benefits payable (implicit "subsidized" retiree healthcare premiums) and other items as listed in Note J in the CAFR.

The following table presents the City's loans outstanding for Governmental Activities and Business-type Activities (Water-Sewer Fund). Total loans outstanding decreased approximately \$2 million. The Redevelopment bond, Series 2012 along with the W&S Revenue bond, Series 2012 were refinanced in July 2012. Details on all long-term loans are included in Note H in the CAFR.

	2012	2011
Governmental:		
Revenue note, Series 2000	\$ 983,068	\$ 1,275,780
Redevelopment note, Series 2005A	6,757,000	7,144,000
Redevelopment note, Series 2005B	6,745,000	7,132,000
Redevelopment bond, Series 2010	-	6,702,003
Redevelopment bond, Series 2012	6,436,786	-

Sub-total	20,921,854	22,253,783
Business Type:		
W&S Revenue bond, Series 2007A	1,883,360	2,461,790
W&S Revenue bond, Series 2007B	-	7,530,000
W&S Revenue bond, Series 2012	7,463,443	-
Sub-total	9,346,803	9,991,790
Total	<u>\$ 30,268,657</u>	<u>\$ 32,245,573</u>

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

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

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

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

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

Next Year's Budget and Rates. The FY 2013 property tax rate was increased to 9.5799 mills from 8.3877. This rate is projected to generate the same property tax revenue compared to 2012, despite property values dropping by 11%.

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

Total budgeted FY 2013 General Fund revenues decreased about \$1.3 million, or 7% from FY 2012. Budgeted FY 2013 General Fund expenditures decreased about \$1.6 million, or 9%, which means that less fund balance was needed to balance the budget, which is a positive development.

Health insurance premiums declined slightly in 2012, because the health plan was rebid. Unfortunately, the decrease is most likely due to the rebidding process, rather than structural changes.

The FY 2013 budget includes no raises for non-represented employees, firefighters, police officers or general employees. This will be the fifth year for all employees, except IAFF and PBA members (third year).

Fund balance is projected to remain steady in the General Fund and in most General Government funds. The Redevelopment and utility funds will see declines. All of these factors were considered in preparing the City's FY 2013 budget.

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

The most critical element on the horizon is that the Redevelopment Fund will require major annual subsidies in excess of \$1 million beginning in FY 2014 and for the foreseeable future as revenues have dropped due to declining property values in the CRA. Penny for Pasco funds may be used but will likely only last for two or three years. After FY 2015 alternative revenue streams will have to be identified to avoid a worsening financial condition.

New unfunded State mandates continue to increase the City's service costs. The State and Federal governments continue to enhance stormwater runoff regulations and State mandated pension enhancements have increased public safety pension costs. Continued increases are also projected in health insurance, fuel and employee benefits.

The City's future is also highly dependent on the State Legislature, the Governor and Florida voters, all of whom have expressed a desire for lower taxes. The State Legislature passed mandatory property tax rollbacks for local governments in 2008. Additional tax exemptions referendums were passed on the November, 2012 ballot, although some proposed exemptions were defeated.

Amendment One increased the regular homestead exemption amount by another \$25,000, imposed an annual valuation cap of 10% on non-homestead properties, made the Save Our Home (SOH) assessment cap portable and provided a new \$25,000 exemption for tangible personal property. These measures will restrict the City's future property tax revenue growth, especially SOH portability.

Budget Efficiency. City staff constantly reviews service levels to determine if existing programs can be provided more efficiently, eliminated, or consolidated. While most citizens value the City's high-quality services, a majority of citizens have demanded lower property taxes by approving Amendment One and antitax sentiment continues to pervade the local, state and national media.

Significant budget reductions have been made over the past five fiscal years, as well as in the FY 2013 budget. Based on the City's already high levels of operating efficiency and five straight years of budget reductions, it is unlikely that additional efficiency enhancements will be sufficient to compensate for projected reductions in future property taxes and other revenues.

With reduced revenue, the City cannot provide all things to all people, but the City can provide high quality services in accordance with available resources. While it is important to identify efficiencies, the City must also act strategically, based on projected revenue reductions, many of which will be permanent.

Projected revenue reductions represent long-term challenges, which must be addressed with long-term solutions. The City must implement strategic solutions, such as reducing or eliminating services provided to limited numbers of residents, reducing or eliminating services that yield marginal levels of satisfaction, and reducing or eliminating services that could be provided by the private sector or other governments.

The City must also mitigate salary and benefit increases, while maintaining a competitive compensation structure in order to attract and retain qualified employees. Finally, the City must respond to long-term revenue reductions with long-term solutions.

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

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

REQUESTS FOR INFORMATION

This CAFR provides an overview of the City of New Port Richey's financial position, financial condition and results of operations as of and for the year ended September 30, 2012. More financial information, including a copy of the City's Annual Operating Budget and the City's Long-term Financial Plan and Capital Improvements Program can be obtained from the City's website, at: www.citynpr.org Telephone inquiries may be directed to the Finance Director at (727) 853-1053. Written questions requests for information may be addressed to the Finance Director, 5919 Main Street, New Port Richey, FL 34652 or may be emailed to the Finance Director at: nprfinance@cityofnewportrichey.org

Basic Financial Statements

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

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CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2012

With Comparative Amounts for the Year Ended September 30, 2011

	2012			2011
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
CURRENT ASSETS				
Cash and pooled cash, cash equivalents and investments	\$ 11,704,384	\$ 14,842,086	\$ 26,546,470	\$ 26,508,619
Restricted assets:				
Cash and pooled cash, cash equivalents and investments				
Customer deposits	-	821,897	821,897	950,364
Receivables (Net of allowance):				
Accounts, billed	162,072	1,002,637	1,164,709	1,208,223
Taxes	290,532	-	290,532	282,005
Special assessments	405,358	52,925	458,283	406,180
Note receivable - current portion	-	390,514	390,514	373,162
Due from other governments	497,583	469,161	966,744	593,369
Inventories - at cost	92,647	346,437	439,084	409,584
Prepaid items	80,951	7,777	88,728	89,245
Total current assets	13,233,527	17,933,434	31,166,961	30,820,751
NONCURRENT ASSETS				
Cash and pooled cash, cash equivalents, and investments - noncurrent portion	-	-	-	-
Redevelopment properties held for resale	3,206,723	-	3,206,723	3,206,723
Land, land rights and improvements	5,339,430	994,109	6,333,539	6,333,539
Building and improvements	13,804,391	26,737,443	40,541,834	17,897,633
Improvements other than buildings	20,178,289	42,119,691	62,297,980	84,702,463
Equipment	8,844,073	3,148,205	11,992,278	11,633,991
Infrastructure	14,397,020	-	14,397,020	14,340,773
Construction in progress	2,738,534	1,749,059	4,487,593	1,292,845
Accumulated depreciation	(27,264,848)	(26,774,208)	(54,039,056)	(49,934,638)
Unamortized debt costs	66,106	-	66,106	105,491
Note receivable - long-term portion	-	8,787,640	8,787,640	9,178,154
Total noncurrent assets	41,309,718	56,761,939	98,071,657	98,756,974
TOTAL ASSETS	\$ 54,543,245	\$ 74,695,373	\$ 129,238,618	\$ 129,577,725

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

	2012			2011
	Governmental Activities	Business-Type Activities	Total	Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 361,217	\$ 558,377	\$ 919,594	\$ 1,093,112
Accrued liabilities	394,729	127,104	521,833	351,333
Contracts payable	-	-	-	-
Contract performance deposit	123,200	-	123,200	123,200
Customer deposits	-	970,919	970,919	950,364
Unearned revenue	494,154	36,460	530,614	469,480
Current portion of				
Revenue note payable	309,546	602,810	912,356	962,237
Redevelopment revenue notes/bonds payable	1,175,319	-	1,175,319	1,099,936
Compensated absences	315,229	-	315,229	304,794
Total current liabilities	3,173,394	2,295,670	5,469,064	5,354,456
NONCURRENT LIABILITIES				
Revenue note payable	673,522	8,657,267	9,330,789	10,189,712
Redevelopment revenue notes/bonds payable	18,763,466	-	18,763,466	19,878,067
Net Other Post-Employment Benefits Liability	628,453	122,174	750,627	504,882
Compensated absences	47,103	50,742	97,845	93,652
Total noncurrent liabilities	20,112,544	8,830,183	28,942,727	30,666,313
TOTAL LIABILITIES	23,285,938	11,125,853	34,411,791	36,020,769
NET ASSETS				
Investment in capital assets, net of related debt	21,304,827	38,714,222	60,019,049	58,619,157
Restricted:				
Forfeitures and public safety - police	82,336	-	82,336	152,831
Debt service	707,707	-	707,707	391,206
Infrastructure projects	3,029,719	-	3,029,719	3,826,118
Unrestricted	6,132,718	24,855,298	30,988,016	30,567,644
TOTAL NET ASSETS	31,257,307	63,569,520	94,826,827	93,556,956
TOTAL LIABILITIES AND NET ASSETS	\$ 54,543,245	\$ 74,695,373	\$ 129,238,618	\$ 129,577,725

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

CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF ACTIVITIES

For the year Ended September 30, 2012

With Comparative Amounts for the Year Ended September 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,629,266	\$ 1,908,712	\$ 166,587	\$ -
Police	5,668,691	1,061,125	37,617	-
Fire	2,067,707	2,125	-	-
Protective inspections	81,206	204,281	-	-
Public works	1,584,915	766,085	-	165,442
Culture and recreation	3,100,143	461,879	7,883	-
Interest and fiscal charges on long-term debt	1,019,676	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	17,151,604	4,404,207	212,087	165,442
BUSINESS-TYPE ACTIVITIES				
Water	5,515,410	4,473,148	-	-
Sewer	4,364,907	4,902,087	1,230,937	-
Reclaimed water	1,219,501	227,865	356,017	-
Stormwater utility	688,978	522,915	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	11,788,796	10,126,015	1,586,954	-
TOTAL	\$ 28,940,400	\$ 14,530,222	\$ 1,799,041	\$ 165,442

General Revenues

Taxes:

Ad valorem

Franchise taxes

Utility taxes

Communication services tax

Half-cent sales tax

Infrastructure tax

Local option gas tax

State excise taxes - Public Safety

Other taxes

State revenue sharing

Impact fees

Investment income

Gain on sale of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning of year

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	2012 Total	2011 Total
\$ (1,553,967)	\$ -	\$ (1,553,967)	\$ (1,525,445)
(4,569,949)	-	(4,569,949)	(4,842,671)
(2,065,582)	-	(2,065,582)	(2,385,049)
123,075	-	123,075	119,831
(653,388)	-	(653,388)	(633,236)
(2,630,381)	-	(2,630,381)	(2,433,823)
(1,019,676)	-	(1,019,676)	(1,108,639)
(12,369,868)	-	(12,369,868)	(12,809,032)
-	(1,042,262)	(1,042,262)	276,861
-	1,768,117	1,768,117	870,770
-	(635,619)	(635,619)	(459,047)
-	(166,063)	(166,063)	(136,599)
-	(75,827)	(75,827)	551,985
(12,369,868)	(75,827)	(12,445,695)	(12,257,047)
5,322,729	-	5,322,729	5,731,993
1,270,726	-	1,270,726	1,323,242
1,342,740	-	1,342,740	1,450,542
895,727	-	895,727	881,055
742,897	-	742,897	809,572
1,430,997	-	1,430,997	1,311,649
498,890	-	498,890	504,016
353,945	-	353,945	358,888
226,667	-	226,667	310,998
668,623	-	668,623	668,568
-	244,550	244,550	216,145
86,018	531,331	617,349	618,203
16,757	-	16,757	2,276
82,414	555	82,969	70,731
12,939,130	776,436	13,715,566	14,257,878
569,262	700,609	1,269,871	2,000,831
30,688,045	62,868,911	93,556,956	91,556,125
\$ 31,257,307	\$ 63,569,520	\$ 94,826,827	\$ 93,556,956

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

CITY OF NEW PORT RICHEY, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2012

With Comparative Amounts for the Year Ended September 30, 2011

	2012					2011
	General	Redevelopment	Street Improvement	Other Governmental Funds	Total Governmental Funds	Total
ASSETS						
Cash and pooled cash, cash equivalents, and investments	\$ 5,477,688	\$ 410,913	\$ 1,969,085	\$ 3,611,740	\$ 11,469,426	\$ 11,850,375
Receivables (Net of allowance)						
Accounts, billed	127,609	34,463	-	-	162,072	151,281
Taxes	159,850	-	-	130,682	290,532	282,005
Special assessments	-	-	405,358	-	405,358	344,409
Due from other governments	304,319	-	41,557	151,707	497,583	381,815
Redevelopment properties held for resale	-	3,206,723	-	-	3,206,723	3,206,723
Inventories - at cost	14,641	-	-	-	14,641	34,343
Prepaid items	5,668	-	-	-	5,668	1,739
TOTAL ASSETS	\$ 6,089,775	\$ 3,652,099	\$ 2,416,000	\$ 3,894,129	\$ 16,052,003	\$ 16,252,690
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 328,616	\$ 3,268	\$ -	\$ 15,964	\$ 347,848	\$ 312,172
Accrued liabilities	237,818	71	-	-	237,889	91,399
Contracts payable	-	-	-	-	-	-
Contract performance deposit	-	123,200	-	-	123,200	123,200
Deferred revenue	22,958	29,763	441,433	-	494,154	422,832
TOTAL LIABILITIES	589,392	156,302	441,433	15,964	1,203,091	949,603
FUND BALANCES						
Nonspendable:						
Redevelopment properties held for resale	-	3,206,723	-	-	3,206,723	3,206,723
Inventories	14,641	-	-	-	14,641	34,343
Prepaid items	5,668	-	-	-	5,668	1,739
Restricted for:						
Forfeitures and public safety - police	82,336	-	-	-	82,336	152,831
Debt service	-	-	-	707,707	707,707	391,206
Infrastructure projects	-	-	-	3,029,719	3,029,719	3,826,118
Assigned to:						
Other capital projects	949,847	-	-	10,057	959,904	655,523
Redevelopment	-	289,074	-	-	289,074	997,950
Street improvements	-	-	1,974,567	-	1,974,567	1,318,441
Debt service	-	-	-	130,682	130,682	137,109
Future expenditure	56,060	-	-	-	56,060	643,925
Unassigned:						
Designated for minimum funding	2,734,050	-	-	-	2,734,050	2,412,704
General fund	1,657,781	-	-	-	1,657,781	1,524,475
TOTAL FUND BALANCES	5,500,383	3,495,797	1,974,567	3,878,165	14,848,912	15,303,087
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,089,775	\$ 3,652,099	\$ 2,416,000	\$ 3,894,129	\$ 16,052,003	\$ 16,252,690

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

CITY OF NEW PORT RICHEY, FLORIDA

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

September 30, 2012

Fund Balances - total governmental funds \$ 14,848,912

Amounts reported for governmental activities in the statement of net assets 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	\$ 64,820,359	
Less accumulated depreciation	<u>(26,974,067)</u>	37,846,292

The Negative Net Pension Obligation pertaining to the Firefighters' Retirement Trust represents a prepaid expense. This prepayment is not recognized as an asset in the governmental fund as it is not a financial resource. 75,284

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

Unamortized bond costs		66,106
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Revenue note payable	\$ (983,068)	
Redevelopment revenue notes payable	(19,938,785)	
Compensated absences	(344,853)	
Net Other Post-Employment Benefits liability	<u>(611,052)</u>	(21,877,758)

Certain liabilities which do not require current financial resources are reported on the state of net assets.

Accrued interest on long-term liabilities		(153,023)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities. 451,494

Net assets of governmental activities.		<u>\$ 31,257,307</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2012

With Comparative Amounts for the Year Ended September 30, 2011

	2012					2011
	General	Redevelopment	Street Improvement	Other Governmental Funds	Total Governmental Funds	Total
REVENUES						
Taxes	\$ 6,705,342	\$ 783,840	\$ 498,890	\$ 2,773,737	\$ 10,761,809	\$ 11,202,497
Licenses and permits	176,377	-	-	-	176,377	349,795
Intergovernmental revenue	2,114,752	-	-	-	2,114,752	2,605,456
Charges for services	3,363,227	(13,725)	-	-	3,349,502	2,983,696
Fines and forfeitures	969,767	18,013	-	-	987,780	276,388
Miscellaneous revenues	87,762	(3,960)	213,481	16,606	313,889	270,916
TOTAL REVENUES	13,417,227	784,168	712,371	2,790,343	17,704,109	17,688,748
EXPENDITURES						
Current						
General government	3,151,549	99,059	-	-	3,250,608	3,037,032
Public safety	7,219,904	-	-	-	7,219,904	7,427,937
Public works	812,689	-	-	-	812,689	846,131
Culture and recreation	2,051,818	-	-	-	2,051,818	2,070,964
Capital Outlay	332,663	13,098	56,245	2,039,267	2,441,273	1,974,584
Debt service						
Principal retirement	-	728,500	-	603,429	1,331,929	1,317,791
Interest and fiscal charges	-	634,299	-	432,740	1,067,039	1,099,006
Bond issuance costs	-	-	-	-	-	-
TOTAL EXPENDITURES	13,568,623	1,474,956	56,245	3,075,436	18,175,260	17,773,445
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(151,396)	(690,788)	656,126	(285,093)	(471,151)	(84,697)
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale and disposition of capital assets	16,976	-	-	-	16,976	8,221
Proceeds from issuance of redevelopment refunding revenue bonds	-	6,449,269	-	-	6,449,269	-
Payment of refunded redevelopment revenue note	-	(6,449,269)	-	-	(6,449,269)	-
Transfers in	1,261,605	1,045,739	-	981,207	3,288,551	4,271,034
Transfers out	(1,032,641)	(1,070,827)	-	(1,185,083)	(3,288,551)	(4,271,034)
TOTAL OTHER FINANCING SOURCES (USES)	245,940	(25,088)	-	(203,876)	16,976	8,221
NET CHANGE IN FUND BALANCES	94,544	(715,876)	656,126	(488,969)	(454,175)	(76,476)
FUND BALANCES - BEGINNING OF YEAR	5,405,839	4,211,673	1,318,441	4,367,134	15,303,087	15,379,563
FUND BALANCES - END OF YEAR	\$ 5,500,383	\$ 3,495,797	\$ 1,974,567	\$ 3,878,165	\$ 14,848,912	\$ 15,303,087

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

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2012

Net change in fund balances - total governmental funds \$ (454,175)

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.

Other capital outlay	\$ 117,076	
Expenditures for capital assets	2,441,273	
Less current year depreciation	<u>(2,453,451)</u>	104,898

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases the long-term liabilities in the statement of net assets (6,449,269)

Repayment of debt principal is an expenditure in the governmental funds, but issuing debt increases the long-term liabilities in the statement of net assets 7,781,198

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by book value of the capital assets sold. (219)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Negative Net Pension Obligation - Firefighters' Retirement Trust	\$ (4,808)	
Amortization of debt issuance costs	(9,633)	
Accrued interest	56,996	
Changes in Net Other Post-Employment Benefits liability	(199,624)	
Change in compensated absences	<u>(7,443)</u>	(164,512)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net loss of the internal service funds are reported with governmental activities. (248,659)

Changes in net assets of governmental activities \$ 569,262

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

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2012

With Comparative Amounts for the Year Ended September 30, 2011

	2012					2011
	Business-Type Activities			Governmental		Total
	Enterprise Funds			Activity		
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total	
OPERATING REVENUE						
Charges for services	\$ 9,603,100	\$ 522,915	\$ 10,126,015	\$ 582,412	\$ 10,708,427	\$ 10,499,832
Total operating revenues	9,603,100	522,915	10,126,015	582,412	10,708,427	10,499,832
OPERATING EXPENSES						
Personal services	1,818,443	215,159	2,033,602	231,394	2,264,996	2,088,733
Contractual services	74,716	95,503	170,219	59,423	229,642	161,708
Operating supplies	502,262	62,078	564,340	511,969	1,076,309	1,052,932
Repairs and maintenance	231,765	33,433	265,198	15,875	281,073	351,120
Utilities	1,021,490	24,270	1,045,760	871	1,046,631	1,010,174
Depreciation	1,695,600	193,434	1,889,034	16,173	1,905,207	1,922,334
Other operating expenses	5,282,458	65,101	5,347,559	148	5,347,707	4,803,238
Total operating expenses	10,626,734	688,978	11,315,712	835,853	12,151,565	11,390,239
OPERATING INCOME (LOSS)	(1,023,634)	(166,063)	(1,189,697)	(253,441)	(1,443,138)	(890,407)
NONOPERATING REVENUES (EXPENSES)						
Investment income	528,512	2,819	531,331	1,243	532,574	545,167
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Subsidy from County	1,586,954	-	1,586,954	-	1,586,954	1,862,601
Gain (loss) on sale of capital assets	-	-	-	3,176	3,176	4,025
Miscellaneous revenues	555	-	555	363	918	15,297
Interest and fiscal charges	(376,013)	-	(376,013)	-	(376,013)	(424,772)
Amortization	(97,071)	-	(97,071)	-	(97,071)	(31,511)
Total net nonoperating revenues	1,642,937	2,819	1,645,756	4,782	1,650,538	1,970,807
INCOME BEFORE CONTRIBUTIONS	619,303	(163,244)	456,059	(248,659)	207,400	1,080,400
Impact fees	244,550	-	244,550	-	244,550	216,145
CHANGE IN NET ASSETS	863,853	(163,244)	700,609	(248,659)	451,950	1,296,545
NET ASSETS - BEGINNING OF YEAR	55,803,084	7,065,827	62,868,911	700,153	63,569,064	62,272,519
NET ASSETS - END OF YEAR	\$ 56,666,937	\$ 6,902,583	\$ 63,569,520	\$ 451,494	\$ 64,021,014	\$ 63,569,064

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

CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended September 30, 2012

With Comparative Amounts for the Year Ended September 30, 2011

	2012					2011
	Business-Type Activities			Governmental		Total
	Enterprise Funds			Activity		
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 9,677,184	\$ 522,633	\$ 10,199,817	\$ -	\$ 10,199,817	\$ 9,665,769
Cash received from interfund services provided	-	-	-	582,412	582,412	708,561
Cash paid to suppliers for goods and services	(4,768,174)	(261,922)	(5,030,096)	(598,363)	(5,628,459)	(7,342,254)
Cash paid to and for the benefit of employees	(1,698,211)	(210,617)	(1,908,828)	(221,853)	(2,130,681)	(2,239,453)
Cash paid for general government allocated expenses	(2,300,000)	-	(2,300,000)	-	(2,300,000)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	910,799	50,094	960,893	(237,804)	723,089	792,623
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Subsidy from County	1,586,954	-	1,586,954	-	1,586,954	1,898,969
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,586,954	-	1,586,954	-	1,586,954	1,898,969
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest and fiscal charges paid on revenue bonds	(346,261)	-	(346,261)	-	(346,261)	(424,772)
Principal paid on revenue bonds, including current refinancing	(713,163)	-	(713,163)	-	(713,163)	(698,300)
Acquisition and construction of capital assets	(1,975,374)	(138,737)	(2,114,111)	-	(2,114,111)	(705,177)
Proceeds from sale of capital assets	-	-	-	-	-	7,036
Reimbursement for County's share of new treatment plant	-	-	-	-	-	-
Proceeds from sale of water rights	373,163	-	373,163	-	373,163	356,922
Impact fees	244,550	-	244,550	-	244,550	216,145
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,417,085)	(138,737)	(2,555,822)	-	(2,555,822)	(1,248,146)
CASH FLOWS FROM INVESTING ACTIVITIES						
Earnings on investments	528,512	2,819	531,331	4,782	536,113	(675,079)
NET CASH PROVIDED BY INVESTING ACTIVITIES	528,512	2,819	531,331	4,782	536,113	(675,079)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	609,180	(85,824)	523,356	(233,022)	290,334	1,990,695
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,338,820	801,807	15,140,627	467,980	15,608,607	13,617,912
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,948,000	\$ 715,983	\$ 15,663,983	\$ 234,958	\$ 15,898,941	\$ 15,608,607
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET						
Unrestricted cash and pooled cash, cash equivalents, and investments	\$ 14,126,103	\$ 715,983	\$ 14,842,086	\$ 234,958	\$ 15,077,044	\$ 14,658,244
Restricted cash and pooled cash, cash equivalents, and investments						
Customer deposits	821,897	-	821,897	-	821,897	950,363
	\$ 14,948,000	\$ 715,983	\$ 15,663,983	\$ 234,958	\$ 15,898,941	\$ 15,608,607

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

	2012					2011
	Business-Type Activities			Governmental		Total
	Enterprise Funds			Activity		
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
OPERATING INCOME (LOSS)	\$ (1,023,634)	\$ (166,063)	\$ (1,189,697)	\$ (253,441)	\$ (1,443,138)	\$ (890,407)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation	1,695,600	193,434	1,889,034	16,173	1,905,207	1,922,334
Nonoperating income	555	-	555	-	555	14,965
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	63,151	-	63,151	-	63,151	(84,637)
(Increase) decrease in due from other governments	(257,325)	(282)	(257,607)	-	(257,607)	(79,370)
(Increase) decrease in inventories	(61,243)	-	(61,243)	12,039	(49,204)	(11,589)
(Increase) decrease in prepaid expenses	(363)	-	(363)	-	(363)	84,459
Increase (decrease) in accounts payable	363,459	18,463	381,922	(22,114)	359,808	(181,455)
Increase (decrease) in accrued liabilities	79,974	975	80,949	58	81,007	2,885
Increase (decrease) in customer deposits	20,555	-	20,555	-	20,555	15,749
Increase (decrease) in deferred revenue	(10,188)	-	(10,188)	-	(10,188)	4,549
Increase (decrease) in compensated absences	1,888	746	2,634	4,551	7,185	(9,012)
Increase (decrease) in Net Other Post-Employment Benefit liability	38,370	2,821	41,191	4,930	46,121	4,153
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 910,799	\$ 50,094	\$ 960,893	\$ (237,804)	\$ 723,089	\$ 792,624

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

An allowance for uncollectible accounts has been provided for at September 30, 2012 and 2011 in the amount of \$529,424 and \$380,219, respectively.

The unamortized deferred loss on refunding and the bond issuance costs related to the Refunding Utility Revenue Bond, Series 2007A and the Water and Sewer Revenue Bond, Series 2007B, respectively, are being amortized over the life of the outstanding debt issues. Amortization expense for the years ended September 30, 2012 and 2011 was \$31,511 for each year.

DISCLOSURE OF ACCOUNTING POLICY

See Note A in the Notes to the Financial Statements for the City's definition of cash equivalents

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

CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

September 30, 2012

With Comparative Amounts as of September 30, 2011

	Employee Retirement Fund	
	2012	2011
ASSETS		
Cash	\$ 30,160	\$ 3,598
Investments		
U.S. government securities	314,805	1,018,572
U.S. government agencies	4,034,716	3,454,938
Fixed income securities	5,227,867	4,316,665
Equity investments	14,893,436	13,409,160
Mortgage backed securities	541,265	558,381
Temporary investment funds	676,098	720,652
Pooled equity and fixed income funds	5,827,301	3,983,010
Annuities	542,837	506,677
	<u>32,058,325</u>	<u>27,968,055</u>
Receivables		
Accounts	28,732	229,377
Accrued dividends and interest	100,698	95,159
Contributions	37,549	27,252
Prepaid items	2,246	6,052
Equipment, net of accumulated depreciation of \$4,103 and \$3,730	<u>2,064</u>	<u>2,765</u>
TOTAL ASSETS	<u>32,259,774</u>	<u>28,332,258</u>
LIABILITIES		
Accounts payable	<u>70,539</u>	<u>345,720</u>
TOTAL LIABILITIES	<u>70,539</u>	<u>345,720</u>
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 32,189,235</u>	<u>\$ 27,986,538</u>

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

CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2012

With Comparative Amounts for the Year Ended September 30, 2011

	Employee Retirement Fund	
	2012	2011
ADDITIONS		
Contributions		
Employer	\$ 1,271,780	\$ 1,084,437
Employee	533,197	736,740
Total contributions	<u>1,804,977</u>	<u>1,821,177</u>
Intergovernmental revenue		
State excise tax rebate	353,946	358,888
Investment earnings:		
Net increase (decrease) in fair value of investments	4,407,638	(590,386)
Interest and dividends	729,020	641,072
Other	15,696	20,830
Total investment earnings	<u>5,152,354</u>	<u>71,516</u>
Less investment expense	<u>155,739</u>	<u>157,611</u>
Net investment earnings	<u>4,996,615</u>	<u>(86,095)</u>
TOTAL ADDITIONS	<u>7,155,538</u>	<u>2,093,970</u>
DEDUCTIONS		
Benefits	2,409,277	2,010,278
Refunds of contributions	444,266	527,189
Professional services	81,339	89,782
Other services and charges	17,959	19,211
TOTAL DEDUCTIONS	<u>2,952,841</u>	<u>2,646,460</u>
CHANGE IN NET ASSETS	4,202,697	(552,490)
NET ASSETS - BEGINNING OF YEAR	<u>27,986,538</u>	<u>28,539,028</u>
NET ASSETS - END OF YEAR	<u>\$ 32,189,235</u>	<u>\$ 27,986,538</u>

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

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September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City conform to generally accepted accounting principles (“GAAP”) as applied to governmental 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 these accounting policies are summarized below.

1. Defining the Financial Reporting Entity: In accordance with Governmental Accounting Standards Board Statement Numbers 14 and 61, 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 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 pursuant to Chapter 163.356, Florida Statutes, City Ordinance 1202 and City Resolutions 885, 8826 and 897. The CRA was modified and the redevelopment plan revised with the adoption of City Resolution 0105.

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

2. Governmental Accounting Standards Board Statement Number 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”: The City early implemented the provisions of Statement Number 34 for the fiscal year ending September 30, 2000, which establishes new financial reporting requirements for state and local governments. The Statement establishes specific standards for the basic financial statements, management’s discussion and analysis (“MD&A”), and certain required supplementary information. As part of this Statement, there is a new reporting requirement regarding infrastructure (roads, bridges, traffic signals, 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 and all newly acquired or improved infrastructure assets must be prospectively reported effective as of the date of implementation of this statement. Retroactive reporting was not required until four years after the required effective date of implementation on the basic provision; however, the City implemented this requirement effective October 1, 2001.

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Internal Service Fund. Business-type activities include the Enterprise Funds. The City's Fiduciary Funds are not included in the government-wide statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government.

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, 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 and internal service fund are charges to customers for services. Operating expenses for the City's enterprise funds and internal service fund include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 nonmajor funds are summarized into a single column.

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.

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

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:

Government Fund Types:

General Fund: This fund type is used to account for all financial resources, except those required by law or administrative actions to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Fund: This fund is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes. Both special revenue funds are reported as major funds in the governmental fund statements.

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

Street Improvement Fund: This fund is used to account for proceeds and costs associated with street improvements that are assessed to property owners. Although this fund does not meet the criteria of a major fund, the City has elected to report this fund as a major fund in the governmental fund statements.

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

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

Proprietary Fund Types: Apply all applicable pronouncements of the Financial Accounting Standards Board ("FASB") issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements.

Enterprise Funds: These funds account for operations that are financed and operated in a manner similar to private business enterprises 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 accounts for the water, sewer and reclaimed water operations in the Water and Sewer Fund and stormwater utility operations in the Stormwater Utility Fund. The Water and Sewer Fund and Stormwater Utility Fund meet the criteria of a major fund and have been reported as such in the proprietary fund statements.

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

Fiduciary Fund Types:

Trust Funds: These funds account for the assets held by the City as a trustee for individuals, private organizations and/or other governmental units. The City's general employee defined contribution fund, police officers' retirement fund, firefighters' retirement fund, and deferred compensation fund are accounted for as trust funds.

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on an accrual basis of accounting. The 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 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 franchise fees, special assessments, interest revenue, state revenue sharing entitlements, and intergovernmental grants. Expenditures are recorded at the time the related fund liabilities are incurred. Debt service expenditures are recorded only when payment is due.

Under the accrual basis, revenues are recognized in the period when earned and expenses are recognized in the period when incurred.

6. Budgets and Budgetary Accounting: The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. The City Manager submits to the City Council a proposed operating budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage.
- b. Public hearings are conducted to obtain taxpayer comments on the proposed budget and property tax millage rate.
- c. The budget and property tax millage is approved by the City Council in September.
- d. Annual budgets are adopted for the following funds: General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Enterprise Funds, and Internal Service Fund.
- e. The City Council must approve budget amendments that affect revenue accounts or appropriations in more than one department. The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between specific classifications of expenditures within a department or office. Expenditures may not exceed legal appropriations at the department level. Appropriations lapse at year-end. All budget amounts presented in the accompanying financial statements and supplemental information have been adjusted for revisions as approved by the City Council during the year. Charges to budget appropriations were amended as a result of budget revisions by the following amounts: General Fund – (\$209,379), Redevelopment Fund - \$200,000 and Capital Improvement Fund - \$400,415.
- f. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.
- g. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles.

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, Liabilities, and Fund Equity:

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

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The majority of the City's pooled investments have the general characteristics of demand deposits, in that additional funds may be deposited at any time and funds may be withdrawn at any time without prior notice or penalty. Therefore, all of the pooled investments regardless of their maturities are considered cash equivalents. Investments in government agency securities and mutual funds are recorded at fair value, as determined by quoted market prices.

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

Receivables: Utility (water and sewer) operating revenues are generally recognized on the basis of cycle billings rendered monthly. The City records estimated revenues for services delivered during the current fiscal year that will be billed during the next fiscal year.

Inventories: Inventories are stated at cost using the first-in, first-out method. Inventories in the governmental funds are accounted for by the consumption method, wherein inventories are charged as expenditures when used.

Prepaid Items: Payments made to vendors and others for services that will benefit periods beyond September 30, 2012 are recorded as prepaid items.

Redevelopment Properties Held for Resale: Real estate properties acquired in economically depressed areas and held for resale to the private sector are stated at cost. These properties are not intended to be used in the City's operations but rather are intended to be converted to cash upon resale. The City classifies properties that it anticipates will not be sold within one year as noncurrent assets.

Taxes Receivable: Delinquent ad valorem taxes receivable are measurable, but not available, as of the end of the fiscal year and thus are shown as deferred revenue. The deferred revenue will be recognized as revenue in the fiscal year that it becomes available. Other taxes receivable include franchise and utility taxes that are received monthly.

Property Taxes: Under Florida Law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pasco County Property Appraiser and Pasco County Tax Collection. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for the fiscal year ended September 30, 2012 was 8.3877.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Capital Assets: Capital Equipment acquired in excess of \$1,500 and capital improvements/additions constructed or acquired in excess of \$10,000 are capitalized at historical cost. Donated assets are recorded at fair market value as of the date received. Additions, improvements, and other capital outlays that extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable assets is as follows:

Assets	Years
Sewer System	50
Water System	50
Public Domain Infrastructure	20-40
Buildings	10-50
Equipment	5-10

Net interest cost (interest cost less the interest earned on the investment of unexplained debt proceeds) is capitalized in the proprietary funds on construction projects financed with tax-exempt debt. There were no interest costs capitalized in the Water and Sewer Fund or Stormwater Utility Fund during the year ended September 30, 2012. Interest cost is not capitalized on projects financed by government grants, third-party donations or on assets in the governmental funds.

Compensated Absences: Annual vacation accruals vary based on years of service. The maximum number of annual leave hours that an employee may accrue is equal to the employee’s rate of annual accrual. A provision for accumulated vacation pay, related payroll taxes and retirement benefit costs has been made in the government-wide and proprietary fund financial statements as a current liability as of September 30, 2012.

Although current medical leave policies do not provide for the payment of accumulated sick leave upon separation of employment, the City at one time had such a policy. When the new policy was enacted, employees were given the option of having their accumulated sick leave paid to them at that time or wait until separation of employment from the City. In either case, the amount of sick leave owed to the employees was frozen at the hourly wage rate the employee was earning at that time. A provision for accumulated sick pay and related payroll taxes has been made in the government-wide and proprietary fund financial statements as a noncurrent liability as of September 30, 2012.

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets: The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are presented in three components – invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in Capital Assets (net of related debt) – This component of net assets 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. This component does not include the portion of debt attributable to the unspent proceeds.
- Restricted – This component consists of net assets 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 arose, but reserves the right to selectively defer the use of these funds. The government-wide statement of net assets reports \$3,819,762 of restricted net assets, of which \$3,029,719 is restricted by enabling legislation.
- Unrestricted – This component consists of net assets that do not meet the definition of “invested in capital assets, net of related debt” and “restricted.”

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intake. The City has classified Redevelopment Properties Held for Resale, 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.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified Forfeitures as being restricted as their use is restricted by Florida Statutes for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and bonds and are restricted through debt covenants. Infrastructure Projects are restricted by Florida Statute and the laws of Pasco County and are legally segregated for funding of infrastructure improvements.
- Committed – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council that constitutes the most binding constraint, which is an ordinance. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2012.

September 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **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. The City has assigned funds for Other Capital Projects that are to be used for the repair and replacement of equipment.
- **Unassigned** – This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding, which represents that portion of the General Fund balance that has been established by Ordinance 1119, as amended by Ordinance 1301 and Ordinance 1469, to be used for debt service or in emergency situations. A 4/5 vote of the City Council is required to authorize the spending of any of these funds for any reason. 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 to the use of these other classified funds.

8. Bond Discounts/Issuance Costs: In governmental funds, bond discounts and issuance costs are recognized in the current period. In the proprietary funds, bond discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method of accounting, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges. As part of the reconciliation and presentation at the government-wide level, bond discounts and issuance costs in the governmental funds are adjusted and reflected similarly to proprietary funds.

9. Operating Subsidies, Grants, and Impact Fees: Subsidies, impact fees, and grants to proprietary funds that finance either capital or current operations are recorded as nonoperating revenues when earned.

10. Deferred Gain (Loss) on Current Refunding: For the proprietary and governmental funds in the government-wide financial statements, the difference between the reacquisition price of the new debt and the net carrying value of the old debt is deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is offset against the debt liability.

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

12. Comparative data/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, 2012, from which such summarized information was derived. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year’s presentation.

September 30, 2012

NOTE B – CASH AND POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Florida Statutes require depositories of public funds to provide collateral each month at least equal to 50 percent of the average daily balance of all public deposits in excess of deposit insurance. All of the City's deposits are covered by the Florida Security for Deposits Act, Chapter 280, and are considered insured for risk categorization. At year-end, the carrying amount of the City's deposits was \$900,265.

Investments

Florida Statutes (166.261 and 218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, Local Government Surplus Funds Trust Fund and mutual funds investing in U.S. Government securities. The City adopted its own investment policy that also authorizes the City to invest in the following: a) obligations of government-sponsored corporations (Instrumentalities – which are usually "AAA" rated but have no explicit government guarantee) that are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve; b) collateralized mortgage obligations ("CMO") with very accurately defined maturities issued by Federal Agencies and Instrumentalities with an average life less than three years; c) bankers acceptance guaranteed by banking institutions with a bank rating of "AA" on its long-term debt; d) prime commercial paper having received an "A1/P1" or higher rating by a nationally recognized rating agency; e) nonnegotiable certificates of deposit and bank investment contracts ("BIC"), which can be insured, collateralized at the Federal Reserve or quality as State qualified public deposits as defined by Florida Statutes; f) taxable or tax-exempt government bonds, notes or other obligations of state or local governments, including municipal corporations and special districts, of investment grade quality; g) repurchase agreements with a "primary securities dealer" or with the City's primary State certified public depository that are collateralized pursuant to State law and pursuant to a Master Repurchase Agreement entered into with the selling institution; h) auction rate securities (Dutch Auctions) rated "AA" or "AAA" with 28 – 35 day resets rated by a nationally recognized rating agency; i) corporate debt of corporations whose long-term debt is rated at least "AA-" or equivalent by a nationally recognized rating agency; j) mortgaged back securities rated "AAA" or better by a nationally recognized rating agency; and k) any other investments authorized by law and by resolution of the City Council.

The Local Government Surplus Funds Trust Fund (Florida PRIME) and the Fund B Surplus Funds Trust Fund (Fund B) are operated by the Florida State Board of Administrators and are external investment pools. The Florida State Board of Administration is a three-member board made up of the State elected officials of Governor, Chief Financial Officer and Attorney General. This Board is empowered by Florida law to invest funds at the request of local governments. The Florida PRIME is treated as a "2a-7 like" pool in accordance with GASB Statements No. 31 and No. 59 and is valued using the pooled share price (amortized cost), which approximates fair value. The Florida PRIME funds may be withdrawn upon demand. The Fund B is accounted as a fluctuating net asset value ("NAV") pool. The Fund B funds are not available for withdrawal unless released from the Fund B pool to the Florida PRIME by the State Board of Administration. Therefore, the amounts on deposit in the Fund B pool are presented as noncurrent assets in the accompanying Statement of Net Assets. The fair value of the Fund B funds as of September 30, 2012 has been determined using a fair value factor of .789653. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

The Florida Municipal Investment Trust (the "Trust") is an investment pool created under the laws of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds. The Trust is administered by a Board of Trustees consisting of the President and Second Vice President of the Florida League of Cities, two representatives from the Florida Municipal Investment Trust, and three additional members who are elected officials of governmental entities who actively participate in the Trust. The City has invested in the Trust's 0-2 Year High Quality Bond Fund that seeks to maintain a constant net asset value of \$1.00 per share. The Trust is an authorized investment under Section 218.415 of the Florida Statutes.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

The City’s investments carried at market value as of September 30, 2012 are:

Investment	Weighted Average Maturity	Fair Value	Overall Credit Rating (Standard & Pools)
State Board of Administration - Florida PRIME	39 days	\$ 12,852,413	AAAm
State Board of Administration - Fund B	4.08 years	139,894	Nonrated
Florida Municipal Investment Trust	.83 year	13,466,106	AAAf/S1
Other U.S. Government Agency investments		<u>8,168</u>	AAA
Portfolio total		<u>\$ 26,466,581</u>	

Interest Rate Risk – In compliance with the City’s investment policy, as of September 30, 2012, the City minimized the interest rate risk, related to the decline in market value of securities due to rising interest rates, by limiting the effective duration of security types not to exceed five years with the exception of securities related to a specific cash flow such as a reserve fund and investing operating funds in primarily shorter-term securities or similar government investment pools so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2012, the City minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities, U.S. Government Agency securities and government investment pools, and by prequalifying the financial institutions with which the City does business.

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

Deposits	\$ 900,265
Cash on hand	2,432
Investments	<u>26,466,581</u>
Total	<u>\$ 27,369,278</u>
Unrestricted	
Cash and Pooled Cash, Cash Equivalents, and Investments	\$ 26,407,486
Cash and Pooled Cash, Cash Equivalents, and Investments - Noncurrent Portion	139,895
Restricted	
Cash and Pooled Cash, Cash Equivalents, and Investments - Customer deposits	<u>821,897</u>
Total Cash and Pooled Cash, Cash Equivalents, and Investments	<u>\$ 27,369,278</u>

September 30, 2012

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

Firefighters’ Retirement System

Deposits

Fiduciary Trust Company of the South, Inc. periodically holds uninvested cash in its capacity as custodian of the Firefighters’ Retirement System (the “Plan”). These funds exist temporarily as cash in the process of collection from the sale of securities.

Investments

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

The Firefighters’ Retirement System held the following fixed investments as of September 30, 2012:

Investment Type	Fair Value	Overall Credit Rating
U.S. Government Securities	\$ 314,805	Complies with investment policy
U.S. Government Agencies	572,209	Complies with investment policy
Mortgage Backed Securities	541,265	Complies with investment policy
Corporate Bonds	2,329,438	Complies with investment policy
Temporary Investment Funds	334,598	Nonrated
Total Fixed Investments	\$ 4,092,315	

Credit Risk – State law provides that retirement plan fixed income securities must have a quality rating of “A” or equivalent as rated by one or more recognized bond rating services at the time of purchase. Fixed income investments that are downgraded to a “BAA” or equivalent rating must be liquidated within a reasonable period of time not to exceed 12 months. Fixed income investments that are downgraded below a “BAA” rating are to be liquidated immediately.

Interest Rate Risk – Through its investment policies, the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard, the Plan adopted the Lehman Brothers Aggregate Bond Index Intermediate bench mark performance evaluator. Additionally, the bond portion of the Plan’s portfolio is expected to perform in the top 40th percentile of a broad market fixed income universe.

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

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

September 30, 2012

NOTE B – CASH AND POOLED CASH, CASH EQUIVALENT AND INVESTMENTS (continued)

Police Officers’ Retirement System

Deposits

Fiduciary Trust Company of the South, Inc. periodically holds uninvested cash in the capacity as custodians of the Police Officers’ Retirement System (the “Plan”). These funds exist temporarily as cash in the process of collection from the sale of securities.

Investments

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

The Police Officers’ Retirement System held the following fixed investments as of September 30, 2012:

Investment	Fair Value	Overall Credit Rating (S&P & Moody's)	Average Effective Duration (Years)
U.S. Government Agencies	3,462,507	AA	2.7
Domestic Corporate Bonds	3,373,389	A	4.1
Temporary Investments Funds	341,500	Nonrated	N/A
Total Fixed Investments	\$ 7,177,396		

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

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

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

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

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE C – RECEIVABLES

The receivables and related allowance for uncollectable at September 30, 2012 were as follows:

	Receivables	Allowance for Uncollectibles	Net
General Fund	\$ 630,214	\$ 342,755	\$ 287,459
Redevelopment Fund	433,306	398,843	34,463
Street Improvement Fund	451,110	45,752	405,358
Debt Service Fund	130,682	-	130,682
Enterprise Funds	1,584,986	529,424	1,055,562
Total	<u>\$ 3,230,298</u>	<u>\$ 1,316,774</u>	<u>\$ 1,913,524</u>

NOTE D – INTERFUND TRANSFERS

The composition of interfund transfers as of September 30, 2012 is as follows:

	Transfer In	Transfer Out
General Fund	\$ 1,261,605	\$ 1,032,641
Redevelopment Fund	1,045,739	1,070,827
Debt Service Fund	981,207	983,085
Capital Projects Fund	-	201,998
Total	<u>\$ 3,288,551</u>	<u>\$ 3,288,551</u>

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

NOTE E – NOTE RECEIVABLE

In May 1998, the City, along with the cities of Tampa, St. Petersburg and the counties of Pasco, Pinellas and Hillsborough, entered into an interlocal agreement to reorganize the West Coast Regional Water Supply Authority. As part of this agreement, the City conveyed its interest in the North Pasco Wellfield, including water rights to the Authority, for the net amount of \$13,226,250 that is to be received in the form of credits applied against the cost of water purchased over the next 30 years. These credits total approximately \$70,632 per month, including interest of 3.43% to 5.03% compounded semi-annually. At September 30, 2012, the \$9,178,154 outstanding balance (\$390,514 - current portion and \$8,787,640 - long-term portion) on the note was reported as a note receivable. The Authority commenced operations under its reorganized form on October 1, 1998 under the name of Tampa Bay Water.

NOTE F – REDEVELOPMENT PROPERTIES HELD FOR RESALE

The City's Redevelopment Fund has purchased real estate that is suitable for economic development with the intent of reselling these properties to qualified private-sector purchasers to enable the properties to be redeveloped. The properties that have been acquired are located in economically depressed areas of the City. The one remaining property is stated at cost. The cost of redevelopment properties held for resale as of September 30, 2012 is \$3,206,723, all of which has been classified as a noncurrent asset.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE G – CAPITAL ASSETS

Capital asset activity for the fiscal year ending September 30, 2012 was as follows:

	Beginning Balance 10/1/11	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance 9/30/12
Governmental Activities:				
Nondepreciable assets:				
Land, land rights and improvements	\$ 5,339,430	\$ -	\$ -	\$ 5,339,430
Construction in progress	1,198,925	2,108,609	(569,000)	2,738,534
Depreciable assets:				
Buildings and improvements	13,804,391	-	-	13,804,391
Improvements other than buildings	20,178,289	-	-	20,178,289
Equipment	8,689,109	393,493	(238,529)	8,844,073
Infrastructure	14,340,773	56,247	-	14,397,020
Total at historical cost	63,550,917	2,558,349	(807,529)	65,301,737
Less accumulated depreciation for:				
Buildings and improvements	6,257,695	526,551	-	6,784,246
Improvements other than buildings	4,980,034	823,931	-	5,803,965
Equipment	6,596,548	549,884	(238,310)	6,908,122
Infrastructure	7,199,255	569,260	-	7,768,515
Total accumulated depreciation	25,033,532	2,469,626	(238,310)	27,264,848
Capital assets, net	\$ 38,517,385	\$ 88,723	\$ (569,219)	\$ 38,036,889
Depreciation as charged to the governmental activities as follows:				
General Government				\$ 419,778
Police				241,350
Fire				118,427
Protective Inspections				5,252
Public Works				696,273
Culture and recreation				972,373
Sub-total				2,453,453
Unallocated Internal Service Funds				16,173
				<u>\$ 2,469,626</u>

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE G – CAPITAL ASSETS (continued)

	Beginning Balance 10/1/11	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance 9/30/12
Business-Type Activities:				
Nondepreciable assets:				
Land, land rights and improvements	\$ 994,109	\$ -	\$ -	\$ 994,109
Construction in progress	93,920	1,655,139	-	1,749,059
Depreciable assets:				
Buildings and improvements	26,697,724	39,719	-	26,737,443
Equipment	2,944,883	219,251	(15,929)	3,148,205
Infrastructure	41,919,691	200,000	-	42,119,691
Total at historical cost	72,650,327	2,114,109	(15,929)	74,748,507
Less accumulated depreciation for:				
Buildings and improvements	10,483,073	678,935	-	11,162,008
Infrastructure	12,180,421	986,121	-	13,166,542
Equipment	2,237,612	223,975	(15,929)	2,445,658
Total accumulated depreciation	24,901,106	1,889,031	(15,929)	26,774,208
Capital assets, net	<u>\$ 47,749,221</u>	<u>\$ 225,078</u>	<u>\$ -</u>	<u>\$ 47,974,299</u>

NOTE H – LONG-TERM DEBT

Long-term debt activity for the fiscal year ending September 30, 2012 was as follows:

	Beginning Balance 10/1/11	Increases	Decreases	Ending Balance 09/30/2012	Amounts Due Within One Year
Governmental Activities:					
Notes payable:					
Revenue Note, Series 2000	\$ 1,275,780	\$ -	\$ 292,712	\$ 983,068	\$ 309,546
Redevelopment Notes:					
Series 2005A	7,144,000	-	387,000	6,757,000	403,000
Series 2005B	7,132,000	-	387,000	6,745,000	403,000
Redevelopment Bond					
Series 2010	6,702,003	-	6,702,003	-	-
Redevelopment Bond					
Series 2012	-	6,449,269	12,483	6,436,786	369,319
Total notes payable	22,253,783	6,449,269	7,781,198	20,921,854	1,484,865
Other liabilities:					
Compensated absences	350,338	432,473	420,479	362,332	315,229
Total long-term liabilities - governmental activities	<u>\$ 22,604,121</u>	<u>\$ 6,881,742</u>	<u>\$ 8,201,677</u>	<u>\$ 21,284,186</u>	<u>\$ 1,800,094</u>

Total interest expense and fiscal charges for the governmental activities for fiscal year ending September 30, 2012 was \$1,031,172.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H – LONG-TERM DEBT (continued)

The compensated absences liability at September 30, 2012 for governmental activities consists of \$336,663 in the General Fund, \$11,981 in the Redevelopment Fund, and \$13,688 in the Internal Service Fund. These liabilities will be liquidated using these funds.

Long-term debt for the governmental activities is comprised of the following at September 30, 2012:

Revenue Note, Series 2000, in the amount of \$4,861,573 was acquired to refund \$1,260,000 of the outstanding principal amount of the Electric Utility Tax Revenue Bonds, Series 1990, (all of the outstanding Series 1990 bonds were redeemed in February 2000), to finance the acquisition and construction of certain capital projects, and to pay the costs of issuing the Series 2000 Note. The refunding portion of the note has been repaid in full. Interest is payable semi-annually on June 1 and December 1. The note and related interest are secured by a lien upon and pledge of the public service tax collected by the City on the purchase of utility services pursuant to Section 166.231, F.S. and an ordinance enacted by the City, and the income and investments held in the funds created by the ordinance. The note matures December 1, 2014. \$ 983,068

Redevelopment Refunding Revenue Note, Series 2005A, in the amount of \$9,057,000 was issued on December 15, 2005 to refinance the redevelopment bond anticipation note. The redevelopment bond anticipation note had been used to finance the cost of acquiring, constructing and equipping certain capital improvements within the Redevelopment Area. Interest accrues on the Series 2005A note at an annual fixed rate of 4.12%. Interest is payable semi-annually on February 1 and August 1. Annual principal payments are due each August 1st in amounts ranging from \$372,000 to \$655,000 through August 1, 2025. The note and related interest are secured by a pledge of the incremental ad valorem tax revenues that are derived from the Redevelopment Area and paid by the City and Pasco County. 6,757,000

Redevelopment Revenue Note, Series 2005B, in the amount of \$9,028,000 was issued on December 30, 2005 to finance the acquisition, construction and equipping of capital improvements within the Redevelopment Area. Interest accrues on the Series 2005B note at an annual fixed rate of 4.13%. Interest is payable semi-annually on February 1 and August 1. Annual principal payments are due each August 1st in amounts ranging from \$371,000 to \$654,000 through August 1, 2025. The note and related interest are secured by a pledge of the incremental ad valorem tax revenues that are derived from the Redevelopment Area and paid by the City and Pasco County. 6,745,000

Taxable Redevelopment Revenue Note, Series 2012, in the amount of \$6,449,269 was issued on July 18, 2012 to refinance the Taxable Redevelopment Revenue Note, Series 2010. The Taxable Redevelopment Revenue Note, Series 2010 was used to refinance Taxable Redevelopment Revenue Note, Series 2006C, which was used to acquire redevelopment projects that could not be funded with tax-exempt financing; primarily the purchase of redevelopment properties held for resale. The principal and interest on the bond are payable semi-annually on February 1 and August 1 with interest accruing at the rate of 4.63%. The semi-annual principal payments range in amount from \$181,307 to \$326,041 with the final payment due August 1, 2025. The bond and related interest are secured by a pledge of the incremental ad valorem tax revenues that are derived from the Redevelopment Area and paid by the City and Pasco County. 6,436,786

Compensated absences, consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 362,332

Total long-term debt - governmental activities \$ 21,284,186

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H – LONG-TERM DEBT (continued)

Restrictions

The official statement and council resolution authorizing the issuance of the Revenue Note, Series 2000 described above contains certain restrictive covenants. The City has covenanted that, on a monthly basis, it will deposit specified amounts into an account and sinking fund established by the resolution. The deposits into this account are used to repay principal and interest coming due on the note and to provide sinking funds established for the purpose of retiring the note as it becomes due.

The City has covenanted to maintain sufficient incremental ad valorem tax revenues in the Redevelopment Fund to make the periodic interest and principal payments due on the Redevelopment Notes Series 2005A and 2005B.

The City has also covenanted that all actions necessary will be taken to maintain the exclusion from gross income of interest on all tax exempt notes. The City is in compliance with the deposits and sinking fund requirements, and is also in compliance with all covenants made regarding long-term debt.

Current Refunding of Long-Term Debt

On July 18, 2012, the City issued \$6,449,269 in CRA project 2012A Note Payable with average interest rate of 4.63% to refund \$6,403,769 of outstanding Taxable Redevelopment Revenue Note, Series 2010 with an average interest rate of 5.50%. The net proceeds of \$45,500 were used to pay closing costs. As proceeds of new debt were applied immediately to redeem old debt, it is considered current refunding of long-term debt. Therefore, the liability relating to the 2010 Series Note has been removed from the government-wide statement of net assets.

The current refunding did not result in gain/loss for the year-ended September 30, 2012. The City in effect reduced its aggregate debt service payments by \$394,438 over the next fifteen years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$296,710.

Funding of Governmental Activities Long-Term Debt

The total amount of principal and interest paid on the Revenue Note, Series 2000 during fiscal year 2012 was \$357,665. These debt service payments are secured by a lien upon and pledge of the public service tax collected by the City on the purchase of utility services. The total amount of pledged public service tax (electric utility tax) collected by the City during fiscal year 2012 was \$1,271,802.

The total amount of principal and interest paid on the Redevelopment Refunding Revenue Note, Series 2005A and Redevelopment Revenue Note, Series 2005B, as well as the amount of interest paid on the Refinanced Redevelopment Revenue Note, Series 2010, and the new Redevelopment Bond Series 2012 was \$2,041,509. The debt service on these three redevelopment revenue notes is secured by a pledge of the incremental ad valorem tax revenues that are derived from the Redevelopment Area and paid by the City and Pasco County. The total amount of incremental ad valorem tax revenues received by the Redevelopment Fund in fiscal year 2012 was \$783,840 from Pasco County and \$1,045,739 paid from the City's general fund.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H – LONG-TERM DEBT (continued)

Annual Requirements to Amortize the Long-Term Debt for Governmental Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Revenue note, Series 2000</u>			
2013	\$ 309,546	\$ 47,635	\$ 357,181
2014	327,348	29,321	356,669
2015	346,174	9,954	356,128
	<u>\$ 983,068</u>	<u>\$ 86,910</u>	<u>\$ 1,069,978</u>
 <u>Redevelopment Refunding Revenue Note,</u>			
<u>Series 2005A</u>			
2013	\$ 403,000	\$ 278,388	\$ 681,388
2014	420,000	261,785	681,785
2015	437,000	244,481	681,481
2016	455,000	226,476	681,476
2017	474,000	207,730	681,730
2018-2022	2,680,000	729,034	3,409,034
2023-2025	1,888,000	157,673	2,045,673
	<u>\$ 6,757,000</u>	<u>\$ 2,105,567</u>	<u>\$ 8,862,567</u>
 <u>Redevelopment Revenue Note, Series 2005B</u>			
2013	\$ 403,000	\$ 278,569	\$ 681,569
2014	419,000	261,925	680,925
2015	436,000	244,620	680,620
2016	454,000	226,613	680,613
2017	473,000	207,863	680,863
2018-2022	2,675,000	729,565	3,404,565
2023-2025	1,885,000	157,807	2,042,807
	<u>\$ 6,745,000</u>	<u>\$ 2,106,962</u>	<u>\$ 8,851,962</u>
 <u>Taxable Redevelopment Revenue Bond, Series 2012</u>			
2013	\$ 369,319	\$ 297,942	\$ 667,261
2014	386,859	280,401	667,260
2015	405,233	262,028	667,261
2016	423,827	243,433	667,260
2017	444,608	222,653	667,261
2018-2022	2,560,119	776,186	3,336,305
2023-2025	1,846,820	154,961	2,001,781
	<u>\$ 6,436,785</u>	<u>\$ 2,237,604</u>	<u>\$ 8,674,389</u>

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H – LONG-TERM DEBT (continued)

Business-Type Activities:	Beginning Balance 10/1/11	Increases	Decreases	Ending Balance 09/30/2012	Amounts Due Within One Year
Bonds payable:					
Revenue Bond, Series 2007A	\$ 2,461,790	\$ -	\$ 578,430	\$ 1,883,360	\$ 548,430
Less: difference between reacquisition price and carrying value of advance refunded bonds	<u>(115,621)</u>	-	<u>(28,905)</u>	<u>(86,716)</u>	<u>(28,905)</u>
	2,346,169	-	549,525	1,796,644	519,525
Revenue Bond, Series 2007B	<u>7,530,000</u>	-	<u>7,530,000</u>	-	-
Revenue Bond, Series 2012	<u>-</u>	<u>7,463,443</u>	<u>-</u>	<u>7,463,443</u>	<u>-</u>
Total bonds payable	9,876,169	7,463,443	8,079,525	9,260,087	519,525
Other liabilities:					
Compensated absences	<u>48,108</u>	<u>46,229</u>	<u>43,452</u>	<u>50,885</u>	<u>50,885</u>
Total long-term liabilities - business-type activities	<u>\$ 9,924,277</u>	<u>\$ 7,509,672</u>	<u>\$ 8,122,977</u>	<u>\$ 9,310,972</u>	<u>\$ 570,410</u>

Interest costs incurred for fiscal year ending September 30, 2012 were \$376,013, all of which has been expensed.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H – LONG-TERM DEBT (continued)

Long-term debt for business type activities is comprised of the following at September 30, 2012:

<p><u>Refunding Utility Revenue Bond, Series 2007A</u>, in the amount of \$4,446,650 was issued on September 28, 2007 for the purpose of the advance refunding of the Series 1996 Bonds and paying certain costs of issuance of the Series 2007A Bonds. Interest accrues on the Series 2007A Bond at an annual fixed rate of 4.29%. Interest is payable semi-annually on April 1 and October 1. Annual principal payments are due each October 1st in amounts ranging from \$533,300 to \$654,150 through October 1, 2015. The principal and interest payments are secured by and payable solely from a lien on and pledge of the net revenues of the City's utility system.</p>	<p>\$ 1,883,360</p>
<p><u>Refunding Utility Revenue Bond, Series 2012</u>, in the amount of \$7,462,443 was issued on July 18, 2012 for the purpose of the advance refunding of the Series 2007B Bonds and paying certain costs of issuance of the Series 2012 Bonds. Interest accrues on the Series 2012 Bond at an annual fixed rate of 2.60%. Interest is payable semi-annually on April 1 and October 1. Annual principal payments are due each October 1st in amounts ranging from \$537,953 to \$713,452 through October 1, 2027. The principal and interest payments are secured by and payable solely from a lien on and pledge of the net revenues of the City's utility system.</p>	<p>7,463,443</p>
<p><u>Compensated absences</u>, consisting of the vested portion of accumulated vacation and sick pay benefits due employees.</p>	<p><u>50,885</u></p>
<p>Total long-term debt - business type activities</p>	<p><u><u>\$ 9,397,688</u></u></p>

The current advance refunding of the Refunding Revenue Utility Bonds, Series 1996 Bonds resulted in a difference between the reacquisition price and the net carrying amount of the bonds of \$216,912 plus \$14,330 of additional acquisition costs incurred in fiscal year 2008. This difference is reported in the accompanying Proprietary Funds Balance Sheet and Statement of Net Assets as an offset to revenue bonds payable and is being charged to operations through the year ended September 30, 2015 using the effective interest method. The amount charged to operations for the year ended September 30, 2012 was \$28,905. The remaining difference that has been offset to revenue bonds payable as of September 30, 2012 is \$86,716.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H – LONG-TERM DEBT (continued)

Current Refunding of Long-Term Debt

On July 18, 2012, the City issued \$7,463,443 in Water and Sewer Refunding Revenue Bond, Series 2012 with average interest rate of 2.60% to refund \$7,423,942 of outstanding Water and Sewer Refunding Revenue Bond, Series 2007B with an average interest rate of 3.85%. The net proceeds of \$39,501 were used to pay closing costs. As proceeds of new debt were applied immediately to redeem old debt, it is considered current refunding of long-term debt. Thus, the liability relating to the 2007B Series Bond has been removed from the government-wide statement of net assets.

The current refunding did not result in gain/loss for the year-ended September 30, 2012. The City in effect reduced its aggregate debt service payments by \$206,172 over the next fifteen years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$88,208.

Funding of Business-Type Activities Long-Term Debt

The total amount of principal and interest paid on the Refunding Utility Revenue Bond, Series 2007A and Water and Sewer Revenue Bond, Series 2007B totaled \$1,123,135. These debt service payments are secured by a pledge and lien upon, and payable solely from, the net revenues of the City’s utility system. The total amount of Water and Sewer Fund charges for services and other income earned by the City and the Change in Net Assets before interest expense and noncash expenses for the year ended September 30, 2012 was \$11,963,671 and \$3,032,537, respectively.

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Refunding Utility			
<u>Revenue Bond, Series 2007A</u>			
2013	\$ 602,810	\$ 80,796	\$ 683,606
2014	626,400	54,936	681,336
2015	654,150	28,063	682,213
	<u>\$ 1,883,360</u>	<u>\$ 163,795</u>	<u>\$ 2,047,155</u>
Water and Sewer			
<u>Revenue Bond, Series 2012</u>			
2013	\$ -	\$ 194,050	\$ 194,050
2014	-	194,050	194,050
2015	-	194,050	194,050
2016	537,953	194,050	732,003
2017	551,939	180,063	732,002
2018-2022	2,982,563	677,448	3,660,011
2023-2025	3,390,988	269,020	3,660,008
	<u>\$ 7,463,443</u>	<u>\$ 1,902,731</u>	<u>\$ 9,366,174</u>

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H – LONG-TERM DEBT (continued)

The total aggregate annual requirements to amortize long-term debt for governmental activities and business-type activities, excluding capital leases and compensated absences, as of September 30, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Revenue Notes/Bonds - Governmental</u>			
<u>Activities</u>			
2013	\$ 1,484,865	\$ 902,534	\$ 2,387,399
2014	1,553,207	833,432	2,386,639
2015	1,624,407	761,083	2,385,490
2016	1,332,827	696,522	2,029,349
2017	1,391,608	638,246	2,029,854
2018-2022	7,915,119	2,234,785	10,149,904
2023-2025	5,619,820	470,441	6,090,261
	<u>\$ 20,921,853</u>	<u>\$ 6,537,043</u>	<u>\$ 27,458,896</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Revenue Bonds - Business-Type Activities</u>			
2013	\$ 602,810	\$ 274,846	\$ 877,656
2014	626,400	248,986	875,386
2015	654,150	222,113	876,263
2016	537,953	194,050	732,003
2017	551,939	180,063	732,002
2018-2022	2,982,563	677,448	3,660,011
2023-2025	3,390,988	269,020	3,660,008
	<u>\$ 9,346,803</u>	<u>\$ 2,066,526</u>	<u>\$ 11,413,329</u>

NOTE I – RETIREMENT PLANS

The City participates in a cost-sharing multiple-employer plan (Florida Retirement System), which covers all nonuniformed full-time employees hired prior to January 1, 1996, and effective January 3, 2006, all eligible new nonuniformed employees and nonuniformed employees previously participating in the single-employer defined contribution pension plan that have elected to participate in the Florida Retirement System; a single-employer defined benefit pension plan (Police Officers' Retirement System), which covers all uniformed police officers; a single-employer defined benefit pension plan (Firefighters' Retirement System), which covers all uniformed firefighters, and a single-employer defined contribution pension plan (Defined Contribution Retirement Fund) for all nonuniformed full-time employees hired after January 1, 1996 and before January 3, 2006 who have not elected to participate in the Florida Retirement System.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I – RETIREMENT PLANS (continued)

Florida Retirement System

Plan Description – The City contributes to the Florida Retirement System (“FRS”), a cost-sharing multiple-employer PERS defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Administration, 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 Florida Statutes assigns the authority to establish and amend benefit provisions to the State of Florida Department of Administration. The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That 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.

Funding Policy – The City is required by State Statute to contribute, on a monthly basis, an actuarially determined rate. The current rates effective July 1, 2012 and continuing through September 30, 2012, based upon employees’ gross earnings, are regular employees, 5.18% and senior management, 6.30%. The rates effective July 1, 2011 continuing through June 30, 2012, based upon employees’ gross earnings, were 4.91% for regular employees, and 6.27% for senior management. The rates for the period July 1, 2010 through June 30, 2011 were 10.77% for regular employees and 14.57% for senior management. Effective July 1, 2012 all covered members are required to contribute 3% of their compensation to the Plan. The City’s contributions to FRS for the fiscal years ending September 30, 2012, 2011 and 2010 were approximately \$236,000, \$458,000 and \$551,000, respectively, equal to the required percentage contributions for each year.

Deferred Retirement Option Program – The FRS Deferred Retirement Option Program (“DROP”) is available to a member when the member first reaches eligibility for normal retirement. 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. The current rate effective July 1, 2011 and continuing through September 30, 2012, based upon employees’ gross earnings, is 4.42%. The rate for the period July 1, 2010 through June 30, 2011 was 12.25%.

Police Officers’ and Firefighters’ Retirement Systems

Plan Description – The City contributes to two single-employer defined benefit pension plans, the Police Officers’ Retirement System and Firefighters’ Retirement System. The plans cover all sworn police officers and uniformed firefighters, respectively. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City Ordinances assign the authority to establish and amend benefit provisions to the Board of Trustees of each retirement plan. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or call the plan:

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

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

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I – RETIREMENT PLANS (continued)

Basis of Accounting – The plans’ financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due pursuant to formal commitments, as well as statutory or contractual requirements. Expenses are recognized when due and payable in accordance with the terms of the plan.

Funding and Annual Pension Costs – The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the City. The City’s annual pension cost for the current year and related information for each plan is as follows:

	<u>Police Officers’ Retirement Plan</u>	<u>Firefighters’ Retirement Plan</u>
Contribution Rates:		
City	Actuarially determined	Actuarially determined
State	Actuarially determined	Actuarially determined
Plan Members	4.5%	5%
Actuarial Valuation Date	9/30/11	10/1/09
Actuarial Cost Method	Entry Age – Normal Cost	Entry Age Normal
Amortization Method	Level payment, closed	Level percent – closed group
Remaining Amortization Period	25 years	N/A
Asset Valuation Method	Smoothed market value	4-year smoothed market
Actuarial Assumptions:		
Investment Rate of Return	8%	8%
Post-Retirement Benefit Increases	None	None
Projected Salary Increases	6.5%	6%
Inflation Rate	4%	3%

	Three-Year Trend Information			
	Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
Police Officers' Retirement Plan	9/30/10	\$ 775,498	100.00%	\$ -
	9/30/11	907,497	100.00%	-
	9/30/12	994,249	100.00%	-
Firefighters' Retirement Plan	9/30/10	198,752	103.80%	(84,376)
	9/30/11	226,408	100.00%	(80,091)
	9/30/12	285,056	100.00%	(75,283)

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I – RETIREMENT PLANS (continued)

Plans' Funded Status – The Plans' Funded status as of the disclosed actuarial valuation dates is presented below:

	<u>Police Officers' Retirement Plan</u>	<u>Firefighters' Retirement Plan</u>
Actuarial Valuation Date	9/30/11	10/1/11
Actuarial Value of Assets	\$15,800,000	\$9,153,267
Actuarial Accrued Liability	\$20,848,000	\$11,485,552
Unfunded Actuarial Accrued Liability	\$5,048,000	\$2,332,285
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	75.8%	79.69%
Annual Covered Payroll	\$2,101,000	\$774,608
Ratio of the Unfunded Actuarial Liability to Covered Payroll	240.3%	301.09%

The required schedules of funding progress immediately following the notes to the financial statements on pages 71 and 73 in the Required Supplementary Section, present multi-year trend information about whether the actuarial value of the plans' assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Net Pension Obligation – Firefighters' Retirement Plan

The firefighters' retirement system has been subject to the minimum funding standards since the adoption of the Florida Protection of Public Employee Retirement Benefits Act in 1980. Accordingly, the City has funded the actuarially determined required contributions for all years from October 1, 1987 through the transition date of October 1, 1997. The net pension obligation ("NPO") on October 1, 1997 was \$-0- and the development of the NPO to date is as follows:

	<u>October 1,</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Annual required contribution	\$ 198,752	\$ 226,408	\$ 285,056
Interest on NPO	(5,476)	(6,148)	(6,750)
Adjustment to contribution	5,501	10,433	11,558
Annual pension cost	198,777	230,693	289,864
Contributions made	206,306	226,408	285,056
Increase (decrease) in NPO	(7,529)	4,285	4,808
NPO, beginning of year	(76,847)	(84,376)	(80,091)
NPO, end of year	<u>\$ (84,376)</u>	<u>\$ (80,091)</u>	<u>\$ (75,283)</u>

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I – RETIREMENT PLANS (continued)

Membership of the Plans – Membership of each plan consisted of the following at September 30, 2012:

	<u>Police Officers'</u> <u>Retirement System</u>	<u>Firefighters'</u> <u>Retirement System</u>
Retirees and beneficiaries receiving benefits	40	27
Terminated employees with vested benefits	4	-
Current employees		
Vested	12	14
Nonvested	24	-
	<u>80</u>	<u>41</u>

Defined Contribution Retirement Plan

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

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

Funding Policy – The plan does not require contributions from members. The City contributes 10% of the annual compensation of participating employees. For fiscal years ended September 30, 2012, 2011 and 2010, the City contributed approximately \$9,300, \$17,800 and \$18,000, respectively, to the plan. Contributions made by the City were equal to the required contribution percentage.

NOTE J – POST-EMPLOYMENT HEALTH CARE PLAN

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

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

September 30, 2012

NOTE J – POST-EMPLOYMENT HEALTH CARE PLAN (continued)

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

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

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

Funding Policy and Status – The annual required contribution to fund the incremental cost of the health care plan is based on a pay-as-you-go funding approach. For the year ended September 30, 2012, the expected contribution for the City was \$63,587.

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

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

Annual Other Post-Employment Benefit Cost and Net OPEB Obligation – The City’s annual other post-employment 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 Post-Employment 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:

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE J – POST-EMPLOYMENT HEALTH CARE PLAN (continued)

	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/12
Annual Required Contribution (ARC)	\$ 309,201
Interest on net OPEB obligation	20,195
Adjustment to ARC	<u>(20,064)</u>
Annual OPEB cost	309,332
Expected employer contribution	<u>(63,587)</u>
Increase in net OPEB obligation	245,745
Net OPEB obligation beginning of year	<u>504,882</u>
Net OPEB obligation end of year	<u>\$ 750,627</u>

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/10	\$ -	\$ 2,798,243	\$ 2,798,243	0.0%	\$ 7,281,907	38.4%
10/1/09	\$ -	\$ 2,516,860	\$ 2,516,860	0.0%	\$ 7,686,974	32.7%
10/1/08	\$ -	\$ 2,286,182	\$ 2,286,182	0.0%	\$ 7,460,169	30.6%

Required Actuarial Information

Contribution Rate	4.1%
Actuarial valuation date	10/1/10
Annual OPEB Cost	\$309,201
Contributions Made	\$63,587
Actuarial Cost Method	Entry Age
Amortization Method	Level percent, open
Remaining Amortization Period	30 years
Asset Valuation Method	Unfunded
Actuarial Assumptions:	
Investment rate of return *	4.00%
Projected Salary Increases *	4.00% - 8.38%
Payroll Growth Assumptions	3.00%
Initial Trend Rate	9.00%
Ultimate Trend Rate	4.50%
* - Includes Inflation at	4.00%

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE K – EMPLOYER BENEFITS FROM ON-BEHALF PAYMENTS

The City receives insurance excise tax remittances from the State of Florida on behalf of the Police Officers' Retirement Fund and Firefighters' Retirement Plan that are restricted in purpose for the benefit of the retirement plans and must be transferred immediately upon receipt to each respective retirement plan. The amounts received from the State of Florida on behalf of the Police Officers' Retirement Plan and Firefighters' Retirement Plan for the year ended September 30, 2011 were \$223,096 and \$135,792, respectively. These amounts have been reported as intergovernmental revenues in the General Fund with a corresponding expenditure classified as part of personal services in the Police and Fire departments.

NOTE L – DEFERRED COMPENSATION PLAN

The City has a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, in which all full-time employees are eligible to participate. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan. In 2012, annual contributions by a participant may not exceed the lesser of \$16,500 or 100% of the participant's includable compensation. Employees that will be age fifty (50) by the end of 2012 are able to defer an additional \$5,500 as provided by the "catch-up" provisions of the Internal Revenue Code.

NOTE M – RISK MANAGEMENT

The City is a member of Public Risk Management of Florida ("PRM"), a liability risk pool. PRM administers insurance activities relating to workers' compensation, property, liability, and automobiles. PRM absorbs the risk of loss up to a specified amount annually and purchases excess and other specific coverage's from third-party carriers. PRM assesses each member its pro rata share of the estimated amount required to meet current-year losses and operating expenses. During the fiscal year ended September 30, 2012, the City had no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that have exceeded the City's insurance coverage in any of the past three fiscal years.

NOTE N – COMMITMENTS AND CONTINGENCIES

Construction Commitments – As of September 30, 2012, the City's commitments with contractors totaled \$1,569,506 for a number of capital projects including the Sewer project, Main Street Widening, Neighborhood Sidewalks, Utility System Master Plan and Lift Station Master Plan.

Grants – The City receives financial assistance from federal, state and local agencies in the form of operating and capital grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Disallowed claims, if any, resulting from such audits, may become liabilities of the City. However, in the opinion of management, disallowed claims, if any, will not have a material effect on the City's financial statements.

Litigation – Various suits and claims arising in the ordinary course of City operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, the City does not expect any of these routine items to have a material impact on the financial condition of the City.

CITY OF NEW PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE O – SUBSEQUENT EVENTS

The City has adopted the provisions set forth in GASB Statement Number 56 – Codification of Accounting and Financial Reporting Guidance contained in the AICPA Statements on Auditing Standards – regarding Subsequent Events, and has considered subsequent events through the date of the audit report which is the date that the financial statements were available to be issued.

On March 6, 2013, an inverse condemnation case against the City was settled through mediation. The City has agreed to the terms of settlement and will pay \$362,500 in installments starting October 1, 2013 with the last payment on October 1, 2018. This settlement agreement still awaits the courts entering a stipulated final judgment and dismissal.

Required Supplementary Information

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

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CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2012
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			2011	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
RESOURCES (INFLOWS)					
TAXES					
Ad valorem	\$ 4,555,800	\$ 4,473,640	\$ 4,538,889	\$ 65,249	\$ 4,730,981
Franchise taxes	1,407,904	1,630,230	1,270,726	(359,504)	1,323,242
Communication services tax	886,000	922,435	895,727	(26,708)	881,055
TOTAL TAXES	6,849,704	7,026,305	6,705,342	(320,963)	6,935,278
LICENSES AND PERMITS					
Local business tax	171,300	150,000	176,377	26,377	233,276
TOTAL LICENSES AND PERMITS	171,300	150,000	176,377	26,377	233,276
INTERGOVERNMENTAL					
Federal grants	196,520	281,940	166,713	(115,227)	232,355
State and local grants	19,338	105,277	10,560	(94,717)	29,003
State excise tax rebate - Fire Pension	-	-	153,202	153,202	135,792
State excise tax rebate - Police Pension	-	-	200,743	200,743	223,096
State revenue sharing	668,700	669,190	668,623	(567)	668,568
County occupational licenses	6,483	17,000	14,002	(2,998)	16,034
Mobile home license tax rebate	34,600	40,000	37,334	(2,666)	38,125
Municipality fuel tax refund	7,579	13,000	14,396	1,396	12,729
Half-cent sales tax	758,700	734,540	742,897	8,357	809,572
Alcoholic beverage licenses	30,600	28,000	29,509	1,509	52,138
Firefighters supplementary compensation	1,285	2,000	3,850	1,850	3,100
School district reimbursement for school resource officer	87,500	87,500	72,923	(14,577)	70,743
TOTAL INTERGOVERNMENTAL REVENUES	1,811,305	1,978,447	2,114,752	136,305	2,291,255
CHARGES FOR SERVICES					
Recreation	418,500	420,195	448,699	28,504	439,278
Public safety	93,043	109,600	95,264	(14,336)	105,537
Administration fees	2,375,000	2,375,000	2,364,099	(10,901)	2,132,610
Street lights	265,022	279,420	266,085	(13,335)	268,672
Other	36,011	27,740	189,080	161,340	27,375
TOTAL CHARGES FOR SERVICES	3,187,576	3,211,955	3,363,227	151,272	2,973,472
FINES AND FORFEITURES					
Court fines	57,380	145,500	57,234	(88,266)	75,955
Other fines	2,557,364	2,538,200	912,533	(1,625,667)	189,327
TOTAL FINES AND FORFEITURES	2,614,744	2,683,700	969,767	(1,713,933)	265,282
MISCELLANEOUS					
Investment income	14,504	18,300	17,025	(1,275)	13,356
Net increase (decrease) in fair value of investments	-	-	30	30	13
Contributions	13,162	15,369	14,634	(735)	6,052
Rents	3,200	35,000	2,450	(32,550)	-
Proceeds from sale of capital assets	16,410	21,870	16,976	(4,894)	8,221
Other	22,400	8,500	53,623	45,123	39,968
TOTAL MISCELLANEOUS REVENUES	69,676	99,039	104,738	5,699	67,610
TRANSFERS FROM OTHER FUNDS	1,709,820	1,709,870	1,261,605	(448,265)	2,025,522
AMOUNTS AVAILABLE FOR APPROPRIATION	16,414,125	16,859,316	14,695,808	(2,163,508)	14,791,695

(continued)

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2012
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012				2011
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
GENERAL GOVERNMENT					
Legislative - Nonclassified					
Personal services	\$ 20,060	\$ 20,060	\$ 19,959	\$ 101	\$ 31,023
Operating	97,410	123,579	129,913	(6,334)	425,784
Non-Operating	1,770	1,770	1,764	6	1,751
Contingency reserve	340,680	212,643	-	212,643	-
	<u>459,920</u>	<u>358,052</u>	<u>151,636</u>	<u>(6,227)</u>	<u>458,558</u>
Executive					
Personal services	185,420	175,027	174,345	682	191,677
Operating	66,890	46,890	30,633	16,257	13,068
	<u>252,310</u>	<u>221,917</u>	<u>204,978</u>	<u>16,939</u>	<u>204,745</u>
Personnel					
Personal services	185,190	153,154	115,351	37,803	118,203
Operating	398,920	398,920	357,321	41,599	88,567
	<u>584,110</u>	<u>552,074</u>	<u>472,672</u>	<u>79,402</u>	<u>206,770</u>
Financial Administration					
Personal services	824,790	810,149	822,709	(12,560)	875,569
Operating	303,885	347,785	353,900	(6,115)	398,478
Capital outlay	13,000	13,000	1,600	11,400	7,211
	<u>1,141,675</u>	<u>1,170,934</u>	<u>1,178,209</u>	<u>(7,275)</u>	<u>1,281,258</u>
City Clerk					
Personal services	64,720	56,230	56,855	(625)	63,324
Operating	46,600	46,600	34,402	12,198	27,438
	<u>111,320</u>	<u>102,830</u>	<u>91,257</u>	<u>11,573</u>	<u>90,762</u>
TOTAL GENERAL GOVERNMENT	<u>2,549,335</u>	<u>2,405,807</u>	<u>2,098,752</u>	<u>94,412</u>	<u>2,242,093</u>
PUBLIC SAFETY					
Police					
Personal services	4,555,730	4,402,791	4,435,755	(32,964)	4,311,142
Operating	2,662,065	2,228,645	536,562	1,692,083	461,338
Capital outlay	190,800	190,800	160,773	30,027	164,607
	<u>7,408,595</u>	<u>6,822,236</u>	<u>5,133,090</u>	<u>1,689,146</u>	<u>4,937,087</u>
Fire					
Personal services	2,152,580	2,015,272	2,064,464	(49,192)	2,014,941
Operating	214,405	214,405	183,123	31,282	193,781
Capital outlay	57,500	57,500	31,540	25,960	83,833
Debt service	-	-	-	-	-
	<u>2,424,485</u>	<u>2,287,177</u>	<u>2,279,127</u>	<u>8,050</u>	<u>2,292,555</u>
TOTAL PUBLIC SAFETY	<u>9,833,080</u>	<u>9,109,413</u>	<u>7,412,217</u>	<u>1,697,196</u>	<u>7,229,642</u>

(continued)

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2012
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
PUBLIC WORKS					
Public Works Administration					
Personal services	\$ 782,870	\$ 787,347	\$ 812,599	\$ (25,252)	\$ 423,239
Operating	385,080	477,467	253,588	223,879	255,022
Capital outlay	205,000	205,000	-	205,000	10,738
	<u>1,372,950</u>	<u>1,469,814</u>	<u>1,066,187</u>	<u>403,627</u>	<u>688,999</u>
Road and Street Facilities					
Personal services	266,490	267,641	215,438	52,203	258,539
Operating	633,950	650,912	597,251	53,661	587,592
Capital outlay	-	-	-	-	-
	<u>900,440</u>	<u>918,553</u>	<u>812,689</u>	<u>105,864</u>	<u>846,131</u>
TOTAL PUBLIC WORKS	<u>2,273,390</u>	<u>2,388,367</u>	<u>1,878,876</u>	<u>509,491</u>	<u>1,535,130</u>
CULTURE AND RECREATION					
Library					
Personal services	469,310	471,453	440,933	30,520	470,900
Operating	303,035	304,350	355,783	(51,433)	292,774
Capital outlay	124,000	163,975	-	163,975	66,773
	<u>896,345</u>	<u>939,778</u>	<u>796,716</u>	<u>143,062</u>	<u>830,447</u>
Playgrounds and Parks					
Personal services	630,810	620,323	593,239	27,084	633,673
Operating	573,250	615,375	468,759	146,616	451,157
Capital outlay	97,000	89,416	27,286	62,130	167,989
	<u>1,301,060</u>	<u>1,325,114</u>	<u>1,089,284</u>	<u>235,830</u>	<u>1,252,819</u>
Swimming Pool					
Personal services	212,710	213,258	194,587	18,671	190,584
Operating	112,050	113,134	98,191	14,943	95,721
Capital outlay	9,100	9,100	-	9,100	-
	<u>333,860</u>	<u>335,492</u>	<u>292,778</u>	<u>42,714</u>	<u>286,305</u>
TOTAL CULTURE AND RECREATION	<u>2,531,265</u>	<u>2,600,384</u>	<u>2,178,778</u>	<u>421,606</u>	<u>2,369,571</u>
TRANSFERS TO OTHER FUNDS	<u>1,039,930</u>	<u>1,039,930</u>	<u>1,032,641</u>	<u>5,466</u>	<u>1,764,479</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>18,227,000</u>	<u>17,543,901</u>	<u>14,601,264</u>	<u>(2,942,637)</u>	<u>14,650,510</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	<u>(1,812,875)</u>	<u>(684,585)</u>	<u>94,544</u>	<u>779,129</u>	<u>141,185</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>5,405,839</u>	<u>5,405,839</u>	<u>5,264,654</u>
FUND BALANCE - END OF YEAR	<u>\$ (1,812,875)</u>	<u>\$ (684,585)</u>	<u>\$ 5,500,383</u>	<u>\$ 6,184,968</u>	<u>\$ 5,405,839</u>

(continued)

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2012
With Comparative Actual Amounts for the Year Ended September 30, 2011

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	\$ 14,695,808
Differences - budget to GAAP:	
Proceeds from the sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(16,976)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(1,261,605)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 13,417,227</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,601,264
Difference - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,032,641)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,568,623</u>

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT FUND

For the Year Ended September 30, 2012
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		
	Original	Final			
RESOURCES (INFLOWS)					
Taxes	\$ 783,840	\$ 789,370	\$ 783,840	\$ (5,530)	\$ 1,001,012
Licenses and permits	-	-	-	-	116,519
Ingerovernmental revenue	-	-	-	-	80,244
Charges for services	-	-	(13,725)	(13,725)	10,224
Fines and forfeitures	-	-	18,013	18,013	11,106
Miscellaneous	(3,983)	1,960	(3,960)	(5,920)	43,494
Proceeds from issuance of refunding revenue bonds	-	-	-	-	-
Transfers from other funds	1,039,930	1,239,930	1,045,739	(194,191)	1,549,263
AMOUNTS AVAILABLE FOR APPROPRIATION	1,819,787	2,031,260	1,829,907	(201,353)	2,811,862
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General government	112,813	149,430	99,059	50,371	123,909
Public safety	-	-	-	-	446,735
Capital outlay	-	200,000	13,098	186,902	355,413
Debt service					
Principal and interest	1,362,900	1,362,900	1,362,799	101	1,362,492
Bond issuance costs	-	-	-	-	-
Transfer to other funds	-	-	1,070,827	(1,070,827)	1,177,165
Contingency reserve	-	-	-	-	-
TOTAL CHARGES TO APPROPRIATIONS	1,475,713	1,712,330	2,545,783	(833,453)	3,465,714
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	344,074	318,930	(715,876)	(1,034,806)	(653,852)
FUND BALANCE - BEGINNING OF YEAR	441,796	466,940	4,211,673	3,744,733	4,865,525
FUND BALANCE - END OF YEAR	\$ 785,870	\$ 785,870	\$ 3,495,797	\$ 2,709,927	\$ 4,211,673

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.	\$ 1,829,907
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,045,739)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 784,168</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,545,783
Differences - budget to GAAP:	
Transfers to to otherehr funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,070,827)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,474,956</u>

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
STREET IMPROVEMENT FUND

For the Year Ended September 30, 2012

With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Taxes	\$ 455,200	\$ 530,800	\$ 498,890	\$ (31,910)	\$ 504,016
Miscellaneous	174,235	316,600	213,481	(103,119)	156,701
AMOUNTS AVAILABLE FOR APPROPRIATION	629,435	847,400	712,371	(135,029)	660,717
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Capital outlay	62,000	62,000	56,245	5,755	771,989
TOTAL CHARGES TO APPROPRIATIONS	62,000	62,000	56,245	5,755	771,989
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	785,400	656,126	(129,274)	(111,272)
FUND BALANCE - BEGINNING OF YEAR	-	-	1,318,441	1,318,441	1,429,713
FUND BALANCE - END OF YEAR	\$ -	\$ 785,400	\$ 1,974,567	\$ 1,189,167	\$ 1,318,441

CITY OF NEW PORT RICHEY, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 FIREFIGHTERS' RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date October 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2011	\$ 9,153,267	\$ 11,485,552	\$ 2,332,285	79.69%	\$ 774,608	301.09%
2010	9,859,890	11,304,958	1,445,068	87.22%	800,030	180.63%
2009	10,154,192	10,761,409	607,217	94.36%	952,460	63.75%
2008	10,362,191	10,132,848	(229,343)	102.26%	881,358	-26.02%
2007	10,208,330	9,940,909	(267,421)	102.69%	785,895	-34.03%
2006	9,414,902	9,432,137	17,235	99.82%	837,609	2.06%

CITY OF NEW PORT RICHEY, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 FIREFIGHTERS' RETIREMENT SYSTEM
 SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
 AND OTHER CONTRIBUTING ENTITIES

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 285,056	\$ 133,936	\$ 151,120	100.00%
2010	226,408	72,691	153,717	100.00%
2009	198,752	42,470	163,826 *	103.80%
2008	228,194	71,486	163,826 *	103.12%
2007	258,047	99,771	158,276 *	100.00%
2006	271,220	112,944	158,276 *	100.00%

The information presented in the required supplementary schedules above and on the previous page were determined as part of the actuarial valuations as of October 1, 2011

* "Frozen" per Chapter 175, Florida Statutes, as amended.

CITY OF NEW PORT RICHEY, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 POLICE OFFICERS' RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date September 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2011	\$ 15,800,000	\$ 20,848,000	\$ 5,048,000	75.8%	\$ 2,101,000	240.3%
2010	15,479,000	20,017,000	4,538,000	77.3%	1,920,000	236.4%
2009	15,135,000	19,286,000	4,151,000	78.5%	1,928,000	215.3%
2008	14,974,000	18,429,000	3,455,000	81.3%	1,794,000	192.6%
2007	14,522,000	17,578,000	3,056,000	82.6%	1,689,000	180.9%
2006	13,328,000	16,550,000	3,222,000	80.5%	1,715,000	187.9%

CITY OF NEW PORT RICHEY, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 POLICE OFFICERS' RETIREMENT SYSTEM
 SCHEDULE OF CONTRIBUTIONS

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2012	\$ 994,249	100%
2011	907,497	100%
2010	775,498	100%
2009	682,396	100%
2008	667,855	100%
2007	577,387	100%

The information presented in the required supplementary schedules above and on the previous page were determined as part of the actuarial valuations as of September 30, 2012.

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Combining Financial Statements

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

CITY OF NEW PORT RICHEY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2012

With Comparative Amounts for September 30, 2011

	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
			2012	2011
ASSETS				
Cash and pooled cash, cash equivalents, and investments	\$ 707,707	\$ 2,904,033	\$ 3,611,740	\$ 4,095,186
Receivables (Net of allowance):				
Taxes	130,682	-	130,682	137,109
Due from other governments	-	151,707	151,707	135,277
TOTAL ASSETS	\$ 838,389	\$ 3,055,740	\$ 3,894,129	\$ 4,367,572
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 15,964	\$ 15,964	\$ -
Contracts payable	-	-	-	438
TOTAL LIABILITIES	-	15,964	15,964	438
FUND BALANCES				
Fund balances				
Restricted for:				
Debt service	707,707	-	707,707	391,206
Infrastructure projects	-	3,015,851	3,015,851	3,826,118
Assigned to:				
Other capital projects	-	23,925	23,925	12,701
Debt service	130,682	-	130,682	137,109
TOTAL FUND BALANCES	838,389	3,039,776	3,878,165	4,367,134
TOTAL LIABILITIES AND FUND BALANCES	\$ 838,389	\$ 3,055,740	\$ 3,894,129	\$ 4,367,572

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2012
With Comparative Amounts for the Year Ended September 30, 2011

	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
			2012	2011
REVENUES				
Taxes	\$ 1,342,740	\$ 1,430,997	\$ 2,773,737	\$ 2,762,191
Intergovernmental revenues - grants	-	-	-	233,957
Miscellaneous revenues	5,381	11,225	16,606	11,332
TOTAL REVENUES	<u>1,348,121</u>	<u>1,442,222</u>	<u>2,790,343</u>	<u>3,007,480</u>
EXPENDITURES				
Capital Outlay	-	2,039,267	2,039,267	282,186
Debt Service				
Principal retirement	603,429	-	603,429	574,791
Interest and fiscal charges	432,740	-	432,740	479,514
TOTAL EXPENDITURES	<u>1,036,169</u>	<u>2,039,267</u>	<u>3,075,436</u>	<u>1,336,491</u>
EXCESS OF REVENUES OVER EXPENDITURES	311,952	(597,045)	(285,093)	1,670,989
OTHER FINANCING SOURCES (USES)				
Transfers in	981,207	-	981,207	696,249
Transfers out	(983,085)	(201,998)	(1,185,083)	(1,819,775)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,878)</u>	<u>(201,998)</u>	<u>(203,876)</u>	<u>(1,123,526)</u>
NET CHANGE IN FUND BALANCES	310,074	(799,043)	(488,969)	547,463
FUND BALANCES - BEGINNING OF YEAR	<u>528,315</u>	<u>3,838,819</u>	<u>4,367,134</u>	<u>3,819,671</u>
FUND BALANCES - END OF YEAR	<u>\$ 838,389</u>	<u>\$ 3,039,776</u>	<u>\$ 3,878,165</u>	<u>\$ 4,367,134</u>

CITY OF NEW PORT RICHEY, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2012
With Comparative Amounts for the Year Ended September 30, 2011

	Employee Retirement Funds				Totals	
	Defined	Police	Firefighters'	Employees'	2012	2011
	Contribution	Officers'		Deferred		
Retirement	Retirement	Retirement	Compensation			
ASSETS						
Cash	\$ -	\$ 30,160	\$ -	\$ -	\$ 30,160	\$ 3,598
Investments						
U.S. government securities	-	-	314,805	-	314,805	1,018,572
U.S. government agencies	-	3,462,507	572,209	-	4,034,716	3,454,938
Fixed income securities	-	3,373,389	1,854,478	-	5,227,867	4,316,665
Equity investments	-	10,223,489	4,669,947	-	14,893,436	13,409,160
Mortgage backed securities	-	-	541,265	-	541,265	558,381
Temporary investment funds	-	341,500	334,598	-	676,098	720,652
Pooled equity and fixed income funds	-	-	1,811,381	4,015,920	5,827,301	3,983,010
Annuities	542,837	-	-	-	542,837	506,677
	<u>542,837</u>	<u>17,431,045</u>	<u>10,098,683</u>	<u>4,015,920</u>	<u>32,058,325</u>	<u>27,968,055</u>
Receivables						
Accounts	-	1,075	27,657	-	28,732	229,377
Accrued dividends and interest	-	72,890	27,808	-	100,698	95,159
Contributions	278	-	37,271	-	37,549	27,252
Prepaid items	-	2,246	-	-	2,246	6,052
Equipment, net of accumulated depreciation of \$4,477 and \$4,103	-	865	1,199	-	2,064	2,765
	<u>-</u>	<u>77,066</u>	<u>66,935</u>	<u>-</u>	<u>108,649</u>	<u>158,545</u>
TOTAL ASSETS	<u>543,115</u>	<u>17,508,121</u>	<u>10,192,618</u>	<u>4,015,920</u>	<u>32,259,774</u>	<u>28,332,258</u>
LIABILITIES						
Accounts Payable	-	28,715	41,824	-	70,539	345,720
TOTAL LIABILITIES	<u>-</u>	<u>28,715</u>	<u>41,824</u>	<u>-</u>	<u>70,539</u>	<u>345,720</u>
NET ASSETS						
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 543,115</u>	<u>\$ 17,479,406</u>	<u>\$ 10,150,794</u>	<u>\$ 4,015,920</u>	<u>\$ 32,189,235</u>	<u>\$ 27,986,538</u>

CITY OF NEW PORT RICHEY, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended September 30, 2012
With Comparative Amounts for the Year Ended September 30, 2011

	Employee Retirement Funds				Totals	
	Defined Contribution Retirement	Police Officers' Retirement	Firefighters' Retirement	Employees' Deferred Compensation	2012	2011
ADDITIONS						
Contributions						
Employer	\$ -	\$ 994,249	\$ 277,531	\$ -	\$ 1,271,780	\$ 1,084,437
Employee	-	95,846	42,962	394,389	533,197	736,740
Total contributions	-	1,090,095	320,493	394,389	1,804,977	1,821,177
Internal governmental revenue:						
State excise tax rebate	-	200,743	153,203	-	353,946	358,888
Investment earnings:						
Net increase (decrease) in fair value of investments	48,033	2,542,947	1,379,053	437,605	4,407,638	(590,386)
Interest and dividends	8,089	422,218	244,980	53,733	729,020	641,072
Other	-	15,664	32	-	15,696	20,830
Total investment earnings	56,122	2,980,829	1,624,065	491,338	5,152,354	71,516
Less investment expense	-	106,434	49,305	-	155,739	157,611
TOTAL ADDITIONS	56,122	4,165,233	2,048,456	885,727	7,155,538	2,093,970
DEDUCTIONS						
Benefits	-	1,171,061	1,238,216	-	2,409,277	2,010,278
Refunds of contributions	19,597	1,040	-	423,629	444,266	527,189
Professional services	-	37,342	43,997	-	81,339	89,782
Other services and charges	355	-	15,976	1,628	17,959	19,211
TOTAL DEDUCTIONS	19,952	1,209,443	1,298,189	425,257	2,952,841	2,646,460
CHANGE IN NET ASSETS	36,170	2,955,790	750,267	460,470	4,202,697	(552,490)
NET ASSETS - BEGINNING OF YEAR	506,945	14,523,616	9,400,527	3,555,450	27,986,538	28,539,028
NET ASSETS - END OF YEAR	\$ 543,115	\$ 17,479,406	\$ 10,150,794	\$ 4,015,920	\$ 32,189,235	\$ 27,986,538

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.

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

For the Year Ended September 30, 2012
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			2011	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final		Positive (Negative)	Actual
RESOURCES (INFLOWS)					
Taxes	\$ 1,246,800	\$ 1,729,000	\$ 1,342,740	\$ (386,260)	\$ 1,450,542
Miscellaneous	1,224	1,210	5,381	4,171	1,454
Transfers from other funds	696,250	696,250	981,207	284,957	696,249
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,944,274</u>	<u>2,426,460</u>	<u>2,329,328</u>	<u>(97,132)</u>	<u>2,148,245</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Debt service					
Principal retirement	443,709	618,655	603,429	15,226	574,791
Interest and fiscal charges	244,461	435,270	432,740	2,530	479,514
Transfer to other funds	1,372,535	1,372,535	983,085	389,450	1,086,435
TOTAL CHARGES TO APPROPRIATIONS	<u>2,060,705</u>	<u>2,426,460</u>	<u>2,019,254</u>	<u>407,206</u>	<u>2,140,740</u>
EXCESS OF RESOURCES OVER					
CHARGES TO APPROPRIATIONS	(116,431)	-	310,074	310,074	7,505
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>528,315</u>	<u>528,315</u>	<u>520,810</u>
FUND BALANCE - END OF YEAR	<u>\$ (116,431)</u>	<u>\$ -</u>	<u>\$ 838,389</u>	<u>\$ 838,389</u>	<u>\$ 528,315</u>

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

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 2,329,328
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(981,207)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,348,121</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,019,254
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(983,085)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,036,169</u>

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND

For the Year Ended September 30, 2012
With Comparative Actual Amounts for the Year Ended September 30, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS)					
Taxes	\$ 1,362,600	\$ 1,278,130	\$ 1,430,997	\$ 152,867	\$ 1,311,649
Intergovernmental revenue	-	347,395	-	(347,395)	233,957
Miscellaneous	12,946	6,450	11,225	4,775	9,878
AMOUNTS AVAILABLE FOR APPROPRIATION	1,375,546	1,631,975	1,442,222	(189,753)	1,555,484
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Capital outlay	1,941,355	2,133,270	2,039,267	94,003	282,186
Transfer to other funds	217,145	417,145	201,998	215,147	733,340
TOTAL CHARGES TO APPROPRIATIONS	2,158,500	2,550,415	2,241,265	309,150	1,015,526
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(782,954)	(918,440)	(799,043)	119,397	539,958
FUND BALANCE - BEGINNING OF YEAR	785,924	918,440	3,838,819	2,920,379	3,298,861
FUND BALANCE - END OF YEAR	\$ 2,970	\$ -	\$ 3,039,776	\$ 3,039,776	\$ 3,838,819

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

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,241,265
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(201,998)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 2,039,267

CITY OF NEW PORT RICHEY, FLORIDA

SCHEDULE OF OPERATING INCOME - WATER OPERATIONS
WATER & SEWER ENTERPRISE FUND

For the Year Ended September 30, 2012
With Comparative Amounts for the Year Ended September 30, 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Water charges - retail	\$ 3,735,082	\$ 3,657,916
Water charges - bulk	571,931	419,911
Water connection charges	30,835	42,325
Turn on/off charges	19,740	15,050
Miscellaneous	<u>115,560</u>	<u>110,027</u>
TOTAL OPERATING REVENUES	4,473,148	4,245,229
OPERATING EXPENSES		
Water Production		
Salaries and wages	209,430	209,510
Overtime	648	1,894
Employee benefits	73,796	74,207
Utility services	95,828	94,037
Raw water cost	2,326,800	2,214,469
Operating supplies	125,335	109,855
Other operating expenses	32,119	33,019
Repairs and maintenance	<u>29,412</u>	<u>30,559</u>
	2,893,368	2,767,550
Water Distribution		
Salaries and wages	207,956	204,139
Overtime	10,997	11,875
Employee benefits	78,894	83,191
Utility services	-	-
Operating supplies	159,513	190,995
Other operating expenses	27,435	23,404
Repairs and maintenance	<u>11,725</u>	<u>30,147</u>
	496,520	543,751
Administrative Expenses		
Professional services	74,528	66,224
General insurance	21,728	18,356
Depreciation	440,855	447,597
Administrative charges - General Fund	1,196,001	1,031,865
Bad debt expense	<u>234,715</u>	<u>35,010</u>
	<u>1,967,827</u>	<u>1,599,052</u>
TOTAL OPERATING EXPENSES	<u>5,357,715</u>	<u>4,910,353</u>
OPERATING INCOME (LOSS)	<u>\$ (884,567)</u>	<u>\$ (665,124)</u>

CITY OF NEW PORT RICHEY, FLORIDA

SCHEDULE OF OPERATING INCOME - SEWER OPERATIONS
WATER & SEWER ENTERPRISE FUND

For the Year Ended September 30, 2012
With Comparative Amounts for the Year Ended September 30, 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Sewer charges - retail	\$ 3,403,179	\$ 3,379,350
Sewer charges - bulk	1,373,185	1,303,993
Sewer permits	-	-
Miscellaneous	<u>125,723</u>	<u>119,704</u>
TOTAL OPERATING REVENUES	4,902,087	4,803,047
OPERATING EXPENSES		
Water Pollution Control		
Salaries and wages	535,242	521,335
Overtime	10,964	11,829
Employee benefits	157,762	154,261
Utility services	310,162	238,085
Operating supplies	181,119	195,097
Other operating expenses	315,934	332,930
Repairs and maintenance	141,466	89,068
Professional services	36,294	15,579
Insurance	<u>163,223</u>	<u>173,092</u>
	1,852,166	1,731,276
Sewer Collection		
Salaries and wages	199,345	169,783
Overtime	26,606	16,879
Employee benefits	75,908	66,960
Utility services	77,405	69,313
Operating supplies	59,287	73,243
Other operating expenses	23,720	-
Repairs and maintenance	<u>48,952</u>	<u>65,870</u>
	511,223	462,048
Administrative Expenses		
Professional services	-	-
General insurance	37,242	38,056
Depreciation	932,580	946,842
Administrative charges - General Fund	874,001	754,055
Bad debt expense	<u>-</u>	<u>-</u>
	<u>1,843,823</u>	<u>1,738,953</u>
TOTAL OPERATING EXPENSES	4,207,212	3,932,277
OPERATING INCOME (LOSS)	<u>\$ 694,875</u>	<u>\$ 870,770</u>

CITY OF NEW PORT RICHEY, FLORIDA

SCHEDULE OF OPERATING INCOME - RECLAIMED WATER OPERATIONS
WATER & SEWER ENTERPRISE FUND

For the Year Ended September 30, 2012
With Comparative Amounts for the Year Ended September 30, 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Reclaimed water charges	\$ 222,627	\$ 210,442
Reclaimed water connection charges	600	1,050
Miscellaneous	<u>4,638</u>	<u>4,416</u>
TOTAL OPERATING REVENUES	227,865	215,908
OPERATING EXPENSES		
Reclaimed Water Production		
Salaries and wages	135,231	132,328
Overtime	4,225	4,044
Employee benefits	47,818	48,979
Utility services	208,247	244,706
Operating supplies	87,264	89,448
Other operating expenses	14,455	31,104
Repairs and maintenance	<u>(461)</u>	<u>50,008</u>
	496,779	600,617
Administrative Expenses		
Professional services	-	-
General insurance	12,865.00	13,146
Depreciation	322,165	327,091
Administrative charges - General Fund	229,998	198,434
Bad debt expense	<u>-</u>	<u>-</u>
	<u>565,028</u>	<u>538,671</u>
TOTAL OPERATING EXPENSES	<u>1,061,807</u>	<u>1,139,288</u>
OPERATING INCOME (LOSS)	<u>\$ (833,942)</u>	<u>\$ (923,380)</u>

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Statistical Section

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

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

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

Schedules of Financial Trends Information

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

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City of New Port Richey, Florida
Schedule 1
Net Assets by Component
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 13,945,220	\$ 14,925,228	\$ 15,020,636	\$ 15,293,646
Restricted	570,930	419,046	1,234,383	2,334,059
Unrestricted	3,951,906	2,663,974	3,397,102	5,507,834
Total governmental activities net assets	<u>\$ 18,468,056</u>	<u>\$ 18,008,248</u>	<u>\$ 19,652,121</u>	<u>\$ 23,135,539</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 28,043,421	\$ 33,161,331	\$ 33,435,401	\$ 36,723,733
Restricted	5,320,142	2,411,226	2,638,444	2,632,958
Unrestricted	16,184,538	15,252,775	15,684,931	15,164,645
Total business-type activities net assets	<u>\$ 49,548,101</u>	<u>\$ 50,825,332</u>	<u>\$ 51,758,776</u>	<u>\$ 54,521,336</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 41,988,641	\$ 48,086,559	\$ 48,456,037	\$ 52,017,379
Restricted	5,891,072	2,830,272	3,872,827	4,967,017
Unrestricted	20,136,444	17,916,749	19,082,033	20,672,479
Total primary government activities net assets	<u>\$ 68,016,157</u>	<u>\$ 68,833,580</u>	<u>\$ 71,410,897</u>	<u>\$ 77,656,875</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$17,540,161	\$18,626,067	\$19,021,599	\$19,656,908	\$20,746,105	\$21,304,827
3,416,917	3,618,120	3,368,339	3,854,717	4,370,155	3,819,762
5,046,868	5,727,958	6,008,016	6,504,647	5,571,785	6,132,718
<u>\$26,003,946</u>	<u>\$27,972,145</u>	<u>\$28,397,954</u>	<u>\$30,016,272</u>	<u>\$30,688,045</u>	<u>\$31,257,307</u>
\$38,972,706	\$35,649,923	\$39,193,944	\$38,412,817	\$37,873,052	\$38,714,222
-	4,880,588	-	-	-	-
18,160,750	18,217,655	21,946,034	23,127,036	24,995,859	24,855,298
<u>\$57,133,456</u>	<u>\$58,748,166</u>	<u>\$61,139,978</u>	<u>\$61,539,853</u>	<u>\$62,868,911</u>	<u>\$63,569,520</u>
\$56,512,867	\$54,275,990	\$58,215,543	\$58,069,725	\$58,619,157	\$60,019,049
3,416,917	8,498,708	3,368,339	3,854,717	4,370,155	3,819,762
23,207,618	23,945,613	27,954,050	29,631,683	30,567,644	30,988,016
<u>\$83,137,402</u>	<u>\$86,720,311</u>	<u>\$89,537,932</u>	<u>\$91,556,125</u>	<u>\$93,556,956</u>	<u>\$94,826,827</u>

City of New Port Richey, Florida
Schedule 2
Changes in Net Assets
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 2,828,610	\$ 2,909,635	\$ 3,431,678	\$ 3,568,338	\$ 3,714,219	\$ 3,373,917
Police	3,155,674	3,224,621	3,592,938	4,166,974	4,924,314	5,229,952
Fire	1,885,398	1,932,629	1,893,319	1,995,468	2,294,267	2,486,232
Protective inspections	512,215	542,563	493,323	459,883	496,604	596,680
Public works	1,513,492	1,527,394	1,936,363	1,781,013	1,911,277	1,941,794
Culture and recreation	1,704,743	1,868,599	1,988,958	2,010,209	2,641,070	3,238,780
Interest and fiscal charges on long-term debt	257,936	229,429	267,989	1,008,314	1,314,699	1,157,657
Total governmental activities expenses	<u>11,858,068</u>	<u>12,234,870</u>	<u>13,604,568</u>	<u>14,990,199</u>	<u>17,296,450</u>	<u>18,025,012</u>
Business-type activities:						
Water	4,141,367	4,467,493	4,543,414	4,747,466	4,802,523	5,866,765
Sewer	3,762,091	4,258,301	4,596,105	4,492,134	4,979,020	4,824,022
Reclaimed water	477,293	581,981	774,535	807,027	860,337	919,312
Stormwater utility	259,048	330,786	350,267	400,411	361,161	407,676
	<u>8,639,799</u>	<u>9,638,561</u>	<u>10,264,321</u>	<u>10,447,038</u>	<u>11,003,041</u>	<u>12,017,775</u>
Total primary government expenses	<u>\$ 20,497,867</u>	<u>\$ 21,873,431</u>	<u>\$ 23,868,889</u>	<u>\$ 25,437,237</u>	<u>\$ 28,299,491</u>	<u>\$ 30,042,787</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 1,121,790	\$ 1,872,591	\$ 1,556,030	\$ 1,471,460	\$ 1,518,448	\$ 1,521,610
Police	234,165	165,807	284,294	301,091	341,330	387,229
Fire	18,378	17,973	17,505	25,916	31,797	32,550
Protective inspections	787,831	236,643	264,303	365,797	357,831	188,705
Public works	347,926	221,649	686,532	693,687	719,462	752,679
Culture and recreation	112,335	116,141	111,740	64,790	336,265	388,844
Operating grants and contributions	133,898	109,946	333,178	382,664	294,243	270,981
Capital grants and contributions	614,539	232,062	116,362	521,664	247,542	547,057
Total governmental activities program revenues	<u>3,370,862</u>	<u>2,972,812</u>	<u>3,369,944</u>	<u>3,827,069</u>	<u>3,846,918</u>	<u>4,089,655</u>
Business-type activities:						
Charges for services:						
Water	2,993,409	3,518,903	3,737,734	4,284,626	4,320,749	4,927,486
Sewer	3,782,000	3,883,816	4,101,495	4,402,653	4,370,731	4,355,444
Reclaimed water	72,564	76,284	81,351	136,685	143,461	143,390
Stormwater utility	488,557	499,127	503,745	512,366	515,598	521,977
Operating grants and contributions	1,614,386	1,464,401	1,442,508	1,639,938	1,882,684	2,070,274
Capital grants and contributions	1,292,921	74,315	187,810	759,621	702,069	430,202
Total business-type activities program revenues	<u>10,243,837</u>	<u>9,516,846</u>	<u>10,054,643</u>	<u>11,735,889</u>	<u>11,935,292</u>	<u>12,448,773</u>
Total primary government program revenues	<u>\$ 13,614,699</u>	<u>\$ 12,489,658</u>	<u>\$ 13,424,587</u>	<u>\$ 15,562,958</u>	<u>\$ 15,782,210</u>	<u>\$ 16,538,428</u>
Net (Expense)/Revenue						
Governmental activities net expense	\$ (8,487,206)	\$ (9,262,058)	\$ (10,234,624)	\$ (11,163,130)	\$ (13,449,532)	\$ (13,935,357)
Business-type activities net expense	1,604,038	(121,715)	(209,678)	1,288,851	932,251	430,998
Total primary government net expense	<u>\$ (6,883,168)</u>	<u>\$ (9,383,773)</u>	<u>\$ (10,444,302)</u>	<u>\$ (9,874,279)</u>	<u>\$ (12,517,281)</u>	<u>\$ (13,504,359)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Ad valorem	\$ 3,705,799	\$ 4,344,991	\$ 4,946,872	\$ 6,351,387	\$ 8,102,273	\$ 8,429,652
Franchise taxes	951,782	1,007,205	1,107,280	1,303,150	1,301,679	1,231,639
Utility taxes	1,180,834	1,137,126	1,187,935	1,284,322	1,292,154	1,275,909
Communication services tax	1,166,048	1,101,452	1,100,538	1,078,546	1,101,794	1,030,679
Half-cent sales tax	864,579	947,337	968,099	1,036,795	965,297	897,898
Local option gas tax	452,958	286,243	568,865	264,320	51,180	589,291
Infrastructure tax	-	-	889,054	1,589,286	1,433,219	1,320,105
State excise taxes - Public Safety	-	-	-	-	519,300	545,863
Other taxes	84,018	102,836	102,277	98,570	102,012	100,252
State revenue sharing	600,027	616,830	676,602	680,205	683,394	673,775
Investment income	94,712	67,843	115,844	762,596	730,660	197,684
Miscellaneous	305,261	56,061	167,549	197,371	34,977	42,094
Total governmental activities	<u>9,406,018</u>	<u>9,667,924</u>	<u>11,830,915</u>	<u>14,646,548</u>	<u>16,317,939</u>	<u>16,334,841</u>
Business-type activities						
Local option gas tax	-	181,290	-	310,000	519,027	-
Impact fees	-	576,987	317,580	277,675	248,873	258,490
Investment income	747,153	680,443	737,300	850,977	892,299	893,880
Miscellaneous	(51,073)	36,231	88,242	35,057	19,670	31,342
Total business-type activities	<u>696,080</u>	<u>1,474,951</u>	<u>1,143,122</u>	<u>1,473,709</u>	<u>1,679,869</u>	<u>1,183,712</u>
Special Item:						
Loss from sale of property held for resale	-	-	-	-	-	(431,285)
Total primary government	<u>\$ 10,102,098</u>	<u>\$ 11,142,875</u>	<u>\$ 12,974,037</u>	<u>\$ 16,120,257</u>	<u>\$ 17,997,808</u>	<u>\$ 17,087,268</u>
Change in Net Assets						
Governmental activities	\$ 918,812	\$ 405,866	\$ 1,596,291	\$ 3,483,418	\$ 2,868,407	\$ 1,968,199
Business-type activities	2,300,118	1,353,236	933,444	2,762,560	2,612,120	1,614,710
Total primary government	<u>\$ 3,218,930</u>	<u>\$ 1,759,102</u>	<u>\$ 2,529,735</u>	<u>\$ 6,245,978</u>	<u>\$ 5,480,527</u>	<u>\$ 3,582,909</u>

	2009	2010	2011	2012
\$	3,225,682	\$ 3,054,628	\$ 3,310,681	\$ 3,629,266
	5,219,516	5,281,114	5,436,632	5,668,691
	2,214,971	2,298,157	2,388,224	2,067,707
	612,726	612,311	38,266	81,206
	2,026,155	2,013,057	1,499,293	1,584,915
	3,332,231	3,392,098	3,225,776	3,100,143
	967,199	885,174	1,108,639	1,019,676
	<u>17,598,480</u>	<u>17,536,539</u>	<u>17,007,511</u>	<u>17,151,604</u>
	4,841,000	5,345,600	5,366,636	5,515,410
	4,416,027	4,470,860	3,932,277	4,364,907
	1,036,284	1,160,299	1,139,288	1,219,501
	474,715	628,092	663,686	688,978
	<u>10,768,026</u>	<u>11,604,851</u>	<u>11,101,887</u>	<u>11,788,796</u>
\$	<u>28,366,506</u>	<u>29,141,390</u>	<u>28,109,398</u>	<u>28,940,400</u>
\$	1,560,094	\$ 1,804,241	\$ 1,733,446	\$ 1,908,712
	363,440	423,425	398,236	1,061,125
	26,853	28,307	3,175	2,125
	164,295	164,824	158,097	204,281
	765,109	854,986	768,672	766,085
	421,710	412,934	456,605	461,879
	153,503	569,413	268,662	212,087
	89,770	359,021	411,586	165,442
	<u>3,544,774</u>	<u>4,617,151</u>	<u>4,198,479</u>	<u>4,781,736</u>
	4,663,749	4,211,668	4,245,229	4,473,148
	4,813,889	4,582,123	4,803,047	4,902,087
	170,284	169,077	215,908	227,865
	522,131	524,905	527,087	522,915
	1,654,741	1,622,710	1,862,601	1,586,954
	177,637	-	-	-
	<u>12,002,431</u>	<u>11,110,483</u>	<u>11,653,872</u>	<u>11,712,969</u>
\$	<u>15,547,205</u>	<u>15,727,634</u>	<u>15,852,351</u>	<u>16,494,705</u>
\$ (14,053,706)	\$ (12,919,388)	\$ (12,809,032)	\$ (12,369,868)	
1,234,405	(494,368)	551,985	(75,827)	
<u>\$ (12,819,301)</u>	<u>\$ (13,413,756)</u>	<u>\$ (12,257,047)</u>	<u>\$ (12,445,695)</u>	
\$	7,010,662	\$ 6,782,693	\$ 5,731,993	\$ 5,322,729
	1,357,654	1,436,506	1,323,242	1,270,726
	1,330,281	1,547,618	1,450,542	1,342,740
	987,969	953,055	881,055	895,727
	884,227	804,287	809,572	742,897
	532,918	528,570	504,016	498,890
	1,131,126	1,186,900	1,311,649	1,430,997
	350,731	358,195	358,888	353,945
	100,559	96,408	310,998	226,667
	664,919	666,104	668,568	668,623
	48,200	125,127	74,515	86,018
	80,269	52,243	55,767	99,171
	<u>14,479,515</u>	<u>14,537,706</u>	<u>13,480,805</u>	<u>12,939,130</u>
	-	-	-	-
	401,570	246,017	216,145	244,550
	717,764	608,070	543,688	531,331
	38,073	40,156	17,241	555
	<u>1,157,407</u>	<u>894,243</u>	<u>777,074</u>	<u>776,436</u>
	-	-	-	-
\$	<u>15,636,922</u>	<u>15,431,949</u>	<u>14,257,879</u>	<u>13,715,566</u>
\$	425,809	\$ 1,618,318	\$ 671,773	\$ 569,262
	2,391,812	399,875	1,329,059	700,609
\$	<u>2,817,621</u>	<u>2,018,193</u>	<u>2,000,832</u>	<u>1,269,871</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved	\$ 32,108	\$ 39,247	\$ 39,143	\$ 45,887	\$ 61,066
Unreserved	3,056,411	2,492,161	2,929,745	4,012,341	4,656,773
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Future Expenditures	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u><u>\$ 3,088,519</u></u>	<u><u>\$ 2,531,408</u></u>	<u><u>\$ 2,968,888</u></u>	<u><u>\$ 4,058,228</u></u>	<u><u>\$ 4,717,839</u></u>
All Other Governmental Funds					
Reserved	\$ 505,488	\$ 419,046	\$ 1,234,383	\$ 6,151,528	\$ 7,228,415
Unreserved					
Special revenue funds	787,935	(107,179)	8,517	9,249,819	1,750,669
Debt service fund	95,729	102,407	125,210	118,393	132,311
Capital project fund	209,811	148,687	59,149	(77,728)	(659,639)
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned to:					
Redevelopment	-	-	-	-	-
Street Improvement	-	-	-	-	-
Debt service	-	-	-	-	-
Capital project fund	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total all other governmental funds	<u><u>\$ 1,598,963</u></u>	<u><u>\$ 562,961</u></u>	<u><u>\$ 1,427,259</u></u>	<u><u>\$ 15,442,012</u></u>	<u><u>\$ 8,451,756</u></u>

The City implemented Governmental Accounting Standards Board Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions", for fiscal year ended September 30, 2009, and as result has changed to the new fund balance classifications. The use of the new classifications has been retroactively applied to fiscal year ended September 30, 2008.

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

2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
103,527	149,233	122,878	36,082	20,309
51,842	57,574	179,333	152,831	82,336
970,590	1,099,328	975,933	635,822	949,847
-	-	-	643,925	56,060
3,166,481	2,750,898	3,986,510	3,937,179	4,391,831
<u>\$ 4,292,440</u>	<u>\$ 4,057,033</u>	<u>\$ 5,264,654</u>	<u>\$ 5,405,839</u>	<u>\$ 5,500,383</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,132,399	3,131,301	3,217,840	3,206,723	3,206,723
3,618,120	3,368,339	3,675,384	4,217,324	3,737,426
1,795,328	2,196,911	1,647,685	1,004,950	289,074
1,478,933	1,780,031	1,429,713	1,318,441	1,974,567
123,658	128,269	139,083	137,109	130,682
-	-	5,204	12,701	10,057
(528,190)	(506,775)	-	-	-
<u>\$ 9,620,248</u>	<u>\$ 10,098,076</u>	<u>\$ 10,114,909</u>	<u>\$ 9,897,248</u>	<u>\$ 9,348,529</u>

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

	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 7,455,657	\$ 7,877,017	\$ 9,800,544	\$ 11,871,010	\$ 13,282,300
Licenses and permits	283,893	372,466	393,188	488,328	428,835
Intergovernmental revenue	2,219,663	2,000,476	2,190,436	2,532,721	2,603,715
Charges for services	1,564,118	2,091,475	2,543,629	3,553,292	4,032,164
Fines and forfeitures	689,033	145,949	181,644	191,286	270,906
Miscellaneous revenue	273,644	193,112	338,603	1,202,120	1,083,102
Total revenues	<u>12,486,008</u>	<u>12,680,495</u>	<u>15,448,044</u>	<u>19,838,757</u>	<u>21,701,022</u>
Expenditures					
General government	2,614,504	2,764,795	3,484,583	3,617,391	3,830,970
Public Safety	5,221,696	5,427,306	5,748,869	7,379,114	8,527,599
Public Works	1,148,179	1,122,199	1,523,202	1,337,105	1,397,208
Culture and recreation	1,405,808	1,493,478	1,582,299	1,553,857	1,930,224
Capital outlay	2,112,745	4,045,750	2,043,977	10,390,776	10,386,524
Debt service					
Principal retirement	602,538	537,405	478,560	862,393	877,928
Interest and fiscal charges	267,481	232,881	270,130	900,172	1,312,205
Total expenditures	<u>13,372,951</u>	<u>15,623,814</u>	<u>15,131,620</u>	<u>26,040,808</u>	<u>28,262,658</u>
Excess of revenues over (under) expenditures	(886,943)	(2,943,319)	316,424	(6,202,051)	(6,561,636)
Other Financing Sources (Uses)					
Proceeds from borrowing	1,303,918	2,200,000	836,125	30,074,567	200,000
Proceeds from sale of capital assets	254,297	15,880	133,843	231,577	30,991
Gain (loss) from sale of properties held for resale	-	-	-	-	-
Proceeds from issuance of refunded bonds	-	-	-	-	-
Redemption of refunded debt	-	-	-	(9,000,000)	-
Transfers in	1,399,489	1,869,341	2,175,880	2,673,437	3,888,892
Transfers out	(1,319,455)	(1,869,341)	(2,160,494)	(2,673,437)	(3,888,892)
Total other financing sources (uses)	<u>1,638,249</u>	<u>2,215,880</u>	<u>985,354</u>	<u>21,306,144</u>	<u>230,991</u>
Net change in fund balances	751,306	(727,439)	1,301,778	15,104,093	(6,330,645)
Fund balances - beginning of year	3,525,189	4,687,482	3,094,369	4,396,147	19,500,240
Prior Period Adjustment	410,987	(865,674)	-	-	-
Fund balances - end of year	<u>\$ 4,687,482</u>	<u>\$ 3,094,369</u>	<u>\$ 4,396,147</u>	<u>\$ 19,500,240</u>	<u>\$ 13,169,595</u>
Debt service as a percentage of noncapital expenditures	7.7%	6.7%	5.7%	11.3%	12.3%

2008	2009	2010	2011	2012
\$ 13,877,275	\$ 12,350,610	\$ 12,435,341	\$ 11,202,497	\$ 10,761,809
337,750	335,235	316,072	349,795	176,377
3,006,188	2,241,014	2,744,562	2,605,456	2,114,752
4,026,811	4,038,187	4,393,928	2,983,696	3,349,502
253,357	217,105	193,888	276,388	987,780
362,432	211,359	405,646	270,916	313,889
<u>21,863,813</u>	<u>19,393,510</u>	<u>20,489,437</u>	<u>17,688,748</u>	<u>17,704,109</u>
3,415,073	3,223,566	3,077,625	3,037,032	3,250,608
9,044,927	8,572,021	8,661,533	7,427,937	7,219,904
1,417,925	1,429,995	1,356,920	846,131	812,689
2,185,308	2,121,450	2,192,716	2,070,964	2,051,818
2,385,139	1,881,079	2,139,263	1,974,584	2,441,273
1,210,622	957,867	988,766	1,317,791	1,331,929
1,188,193	993,613	859,365	1,099,006	1,067,039
<u>20,847,187</u>	<u>19,179,591</u>	<u>19,276,188</u>	<u>17,773,445</u>	<u>18,175,260</u>
1,016,626	213,919	1,213,249	(84,697)	(471,151)
17,415	-	7,000,000	-	-
140,337	15,000	11,205	8,221	16,976
(431,285)	13,502	-	-	-
-	-	-	-	6,449,269
-	-	(7,000,000)	-	(6,449,269)
4,348,791	4,129,732	3,420,488	4,271,034	3,288,551
(4,348,791)	(4,129,732)	(3,420,488)	(4,271,034)	(3,288,551)
<u>(273,533)</u>	<u>28,502</u>	<u>11,205</u>	<u>8,221</u>	<u>16,976</u>
743,093	242,421	1,224,454	(76,476)	(454,175)
13,169,595	13,912,688	14,155,109	15,379,563	15,303,087
-	-	-	-	-
<u>\$ 13,912,688</u>	<u>\$ 14,155,109</u>	<u>\$ 15,379,563</u>	<u>\$ 15,303,087</u>	<u>\$ 14,848,912</u>
13.0%	11.3%	10.8%	15.3%	15.2%

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

	2003	2004	2005	2006
Function / Program				
Governmental activities :				
Charges for services				
General government	\$ 1,121,790	\$ 1,872,591	\$ 1,556,030	\$ 1,471,460
Police	234,165	165,807	284,294	301,091
Fire	18,378	17,973	17,505	25,916
Protective inspections	787,831	236,643	264,303	365,797
Public works	347,926	221,649	686,532	693,687
Culture and recreation	112,335	116,141	111,740	64,790
Total charges for services	<u>2,622,425</u>	<u>2,630,804</u>	<u>2,920,404</u>	<u>2,922,741</u>
Operating grants and contributions				
General government	1,910	1,556	2,660	67,420
Police	49,120	69,349	65,607	273,757
Fire	81,736	-	-	-
Public Works	-	-	215,241	-
Culture and recreation	1,132	39,041	49,670	41,487
Total operating grants and contributions	<u>133,898</u>	<u>109,946</u>	<u>333,178</u>	<u>382,664</u>
Capital grants and contributions				
Police	23,742	23,580	12,547	-
Fire	99,627	117,618	53,895	-
Public works	201,870	60,231	49,920	177,912
Culture and recreation	289,300	30,633	-	343,752
Total capital grants and contributions	<u>614,539</u>	<u>232,062</u>	<u>116,362</u>	<u>521,664</u>
Sub-total governmental activities	<u>3,370,862</u>	<u>2,972,812</u>	<u>3,369,944</u>	<u>3,827,069</u>
Business-type activities:				
Charges for services				
Water	2,993,409	3,518,903	3,737,734	4,284,626
Sewer	3,782,000	3,883,816	4,101,495	4,402,653
Reclaimed water	72,564	76,284	81,351	136,685
Stormwater utility	488,557	499,127	503,745	512,366
Total charges for services	<u>7,336,530</u>	<u>7,978,130</u>	<u>8,424,325</u>	<u>9,336,330</u>
Operating grants and contributions				
Sewer	1,614,386	1,464,401	1,430,934	1,639,938
Reclaimed Water	-	-	-	-
Stormwater utility	-	-	11,574	-
Total operating grants and contributions	<u>1,614,386</u>	<u>1,464,401</u>	<u>1,442,508</u>	<u>1,639,938</u>
Capital grants and contributions				
Water	234,302	-	165,424	147,093
Sewer	758,329	-	-	-
Reclaimed water	-	-	-	-
Stormwater utility	300,290	74,315	22,386	612,528
Total capital grants and contributions	<u>1,292,921</u>	<u>74,315</u>	<u>187,810</u>	<u>759,621</u>
Sub-total business-type activities	<u>10,243,837</u>	<u>9,516,846</u>	<u>10,054,643</u>	<u>11,735,889</u>
Total primary government revenues	<u>\$ 13,614,699</u>	<u>\$ 12,489,658</u>	<u>\$ 13,424,587</u>	<u>\$ 15,562,958</u>

	2007	2008	2009	2010	2011	2012
\$	1,518,448	\$ 1,521,610	\$ 1,560,094	\$ 1,804,241	\$ 1,733,446	\$ 1,908,712
	341,330	387,229	363,440	423,425	398,236	1,061,125
	31,797	32,550	26,853	28,307	3,175	2,125
	357,831	188,705	164,295	164,824	158,097	204,281
	719,462	752,679	765,109	854,986	768,672	766,085
	336,265	388,844	421,710	412,934	456,605	461,879
	<u>3,305,133</u>	<u>3,271,617</u>	<u>3,301,501</u>	<u>3,688,717</u>	<u>3,518,231</u>	<u>4,404,207</u>
	37,885	22,840	7,900	78,485	51,790	166,587
	186,511	217,915	105,565	465,407	195,725	37,617
	25,813	-	-	-	-	-
	-	-	-	-	-	-
	44,034	30,226	40,038	25,521	21,147	7,883
	<u>294,243</u>	<u>270,981</u>	<u>153,503</u>	<u>569,413</u>	<u>268,662</u>	<u>212,087</u>
	-	40,645	-	88,762	-	-
	-	32,015	24,110	-	-	-
	237,338	67,387	40,952	128,451	97,385	165,442
	10,204	407,010	24,708	141,808	314,201	-
	<u>247,542</u>	<u>547,057</u>	<u>89,770</u>	<u>359,021</u>	<u>411,586</u>	<u>165,442</u>
	<u>3,846,918</u>	<u>4,089,655</u>	<u>3,544,774</u>	<u>4,617,151</u>	<u>4,198,479</u>	<u>4,781,736</u>
	4,320,749	4,927,486	4,663,749	4,211,668	4,245,229	4,473,148
	4,370,731	4,355,444	4,813,889	4,582,123	4,803,047	4,902,087
	143,461	143,390	170,284	169,077	215,908	227,865
	515,598	521,977	522,131	524,905	527,087	522,915
	<u>9,350,539</u>	<u>9,948,297</u>	<u>10,170,053</u>	<u>9,487,773</u>	<u>9,791,271</u>	<u>10,126,015</u>
	1,882,684	2,070,274	1,654,741	1,622,710	1,398,268	1,230,937
	-	-	-	-	464,333	356,017
	-	-	-	-	-	-
	<u>1,882,684</u>	<u>2,070,274</u>	<u>1,654,741</u>	<u>1,622,710</u>	<u>1,862,601</u>	<u>1,586,954</u>
	188,610	105,320	85,749	-	-	-
	198,896	193,560	91,888	-	-	-
	-	-	-	-	-	-
	314,563	131,322	-	-	-	-
	<u>702,069</u>	<u>430,202</u>	<u>177,637</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>11,935,292</u>	<u>12,448,773</u>	<u>12,002,431</u>	<u>11,110,483</u>	<u>11,653,872</u>	<u>11,712,969</u>
\$	<u>15,782,210</u>	<u>\$ 16,538,428</u>	<u>\$ 15,547,205</u>	<u>\$ 15,727,634</u>	<u>\$ 15,852,351</u>	<u>\$ 16,494,705</u>

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

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Communications Service Tax	Total
2012	\$ 4,538,889	\$ 1,270,726	\$ 895,727	\$ 6,705,342
2011	4,730,981	1,323,242	881,055	6,935,278
2010	5,396,402	1,436,507	953,055	7,785,964
2009	5,100,734	1,357,654	987,969	7,446,357
2008	6,061,548	1,231,639	1,030,679	8,323,866
2007	5,858,851	1,301,679	1,101,794	8,262,324
2006	4,764,555	1,303,150	1,078,546	7,146,251
2005	4,037,783	1,107,280	1,100,538	6,245,601
2004	3,693,878	1,007,205	1,101,452	5,802,535
2003	3,171,407	951,782	1,166,048	5,289,237

City of New Port Richey, Florida
 Schedule 7
 Ratio of Unassigned Fund Balance to General Fund Budget
 Ten Fiscal Years

Fiscal Year	General Fund Original Budget	Unassigned Fund Balance at Beginning of Year	
		Amount (1)	% of Budget
2013	\$ 16,637,400	\$ 4,391,831	26.4%
2012	18,227,000	3,937,179	21.6%
2011	16,084,690	3,986,510	24.8%
2010	16,039,040	2,750,898	17.2%
2009	17,257,820	3,166,481	18.3%
2008	17,259,300	3,792,853	22.0%
2007	16,263,310	3,237,026	19.9%
2006	13,982,440	2,236,705	16.0%
2005	12,320,280	1,935,495	15.7%
2004	11,309,000	2,282,599	20.2%

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

City of New Port Richey, Florida
 Schedule 8
 Special Assessment Collections
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Street</u>	<u>Sewer</u>	<u>Total</u>
2011/2012	\$ 165,642	\$ 11,086	\$ 176,728
2010/2011	97,385	6,706	104,091
2009/2010	121,211	11,210	132,421
2008/2009	40,952	13,187	54,139
2007/2008	71,073	23,879	94,952
2006/2007	137,338	50,095	187,433
2005/2006	181,865	49,542	231,407
2004/2005	50,251	85,447	135,698
2003/2004	56,319	138,301	194,620
2002/2003	89,520	134,832	224,352

Schedules of Revenue Capacity Information

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

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City of New Port Richey, Florida
 Schedule 9
 Assessed Value and Just Value of Taxable Property
 Recertified Tax Roll
 Last Ten Fiscal Years

Fiscal Year Ended September 30,	Just Value Residential Property	Just Value Commercial Property	Just Value Governmental Property	Just Value Institutional Property	Just Value Real Property	Just Value Tangible Personal Property
2012	\$ 429,198,804	\$ 186,930,312	\$ 51,726,052	\$ 82,808,277	\$ 750,663,445	\$ 107,332,163
2011	479,519,975	189,713,682	52,580,818	81,188,459	803,002,934	112,965,547
2010	544,086,637	215,235,686	53,701,963	80,885,361	893,909,646	124,627,122
2009	747,513,433	250,551,385	77,487,795	62,268,461	1,137,821,074	148,375,872
2008	824,802,018	263,929,735	60,110,879	85,972,538	1,234,815,170	137,245,888
2007	733,149,185	282,929,775	56,091,692	88,329,836	1,160,500,488	146,804,416
2006	598,060,566	195,558,536	43,877,789	70,412,207	907,909,098	141,824,916
2005	452,573,077	180,319,442	32,703,195	72,033,440	737,629,154	138,212,083
2004	399,368,390	164,319,442	28,313,931	68,164,780	660,166,543	135,573,689
2003	363,653,946	164,570,091	28,240,808	70,075,813	626,540,658	130,203,899

Source: Pasco County Property Appraiser

Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 857,995,608	\$ 298,640,560	\$ 559,355,048	8.3877
915,968,481	314,969,172	600,999,309	8.1037
1,018,536,768	343,419,687	675,117,081	8.1037
1,286,196,946	455,586,702	830,610,244	6.6274
1,372,061,058	452,468,925	919,592,133	6.7840
1,307,304,904	444,616,719	862,688,185	7.0000
1,049,734,014	346,979,127	702,754,887	7.0000
875,841,237	282,995,037	592,846,200	7.0000
795,740,232	251,694,883	544,045,349	7.0000
756,744,557	233,445,710	523,298,847	6.2500

City of New Port Richey, Florida
 Schedule 10
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rates per \$1,000 of assessed value)

Fiscal Year	City	Pasco County			Pasco County School Board			Total School Board
		Operating	Mosquito Control	Total County - Operating	Operating	Capital Outlay	School Bond	
2012	8.3877	6.3668	0.1920	6.5588	6.1440	1.5000	-	7.6440
2011	8.1037	6.3668	0.1989	6.5657	6.2670	1.5000	-	7.7670
2010	8.1037	6.3668	0.1883	6.5551	5.8400	1.5000	-	7.3400
2009	6.6274	5.4333	0.1567	5.5900	5.7080	1.5000	-	7.2080
2008	6.7840	5.4333	0.1448	5.5781	5.5220	1.5000	0.1860	7.2080
2007	7.0000	5.9880	0.1599	6.1479	5.6810	1.5000	0.2280	7.4090
2006	7.0000	6.6810	0.1936	6.8746	6.0130	1.5000	0.2850	7.7980
2005	7.0000	7.4230	0.2213	7.6443	6.0800	1.5000	0.3640	7.9440
2004	7.0000	8.2820	0.2410	8.5230	6.3820	2.0000	0.4250	8.8070
2003	6.2500	8.6480	0.2540	8.9020	6.3650	2.0000	0.5740	8.9390

Note: (1) The overall total includes the Florida Coastal Rivers Basin (and excludes the Pinellas Anclote River Basin) because it is the most predominant in the City.

(2) The City portion of property taxes is fully committed to operating expenditures.

Source: Pasco County Tax Collector

Southwest Florida Water Management District	Florida Coastal Rivers Basin	Pinellas Anclote River Basin	Total (1)
0.3928	-	-	22.9833
0.3770	0.1885	0.2600	23.0019
0.3866	0.1885	0.3200	22.5739
0.3866	0.1885	0.3600	20.0005
0.3866	0.1885	0.3701	20.1452
0.4220	0.2050	0.4000	21.1839
0.4220	0.2350	0.4000	22.3296
0.4220	0.2350	0.4000	23.2453
0.4220	0.2350	0.4000	24.9870
0.4220	0.2350	0.4000	24.7480

City of New Port Richey, Florida
Schedule 11
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
HCA Health Services of Florida	\$ 16,587,018	1	2.97%	\$ 33,694,532	1	6.44%
New Plan Florida Holdings LLC (Southgate Shopping Plaza)	10,512,795	2	1.88%	7,776,958	5	1.49%
Harborview Investors LLC (Harborview Trailer Park)	10,256,322	3	1.83%	8,022,200	4	1.53%
Verizon Communications, Inc.	9,586,296	4	1.71%	20,247,799	2	3.87%
Florida Power Corporation	7,898,247	5	1.41%	9,476,286	3	1.81%
Sunshine Lake Estates LLC	6,898,676	6	1.23%			
Orchard Ridge Nursing Center (Gulfcoast Harborside Health)	3,862,673	7	0.69%			
Sweet Bay LLC	2,915,869	8	0.52%			
R-Motels, Inc.	2,790,854	9	0.50%			
Florida-LTC Inc.	2,706,785	10	0.48%			
Bright House Networks TWEAN Subsidiary LLC				6,745,000	6	1.29%
Radiology Associates				4,079,731	7	0.78%
New Port Richey Investors LLC (Clarion Hotel)				3,710,118	8	0.71%
Walgreen Corporation				3,708,535	9	0.71%
Mobile Home Park III LLC				3,616,996	10	0.69%
	<u>\$ 74,015,535</u>		<u>13.23%</u>	<u>\$ 101,078,155</u>		<u>19.32%</u>

Source: Pasco County Property Appraiser's Office

City of New Port Richey, Florida
 Schedule 12
 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		Subsequent Year Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 4,683,698	\$ 4,537,813	96.89%	\$ 1,076	\$ 4,538,889	96.91%
2011	4,870,318	4,725,924	97.04%	5,057	4,730,981	97.14%
2010	5,470,946	5,282,446	96.55%	113,956	5,396,402	98.64%
2009	5,504,786	5,093,337	92.53%	7,397	5,100,734	92.66%
2008	6,238,513	6,054,273	97.05%	7,275	6,061,548	97.16%
2007	6,038,817	5,853,107	96.92%	5,744	5,858,851	97.02%
2006	4,919,284	4,758,606	96.73%	5,949	4,764,555	96.85%
2005	4,149,923	4,024,725	96.98%	13,058	4,037,783	97.30%
2004	3,808,317	3,685,052	96.76%	8,826	3,693,878	97.00%
2003	3,270,618	3,163,367	96.72%	8,040	3,171,407	96.97%

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.

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City of New Port Richey, Florida
Schedule 13
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							
	Revenue Note Series 2000	Capital Improvement Note	Capital Leases Payable	Redevelopment Bond Anticipation Note	Redevelopmt. Refunding Rev. Note Series 2005A	Redevelopmt. Revenue Note Series 2005B	Redevelopmt. Taxable Rev. Note Series 2006C	Redevelopmt. Taxable Rev. Note Series 2010
2012	\$ 983,068	\$ -	\$ -	\$ -	\$ 6,757,000	\$ 6,745,000	\$ -	\$ -
2011	1,275,780	-	-	-	7,144,000	7,132,000	-	6,702,003
2010	1,552,574	-	-	-	7,516,000	7,503,000	-	7,000,000
2009	1,814,315	-	13,025	-	7,873,000	7,860,000	7,000,000	-
2008	2,061,822	-	38,385	-	8,216,000	8,202,000	7,000,000	-
2007	2,295,869	-	62,854	-	8,546,000	8,531,000	7,275,691	-
2006	2,517,187	-	86,463	-	8,863,000	8,847,000	7,075,691	-
2005	2,965,229	-	125,047	4,086,125	-	-	-	-
2004	3,391,713	-	177,891	3,250,000	-	-	-	-
2003	3,795,528	82,483	228,998	1,050,000	-	-	-	-

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

N/A - Personal income data was not available

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

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

Redevelopmt. Ref Taxable Rev. Bond Series 2012	Business-type Activities					Total	Percentage of Personal Income	Per Capita
	Revenue Bonds Series 1991	Revenue Bonds Series 1996	Revenue Bonds Series 2007A	Revenue Bonds Series 2007B	Refunding Revenue Bond Series 2012			
\$ 6,436,786	\$ -	\$ -	\$ 1,883,360	\$ -	\$ 7,463,443	\$ 30,268,657	N/A	\$ 2,038
	-	-	2,461,790	7,530,000	-	32,245,573	0.22%	2,156
	-	-	3,015,090	7,675,000	-	34,261,664	0.24%	2,298
	-	-	3,546,110	7,815,000	-	35,921,450	0.27%	2,183
	-	-	4,054,320	7,950,000	-	37,522,527	0.27%	2,260
	-	-	4,446,650	-	-	31,158,064	0.23%	1,861
	455,000	5,360,000	-	-	-	33,204,341	0.27%	1,995
	790,000	5,515,000	-	-	-	13,481,401	0.12%	822
	1,110,000	5,655,000	-	-	-	13,584,604	0.13%	832
	1,410,000	5,790,000	-	-	-	12,357,009	0.13%	763

City of New Port Richey, Florida
 Schedule 14
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2012

<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)	\$ 388,890,619	2.707%	\$ 10,527,269
City direct debt			<u>20,921,854</u>
Total direct and overlapping debt			<u><u>\$ 31,449,123</u></u>
Ratios:			
Overall debt to 2011 / 2012 taxable valuation		5.622%	
Overall debt per capita	\$ 2,117.93		

Notes: (1) The City's share is calculated based on the ratio of the 2011 City Taxable Value of \$559,355,048 to the County's Taxable Value of \$20,664,362,962.

Source: Pasco County School Board

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City of New Port Richey, Florida
Schedule 15
Pledged-Revenue Coverage
Last Ten Fiscal Years

Year	Public Service Tax	Revenue Note, Series 2000			Tax Increment Revenue	Redevelopment Revenue Notes		
		Principal	Interest	Coverage		Principal	Interest	Coverage
2012	\$ 1,210,723	\$ 292,712	\$ 64,906	3.39	\$ 1,816,481	\$ 1,084,717	\$ 856,634	0.94
2011	1,327,868	276,794	81,285	3.71	2,275,106	1,040,997	1,017,722	1.11
2010	1,432,186	261,741	96,773	3.99	3,150,770	714,000	726,481	2.19
2009	1,219,098	247,507	111,261	3.40	4,239,610	685,000	881,193	2.71
2008	1,162,320	234,047	125,418	3.23	5,324,910	952,106	1,060,726	2.65
2007	1,188,282	221,319	138,399	3.30	4,865,995	633,000	1,170,896	2.70
2006	1,178,701	448,810	156,871	1.95	3,249,430	375,000	725,469	2.95
2005	1,086,979	425,716	180,596	1.79	1,766,373	-	83,745	21.09
2004	1,047,094	403,815	202,853	1.73	1,201,438	-	20,656	58.16
2003	1,093,829	383,043	224,263	1.80	1,006,273	-	281	-

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

Utility Service Charges	Less: Operating Expenses	Less: Renewal and Replacement Requirement	Net Available Revenue	Revenue Bonds Series 2007A, 2007B and 2012		
				Principal	Interest	Coverage
\$ 11,963,671	\$ 8,931,134	\$ -	\$ 3,032,537	\$ 684,488	\$ 376,012	2.86
11,901,282	8,260,388	-	3,640,894	698,300	424,772	3.24
11,477,117	8,768,895	-	2,708,222	671,020	453,006	2.41
12,632,188	8,458,637	-	4,173,551	643,210	479,959	3.72
12,935,623	9,730,889	-	3,204,734	567,330	485,178	3.04
12,184,644	8,939,799	-	3,244,845	455,000	303,511	4.28
11,702,898	8,401,814	(5,486)	3,306,570	490,000	337,680	3.99
10,578,495	8,384,681	227,218	1,966,596	460,000	365,580	2.38
10,220,171	7,868,766	167,636	2,183,769	435,000	391,470	2.64
10,209,379	7,012,148	45,864	3,151,367	410,000	415,400	3.82

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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 New Port Richey, Florida
 Schedule 16
 Demographic and Economic Statistics
 Last Ten Calendar Years

Year	City		Pasco County				
	Population(1)	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2012	14,849	468,562	N/A	N/A	N/A	67,151	10.5%
2011	14,959	466,533	\$14,974,427,000	\$ 32,102	43.7	66,657	12.4%
2010	14,911	464,697	14,212,784,000	30,530	43.6	66,994	13.3%
2009	16,454	439,786	13,497,646,000	29,177	45.6	67,143	11.1%
2008	16,604	438,668	13,960,564,000	30,263	45.4	66,778	6.3%
2007	16,747	434,425	13,398,496,000	29,539	45.0	66,314	4.2%
2006	16,645	424,355	12,412,095,000	28,240	45.1	67,448	3.4%
2005	16,397	406,898	11,285,843,000	26,754	44.8	62,768	4.6%
2004	16,334	389,776	10,347,383,000	25,762	44.9	60,615	4.9%
2003	16,191	375,318	9,553,909,000	24,929	45.1	57,498	5.0%

N/A - Not available

Sources:

- (1) Bureau of Economic and Business Research
- (2) Bureau of Economic and Business Research-Florida Statistical Abstract
- (3) Florida Department of Education
- (4) Florida Agency for Workforce Innovation

City of New Port Richey, Florida
 Schedule 17
 Principal Employers
 Current Year and Nine Years Ago (1)

Employer	2012			2006		
	Employees	Rank	Percentage of Total City Employment (2)	Employees	Rank	Percentage of Total City Employment (2)
North Bay Hospital/Morton Plant	700	1	8.32%	482	3	5.73%
The Harbor	340	2	4.04%			
Gulfside Regional Hospice	214	3	2.54%			
Madison Pointe Rehab & Health	196	4	2.33%	120	9	1.43%
Hyundai of New Port Richey	150	5	1.78%			
Orchard Ridge Nursing Center	135	6	1.60%	142	5	1.69%
Heather Hills Nursing Home	135	7	1.60%	140	6	1.66%
Southern Pines Nursing Center	128	8	1.52%	115	10	1.37%
Cracker Barrel	120	9	1.43%			
Publix Supermarket #1020 (Southgate)				149	4	1.77%
Community Hospital				600	1	7.13%
Community Hospital Health Care				500	2	5.94%
Mobile Personal Services, Inc.				134	7	1.59%
Radiology Associates West Pasco				123	8	1.46%
	<u>2,118</u>		<u>25.18%</u>	<u>2,505</u>		<u>29.78%</u>

Note:

- (1) Principal employers information is not available for years prior to 2006.
- (2) Does not include Government or non-profit agencies.

Source: City of New Port Richey Billing & Collection Division

Schedules of Operating Information

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

City of New Port Richey, Florida
Schedule 18
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of September 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
Legislative	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Executive	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Financial Administration	18.3	20.5	20.3	20.3	20.7	20.7	20.7	19.0	20.0	20.0
City Clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police										
Supervision	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services	11.9	11.9	11.9	9.8	10.8	10.8	10.8	12.7	9.7	9.7
Community Services	10.0	11.0	11.0	14.0	14.0	14.0	14.0	11.0	12.0	5.0
Patrol	26.9	22.9	24.9	24.9	23.9	22.9	22.9	20.8	20.8	29.9
Code Enforcement	1.0	2.0	4.5	4.5	4.5	4.5	4.5	3.0	-	-
Fire										
Supervision	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inspection	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Firefighting	23.6	25.6	22.1	22.1	23.2	23.3	22.9	20.7	21.7	24.8
Development										
Development Department	7.0	-	-	-	-	-	-	-	-	-
Redevelopment										
Community Development	-	-	2.0	2.0	4.4	5.8	6.4	2.2	2.0	2.0
Development Department	-	9.0	10.0	10.0	9.0	9.0	8.0	8.5	10.0	9.0
Public Works										
Supervision	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	5.6
Road and Street Facilities	7.0	7.0	7.0	8.0	9.0	9.0	9.0	9.5	9.5	10.5
Water production	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water distribution	10.8	10.8	10.0	10.0	10.0	9.0	9.0	9.1	10.0	11.0
Water pollution control	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Sewer collection	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Reclaimed water production	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Stormwater	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Garage Maintenance	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Culture and recreation										
Library	14.8	15.3	15.8	15.8	15.3	15.3	14.2	14.7	14.1	14.3
Playgrounds and parks	15.8	16.8	17.8	17.8	20.7	17.9	17.7	17.9	16.7	16.3
Swimming pool	6.3	6.3	6.4	6.2	7.8	4.5	1.6	4.3	4.5	5.5
	<u>210.2</u>	<u>213.1</u>	<u>218.7</u>	<u>220.4</u>	<u>229.3</u>	<u>222.6</u>	<u>217.5</u>	<u>209.4</u>	<u>206.1</u>	<u>211.6</u>

Source: City of New Port Richey Accounting & Budgeting Division

City of New Port Richey, Florida
Schedule 19
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police										
Calls for service	19,664	22,253	25,370	28,772	30,176	30,346	29,519	27,545	27,359	26,708
Physical arrests	631	911	874	1,151	1,168	1,086	996	815	1,014	981
Parking violations	8	51	45	37	166	32	54	93	94	66
Traffic violations	1,187	2,560	2,350	2,911	3,644	4,005	4,037	3,612	3,969	3,379
Fire										
Emergency responses	3,972	3,563	3,385	3,483	3,348	3,479	3,514	3,386	3,767	3,598
Fires extinguished	52	68	64	50	47	65	67	31	47	56
Inspections	1,124	1,086	1,616	1,181	1,088	1,137	924	773	415	755
Development services										
Building permits	1,376	1,175	1,278	1,116	1,247	1,519	1,663	1,852	1,943	1,561
Building permit amount	12,090,800	6,092,700	10,575,127	28,810,687	11,688,390	20,294,509	37,582,321	47,005,034	70,556,449	8,818,900
Public works										
Street resurfacing (miles)	-	4.050	4.866	0.658	-	-	2.0	-	4.155	-
Recreation										
Daily attendance (1)	257,650	257,643	220,361	345,000	330,960	208,000	-	-	-	-
Memberships	1,531	1,674	1,648	2,034	1,542	1,478	1,618	1,044	1,847	2,620
Swimming pool admissions (2)	-	-	-	-	-	-	-	5,537	5,973	6,132
Library										
Attendance (3)	517,655	443,211	422,388	-	-	-	-	-	-	-
Volumes in collection	97,134	95,467	80,116	83,596	82,168	130,478	120,087	114,680	109,296	96,178
Total volumes borrowed	339,504	395,630	349,679	236,034	214,873	229,237	212,855	172,470	151,587	152,140
Water										
New connections	(260)	22	7	22	50	45	(13)	128	124	234
Avg.daily consumption(MG)	4.91	3.35	3.84	5.00	3.16	3.34	3.45	3.33	3.25	3.24
Sewer										
New connections	(1,040)	7	12	19	20	18	(24)	153	183	260
Average daily flow (MG)	5.161	4.856	5.605	5.254	5.657	5.439	5.575	5.559	5.627	5.536
Miles of new sewer lines	-	-	-	2.038	-	-	0.34	0.02	0.09	0.19
Reclaimed water										
New connections	(2)	5	5	(8)	51	27	31	69	2	7
Avg.daily consumption(MG) (Pasco County & City)	4.389	4.856	5.605	5.254	5.657	5.439	5.575	5.497	4.998	4.937
Avg.daily consumption(MG) (City only)	1.273	1.168	0.664	0.919	1.002	1.222	0.897	0.735	1.010	0.738

Notes:

N/A = not available
MG = million gallons

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

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

City of New Port Richey, Florida
 Schedule 20
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Public works										
Streets (miles)	80.53	80.53	80.53	80.53	80.53	75.72	75.72	71.25	70.80	66.64
Streetlights	2,704	2,704	2,704	2,689	2,679	2,679	2,679	2,647	2,647	2,490
Recreation										
Number of parks	12	12	12	12	12	12	12	12	12	12
Acreage	158.50	158.50	158.50	158.50	158.50	158.50	158.50	158.50	158.05	158.05
Baseball fields	-	-	-	-	-	-	-	4	4	4
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	138.86	138.86	138.70	138.70	137.20	137.20	137.20	136.14	135.81	133.63
Fire hydrants	660	657	657	657	657	657	651	651	650	638
Storage capacity (MG)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Number of connections	16,033	16,293	16,271	16,264	16,242	16,192	16,147	16,160	16,032	15,908
Wastewater										
Number of connections	12,679	13,749	13,742	13,730	13,711	13,691	13,673	13,697	13,544	13,361
Sanitary sewers (miles)	84.46	84.46	84.46	84.46	84.39	84.39	84.39	84.01	60.64	59.53
Forced Main (miles)	29.20	29.20	29.20	29.20	27.23	27.23	27.23	26.12	25.00	24.52
Treatment capacity (MG)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Reclaimed water										
Reclaimed lines (miles)	17.83	16.98	16.89	16.89	16.89	16.89	16.89	14.79	11.72	11.72
Number of connections	263	265	260	255	263	212	185	154	85	83

Notes:

N/A = not available
 MG = million gallons

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

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City of New Port Richey
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 For the Year Ended September 30, 2012

Federal/State Agency, Pass-through Entity State Project	CFDA/ CSFA Number	Contract/ Project Number	Grant Award	Amount of Expenditures
U. S. Department of Justice				
<i>Passed through Office of Justice Programs</i>				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	S.N.A.P. Program	40,000	44,376
				44,376
U. S. Department of Transportation				
Pedestrian Safety Enforcement Grant	20.614	BDQ03	25,000	10,560
				10,560
U.S. Department of Homeland Security				
<i>Passed through US Secret Services</i>				
Financial Investigative Strike Team (FIST) Task Force	-	REIM TFT # 3383936	-	1,632
Tactical Division Task Force	-	-	-	6,207
<i>Passed through Federal Emergency Management Agency</i>				
<i>State of Florida Department of Community Affairs</i>				
USAR Grant - Training Reimbursement	97.067	11-DS-9Z-13-00-16-436	9,000	8,645
				16,484
Total Expenditures of Federal Awards				\$ 71,420
Florida Department of Transportation				
State Highway Lighting, Maintenance	55.XXX		\$ 28,336	\$ 28,336
Florida Department of State				
<i>Passed through Division of Library and Information Services</i>				
State Aid to Libraries Grant	45.030	10-ST-68	17,483	7,997
State Aid to Libraries Grant	45.030	12-ST-69	19,338	-
Total Expenditures of State Financial Assistance				\$ 36,333
District School Board of Pasco County				
School Resource Officer Agreement	-	-	\$ 87,508	\$ 87,508
Verizon				
PEG Grant	-	-	-	2,360
Total Expenditures of Local Financial Assistance				\$ 89,868

Basis of Presentation. The Schedule of Expenditures of Federal Awards and State Financial Assistance represents amounts expended from federal and state program during the 2011 - 2012 fiscal year based on the accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the City's accounting records from which the basic financial statements have been reported.

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**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***

The Honorable Mayor and Members of the City Council
City of New Port Richey

We have audited the financial statements of the governmental activities, business activities, each major fund, and the aggregate remaining fund information of the City of New Port Richey, Florida (hereinafter referred to as the “City”), as of and for the year ended September 30, 2012, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 18, 2013. We did not audit the financial statements of the police officers’ and firefighters’ retirement funds, which represent 86% of the assets and 87% of the revenues of the fiduciary funds. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the police officers’ and firefighters’ retirement funds, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of 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*.

We noted certain matters that we reported to management of the City in a separate letter dated June 18, 2013.

This report is intended solely for the information and use of the City Council, management, and the Federal and State awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Caru, Riggs & Ingram, L.L.C.

Clearwater, Florida
June 18, 2013

MANAGEMENT LETTER

The Honorable Mayor and Members of the City Council
City of New Port Richey

We have audited the financial statements of the City of New Port Richey (hereinafter referred to as the “City”), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 18, 2013. We did not audit the financial statements for the police officers’ and firefighters’ retirement funds, which represent 86% of the assets and 87% of the revenues of the fiduciary funds. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the police officer’s and firefighters’ retirement funds, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB A-133. We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the Financial Statements performed in accordance with Government Auditing Standard. Disclosures in this report, which are dated June 18, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor’s reports or schedule:

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Findings MLC 2011-01, MLC 2011-02 and MLC 2011-03 have been resolved and no longer remain relevant in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, recommendations to improve the City’s financial management are included in Appendix A.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires that a statement must be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the year ended September 30, 2012. In connection with our audit, we were not able to determine that these two reports were in agreement since the annual financial report for the City was not available for our review and inspection as of the date of this report.

Pursuant to Sections 10.554(1)(i)7.c and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City Council, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Cam, Riggs & Ingram, L.L.C.

Clearwater, Florida
June 18, 2013

MLC 2012-01

Water and Sewer Fund – Customer Receivable Reconciliation

During the audit, we noted that the City does not have adequate policies and procedures to insure that the detail customer utility receivables report is reconciled to the general ledger on a monthly basis. As of September 30, 2012, an audit adjusting entry was recorded to reconcile the detail utility receivables report to the general ledger.

We recommend that the City change internal procedures to insure that the financial reconciliation is performed on a monthly basis.

Management’s Response:

Management agrees with the recommendation and the new procedure has been implemented.

MLC 2012-02

Water and Sewer Fund – Calculation of Wholesale Customer Monthly Billings

The City provides sewer and reclaimed water treatment services to several wholesale customers including Pasco County. All wholesale customer billings are manually calculated versus residential and commercial customer billings which are automatically calculated by the utility billing software application. During our review of billings in September 2012, we noted a large overbilling error to Pasco County which was not detected before the erroneous billing had been mailed. The error was caused by turnover of personnel in the utility billing department and inadequate procedures which did not require a second person review of all wholesale customer billings calculations. This billing error was detected by the finance department prior to the general ledger posting. The billing error, however did impact the cash flow of the City since it took until April 2013 to resolve the situation with Pasco County and collect all monthly payments that had been suspended by Pasco County pending complete resolution of the September 2012 billing error.

We recommend that a second person review all manually calculated wholesale customer utility billings and a review of procedures to quickly identify and resolve customer billing problems before they impact the cash flow of the City.

Management’s Response:

Management agrees with the recommendation and the new procedure has been implemented.

MLC 2012-03

Water and Sewer Fund – Delinquent utility Customer Turn-off Procedures

Residential and commercial utility customers who are more than 30 days delinquent in payment are notified in writing that unless the utility payment is promptly received, water and sewer service is subject to suspension and turn-off. Customers who do not respond to this warning letter can be identified and listed on a special delinquent customer report prepared by the utility billing software system, but this report has to be requested by the Utility Billing Clerk. Based on our audit inquiries with the new Utility Department Supervisor who assumed this position in October 2012, we determined that these delinquent customer reports during the 2012 fiscal year had not been routinely prepared or reviewed. As a result, the Billing Department currently has a backlog of over 600 delinquent customers who are subject to service suspension. In addition the City has only one employee who is assigned on a part-time basis to physically visit customer locations and turn-off water and sewer services. The back-log of delinquent customers exceeds his workload capacity even if he was assigned to delinquent customer service calls on a full-time basis. The inability of the City to promptly turn-off service to delinquent customers also exposes the City to financial loss since large delinquent billings can often exceed the balance of a customer deposit and the uncollected balance is not recoverable against the property location if the customer is not the property owner. As a result of our analysis of the delinquent customer reports we recorded an audit adjustment to increase the allowance of doubtful accounts.

We recommend that the City request the Utility Billing software vendor to modify existing reports to improve the efficiency of delinquent customer identification, determine which customers in the database are renters versus property owners, and determine if the software can be reprogramed to automatically prepare customer cut-off work orders. In addition, the City may need to discuss whether additional personnel or sub-contractors are needed to process the large backlog of delinquent customer accounts.

Management's Response:

Management agrees with the recommendation and is in the process of meeting with the software vendor (SunGard/THE) to discuss options.



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