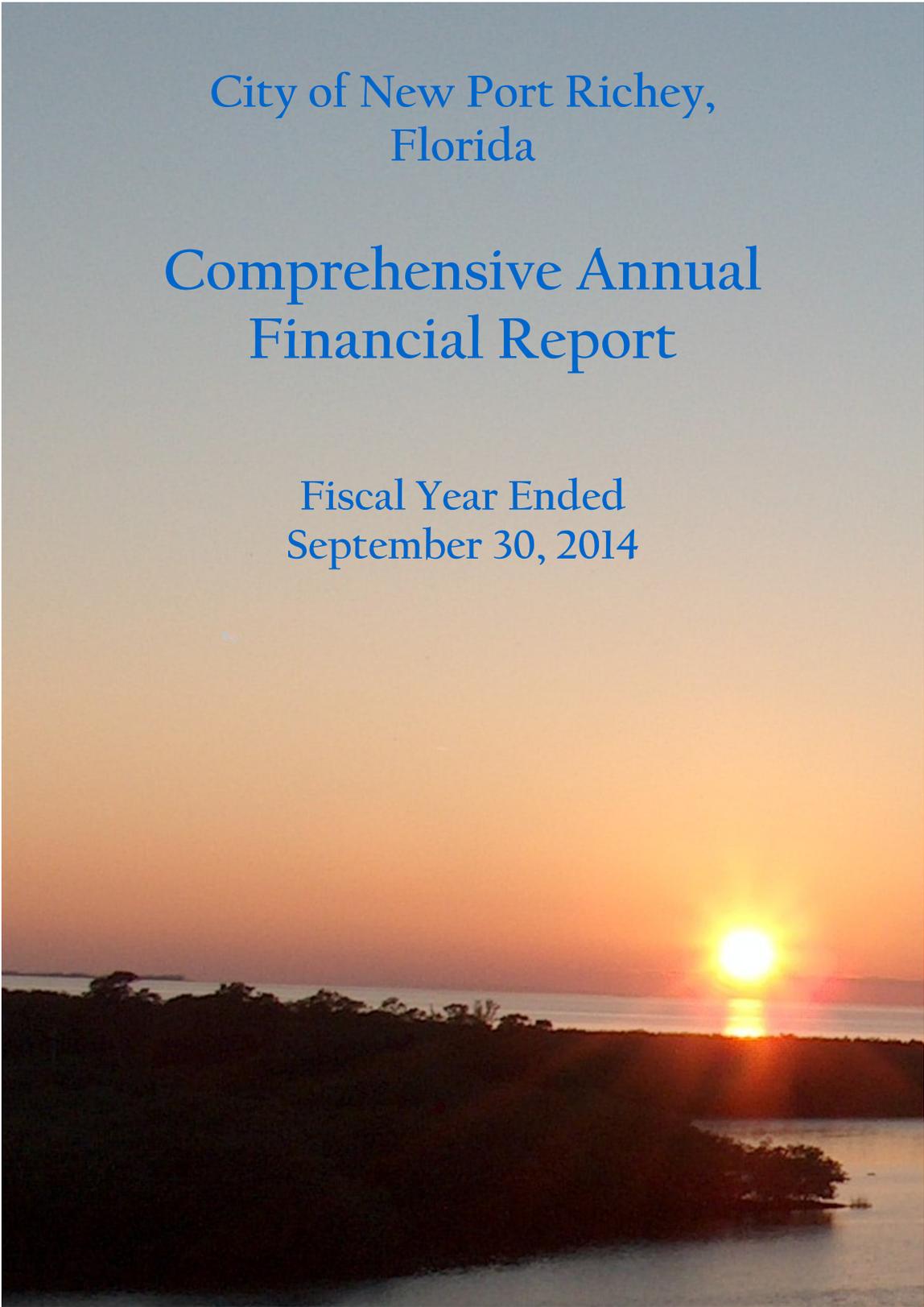


City of New Port Richey,  
Florida

# Comprehensive Annual Financial Report

Fiscal Year Ended  
September 30, 2014





City of New Port Richey, Florida

Council-Manager Form of Government

# Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2014

City Council

Robert Marlowe, Mayor

Judy deBella Thomas

Bill Phillips

Jeff Starkey

Chopper Davis

City Manager

Debbie L. Manns

Prepared By:

Finance Department

Peter A. Altman, Finance Director



# City of New Port Richey, Florida

## Listing of City Officials

As of September 30, 2014

### Elected Officials

Mayor-Councilmember

Robert Marlowe

Deputy Mayor-Councilmember

Judy deBella Thomas

Councilmember

Bill Phillips

Councilmember

Jeff Starkey

Councilmember

Chopper Davis

### Appointed Officials

City Manager

Debbie L. Manns

City Attorney

Nichole Nate

Finance Director

Peter A. Altman

Public Works Director

Robert Rivera

Police Chief

Kim Bogart

Fire Chief

Alex Onishenko

Development Director

Lisa Fierce

Economic Director

Mario Iezzoni

City Clerk

Doreen Summers

Parks & Recreation Director

Elaine Smith

Library Director

Susan D. Dillinger



CITY OF NEW PORT RICHEY, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2014

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# **Letter of Transmittal**





# NEW PORT RICHEY

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

July 31, 2015

Letter of Transmittal

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

## INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) is an assembly of formally prepared financial information that is presented to conform to nationally promulgated standards for the purposes of providing you and all others who seek to understand both the current financial condition of the City and its various funds as well as its overall long term economic liabilities and potential. Beyond the required financial presentation, it is the intention of this report that the summary information provided herein will assist all those who seek to learn more about the where the City has come from and where it is headed under your collegial direction. For those who want to evaluate the City by reviewing the mathematical trends and comparisons of budgets to actual results or by the growth of net assets, those useful and important standardized spreadsheets and schedules will provide the details sought. We believe that it is also important at this pivotal juncture in the City's history to provide explanations for some of the variances and anomalies that would cause those who are most familiar with government accounting to question the sagacity of the presentations provided. The City of New Port Richey is the largest city in Pasco County but also a small city by population standards. It is both a beautiful waterfront community with access to the Gulf of Mexico with an unmatched system of parks and recreation facilities and a City with an aging housing stock and challenges with employment opportunities for its residents. Whether the reader of this document is a banker or a prospective new resident, an interested citizen or the Mayor or Councilmembers for whom this CAFR is prepared, it is hopeful that this document will add some additional insight and a better understanding of the manner in which city services are delivered and the ways in which the various funds, departments and divisions interact financially to address the goals and objectives as established by the City Council.

Two of the documents provided in the CAFR are intended to assist interested parties (users) to interpret the City's financial statements and assess the City's financial condition;

- ❖ **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 the fiscal year end (9/30/2014) and the 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 is also intended to serve the needs of New Port Richey citizens and other property and businesses owners who all have a stake in the City.

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](http://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 and redevelopment, street repair and maintenance, storm water repair and maintenance, parks and recreation 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 14,911 residents.

The local economy has traditionally been centered on the medical community, hospitality and service industries. Historically a retirement community, the city's economy is in a transitional stage. The nursing homes, winter residences and empty nest retirees are still prominent but many of associated medical, legal, real estate and other elder service providers have followed the eastward movement to areas with new housing in an attempt to increase the bottom line profits from serving a customer base that has more spendable money, New Port Richey was fortunate to be chosen by Pasco County as the location for several planning exercises during FY 2014 and was identified by those experts as a prime location for the newest and largest emerging generation known as Millennials. The demographic predictors have identified new trends in the younger generation that may bode well for the city as the population of empty nester Baby Boomers integrate with an emerging millennials in walkable and active downtowns is occurring nationally at a rapid pace. There are many areas in the city that will qualify for Community Development Block Funds and other incentives and Pasco County has targeted the Commercial Highway Corridor of US Highway 19 for economic investment. The city is the host of a business incubator and the city was recently cited as eighth out of the top ten cities in the region for successful start-up companies and small business development.

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 individual members share duties by serving on numerous organizations, councils and authorities which are composed of other local government entity officials, planners, and volunteer citizens. These active roles often result in establishing or recommending regional policy direction which includes providing input and guidance for the betterment of the region at large. Among the most important roles of the City Council is the establishment of an annual budget which provides for the level of funding and the spending parameters for the services provided by the city. 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 that an annual audit 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, Mayer Hoffman McCann P.C., a firm of licensed certified accountants (CPAs). It is the responsibility and obligation of the City to conform to generally accepted accounting principles (GAAP) and produce an annual report that fairly represents the results of the financial activity of the City. 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 requests are formulated at the department level. Each department designates individuals who can authorize purchase requisitions and approve payments as well as 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 details of 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 and Finance Director 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 Statutes. 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 unique due to the expansive boundary of the Community Redevelopment Agency (CRA) which effectively includes the entire city geographic footprint. The primary revenue stream to the CRA consists of the tax increment that is collected from both the City itself and from Pasco County. Financial results from the CRA activity are presented in the Financial Statements and also discussed in detail in the Management Discussion and Analysis section that follows this introduction. The CRA is a separate legal entity, but financial information is combined due to the identical makeup of the CRA Board which is populated by the members of the City Council and as such separate elections to that Board are not held. The intention of the CRA's efforts is the removal of blight conditions and the improvement of both the functionality of the city as well as stimulating increased value in the lands and structures within the city.

Perhaps the most significant financial event of FY 2014 has been the contraction of external debt for the CRA by 1/3 of its previous level of over 18.7 million at the beginning of the year to 11.85 million. Due to the drastic losses in total taxable real property values in the city which fell from a high of nearly 920 million in 2008 to below 485 million in FY 2014, the CRA tax increment financing (TIF) collections from both the General Fund and from Pasco County fell below the levels needed to pay for the debt service on the 11.85 million owed on the two remaining bank notes. Actions taken by the City Council in the previous year to modify the conditions of the city's Water and Sewer indebtedness provided the City with the opportunity to make a one-time transfer in FY 2014 of over 7 million to the general fund from accumulated interest in the Water and Sewer Funds accounts. This transfer enabled the City's General Governmental Fund to loan funds to the CRA to pay off the CRA note and open up the non-ad valorem utility taxes to potentially support the possible refinancing of the other 2 notes.

The City has also budgeted 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.

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

- ❖ Indications that the foreclosure crisis has run its course and residential housing inventory normalizing.
- ❖ A resurgence of interest in walkable communities with character and activities and a focus on New Port Richey as a prime location for marketing the new millennial generation.
- ❖ Additional financing activities to include loan refinancing or restructuring.
- ❖ Renewal of the Penny for Pasco infrastructure tax beginning January, 2015 for an additional ten years is providing the City with a revenue stream to fund needed capital items and undertake community improvements in an effort to improve the desirability of the City.
- ❖ A Revenue Sufficiency Model in place to track the pace of growth.
- ❖ Major public renovation of the City's downtown Sims Park to attract growth and new energy.
- ❖ A major overhaul of the City's government and enterprise software that will bring better reporting leading to better efficiency after the transition to a paperless records system.

## **AWARDS FOR FINANCIAL REPORTING & BUDGET PRESENTATION**

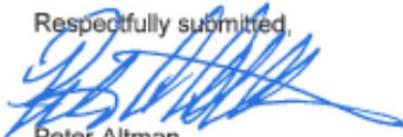
The City participates in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program, which recognizes conformance with the highest standards for preparation of state and local government financial reports. The City received the Certificate for the FY 2013 CAFR (the 30th consecutive year) and believes the FY 2014 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 2014 budget and believes the FY 2015 budget will meet all Program requirements.

## ACKNOWLEDGMENTS

The fresh eyes and diligence of the Mayer Hoffman McCann team and their tireless effort as the City's Auditor generated needed attention to improvements and in some cases corrective measures that will be taken without delay and that will undoubtedly help to protect the City's interests for years to come. The City's CAFR was made possible by the dedicated efforts of everyone in the Finance Department. Other City Departments, although not as directly 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 efforts, the work of the Finance Department would have been considerably more difficult. Every department's efforts are greatly appreciated.

Respectfully submitted,



Peter Altman  
Finance Director



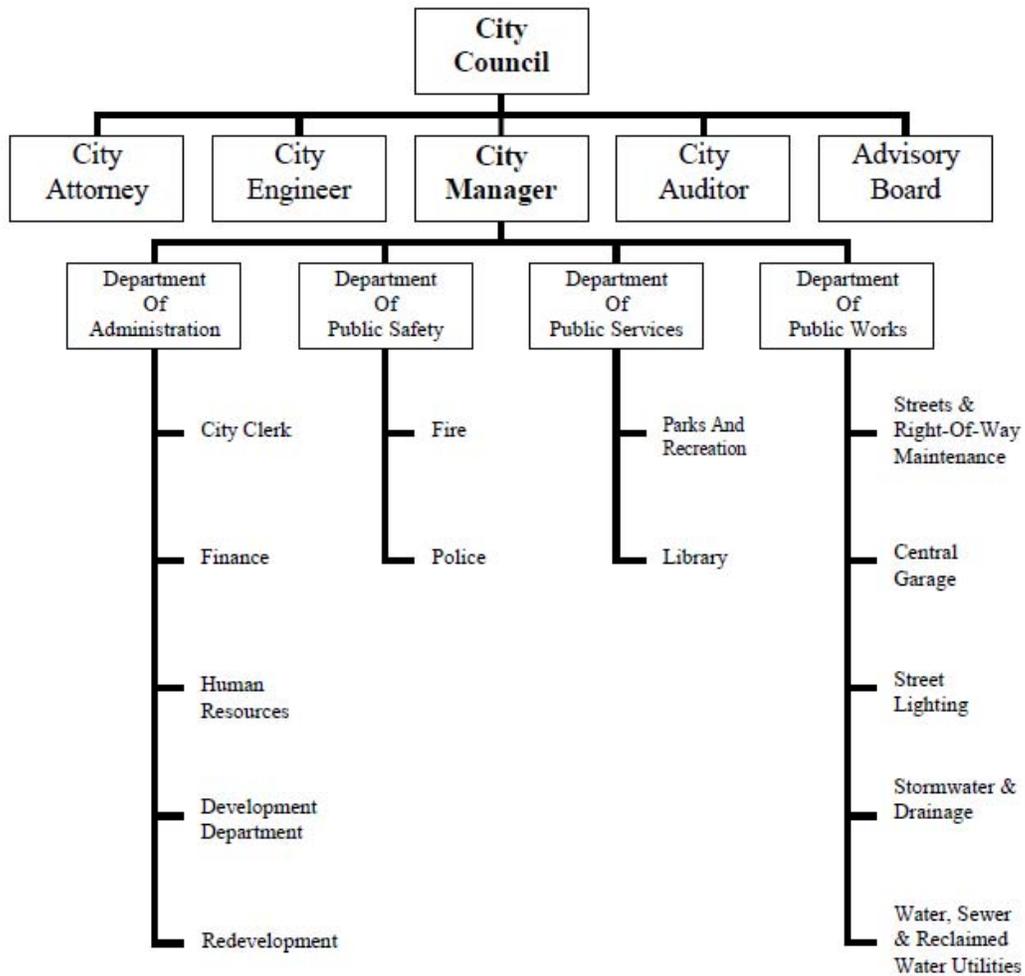
Debbie L. Manns  
City Manager

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# Organization Chart



# City of New Port Richey, Florida Organization Chart





# **Certificate of Achievement**





Government Finance Officers Association

**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, 2013**

Executive Director/CEO



# 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**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the police officers' and firefighters' retirement funds, which represent 88% of the assets and 91% 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 reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The police officers' and firefighters' retirement funds were not audited in accordance with *Government Auditing Standards*.

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

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

### **Emphasis of Matter**

The financial statements for the year ended September 30, 2014 reflect certain prior period adjustments as described further in Note P to the financial statements. Our opinion is not modified with respect to this matter.

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flow thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, fiduciary fund statements and the statistical section is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Mayer Hoffman McCann P.C." The signature is written in a cursive, flowing style.

July 31, 2015  
Clearwater, Florida

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# **Management's Discussion and Analysis**



# City of New Port Richey, Florida

## Management's Discussion and Analysis

September 30, 2014

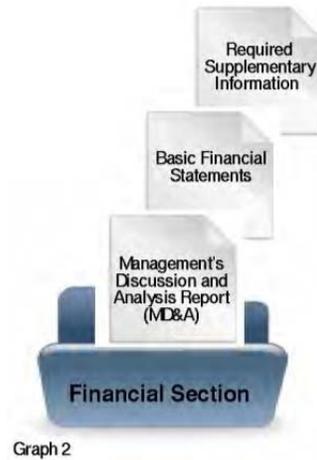
### INTRODUCTION

The City of New Port Richey's (the City's) Comprehensive Annual Financial Report (CAFR) was prepared in accordance with generally accepted accounting principles (GAAP) applicable to government entities. This Management's Discussion and Analysis report (MD&A) is required supplementary information (RSI), which must be presented to remain in compliance with GAAP. Additional RSI is also included throughout the CAFR. The CAFR and MD&A are published and hereby distributed to inform all interested parties of the activities undertaken and the financial resources committed over the Fiscal Year which began on October 1, 2013 and ended on September 30, 2014. While some interested parties may require more details of the City's operations, this MD&A has been prepared to provide most readers with enough analysis to inform them of the City's general financial condition at the conclusion of the stated fiscal year.

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

### 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*

### *The Statement of Net Position & The Statement of Activities*

- 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). The accrual basis of accounting matches revenues with related costs and recognizes them in the year in which they occur irrespective of the timing of the collection and/or payment. The statement of net position and the statement of activities provide "big picture" indications of the net investment in capital assets and the effects of the net position resulting from the year's activities.

### *Individual fund financial statements*

- The grouping of related accounts that have been segregated for specific activities or objectives is a central purpose for Fund Accounting. The focus of these financials is on major funds and there inflows and outflows and the balance of spendable resources available at the end of the fiscal year.
- 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 the economy is improving throughout the Tampa Bay region. While New Port Richey, with its older housing stock could be perceived as a second tier housing market due to the currently depressed pricing and variation in the quality of the inventory of properties on the market, there is great reason to hope for a quick recovery. While the City's current tax rate on property is near the 10 mill rate, there is great value in low prices and the low valuation assessments net a smaller tax number on the annual tax notice sent by the tax collector than many houses with less square footage of both building and land. Healthy reserves in various funds including the Capital Improvement Fund and the Street Improvement Fund are providing the fuel to launch several substantial improvement programs.

- **Distribution of Administrative Costs**

The continuing evaluation of the use of human resources and physical space occupied by the various administrative Departments and Divisions of the General Fund to support the related functions performed by other Governmental and Enterprise Funds has allowed for a more appropriate calculation of the transfers to be made from the Stormwater Fund. Considering that the combined total of approximately \$6,994,000 raised through Ad Valorem, Franchise Fees and the Communication Tax FY 2014 is the lowest level that those three taxes have generated since 2005, it will become important to allocate costs to every benefiting Department or Division that receives services. The Street Improvement Fund as well as the Economic Development Fund can provide additional funds to the General Fund to reimburse those costs. Not only are these inter-fund transfers appropriate, but they are also critical in providing the financial supplement needed to support the administrative functions in future years.

- **Magic Year 2032 – CRA expiration Date – Limited Life**

The New Port Richey Community Redevelopment Agency (CRA) is a Dependent Agency of the City. This designation is made because the make-up of its Board of Directors is identical to the membership of the City Council. Even though its Board members are all also City Councilmembers, it is a separate legal entity, and as such Inter-local agreements between the City and the Community Redevelopment Agency (CRA) establish the financial relationship between the two entities. The budget and financial statement presentation is included with the City's to more fully disclose the combined effect of the two Governmental Funds. Under Florida Law (FS Chapter 169), CRAs have a limited life of 30 Years. In the year 2002 the taxable value of all lands included in the CRA tax increment area (in New Port Richey, the whole City effectively) were valued by the County's Property Appraiser at \$366.8 million. For 30 years from that initial valuation date, all taxes collected by both the City and Pasco County are required to be deposited into the CRA. After the year 2032, unless the agency life is amended (limited to an additional 30 years), the CRA life will expire and the real property taxes collected of the tax increment value (the difference between the current property values and the base year values) revert back to the contributing governments.

As required by law, on June 25, 2013, the Pasco County Property Appraiser indicated that the value in the tax increment area for FY 2014 was \$436.3 million. This resulted in a tax increment value of \$69.5 million (\$436.3 less \$366.8 base year value). In Fiscal Year 2013, the tax increment area value was \$444.7 million with an associated \$77.9 million for the tax increment value. While only a 2% drop in taxable value occurred, the loss in increment value to the CRA was 11%. At its height in 2008, the City's real estate values exceeded \$780 million resulting in an increment value of \$410 million. The gravity of the effect of the loss in real estate value on the revenue stream of the CRA cannot be understated. The 2014 tax increment level represents just 17% of the value during the peak year of 2008.

An Inter-local Agreement was put into place between the City and the CRA to formerly establish terms for assistance by the General Fund to the CRA Fund whereby the General Fund would help financially with debt service funding and through a pledge of its non-ad valorem revenues for one of the three bank notes and in return, the CRA would be expected to repay the forwarded funds with interest at the same rates that the notes contained. This assistance was needed because of the downturn in the economy and its drastic effects on the CRA as previously noted. The CRA had obtained the Loans for use in funding capital improvements and other redevelopment activities at a time when CRA tax increment revenues were robust and the assignment of a portion of those revenues was more than sufficient to service the debt. Not only did the CRA fund Public Projects, it also purchased single family residential lots to recruit private investment into constructing new housing. Well beyond the typical type of activities like constructing streetscape projects, but well within its powers, the CRA used proceeds from three separate Bank Loans to leverage the construction of a major new gymnasium and swimming pool complex which contained a water slide and kiddie pool as well. That project ended up costing more than \$15 million to complete.

Other, more development oriented properties were acquired during this investment period to include the Hacienda Hotel (historic downtown structure), a church and property on Orange Lake (downtown) and another Church Building and rectory near the downtown. On several occasions, attempts were made to market these properties and in fact, the Hacienda Hotel became the recipient of a \$1 million State historic fix up Grant as FY 2014 came to conclusion. There is currently a proposed developer who has agreed to complete the renovation and operate the property as an upscale trendy Historic Boutique Hotel. The Hacienda Property has been included on the CRA Fund Balance Financial Statements at the value of \$1,572,550 and was previously only recorded as a CRA general fixed asset and not as property held for sale. A financial write-down under the rules of impairment has been determined appropriate for the Orange Lake Church property, writing that property down to the FY 2014 value of \$900,000 in recognition that the structure had been demolished by the City several years ago. During the course of this year's review of financial operations, it became clear that other purchases of properties by the CRA that had occurred using proceeds of the bank loans should also be reflected as properties held for resale on the Fund Basis Financial Statements of the CRA. The Church and rectory Building cited above and an additional 10 acre site at the southwestern border of the City were identified as having a current value of \$305,000 and \$464,000 respectively, and those values are now included in the total figure of "Redevelopment properties held for resale" on the CRA Fund Balance Sheet.

The CRA has an obligation through the inter-local agreement to repay the City's General Fund when tax increment values rebound and the associated revenues elevate to an amount that provides enough funds to make the repayments. As demonstrated by the narrative provided above, the CRA's future has a limited timeline and the ability of it to repay the General Fund for moneys advanced during the time allotted will be critical to the General Fund. Any balance owed to the General Fund at the end of the term of existence of the CRA will be absorbed back into the General Fund. If the CRA Fund Balance is negative when the CRA expires, then the General Funds Reserves will need to be adjusted downward to compensate for the loss of value placed on the repayment obligation.

### **Capital Investment Opportunities**

The other major contributor to the City's future will be the ability of the City to compete for the demographic profile that will sustain the active lifestyle and support the levels of service that City Government through its leaders is determined to provide. Fortunately, a second ten year term of Local Discretionary Sales Surtax funding was extended by a positive vote of the County electors and will now be able to be relied on until 12/31/2024. Because this revenue is based on sales in the County and the County growth has remained strong, the City share is determined by percentage and as such this flow of funds will be reliable and grows every year. Projections for the annual income for capital purchases and infrastructure will approach \$2 million in 2015. Known locally as Penny for Pasco, this revenue is deposited into the Capital Improvement Fund and provides much needed relief to the General Fund for capital needs including public safety vehicles and building repairs and renovations. The majority of the Capital Projects funds are programed for major capital projects and improvements which are designed to improve the quality of life for the residents and supplement the efforts of the Street Improvement Fund, the Stormwater Fund and the Parks and Recreation Departments.

### **Water and Sewer Revenue**

The City's Business Type Activities (Enterprise Funds) had more positive results in 2014 and have been a stabilizing factor for the City. A non-recurring transfer from the Utility Fund (an Enterprise Fund) to the City's General Fund of all of the accumulated undistributed interest from annual installments from the sale of the City's interest in land and facilities provided much needed relief to the distressed CRA as the transfer to the General Fund was used to pay down redevelopment debt. A repayment strategy would ultimately lead to an agreement in 2015 to provide for the deferral of payments back to the General Fund.

## Summary of the City's Financial Condition

There is no doubt that the City has weathered a difficult decade which has impacted communities across the State of Florida as well as the nation to one degree or another. As the economic storm subsides and the opportunity for growth returns, the City of New Port Richey is well positioned to achieve its great potential as has been outlined to the City Council and to the staff and residents by the experts over the past year. Solid plans are in place which provide the City with a strategic direction and a target audience to its brand of Florida living. The strategic deployment of all of the City's resources in a manner that will best serve the objectives of increasing value and population to the City can rebuild the lost tax increment and replenish the City's General Fund through the repayment by the CRA of the funds advanced to it during the difficult economic period which by all accounts appears to be over.

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. Revenues were under budget due in large part to a few overestimated sources which included traffic citations, and grants from other agencies. Cost reductions, limits on staffing and other measures compensated for most of the revenue declines.
- ◇ *Liquidity* – The City's ability to pay current liabilities with current assets. The City's cash position actually changes as capital spending plans are implemented. 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 the Redevelopment Fund (CRA) and the General Fund reported an unassigned fund balance slightly higher than the prior year. Reserves are necessary to insure that the City can react to unexpected events, such as hurricanes to provide necessary public services and facilities until reimbursements and or financing solutions are enacted.
- ◇ *Debt Levels and Debt Payments* – The results and impacts of the City of borrowing decisions. The City paid off one of the three redevelopment notes on behalf of the CRA. Net overall debt from outside of the Governmental Funds declined as a result of normal principle payments timely made throughout the year. The payoff of the CRA note by the General Fund has created a 4.5% interest bearing obligation back to the General Fund from the CRA. Because the transfer was from another governmental fund, the CRA has recorded the payment to reduce the debt to an outside party as an expenditure as required for Fund Financials. The recording of that transaction results in a substantial “write down” because the General Fund does not anticipate any payments for three years or more, the Fund Balance on the General Fund's report reflects the equity as “non-spendable”. The success of the CRA strategy to incentivize both new growth and undertake renovation of existing spaces is important to the General Fund as it will need those payments in the near future. Pension Funds continued to enjoy the benefits of major gains in the stock market. The actuaries use a five year averaging method in the calculations of liabilities so the positive growth in the fund will be blended into future calculations.

◇ *Trends* - The degree to which the key financial metrics above are changing.

While some major City revenues have declined, have not grown, or have grown only slightly, signs that the bottom of the housing market had been reached are now official. Upward trends are expected as the inventory of housing stock shrinks and incidences of foreclosure return to normal levels. Changing spending habits and the migration of commerce and telecommunication from traditional storefront and location based services to internet based shopping and portable smart phones are partially explanative of the stagnation of various non-ad-valorem revenue sources which have not rebounded as State estimators are predicting flat revenue year to year. These sources include state sales tax revenue sharing, utility taxes and business tax receipts. Ad valorem taxes have been impacted by lower commercial property values for traditional retail storefront properties. The recent report that Amazon, the e-commerce giant has exceeded the retail giant Walmart in value is further evidence that buying habits are changing and the need to diversify revenues is not a temporary thing. Property tax exemptions that have been approved in previous years will limit property tax revenue growth as the Economic Recovery hopefully continues. A downward trend in home ownership has led to an increased demand for services as the city's population has trended to encompass a more transient resident base. Social trends including the transition from a primarily retirement oriented population growth curve to one with more working families and single parent families will also affect the product mix of services to be delivered. Despite slow growth in the construction of residential units in the City, the estimated population has declined in recent years. Empty residential properties are often converted into rental houses and City sponsored incentives for fixing up and cleaning up properties were removed from the Budget in recent years. At the same time, the demand for recreation, library and public safety services has continued to increase.

In an effort to sustain popular services and needed infrastructure repairs and improvements, the City has diversified its revenue through the implementation of non-ad-valorem special assessments levied against all benefiting properties for lighting and stormwater. As previously mentioned, the re-evaluation of the costs in the General Fund has identified additional transfers that can rightfully be made by other funds to the General Fund for services that it has provided in furtherance of the missions of the other funds.

## FINANCIAL HIGHLIGHTS

### ***Government-wide financial statements (Statement of Net Position "as restated" 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 (\$122 million) exceeded Total Liabilities (\$27 million) by \$95 million at year end, which is called Net Position (formerly referred to as "Net Assets"). A Net Position of \$97 million was originally reported in FY 2013 and has been restated at \$95.5 million. Those values indicate that the net financial position was relatively flat from year to year.
- ◇ Total long-term debt decreased by \$7 million (net decrease), despite an increase in Other Post-Employment Benefits (OPEB) and compensated absences of \$285,000. This decrease reflects the City's activities in moving funds from Business-Type Activities to Governmental Activities to pay off \$7 million in bank loans primarily for the CRA
- ◇ Total Governmental Activities program revenue (non-tax revenue) was \$5 million the same as in the prior year. This means that 25% of Governmental Activities expenses (\$20 million) were paid with non-tax revenue, compared with 26% in the prior year.
- ◇ Total Business type Activities reported a \$7.6 million Decrease in Net Position compared with the prior year. This occurred due to the previously described transfer of funds to the General Fund to extinguish CRA Debt.

### ***Individual Fund financial statements (Major Funds only)***

- ◇ The General Fund's ending unassigned fund (includes Designation for minimum funding and for future expenditures) balance of \$5.5 million represents approximately 33% of the FY 2013 General Fund budget, which is a decrease over the prior year of 4 percentage points.
- ◇ In the Capital Improvement Fund, the Penny for Pasco local option sales tax revenue performed as expected due to some continued signs of improvement in the economy. Fund Balance = \$4.9 million
- ◇ The Redevelopment Fund's total fund balance has a negative \$4.2 million fund balance due to the payoff of one of the three notes which has been described in detail. \$3.2 million in properties held for retail push are non-spendable so the Unassigned Fund Balance is a negative \$7.4 million. This negative amount is mitigated within the combined total of Governmental Funds by the transfer from the General Fund to pay the CRA Debt service which resulted in a non-spendable asset of the General Fund.

## FINANCIAL STATEMENTS OVERVIEW

This section includes a brief overview of the prominent features and form of presentation of the City's financial statements that is required by the GASB. The following overview 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 (CRA) 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 Position*. This statement presents information on all City assets and liabilities, with the difference being reported as *net position* (assets minus liabilities). Increases or decreases in net position may be an indicator of whether the City's financial condition is improving or declining; however, increases and decreases in net position 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 position 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 position 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.

## GOVERNMENT WIDE 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 Position.** The following schedule summarizes the Statement of Net Position 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 Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013, as restated	2014	2013, as restated	2014	2013, as restated
Current assets	\$ 15,846,879	\$ 15,397,031	\$ 12,026,870	\$ 19,894,604	\$ 27,873,749	\$ 35,291,635
Capital assets	32,581,327	32,751,125	48,828,446	47,639,563	81,409,773	80,390,688
Other non-current assets	3,241,550	3,241,550	7,979,064	8,436,504	11,220,614	11,678,054
Total assets	51,669,756	51,389,706	68,834,380	75,970,671	120,504,136	127,360,377
Current liabilities	2,828,015	3,956,777	3,990,425	3,184,978	6,818,440	7,141,755
Non-current liabilities	12,395,333	18,761,107	7,682,343	8,285,493	20,077,676	27,046,600
Total liabilities	15,223,348	22,717,884	11,672,768	11,470,471	26,896,116	34,188,355
Net position:						
Invested in capital assets, net of related debt	20,724,327	20,791,305	40,710,853	38,953,380	61,435,180	59,744,685
Restricted	5,215,107	4,653,007	2,785,560	-	8,000,667	4,653,007
Unrestricted	10,506,974	3,227,510	13,665,199	25,546,820	24,172,173	28,774,330
Total net position	\$ 36,446,408	\$ 28,671,822	\$ 57,161,612	\$ 64,500,200	\$ 93,608,020	\$ 93,172,022

The Government-wide Statement of Net Position reports on all of the City's assets, liabilities and net position (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 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 of the City's net position was invested in capital assets at the end of both years, which means these amounts are unavailable for appropriation. Unrestricted net position, which is generally considered available for use without restrictions, increased greatly in the Governmental and decreased greatly in the Business-type Activities as a result of the transfer of \$13 million in accrued interest income from water and sewer to the General Fund which was used to pay down one of three notes that were owed by the CRA.

**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 position discussed above.

Program Revenues. Governmental Activities expenses of \$20 million exceeded program revenues by \$14.5 million in FY 2014. 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 27% of Governmental Activities expenses were paid with program revenue (29% 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 by \$322,000 from the prior year as the City placed greater emphasis on charging fees for governmental services. The trend toward placing greater reliance on charges for services is expected to continue.

Total Business-type Activities program revenue exceeded program expense by \$571,000. 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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 4,949,697	\$ 4,627,700	\$ 12,257,381	\$ 11,539,112	\$ 17,207,078	\$ 16,166,812
Operating grants and contributions	407,632	336,592	-	1,167,928	407,632	1,504,520
Capital grants and contributions	71,034	92,098	-	-	71,034	92,098
General Revenues:						
Taxes	12,030,434	12,041,940	-	-	12,030,434	12,041,940
State revenue sharing	723,724	610,486	-	-	723,724	610,486
Impact fees	-	-	-	597,939	-	597,939
Investment income	24,713	56,667	465,495	485,391	490,208	542,058
Gain on sale of capital assets	(208,393)	-	-	-	(208,393.00)	-
Miscellaneous	198,599	258,804	222,172	18,949	420,771	277,753
Total revenues	<u>18,197,440</u>	<u>18,024,287</u>	<u>12,945,048</u>	<u>13,809,319</u>	<u>31,142,488</u>	<u>31,833,606</u>
Expenses:						
General government	3,857,622	3,413,510	-	-	3,857,622	3,413,510
Police	5,676,685	5,236,488	-	-	5,676,685	5,236,488
Fire	2,535,083	2,536,838	-	-	2,535,083	2,536,838
Protective inspections	219,429	217,439	-	-	219,429	217,439
Public works	2,533,260	2,007,581	-	-	2,533,260	2,007,581
Culture and recreation	3,487,705	3,205,459	-	-	3,487,705	3,205,459
Interest on long-term debt	710,587	963,600	-	-	710,587	963,600
Water	-	-	6,158,982	5,151,437	6,158,982	5,151,437
Sewer	-	-	3,579,583	4,731,366	3,579,583	4,731,366
Reclaimed water	-	-	1,109,812	1,526,838	1,109,812	1,526,838
Stormwater utility	-	-	837,742	714,851	837,742	714,851
Total expenses	<u>19,020,371</u>	<u>17,580,915</u>	<u>11,686,119</u>	<u>12,124,492</u>	<u>30,706,490</u>	<u>29,705,407</u>
Transfers	<u>8,597,517</u>	<u>521,394</u>	<u>(8,597,517)</u>	<u>(521,394)</u>	<u>-</u>	<u>-</u>
NET INCREASE(DECREASE) IN NET POSITION	7,774,586	964,766	(7,338,588)	1,163,433	435,998	2,128,199
Net position - beginning of year, as restated	<u>28,671,822</u>	<u>27,707,056</u>	<u>64,500,200</u>	<u>63,336,767</u>	<u>93,172,022</u>	<u>91,043,823</u>
Net position - end of year	<u>\$ 36,446,408</u>	<u>\$ 28,671,822</u>	<u>\$ 57,161,612</u>	<u>\$ 64,500,200</u>	<u>\$ 93,608,020</u>	<u>\$ 93,172,022</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 increased slightly from \$12.97 million to \$12.98 million. Taxable Real Property Values Decreased which caused a dip in Property Tax revenue.

The decrease in Other Taxes is minimal.

The lack of growth in General Revenues over the past few years will require constant monitoring of legislative changes, regional trends and direct local condition in both the residential and the commercial communities within the City. General Revenues typically comprise the majority of the Governmental Activities revenues and given the flat growth of most revenues, increased reliance on other funds to pay their fair share of administrative costs must occur to protect the stability of the General Operations of the City. 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 2014</u>	<u>FY 2013</u>	<u>Increase (Decrease)</u>
Property Taxes	\$ 4,971,732	\$ 5,167,269	\$ (195,537)
Other Taxes	3,516,851	3,458,621	58,230
Shared Revenue	4,265,575	4,026,536	239,039
Other Revenue (Expense)	14,919	315,471	(300,552)
Total	<u>\$12,769,077</u>	<u>\$12,967,897</u>	<u>\$ (198,820)</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 2014 property tax rate of 9.5799 mills was below the maximum of 10 mills. Property values continued to decline but planned multi-family development projects is an encouraging sign that new construction and the bottoming out of the falling values for existing properties will turn the value curve in an upward direction in the next fiscal 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.

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 in total have remained virtually unchanged in the last five years. These revenues are discussed further in those sections of the MD&A.

#### Governmental Activities - Major Revenues

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Property Tax	\$ 6,782,693	\$ 5,731,993	\$ 5,322,729	\$ 5,167,269	\$ 4,971,732
Utility Tax/Franchise Fees	2,984,124	2,773,784	2,613,466	2,604,111	2,811,856
Communications Tax	953,055	881,055	895,727	854,510	704,995
Infrastructure Tax	1,186,900	1,311,649	1,430,997	1,566,812	1,673,113
State Shared	1,924,974	2,148,026	1,992,132	1,930,041	1,830,762
Grants & Contributions	928,434	680,248	377,529	428,690	478,666
Service Charges	3,688,717	3,518,231	4,404,207	4,627,700	4,949,697
Local Options Gas Tax	528,570	504,016	498,890	529,683	522,565
Total	<u>\$18,977,467</u>	<u>\$17,549,002</u>	<u>\$17,535,677</u>	<u>\$17,708,816</u>	<u>\$17,943,386</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 slightly over that time.

#### Governmental Activities - Major Expenses

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
General Government	\$ 3,054,628	\$ 3,310,681	\$ 3,629,265	\$ 3,413,510	\$ 3,857,622
Public Safety	7,579,271	7,824,856	7,736,398	7,990,765	8,431,197
Public Works	2,013,057	1,499,293	1,584,915	2,007,581	2,533,260
Culture and Recreation	3,392,098	3,225,776	3,100,143	3,205,459	3,487,705
Interest & Fiscal Charges on LT Debt	885,174	1,108,639	1,019,676	963,600	710,587
Total	<u>\$16,924,228</u>	<u>\$16,969,245</u>	<u>\$17,070,397</u>	<u>\$17,580,915</u>	<u>\$19,020,371</u>

**Pension Costs** -While recent pension plan invested assets have rebounded from a decade of declining funded ratios, continued strong returns on investments in the Plan could be offset by many factors that are uncontrollable or unpredictable. Most of the pension plan's improvement was due to above average investment performance.

**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 position (net income or loss), excluding inter-fund transfers. Combined net income has dropped by \$839,000 since 2009.

**Enterprise Funds - Change in Net Position (income or loss)**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Water & Sewer	\$499,827	\$1,463,080	\$863,853	\$518,705	\$(7,517,880)
Stormwater	(99,952)	(134,022)	(163,244)	644,728	179,292
Central Garage	(68,119)	(32,513)	(248,654)	(199,884)	51,937
Total	<u>\$331,756</u>	<u>\$1,296,545</u>	<u>\$451,955</u>	<u>\$963,549</u>	<u>\$(7,286,651)</u>

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 2014. 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 annual transfers. This modification in approach was made possible by converting the language of the Bonds and their covenants to allow for an “open plan” that freed up accumulated interest income from a prior sale of assets by the City to its new partnership of Tampa Bay Water. A payment to the General Fund in the amount of \$7.9 million which represented all interest collected on the Tampa Bay Water note receivable through 9/30/14 was made as a special transfer. Hereafter, each year the interest collected on that note is planned for transfer to the General Fund. Additional transfers of \$2.3 million for administrative charges and approximately \$550,000 for Payment in Lieu of Franchise Fees (PILOFF) was also transferred.
- ◇ Stormwater rates remained at the same level and no further rate adjustments are planned again until possibly 2017. As new properties become placed on the tax roll, they are added to the assessment roll.
- ◇ Water operating revenue was \$5.7 million, 8% (\$630,000) higher than the prior year. Water revenues are increase in part due to a revision in the rates to correct the calculation which resulted in a one-time adjustment to correct the error. Because the City is virtually at build out and redevelopment growth has been insignificant relative to the existing customer base, other opportunities that are promising include the purchase of various smaller private water companies who are now receiving bulk rates and increasing the City's retail customers by acquisition. Average consumption has declined as more households implement voluntary and mandatory conservation efforts. In addition, new radio read water meters are being installed that will allow customers to monitor their usage and identify leaks before they become costly for them and wasteful of the resource.

- ◇ Water operating expenses of \$6 million included a “true up” by the Water Supply Authority due in large part to the drop in water use by one of the City’s partners, the City of Tampa, who began using water from the Hillsborough river thereby increasing costs on all of the other members of the Authority (5 other member governments). The \$323,000 loss in net operating income will continue to be reviewed as the City reviews its water rates.
- ◇ Sewer operating revenue was \$5.3 million, up 1% (\$70,000) 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 \$3.5 million resulting in net operating income of \$1.8 million.
- ◇ Reclaimed operating revenue was \$255,000 and expenses \$1,104,000 which is a reflection of the reality that this enterprise is primarily a service to the sewer collection enterprise as it is necessary to manage the discharge of the reuse water from the sewer plant. The only effective way to use the supply as a revenue generator is to mandate its use as it has been done in many brand new communities where all properties are connected and have irrigation systems to use the supply in a meaningful way. When distributed in existing communities, it is a substantial cost to the residents to install or retrofit their existing outdoor use. The City resolved its billing issues with Pasco County and is now facing a reasonable charge for the right to dispose of its excess effluent from the sewer plant.

## MAJOR GOVERNMENTAL FUNDS

The City is reporting five major governmental funds: General, Redevelopment, Street Improvement, Debt Service and finally the Capital Projects Fund. These funds 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.

Amounts presented in the graph for FY 2010 were reclassified according to the new reporting categories' titles and definitions and are considered materially correct.

**General Fund - Fund Balance**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Non-spendable	\$ 122,878	\$ 36,082	\$ 20,309	\$ 24,064	\$ 7,434,660
Restricted & Assigned	1,155,266	1,432,578	1,088,243	1,328,793	1,291,379
Unassigned					
Designated (presented as Assigned in basic financial statements)	2,405,856	2,412,704	2,734,050	2,495,610	2,652,617
Undesignated	1,580,654	1,524,475	1,657,781	2,990,118	1,811,805
Total	<u>\$ 5,264,654</u>	<u>\$ 5,405,839</u>	<u>\$ 5,500,383</u>	<u>\$ 6,838,585</u>	<u>\$13,190,461</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 \$13.2 million compared to \$6.8 million at the end of the prior year. The General Fund's fund balance is in a much better position now than at the end of the prior year although the funds forwarded to the CRA for extinguishment of Debt are an un-spendable receivable as the CRA has been given time by the City to rebound from its major revenue shortfall as has been previously discussed.

Part of the Assigned fund balance is for outstanding purchase orders that were not fulfilled at year end.

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. 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 - Designated and Unassigned Fund Balance**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
As a Percent of Next Year's Budget	24.9%	24.5%	24.1%	31.0%	22.1%
Adopted Budget	\$16,039,040	\$16,084,690	\$18,227,000	\$17,692,130	\$20,229,720
Designated and Unassigned Fund Balance	\$ 3,986,510	\$ 3,937,179	\$ 4,391,831	\$ 5,485,728	\$ 4,464,422

The above table shows that the total Unassigned fund balance has remained above 20% over the last five years which is a very good sign. The Unassigned fund balance is slightly below the overall minimum target amount of 25% and so care should be taken to moderate the scheduling of further use of the Reserves. 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.

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

As indicated in the table below, the transfer from Water and Sewer for distinguishing of a portion of the CRA debt shows up in the \$7.5 million dollar Transfer from other Funds category. Most major revenues hovered near their historical levels. The total of all major revenues has remained fairly steady over the five year term with the exception of the Transfers mentioned.

**General Fund - Largest Revenues Components**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Property Tax	\$ 5,396,402	\$ 4,730,981	\$ 4,538,889	\$ 4,661,075	\$ 4,482,608
Utility Tax/Franchise Fees	1,436,507	1,323,242	1,270,726	1,196,176	1,317,052
Communications Tax	953,055	881,055	895,727	854,510	704,995
State Shared	1,856,689	1,892,266	1,798,824	1,923,084	2,004,171
Grants & Contributions	653,977	267,410	198,656	276,191	261,314
Service Charges	4,389,379	2,973,472	3,209,383	3,581,044	3,033,884
Transfers from Other Funds	1,436,196	2,025,522	1,261,605	1,943,305	7,567,877
Total	<u>\$16,122,205</u>	<u>\$14,093,948</u>	<u>\$13,173,810</u>	<u>\$14,435,385</u>	<u>\$19,371,901</u>

Of the sources presented in the graph, only property taxes and service charges can be increased by the City. Most 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 finally on the rebound as information available as of the date of this report can confirm. The importance of the movement of the property tax values has been well covered in the narrative of this report as the CRA is fully dependent of this source and the General Fund is depending on the growth of the tax base to be able to recover the funds forwarded to the CRA.

Utility taxes and franchise fees increased \$120,876 or 10% from the prior year, which was a promising sign that the economy and hopefully the level of occupancy and business activity is on the rise.

Most local governments have experienced declines in Communication Services Taxes (CST), due to an overall reduction in the cost and proliferation of “land lines” as the modernization of the population morphs the communications to wireless devices and streaming video. The lower tax base is also 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 total 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.

Ten Year Revenue Trends	General Fund			
	FY 2005	%	FY 2014	%
Property Tax	\$ 4,037,783	31.81%	\$ 4,482,608	22.24%
Utility Tax/Franchise Fees	1,107,280	8.72%	1,317,052	6.53%
Communications Tax	1,100,538	8.67%	704,995	3.50%
State Shared	1,974,467	15.56%	2,004,171	9.94%
Grants & Contributions	384,893	3.03%	261,314	1.30%
Service Charges	2,474,220	19.49%	3,371,648	16.72%
Transfers from Other Funds	1,179,371	9.29%	7,567,877	37.54%
Fines & Forfeitures	140,341	1.11%	349,745	1.73%
Miscellaneous Revenue	293,120	2.31%	100,491	0.50%
Total	<u>\$ 12,692,013</u>	<u>100.00%</u>	<u>\$ 20,159,901</u>	<u>100.00%</u>

Reliance on Utility Taxes and Franchise Fees has shown a modest increase as has State Shared Revenue, which is generated by the State Sales Tax. The Communication Services Tax proportion of total revenues has been discussed.

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 of 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.

<b>General Fund</b>			<b>% Budget</b>	<b>\$ Budget</b>
<b>Department Budget Variances</b>	<b>Total</b>	<b>Final</b>	<b>Variance</b>	<b>Variance</b>
	<b>Expended</b>	<b>Budget</b>	<b>under (over)</b>	<b>under (over)</b>
Council	\$ 328,526	\$ 268,762	-22.24%	\$ (59,764)
City Manager	241,517	124,222	-94.42%	\$ (117,295)
Human Resources	459,030	567,925	19.17%	\$ 108,895
Finance	1,838,119	1,546,010	-18.89%	\$ (292,109)
City Clerk	120,012	122,545	2.07%	\$ 2,533
Police	5,466,786	5,261,309	-3.91%	\$ (205,477)
Fire	2,958,647	2,924,393	-1.17%	\$ (34,254)
Public Works	1,708,078	1,824,560	6.38%	\$ 116,482
Library	968,481	980,110	1.19%	\$ 11,629
Parks, Recreation & Pools	1,521,778	1,666,200	8.67%	\$ 144,422
<b>Total</b>	<b>\$ 15,610,974</b>	<b>\$ 15,286,036</b>	<b>-2.13%</b>	<b>\$ (324,938)</b>

Because FY 2014 was a pivotal year for the City and saw major changes occur in management as well as in changes in approach regarding everything from indebtedness to an increased emphasis on law enforcement and technology, the two largest variance categories (technology casts are embedded in the finance totals above). It is suggested that this evaluation be made after the reorganization of the City is complete and costs begin to stabilize. It is important to note that a major investment in the City's electronic records processing technology which totals over \$800,000 over a three year span was initiated in FY 2014. The shift from a paper based operation to a modern paperless administration will result in efficiencies that the City is depending on receiving as a "dividend" for the investment underway.

<b>Ten Year Expenditure Trends</b>	<b>General Fund</b>			
	<b>FY 2005</b>	<b>%</b>	<b>FY 2014</b>	<b>%</b>
Council	\$ 753,597	6.61%	\$ 328,526	2.10%
City Manager	197,185	1.73%	241,517	1.55%
Human Resources	160,363	1.41%	459,030	2.94%
Finance	1,159,478	10.17%	1,838,119	11.77%
City Clerk	152,542	1.34%	120,012	0.77%
Police	3,602,430	31.61%	5,466,786	35.02%
Fire	1,987,635	17.44%	2,958,647	18.95%
Public Works	1,608,001	14.11%	1,708,078	10.94%
Library	819,938	7.19%	968,481	6.20%
Parks, Recreation & Pools	956,080	8.39%	1,521,778	9.75%
<b>Total</b>	<b>\$ 11,397,249</b>	<b>100.00%</b>	<b>\$ 15,610,974</b>	<b>100.00%</b>

The largest change over the past ten years has been in the Police Department, where total expenditures and encumbrances increased from 32% to 35% of the General Fund budget. Some of this increase also related to a continued increase in annual pension cost over the past ten years.

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

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

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

<b>Penny for Pasco</b>					
<b>Revenues</b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>
	\$1.19	\$1.19	\$1.4	\$1.6	\$1.7

FY 2014 *Penny for Pasco* revenue has continued to show steady growth and is expected to reach the annual \$2 million mark by 2016.

The Capital Improvement Program (CIP) Fund’s total fund balance increased from \$3.8 million to \$4.9 million, which was mostly attributable to a postponement of several construction projects. Fund balance in the CIP Fund can vary widely, due to the variability of capital projects between years. The increase in available fund balance increases the City’s flexibility to consider future major capital projects.

## **CAPITAL ASSETS, INFRASTRUCTURE AND DEBT**

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

	<b>Governmental</b>		<b>Business Type</b>		<b>Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land, land rights and improvements	\$ 4,297,373	\$ 4,297,373	\$ 1,137,501	\$ 994,109	\$ 5,434,874	\$ 5,291,482
Building and improvements	10,705,470	10,668,652	26,808,784	26,737,443	37,514,254	37,406,095
Improvements other than buildings	20,281,117	20,209,713	46,223,207	45,095,002	66,504,324	65,304,715
Equipment	9,936,997	9,060,757	3,906,380	3,299,129	13,843,377	12,359,886
Infrastructure	18,185,445	17,131,813	-	-	18,185,445	17,131,813
Less: Accumulated Depreciation	(31,228,591)	(29,046,210)	(30,571,170)	(28,605,247)	(61,799,761)	(57,651,457)
Sub-total	32,177,811	32,322,098	47,504,702	47,520,436	79,682,513	79,842,534
Work in progress	403,516	429,027	1,323,744	119,127	1,727,260	548,154
Total	\$ 32,581,327	\$ 32,751,125	\$ 48,828,446	\$ 47,639,563	\$ 81,409,773	\$ 80,390,688

**Long-term liabilities.** At year end, the City reported total loans outstanding of approximately \$20 million compared to \$28 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). Detail of Loans are included in Note H in the CAFR.

	<b>Totals</b>	
	<b>2014</b>	<b>2013</b>
<b>Governmental:</b>		
Revenue note, Series 2000	\$ -	\$ 673,522
Redevelopment note, Series 2005A	5,934,000	6,354,000
Redevelopment note, Series 2005B	5,923,000	6,342,000
Redevelopment bond, Series 2012	-	6,067,467
Sub-total	<u>11,857,000</u>	<u>19,436,989</u>
<b>Business Type:</b>		
W&S Revenue bond, Series 2007A	654,150	1,280,550
W&S Revenue bond, Series 2012	<u>7,463,443</u>	<u>7,463,443</u>
Sub-total	<u>8,117,593</u>	<u>8,743,993</u>
<b>Total</b>	<u><u>\$ 19,974,593</u></u>	<u><u>\$ 28,180,982</u></u>

The City has cleared the General Fund's non-ad valorem revenues from any encumbrances to provide it with maximum flexibility to evaluate all options and choose a course of action that will best position it for the period of growth that is critical to generate enough tax increment to repay the General Fund and its indebtedness. Many factors, including the City's ability to repay debt, prioritization of needs and the impact that a capital acquisition would be on property values based on the goals of the City and of the CRA would need to be explored in advance of capital decisions. 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 show an increase in consumer confidence and a decrease in the proliferation of mortgage foreclosures has diminished the inventory of vacant houses.

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 and aggressively compete for the attention of the next big generation, the "millennials".

**Next Year's Budget and Rates.** The FY 2015 property tax rate has been slightly reduced to 9.5 mills. This rate is projected to generate nearly the same property tax revenue as 2014, due primarily to a continued drop in tangible personal property values.

Most major revenues are projected to exhibit below average growth but there is some optimism that housing values are beginning to move up.

The FY 2014 budget included cost of living raises for non-represented employees and as allowable for firefighters and police officers for the first time in five years.

Fund balance is projected to remain steady in the General Fund and in most Government funds. The Redevelopment fund will continue to require assistance from the General Fund until the levels of assigned debt are modified or otherwise reduced. The Utility funds will continue to see increase in net assets.

**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.

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

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

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

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

### **REQUESTS FOR INFORMATION**

This CAFR provides an overview of the City of New Port Richey's financial position, financial condition and results of operations as of and for the year ended September 30, 2014. More financial information, including a copy of the City's Annual Operating Budget and the City's Long-term Financial Plan and Capital Improvements Program can be obtained from the City's website, at: [www.citynpr.org](http://www.citynpr.org). Telephone inquiries may be directed to the Finance Director at (727) 853-1053. Written questions requests for information may be addressed to the Finance Director, 5919 Main Street, New Port Richey, FL 34652 or may be emailed to the Finance Director at: [nprfinance@cityofnewportrichey.org](mailto:nprfinance@cityofnewportrichey.org)

# **Basic Financial Statements**

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



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CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash, cash equivalents and investments	\$ 14,521,114	\$ 8,378,585	\$ 22,899,699
Restricted assets:			
Cash and pooled cash, cash equivalents and investments			
Customer deposits	-	996,770	996,770
Receivables (Net of allowance):			
Accounts, billed	136,233	861,640	997,873
Taxes	329,986	-	329,986
Special assessments	269,796	7,055	276,851
Note receivable - current portion	-	428,535	428,535
Due from other governments	397,437	842,392	1,239,829
Inventories - at cost	117,927	501,020	618,947
Prepaid items	74,386	10,873	85,259
	<u>15,846,879</u>	<u>12,026,870</u>	<u>27,873,749</u>
<b>NONCURRENT ASSETS</b>			
Redevelopment properties held for resale	3,241,550	-	3,241,550
Land, land rights and improvements	4,297,373	1,137,501	5,434,874
Building and improvements	10,705,470	26,808,784	37,514,254
Improvements other than buildings	20,281,117	46,223,207	66,504,324
Equipment	9,936,997	3,906,380	13,843,377
Infrastructure	18,185,445	-	18,185,445
Construction in progress	403,516	1,323,744	1,727,260
Accumulated depreciation	(31,228,591)	(30,571,170)	(61,799,761)
Unamortized debt costs	-	28,905	28,905
Note receivable - long-term portion	-	7,950,159	7,950,159
	<u>35,822,877</u>	<u>56,807,510</u>	<u>92,630,387</u>
<b>TOTAL ASSETS</b>	<u>\$ 51,669,756</u>	<u>\$ 68,834,380</u>	<u>\$ 120,504,136</u>

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

CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION (CONTINUED)

September 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 797,298	\$ 1,736,259	\$ 2,533,557
Accrued liabilities	484,596	54,141	538,737
Due to other governments	-	443,825	443,825
Customer deposits	-	996,770	996,770
Unearned revenue	324,589	44,637	369,226
Current portion of			
Revenue note payable	-	654,150	654,150
Redevelopment revenue notes/bonds payable	873,000	-	873,000
Compensated absences	348,532	60,643	409,175
	<u>2,828,015</u>	<u>3,990,425</u>	<u>6,818,440</u>
Total current liabilities			
	2,828,015	3,990,425	6,818,440
<b>NONCURRENT LIABILITIES</b>			
Lawsuit settlement payable	300,000	-	300,000
Revenue note payable	-	7,463,443	7,463,443
Redevelopment revenue notes/bonds payable	10,984,000	-	10,984,000
Net Other Post-Employment Benefits Liability	1,059,254	218,900	1,278,154
Compensated absences	52,079	-	52,079
	<u>12,395,333</u>	<u>7,682,343</u>	<u>20,077,676</u>
Total noncurrent liabilities			
	12,395,333	7,682,343	20,077,676
<b>TOTAL LIABILITIES</b>	<b>15,223,348</b>	<b>11,672,768</b>	<b>26,896,116</b>
<b>NET POSITION</b>			
Net Investment in capital assets	20,724,327	40,710,853	61,435,180
Restricted:			
Forfeitures and public safety - police	38,553	-	38,553
Debt service	268,111	-	268,111
Impact fees	-	2,785,560	2,785,560
Infrastructure	4,908,443	-	4,908,443
Unrestricted	10,506,974	13,665,199	24,172,173
	<u>36,446,408</u>	<u>57,161,612</u>	<u>93,608,020</u>
<b>TOTAL NET POSITION</b>	<b>\$ 36,446,408</b>	<b>\$ 57,161,612</b>	<b>\$ 93,608,020</b>

*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, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 3,857,622	\$ 3,738,052	\$ 298,400	\$ -
Police	5,676,685	494,872	69,782	-
Fire	2,535,083	3,400	-	-
Protective inspections	219,429	188,137	-	-
Public works	2,533,260	36,716	-	71,034
Culture and recreation	3,487,705	488,520	39,450	-
Interest and fiscal charges on long-term debt	710,587	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>19,020,371</b>	<b>4,949,697</b>	<b>407,632</b>	<b>71,034</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water	6,158,982	5,706,141	-	-
Sewer	3,579,583	5,303,421	-	-
Reclaimed water	1,109,812	255,156	-	-
Stormwater utility	837,742	992,663	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>11,686,119</b>	<b>12,257,381</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 30,706,490</b>	<b>\$ 17,207,078</b>	<b>\$ 407,632</b>	<b>\$ 71,034</b>

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

Investment income

Loss on disposal of capital assets

Miscellaneous

Total general revenues

Transfers

Total General Revenue and Transfers

Change in net position

Net position - beginning of year, as previously stated

Prior period adjustment

Net position - beginning of year, as restated

Net position - end of year

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ 178,830	\$ -	\$ 178,830
(5,112,031)	-	(5,112,031)
(2,531,683)	-	(2,531,683)
(31,292)	-	(31,292)
(2,425,510)	-	(2,425,510)
(2,959,735)	-	(2,959,735)
(710,587)	-	(710,587)
(13,592,008)	-	(13,592,008)
-	(452,841)	(452,841)
-	1,723,838	1,723,838
-	(854,656)	(854,656)
-	154,921	154,921
-	571,262	571,262
(13,592,008)	571,262	(13,020,746)
4,971,732	-	4,971,732
1,317,052	-	1,317,052
1,494,804	-	1,494,804
704,995	-	704,995
813,673	-	813,673
1,673,113	-	1,673,113
522,565	-	522,565
293,365	-	293,365
239,135	-	239,135
723,724	-	723,724
24,713	465,495	490,208
(208,393)	-	(208,393)
198,599	222,172	420,771
12,769,077	687,667	13,456,744
8,597,517	(8,597,517)	-
21,366,594	(7,909,850)	13,456,744
7,774,586	(7,338,588)	435,998
32,222,073	64,732,953	96,955,026
(3,550,251)	(232,753)	(3,783,004)
28,671,822	64,500,200	93,172,022
\$ 36,446,408	\$ 57,161,612	\$ 93,608,020

*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, 2014

	General	Redevelopment	Street Improvement	Debt Service	Capital Projects	Other Governmental Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash and pooled cash, cash equivalents, and investments	\$ 6,361,055	\$ -	\$ 3,099,644	\$ 113,580	\$ 4,726,031	\$ 150,013	\$ 14,450,323
Receivables (Net of allowance)							
Accounts, billed	132,922	3,311	-	-	-	-	136,233
Taxes	175,455	-	-	154,531	-	-	329,986
Special assessments	-	-	269,796	-	-	-	269,796
Repayable advances from other funds	7,403,842	-	-	-	-	-	7,403,842
Due from other governments	173,111	-	37,793	-	185,042	1,491	397,437
Redevelopment properties held for resale	-	3,241,550	-	-	-	-	3,241,550
Inventories - at cost	24,034	-	-	-	-	-	24,034
Prepaid items	6,784	-	-	-	-	-	6,784
<b>TOTAL ASSETS</b>	<b>\$ 14,277,203</b>	<b>\$ 3,244,861</b>	<b>\$ 3,407,233</b>	<b>\$ 268,111</b>	<b>\$ 4,911,073</b>	<b>\$ 151,504</b>	<b>\$ 26,259,985</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 721,784	\$ 17,299	\$ 2,034	\$ -	\$ 2,630	\$ 26,914	\$ 770,661
Accrued liabilities	328,843	3,593	-	-	-	-	332,436
Repayable advances to other funds	-	7,403,842	-	-	-	-	7,403,842
Deferred revenue	36,115	-	288,474	-	-	-	324,589
<b>TOTAL LIABILITIES</b>	<b>1,086,742</b>	<b>7,424,734</b>	<b>290,508</b>	<b>-</b>	<b>2,630</b>	<b>26,914</b>	<b>8,831,528</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Repayable advance to other funds	7,403,842	-	-	-	-	-	7,403,842
Redevelopment properties held for resale	-	3,241,550	-	-	-	-	3,241,550
Inventories	24,034	-	-	-	-	-	24,034
Prepaid items	6,784	-	-	-	-	-	6,784
Restricted for:							
Forfeitures and public safety - police	38,553	-	-	-	-	-	38,553
Debt service	-	-	-	268,111	-	-	268,111
Infrastructure	-	-	-	-	4,908,443	-	4,908,443
Assigned to:							
Other capital projects	303,936	-	-	-	-	124,590	428,526
Street improvements	-	-	3,116,725	-	-	-	3,116,725
Future expenditure	948,890	-	-	-	-	-	948,890
Designated for minimum funding	2,652,617	-	-	-	-	-	2,652,617
Unassigned:							
General fund	1,811,805	-	-	-	-	-	1,811,805
Redevelopment Fund	-	(7,421,423)	-	-	-	-	(7,421,423)
<b>TOTAL FUND BALANCES</b>	<b>13,190,461</b>	<b>(4,179,873)</b>	<b>3,116,725</b>	<b>268,111</b>	<b>4,908,443</b>	<b>124,590</b>	<b>17,428,457</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,277,203</b>	<b>\$ 3,244,861</b>	<b>\$ 3,407,233</b>	<b>\$ 268,111</b>	<b>\$ 4,911,073</b>	<b>\$ 151,504</b>	<b>\$ 26,259,985</b>

*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 POSITION  
GOVERNMENTAL FUNDS

September 30, 2014

Fund Balances - total governmental funds \$ 17,428,457

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

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

Governmental capital assets	\$ 63,271,635	
Less accumulated depreciation	<u>(30,903,571)</u>	32,368,064

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. 67,602

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

Long term lawsuit settlement	(300,000)	
Redevelopment revenue notes payable	(11,857,000)	
Compensated absences	(384,985)	
Net Other Post-Employment Benefits liability	<u>(1,031,221)</u>	(13,573,206)

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

Accrued interest on long-term liabilities (148,056)

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. 303,547

Net position of governmental activities. \$ 36,446,408

*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, 2014

	General	Redevelopment	Street Improvement	Debt Service	Capital Projects	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 6,504,665	\$ 489,124	\$ 522,565	\$ 1,494,804	\$ 1,673,113	\$ 406,658	\$ 11,090,929
Licenses and permits	337,764	-	-	-	-	-	337,764
Intergovernmental revenue	2,272,147	-	-	-	200,150	-	2,472,297
Charges for services	3,033,884	-	-	-	-	-	3,033,884
Fines and forfeitures	349,745	(10,300)	-	-	-	-	339,445
Miscellaneous revenues	100,491	43,311	81,664	1,958	6,478	-	233,902
<b>TOTAL REVENUES</b>	<b>12,598,696</b>	<b>522,135</b>	<b>604,229</b>	<b>1,496,762</b>	<b>1,879,741</b>	<b>406,658</b>	<b>17,508,221</b>
<b>EXPENDITURES</b>							
Current							
General government	2,522,481	371,753	-	-	-	24,817	2,919,051
Public safety	7,910,644	-	-	-	-	-	7,910,644
Public works	1,708,078	-	-	-	-	-	1,708,078
Culture and recreation	2,355,535	-	-	-	-	-	2,355,535
Capital Outlay	1,079,982	254,889	68,348	-	653,600	323,836	2,380,655
Debt service							
Principal retirement	-	839,000	-	6,740,989	-	-	7,579,989
Interest and fiscal charges	-	523,710	-	186,877	-	-	710,587
<b>TOTAL EXPENDITURES</b>	<b>15,576,720</b>	<b>1,989,352</b>	<b>68,348</b>	<b>6,927,866</b>	<b>653,600</b>	<b>348,653</b>	<b>25,564,539</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,978,024)</b>	<b>(1,467,217)</b>	<b>535,881</b>	<b>(5,431,104)</b>	<b>1,226,141</b>	<b>58,005</b>	<b>(8,056,318)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from the sale and disposition of capital assets	22,219	-	-	-	-	-	22,219
Transfers in	9,939,966	837,285	-	6,210,246	182,060	-	17,169,557
Transfers out	(632,285)	(6,210,246)	-	(1,374,509)	(355,000)	-	(8,572,040)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>9,329,900</b>	<b>(5,372,961)</b>	<b>-</b>	<b>4,835,737</b>	<b>(172,940)</b>	<b>-</b>	<b>8,619,736</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,351,876</b>	<b>(6,840,178)</b>	<b>535,881</b>	<b>(595,367)</b>	<b>1,053,201</b>	<b>58,005</b>	<b>563,418</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>							
AS PREVIOUSLY REPORTED	6,838,585	2,625,478	2,580,844	863,478	3,855,242	66,585	16,830,212
PRIOR PERIOD ADJUSTMENT	-	34,827	-	-	-	-	34,827
<b>FUND BALANCE - BEGINNING OF YEAR AS RESTATED</b>	<b>6,838,585</b>	<b>2,660,305</b>	<b>2,580,844</b>	<b>863,478</b>	<b>3,855,242</b>	<b>66,585</b>	<b>16,865,039</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 13,190,461</b>	<b>\$ (4,179,873)</b>	<b>\$ 3,116,725</b>	<b>\$ 268,111</b>	<b>\$ 4,908,443</b>	<b>\$ 124,590</b>	<b>\$ 17,428,457</b>

*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, 2014

Net change in fund balances - total governmental funds \$ 563,418

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 2,477,546	
Less current year depreciation	<u>(2,457,480)</u>	20,066

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 7,579,989

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 long-term lawsuit liability	62,500	
Change in Negative Net Pension Obligation - Firefighters' Retirement Trust	(3,694)	
Changes in Net Other Post-Employment Benefits liability	(218,981)	
Change in compensated absences	<u>(72,256)</u>	(232,431)

Loss on disposal of capital assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (208,393)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net gain of the internal service funds are reported with governmental activities. 51,937

Changes in net assets of governmental activities \$ 7,774,586

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

CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

September 30, 2014

	Business-Type Activities Enterprise Funds			Governmental Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and pooled cash, cash equivalents, and investments	\$ 7,272,378	\$ 1,106,207	\$ 8,378,585	\$ 70,791	\$ 8,449,376
Restricted:					
Cash and pooled cash, cash equivalents, and investments					
Customer deposits	996,770	-	996,770	-	996,770
Receivables (net of allowance)					
Accounts, billed	861,640	-	861,640	-	861,640
Special assessments	7,055	-	7,055	-	7,055
Note receivable - current portion	428,535	-	428,535	-	428,535
Due from other governments	838,412	3,980	842,392	-	842,392
Inventories - at cost	501,020	-	501,020	93,893	594,913
Prepaid items	10,873	-	10,873	-	10,873
<b>Total current assets</b>	<b>10,916,683</b>	<b>1,110,187</b>	<b>12,026,870</b>	<b>164,684</b>	<b>12,191,554</b>
<b>NONCURRENT ASSETS</b>					
Capital Assets:					
Property, plant, equipment, and infrastructure	68,924,997	9,150,875	78,075,872	538,283	78,614,155
Less: Accumulated depreciation	(28,089,876)	(2,481,294)	(30,571,170)	(325,020)	(30,896,190)
Construction in progress	1,323,744	-	1,323,744	-	1,323,744
Unamortized debt costs	28,905	-	28,905	-	28,905
Note receivable - long-term portion	7,950,159	-	7,950,159	-	7,950,159
<b>Total noncurrent assets</b>	<b>50,137,929</b>	<b>6,669,581</b>	<b>56,807,510</b>	<b>213,263</b>	<b>57,020,773</b>
<b>TOTAL ASSETS</b>	<b>\$ 61,054,612</b>	<b>\$ 7,779,768</b>	<b>\$ 68,834,380</b>	<b>\$ 377,947</b>	<b>\$ 69,212,327</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 1,706,790	\$ 29,469	\$ 1,736,259	\$ 26,638	\$ 1,762,897
Accrued liabilities	49,334	4,807	54,141	4,103	58,244
Due to other governments	443,825	-	443,825	-	443,825
Customer deposits	996,770	-	996,770	-	996,770
Unearned revenue	44,637	-	44,637	-	44,637
Revenue bonds payable - current portion	654,150	-	654,150	-	654,150
Compensated absences - current portion	58,277	2,366	60,643	15,626	76,269
<b>Total current liabilities</b>	<b>3,953,783</b>	<b>36,642</b>	<b>3,990,425</b>	<b>46,367</b>	<b>4,036,792</b>
<b>NONCURRENT LIABILITIES</b>					
Revenue notes payable	7,463,443	-	7,463,443	-	7,463,443
Net Other Post-Employment Benefits liability	202,377	16,523	218,900	28,033	246,933
<b>Total noncurrent liabilities</b>	<b>7,665,820</b>	<b>16,523</b>	<b>7,682,343</b>	<b>28,033</b>	<b>7,710,376</b>
<b>TOTAL LIABILITIES</b>	<b>11,619,603</b>	<b>53,165</b>	<b>11,672,768</b>	<b>74,400</b>	<b>11,747,168</b>
<b>NET POSITION</b>					
Net investment in capital assets	34,041,272	6,669,581	40,710,853	213,263	40,924,116
Restricted:					
Water and Sewer Impact fees	2,785,560	-	2,785,560	-	2,785,560
Unrestricted	12,608,177	1,057,022	13,665,199	90,284	13,755,483
<b>TOTAL NET POSITION</b>	<b>\$ 49,435,009</b>	<b>\$ 7,726,603</b>	<b>\$ 57,161,612</b>	<b>\$ 303,547</b>	<b>\$ 57,465,159</b>

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 POSITION  
PROPRIETARY FUNDS

For the Year Ended September 30, 2014

	Business-Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
<b>OPERATING REVENUE</b>					
Charges for services	\$ 10,922,983	\$ 992,663	\$ 11,915,646	\$ 875,393	\$ 12,791,039
Impact fees	341,735	-	341,735	-	341,735
<b>Total operating revenues</b>	<b>11,264,718</b>	<b>992,663</b>	<b>12,257,381</b>	<b>875,393</b>	<b>13,132,774</b>
<b>OPERATING EXPENSES</b>					
Personal services	2,047,389	273,084	2,320,473	247,241	2,567,714
Contractual services	123,406	93,840	217,246	24,823	242,069
Operating supplies	732,871	70,352	803,223	521,871	1,325,094
Repairs and maintenance	286,002	57,738	343,740	8,690	352,430
Utilities	939,953	24,899	964,852	2,089	966,941
Depreciation	1,749,605	219,089	1,968,694	18,462	1,987,156
Subsidy from County	(996,349)	-	(996,349)	-	(996,349)
Excess reclaimed water charge from county	47,667	-	47,667	-	47,667
Other operating expenses	5,662,513	76,241	5,738,754	148	5,738,902
<b>Total operating expenses</b>	<b>10,593,057</b>	<b>815,243</b>	<b>11,408,300</b>	<b>823,324</b>	<b>12,231,624</b>
<b>OPERATING INCOME</b>	<b>671,661</b>	<b>177,420</b>	<b>849,081</b>	<b>52,069</b>	<b>901,150</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	463,623	1,872	465,495	(132)	465,363
Miscellaneous revenues	222,172	-	222,172	-	222,172
Interest and fiscal charges	(248,914)	-	(248,914)	-	(248,914)
Amortization	(28,905)	-	(28,905)	-	(28,905)
<b>Total net nonoperating revenues</b>	<b>407,976</b>	<b>1,872</b>	<b>409,848</b>	<b>(132)</b>	<b>409,716</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,079,637</b>	<b>179,292</b>	<b>1,258,929</b>	<b>51,937</b>	<b>1,310,866</b>
Transfers out	(8,597,517)	-	(8,597,517)	-	(8,597,517)
<b>CHANGE IN NET POSITION</b>	<b>(7,517,880)</b>	<b>179,292</b>	<b>(7,338,588)</b>	<b>51,937</b>	<b>(7,286,651)</b>
<b>NET POSITION - BEGINNING OF THE YEAR AS PREVIOUSLY REPORTED</b>	<b>57,185,642</b>	<b>7,547,311</b>	<b>64,732,953</b>	<b>251,610</b>	<b>64,984,563</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>(232,753)</b>	<b>-</b>	<b>(232,753)</b>	<b>-</b>	<b>(232,753)</b>
<b>NET POSITION - BEGINNING OF YEAR AS RESTATED</b>	<b>56,952,889</b>	<b>7,547,311</b>	<b>64,500,200</b>	<b>251,610</b>	<b>64,751,810</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 49,435,009</b>	<b>\$ 7,726,603</b>	<b>\$ 57,161,612</b>	<b>\$ 303,547</b>	<b>\$ 57,465,159</b>

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, 2014

	Business-Type Activities			Governmental	
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 11,380,873	\$ 992,663	\$ 12,373,536	\$ -	\$ 12,373,536
Cash received from interfund services provided	-	-	-	875,393	875,393
Cash paid to suppliers for goods and services	(3,288,629)	(311,203)	(3,599,832)	(610,796)	(4,210,628)
Cash paid to and for the benefit of employees	(1,993,071)	(267,183)	(2,260,254)	(240,841)	(2,501,095)
Cash paid for general government allocated expenses	(2,312,761)	(75,000)	(2,387,761)	-	(2,387,761)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,786,412</b>	<b>339,277</b>	<b>4,125,689</b>	<b>23,756</b>	<b>4,149,445</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer Out	(8,597,517)	-	(8,597,517)	-	(8,597,517)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(8,597,517)</b>	<b>-</b>	<b>(8,597,517)</b>	<b>-</b>	<b>(8,597,517)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Interest and fiscal charges paid on revenue bonds	(248,914)	-	(248,914)	-	(248,914)
Principal paid on revenue bonds, including current refinancing	(626,400)	-	(626,400)	-	(626,400)
Acquisition and construction of capital assets	(2,785,114)	(372,463)	(3,157,577)	(36,991)	(3,194,568)
Proceeds from sale of water rights	367,005	-	367,005	-	367,005
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,293,423)</b>	<b>(372,463)</b>	<b>(3,665,886)</b>	<b>(36,991)</b>	<b>(3,702,877)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Earnings on investments	463,623	1,872	465,495	(132)	465,363
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>463,623</b>	<b>1,872</b>	<b>465,495</b>	<b>(132)</b>	<b>465,363</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,640,905)</b>	<b>(31,314)</b>	<b>(7,672,219)</b>	<b>(13,367)</b>	<b>(7,685,586)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>15,910,053</b>	<b>1,137,521</b>	<b>17,047,574</b>	<b>84,158</b>	<b>17,131,732</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 8,269,148</b>	<b>\$ 1,106,207</b>	<b>\$ 9,375,355</b>	<b>\$ 70,791</b>	<b>\$ 9,446,146</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET</b>					
Unrestricted cash and pooled cash, cash equivalents, and investments	\$ 7,272,378	\$ 1,106,207	\$ 8,378,585	\$ 70,791	\$ 8,449,376
Restricted cash and pooled cash, cash equivalents, and investments					
Customer deposits	996,770	-	996,770	-	996,770
	<b>\$ 8,269,148</b>	<b>\$ 1,106,207</b>	<b>\$ 9,375,355</b>	<b>\$ 70,791</b>	<b>\$ 9,446,146</b>

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

CITY OF NEW PORT RICHEY, FLORIDA

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS

For the Year Ended September 30, 2014

	Business-Type Activities			Governmental	Total
	Enterprise Funds			Activity	
	Water and Sewer	Stormwater Utility	Total	Internal Service	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
OPERATING INCOME	\$ 671,661	\$ 177,420	\$ 849,081	\$ 52,069	\$ 901,150
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,749,605	219,089	1,968,694	18,462	1,987,156
Nonoperating revenues	222,172	-	222,172	-	222,172
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(121,877)	-	(121,877)	-	(121,877)
(Increase) decrease in due from other governments	(41,415)	1,610	(39,805)	-	(39,805)
(Increase) decrease in inventories	(177,845)	-	(177,845)	(11,892)	(189,737)
(Increase) decrease in prepaid expenses	(2,181)	-	(2,181)	-	(2,181)
Increase (decrease) in accounts payable	1,416,114	(64,743)	1,351,371	(41,283)	1,310,088
Increase (decrease) in accrued liabilities	758	701	1,459	(609)	850
Increase (decrease) in customer deposits	18,307	-	18,307	-	18,307
Increase (decrease) in deferred revenue	(2,447)	-	(2,447)	-	(2,447)
Increase (decrease) in compensated absences	7,055	705	7,760	1,581	9,341
Increase (decrease) in Net Other Post-Employment Benefit liability	46,505	4,495	51,000	5,428	56,428
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 3,786,412</b>	<b>\$ 339,277</b>	<b>\$ 4,125,689</b>	<b>\$ 23,756</b>	<b>\$ 4,149,445</b>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

An allowance for uncollectible accounts has been provided for at September 30, 2014 and 2013 in the amount of \$516,520 and \$631,386, 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 year ended September 30, 2014 was \$28,905.

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 POSITION  
FIDUCIARY FUNDS

September 30, 2014

	<u>Employee Retirement Funds</u>
<b>ASSETS</b>	
Cash	\$ 203,466
Investments	
U.S. government securities	3,131,166
U.S. government agencies	2,855,902
Fixed income securities	3,332,782
Equity investments	21,142,884
Mortgage backed securities	448,528
Real estate investment trust	2,181,400
Temporary investment funds	647,490
Pooled equity and fixed income funds	3,985,305
Annuities	<u>668,647</u>
	38,394,104
Receivables	
Accounts	202,868
Accrued dividends and interest	269,140
Contributions	41,434
Prepaid items	158,816
Equipment	<u>1,485</u>
<b>TOTAL ASSETS</b>	<u>39,271,313</u>
<b>LIABILITIES</b>	
Accounts payable	<u>479,580</u>
<b>TOTAL LIABILITIES</b>	<u>479,580</u>
<b>NET POSITION</b>	
Restricted for Pension Benefits	<u>\$ 38,791,733</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 POSITION  
FIDUCIARY FUNDS

For the Year Ended September 30, 2014

	<u>Employee Retirement Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 1,023,273
Employee	<u>294,370</u>
Total contributions	<u>1,317,643</u>
Intergovernmental revenue	
State excise tax rebate	334,439
Investment earnings:	
Net increase in fair value of investments	3,431,956
Interest and dividends	762,879
Other	<u>12,490</u>
Total investment earnings	4,207,325
Less investment expense	<u>189,808</u>
Net investment earnings	<u>4,017,517</u>
<b>TOTAL ADDITIONS</b>	<u><b>5,669,599</b></u>
DEDUCTIONS	
Benefits	1,805,945
Refunds of contributions	669,092
Professional services	102,205
Other services and charges	<u>17,674</u>
<b>TOTAL DEDUCTIONS</b>	<u><b>2,594,916</b></u>
<b>CHANGE IN NET POSITION</b>	<b>3,074,683</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u><b>35,717,050</b></u>
<b>NET POSITION - END OF YEAR</b>	<u><u><b>\$ 38,791,733</b></u></u>

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

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**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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.

***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.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Governmental Accounting Standards Board Statement Number 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”***

Statement Number 34 establishes 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 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.

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 is on major funds in both the governmental activities and business-type activities, and nonmajor funds are summarized into a single column.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 position. The measurement focus of proprietary funds is determination of net income, financial position, and cash flow.

***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.

Special Revenue Funds: These funds are 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.

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.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Accounting (Continued)***

Street Light Fund: This fund accounts for financial resources assessed to recover the costs incurred by the City for providing street lighting services throughout the City. This fund is a nonmajor fund in the governmental fund statements.

Proprietary Fund Types:

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.

***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.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 – \$280,210, Redevelopment Fund - \$9,080 and Debt Service Fund - \$7,018,547.
- 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.

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)***

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

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

Inventories: 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, 2014 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 valued at the lower of cost or fair value and are evaluated for reductions to fair value basis. 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 Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for the fiscal year ended September 30, 2014 was 9.57.

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

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

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)***

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:

<b>Assets</b>	<b>Years</b>
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, 2014. Interest cost is not capitalized on projects financed by government grants, third-party donations or on assets in the governmental funds.

Deferred Outflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion – a loss on advance refunding.

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, 2014.

Deferred Inflows of Resources: In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represent an acquisition of net position applicable to a future period and so will not be recognized as revenue until then. The City currently does not have any items that meet this criterion.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)***

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

- Net Investment in Capital Assets – This component of Net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.
- Restricted – This component consists of Net Position that has constraints placed on it either externally by third-parties (creditors, grantors, and contributors) or by law through constitutional provisions of enabling legislation. The City would typically use restricted assets first, as appropriate opportunities arose, but reserves the right to selectively defer the use of these funds. The government-wide statement of net position reports \$4,960,576 of restricted net position, of which \$4,908,443 is restricted by enabling legislation for capital outlay and infrastructure improvements in the City under an optional 1 cent sales tax charge which is a voter approved program called the “Penny for Pasco”. In addition, \$2,785,560 is restricted impact fees for use in future construction projects.
- Unrestricted – This component consists of net position that does not meet the definition of “net investment in capital assets” 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 intact. The City has classified Redevelopment Properties Held for Resale, Inventories, Prepaid Items and Repayable Advances from Other Funds as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified Forfeitures as being restricted as their use is restricted by Florida Statutes for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and bonds and are restricted through debt covenants. Infrastructure Projects are restricted by Florida Statute and the laws of Pasco County and are legally segregated for funding of infrastructure improvements.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)***

- Committed – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council that constitutes the most binding constraint, which is an ordinance. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2014.
- Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager through the budgetary process. The City has assigned funds for Other Capital Projects that are to be used for the repair and replacement of equipment, street improvements, debt services and future expenditures, funds designated for future expenditures and an amount designated for minimum funding as established by Ordinance 1119.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of Assigned fund balance amounts.

The 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.

***Deferred Outflows of Resources on 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.

***Interfund Transactions***

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

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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.

***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 Administration 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 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, 2014**

**NOTE B: CASH AND POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

***Investments (Continued)***

The City's investments carried at market value as of September 30, 2014 are:

Investment	Weighted Average Maturity	Fair Value	Overall Credit Rating (Standard & Poors)
State Board of Administration - Florida PRIME	39 days	\$ 6,048,567	AAAm
Florida Municipal Investment Trust	.72 year	13,505,474	AAA/V1
Portfolio total		\$ 19,554,041	

Interest Rate Risk – In compliance with the City's investment policy, as of September 30, 2014, 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, 2014, 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 Position is as follows:

Deposits	\$ 4,340,383
Cash on hand	2,045
Investments	19,554,041
Total	\$ 23,896,469
Unrestricted	
Cash and Pooled Cash, Cash Equivalents, and Investments	\$ 22,899,699
Restricted	
Cash and Pooled Cash, Cash Equivalents, and Investments - Customer deposits	996,770
Total Cash and Pooled Cash, Cash Equivalents, and Investments	\$ 23,896,469

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014:

Investment Type	Fair Value	Overall Credit Rating
U.S. Government Securities	\$ 666,495	Complies with investment policy
U.S. Government Agencies	148,501	Complies with investment policy
Mortgage Backed Securities	448,528	Complies with investment policy
Corporate Bonds	2,535,543	Complies with investment policy
Temporary Investment Funds	<u>363,490</u>	Nonrated
Total Fixed Investments	<u>\$ 4,162,557</u>	

**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 40<sup>th</sup> 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. The Plan held no investments that individually represent 5% or more of the Plan's net assets available for benefits during the year ended September 30, 2014.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE B: CASH AND POOLED CASH, CASH EQUIVALENTS 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, 2014:

Investment	Fair Value	Overall Credit Rating (S&P & Moody's)	Average Effective Duration (Years)
U.S. Government	\$ 2,464,671	AA	5.8
U.S. Government Agencies	2,707,401	AA	7.3
Domestic Corporate Bonds	797,239	A	6.1
Temporary Investments Funds	284,000	Nonrated	N/A
<b>Total Fixed Investments</b>	<b><u>\$ 6,253,311</u></b>		

**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.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE B: CASH AND POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

***Police Officers' Retirement System (Continued)***

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. The Plan held no investments that individually represent 5% or more of the Plan's net assets available for benefits during the year ended September 30, 2014.

**NOTE C: RECEIVABLES**

The receivables and related allowance for uncollectable at September 30, 2014 were as follows:

	Receivables	Allowance for Uncollectibles	Net
General Fund	\$ 746,462	\$ 438,085	\$ 308,377
Redevelopment Fund	369,781	366,470	3,311
Street Improvement Fund	301,771	31,975	269,796
Debt Service Fund	154,531	-	154,531
Enterprise Funds	1,385,215	516,520	868,695
Total	<u>\$ 2,957,760</u>	<u>\$ 1,353,050</u>	<u>\$ 1,604,710</u>

**NOTE D: INTERFUND TRANSFERS**

The composition of interfund transfers as of September 30, 2014 is as follows:

	Transfer In	Transfer Out
General Fund	\$ 9,939,966	\$ 632,285
Redevelopment Fund	837,285	6,210,246
Debt Service Fund	6,210,246	1,374,509
Capital Projects Fund	182,060	355,000
Enterprise Funds	-	8,597,517
Total	<u>\$ 17,169,557</u>	<u>\$ 17,169,557</u>

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer. For interfund transactions that are reflected as repayable advances, see Note H.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014, the \$8,378,694 outstanding balance (\$428,535 - current portion and \$7,950,159 - 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 properties are valued at the lower of cost or fair value and are evaluated for reductions to fair value on an annual basis. The value of redevelopment properties held for resale as of September 30, 2014 is \$3,241,550, all of which has been classified as a noncurrent asset.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE G: CAPITAL ASSETS**

Capital asset activity for the fiscal year ending September 30, 2014 was as follows:

	Beginning Balance 10/1/13, as restated	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance 9/30/14
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land, land rights and improvements	\$ 4,297,373	\$ -	\$ -	\$ 4,297,373
Construction in progress	429,027	988,671	(1,014,182)	403,516
Depreciable assets:				
Buildings and improvements	10,668,652	36,818	-	10,705,470
Improvements other than buildings	20,209,713	71,404	-	20,281,117
Equipment	9,060,757	1,170,515	(294,275)	9,936,997
Infrastructure	17,131,813	247,128	806,504	18,185,445
<b>Total at historical cost</b>	<b>61,797,335</b>	<b>2,514,536</b>	<b>(501,953)</b>	<b>63,809,918</b>
Less accumulated depreciation for:				
Buildings and improvements	6,705,845	501,833	-	7,207,678
Improvements other than buildings	6,622,862	822,869	-	7,445,731
Equipment	7,385,060	463,707	(293,560)	7,555,207
Infrastructure	8,332,443	687,532	-	9,019,975
<b>Total accumulated depreciation</b>	<b>29,046,210</b>	<b>2,475,941</b>	<b>(293,560)</b>	<b>31,228,591</b>
<b>Capital assets, net</b>	<b>\$ 32,751,125</b>	<b>\$ 38,595</b>	<b>\$ (208,393)</b>	<b>\$ 32,581,327</b>
Depreciation as charged to the governmental activities as follows:				
General Government				\$ 217,423
Police				256,700
Fire				105,351
Protective Inspections				116
Public Works				791,781
Culture and recreation				1,086,108
Sub-total				2,457,479
Unallocated Internal Service Funds				18,462
				<b>\$ 2,475,941</b>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE G: CAPITAL ASSETS (Continued)**

	Beginning Balance 10/1/13	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance 9/30/14
<b>Business-Type Activities:</b>				
Nondepreciable assets:				
Land, land rights and improvements	\$ 994,109	\$ 143,392	\$ -	\$ 1,137,501
Construction in progress	119,127	1,787,915	(583,298)	1,323,744
Depreciable assets:				
Buildings and improvements	26,737,443	71,341	-	26,808,784
Equipment	3,299,129	610,022	(2,771)	3,906,380
Infrastructure	45,095,002	628,334	499,871	46,223,207
<b>Total at historical cost</b>	<b>76,244,810</b>	<b>3,241,004</b>	<b>(86,198)</b>	<b>79,399,616</b>
Less accumulated depreciation for:				
Buildings and improvements	11,767,477	681,210	-	12,448,687
Infrastructure	14,240,707	1,065,984	-	15,306,691
Equipment	2,597,063	221,500	(2,771)	2,815,792
<b>Total accumulated depreciation</b>	<b>28,605,247</b>	<b>1,968,694</b>	<b>(2,771)</b>	<b>30,571,170</b>
<b>Capital assets, net</b>	<b>\$ 47,639,563</b>	<b>\$ 1,272,310</b>	<b>\$ (83,427)</b>	<b>\$ 48,828,446</b>

**NOTE H: LONG-TERM DEBT**

Long-term debt activity for the fiscal year ending September 30, 2014 was as follows:

	Beginning Balance 10/1/13	Increases	Decreases	Ending Balance 9/30/14	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Notes payable:					
Revenue Note, Series 2000	\$ 673,522	\$ -	\$ 673,522	\$ -	\$ -
Redevelopment Notes:					
Series 2005A	6,354,000	-	420,000	5,934,000	437,000
Series 2005B	6,342,000	-	419,000	5,923,000	436,000
Redevelopment Note Series 2012	6,067,467	-	6,067,467	-	-
<b>Total notes payable</b>	<b>19,436,989</b>	<b>-</b>	<b>7,579,989</b>	<b>11,857,000</b>	<b>873,000</b>
Other liabilities:					
Compensated absences	326,775	385,378	311,542	400,611	348,532
<b>Total long-term liabilities - governmental activities</b>	<b>\$ 19,763,764</b>	<b>\$ 385,378</b>	<b>\$ 7,891,531</b>	<b>\$ 12,257,611</b>	<b>\$ 1,221,532</b>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE H: LONG-TERM DEBT (Continued)**

Total interest expense and fiscal changes for the governmental activities for the fiscal year ending September 30, 2014 was \$710,587.

The compensated absences liability at September 30, 2014 for governmental activities consists of \$381,942 in the General Fund, \$3,043 in the Redevelopment Fund, and \$15,626 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, 2014:

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. \$ 5,934,000

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. 5,923,000

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.

Based on an existing inter-local agreement, the City on January 21, 2014 agreed to advance \$6,210,245 from the General Fund to pay off the Series 2012 Note. The advance was allocated \$6,067,467 to principal and \$142,778 to interest expense. The repayable advance accrues interest at the rate of 4.63% for the first 5 years which will be added to the repayable balance. No payments of accrued interest or principal back to the General Fund is anticipated in the first 5 years. -

Compensated absences, consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 400,611

Total long-term debt - governmental activities \$ 12,257,611

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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.

Funding of Governmental Activities Long-Term Debt

The total amount of principal and interest paid on the Revenue Note, Series 2000 during fiscal year 2014 was \$673,522 which paid off the remaining balance as of September 30, 2014. 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 2014 was \$1,169,962.

The total amount of principal and interest paid on the Redevelopment Refunding Revenue Note, Series 2005A, Redevelopment Revenue Note, Series 2005B and Redevelopment Revenue Bond, Series 2012, was \$6,906,467. 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 2014 was \$489,124 from Pasco County and \$837,285 paid from the City's general fund.

The shortfall of collected revenues to cover all debt service payments, normal operating expenses and transfers required a repayable advance of \$7,403,842 plus accrued interest of \$215,512 based on an inter-local agreement. Earned interest for the first 5 years of these repayable advances will be added to the balance and not be settled by payment with the General Fund.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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>Redevelopment Refunding Revenue Note,</u>			
<u>Series 2005A</u>			
2015	\$ 437,000	\$ 244,481	\$ 681,481
2016	455,000	226,476	681,476
2017	474,000	207,730	681,730
2018	494,000	188,202	682,202
2019	514,000	167,849	681,849
2020-2024	2,905,000	503,670	3,408,670
2025	655,000	26,986	681,986
	<u>\$ 5,934,000</u>	<u>\$ 1,565,394</u>	<u>\$ 7,499,394</u>
 <u>Redevelopment Revenue Note, Series 2005B</u>			
2015	\$ 436,000	\$ 244,620	\$ 680,620
2016	454,000	226,613	680,613
2017	473,000	207,863	680,863
2018	493,000	188,328	681,328
2019	513,000	167,967	680,967
2020-2024	2,900,000	504,067	3,404,067
2025	654,000	27,010	681,010
	<u>\$ 5,923,000</u>	<u>\$ 1,566,468</u>	<u>\$ 7,489,468</u>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE H: LONG-TERM DEBT (Continued)**

<b>Business-Type Activities:</b>	Beginning Balance 10/1/13	Increases	Decreases	Ending Balance 09/30/2014	Amounts Due Within One Year
Bonds payable:					
Revenue Bond, Series 2007A	\$ 1,280,550	\$ -	\$ 626,400	\$ 654,150	\$ 654,150
Revenue Bond, Series 2012	<u>7,463,443</u>	<u>-</u>	<u>-</u>	<u>7,463,443</u>	<u>-</u>
Total bonds payable	8,743,993	-	626,400	8,117,593	654,150
Other liabilities:					
Compensated absences	<u>52,884</u>	<u>58,217</u>	<u>50,458</u>	<u>60,643</u>	<u>60,643</u>
Total long-term liabilities - business-type activities	<u>\$ 8,796,877</u>	<u>\$ 58,217</u>	<u>\$ 676,858</u>	<u>\$ 8,178,236</u>	<u>\$ 714,793</u>

Interest costs incurred for fiscal year ending September 30, 2014 were \$248,986, all of which has been expensed.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE H: LONG-TERM DEBT (Continued)**

Long-term debt for business type activities is comprised of the following at September 30, 2014:

<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.	\$ 654,150
<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.	7,463,443
<u>Compensated absences</u> , consisting of the vested portion of accumulated vacation and sick pay benefits due employees.	<u>60,643</u>
Total long-term debt - business type activities	<u>\$ 8,178,236</u>

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 \$875,386. These debt service payments are secured by a pledge and lien upon, and payable solely from, the net revenues of the City's utility system. The total amount of Water and Sewer Fund charges for services and other income earned by the City and the Change in Net Position before interest expense, noncash expenses and transfers out for the year ended September 30, 2014 was \$13,768,979 and \$1,426,317, respectively.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE H: LONG-TERM DEBT (Continued)**

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2014 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Refunding Utility			
<u>Revenue Bond, Series 2007A</u>			
2015	\$ 654,150	\$ 28,063	\$ 682,213
Water and Sewer			
<u>Revenue Bond, Series 2012</u>			
2015	\$ -	\$ 194,050	\$ 194,050
2016	537,953	194,050	732,003
2017	551,939	180,063	732,002
2018	566,290	165,712	732,002
2019	581,013	150,989	732,002
2020-2024	3,139,672	471,969	3,611,641
2025-2027	2,086,576	82,305	2,168,881
	<u>\$ 7,463,443</u>	<u>\$ 1,439,138</u>	<u>\$ 8,902,581</u>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Revenue Notes/Bonds - Governmental</u>			
<u>Activities</u>			
2015	\$ 873,000	\$ 489,101	\$ 1,362,101
2016	909,000	453,089	1,362,089
2017	947,000	415,593	1,362,593
2018	987,000	376,530	1,363,530
2019	1,027,000	335,816	1,362,816
2020-2024	5,805,000	1,007,737	6,812,737
2025	1,309,000	53,996	1,362,996
	<u>\$ 11,857,000</u>	<u>\$ 3,131,862</u>	<u>\$ 14,988,862</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Revenue Bonds - Business-Type Activities</u>			
2015	\$ 654,150	\$ 222,113	\$ 876,263
2016	537,953	194,050	732,003
2017	551,939	180,063	732,002
2018	566,290	165,712	732,002
2019	581,013	150,989	732,002
2020-2024	3,139,672	471,969	3,611,641
2025-2027	2,086,576	82,305	2,168,881
	<u>\$ 8,117,593</u>	<u>\$ 1,467,201</u>	<u>\$ 9,584,794</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, 2014**

**NOTE I: RETIREMENT PLANS**

***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, 2013, based upon employees’ gross earnings, are regular employees, 5.18% and senior management, 6.30%. 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, 2014, 2013 and 2012 were approximately \$439,344, \$236,868 and \$236,000, 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, 2013, based upon employees’ gross earnings, is 4.42%.

***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, 2014**

**NOTE I: RETIREMENT PLANS (Continued)**

***Police Officers' and Firefighters' Retirement Systems (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'</u> <u>Retirement Plan</u>	<u>Firefighters'</u> <u>Retirement Plan</u>
Contribution Rates:		
City	Actuarially determined	Actuarially determined
State	Actuarially determined	Actuarially determined
Plan Members	4.5%	5%
Actuarial Valuation Date	10/1/2013	10/1/12
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%

	<u>Year</u> <u>Ending</u>	Three-Year Trend Information		Net Pension Obligation
		Annual Pension Cost (APC)	Percentage of APC Contributed	
Police Officers' Retirement Plan	9/30/12	\$ 994,249	100.00%	-
	9/30/13	931,689	100.00%	-
	9/30/14	931,689	100.00%	-
Firefighters' Retirement Plan	9/30/12	435,322	99.00%	(71,296)
	9/30/13	616,014	99.00%	(67,602)
	9/30/14	386,480	99.00%	(64,735)

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE I: RETIREMENT PLANS (Continued)**

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

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

	<u>Police Officers'</u> <u>Retirement Plan</u>	<u>Firefighters'</u> <u>Retirement Plan</u>
Actuarial Valuation Date	10/1/2013	10/1/13
Actuarial Value of Assets	\$17,997,767	\$10,615,546
Actuarial Accrued Liability	\$22,364,586	\$12,006,694
Unfunded Actuarial Accrued Liability	\$4,336,819	\$1,391,148
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	80.5%	88.41%
Annual Covered Payroll	\$2,034,497	\$905,448
Ratio of the Unfunded Actuarial Liability to Covered Payroll	214.6%	153.64%

The required schedules of funding progress immediately following the notes to the financial statements on pages 82 and 84 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>2011</u>	<u>2012</u>	<u>2013</u>
Annual required contribution	\$ 431,335	\$ 612,320	\$ 383,613
Interest on NPO	(6,023)	(5,704)	(5,408)
Adjustment to contribution	10,010	9,398	8,275
Annual pension cost	435,322	616,014	386,480
Contributions made	431,335	612,320	383,613
Increase (decrease) in NPO	3,987	3,694	2,867
NPO, beginning of year	<u>(75,283)</u>	<u>(71,296)</u>	<u>(67,602)</u>
NPO, end of year	<u>\$ (71,296)</u>	<u>\$ (67,602)</u>	<u>\$ (64,735)</u>

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE I: RETIREMENT PLANS (Continued)**

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

*Membership of the Plans* – Membership of each plan consisted of the following at September 30, 2014:

	Police Officers' Retirement System	Firefighters' Retirement System
Retirees and beneficiaries receiving benefits	37	24
Terminated employees with vested benefits	6	5
Current employees		
Vested	8	16
Nonvested	27	-
	<u>78</u>	<u>45</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.

Any required disclosures related to Government Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pensions*, that are not included above were not available at the time of issuance. These disclosures will be incorporated next fiscal year.

*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, 2014, 2013 and 2012, the City contributed approximately \$27,600, \$14,400, and \$9,300, respectively, to the Plan. Contributions made by the City were equal to the required contribution percentage.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**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.

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, 2014, the expected contribution for the City was \$75,232.

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.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE J: POST-EMPLOYMENT HEALTH CARE PLAN (Continued)**

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

*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:

	Pay-As-You-Go Funding - Fiscal Year Ending 9/30/14
Annual Required Contribution (ARC)	\$ 350,381
Interest on net OPEB obligation	40,110
Adjustment to ARC	<u>(39,850)</u>
Annual OPEB cost	350,641
Expected employer contribution	<u>(75,232)</u>
Increase in net OPEB obligation	275,409
Net OPEB obligation beginning of year	<u>1,002,745</u>
Net OPEB obligation end of year	<u>\$ 1,278,154</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)
10/1/13	\$ -	\$ 2,891,614	\$ 2,891,614	0.0%	\$ 7,191,415	40.2%
10/1/10	\$ -	\$ 2,798,243	\$ 2,798,243	0.0%	\$ 7,281,907	38.4%
10/1/08	\$ -	\$ 2,286,182	\$ 2,286,182	0.0%	\$ 7,460,169	30.6%

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE J: POST-EMPLOYMENT HEALTH CARE PLAN (Continued)**

*Required Actuarial Information*

Contribution Rate	4.9%
Actuarial valuation date	10/1/13
Contributions Made	TBD
Actuarial Cost Method	Entry Age
Amortization Method	Level percent, open
Remaining Amortization Period	30 years
Asset Valuation Method	Unfunded
Actuarial Assumptions:	
Investment rate of return *	4.00%
Projected Salary Increases *	4.00% - 8.38%
Payroll Growth Assumptions	3.00%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.50%
* - Includes Inflation at	3.50%

**NOTE 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, 2014 was \$334,439. This amount has 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 2014, annual contributions by a participant may not exceed the lesser of \$17,500 or 100% of the participant's includable compensation. Employees that will be age fifty (50) by the end of 2014 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, 2014, 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.

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE N: COMMITMENTS AND CONTINGENCIES**

Construction Commitments – As of September 30, 2014, the City's commitments with contractors totaled \$464,805 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 are 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. 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.

**NOTE O: INDIVIDUAL FUND DEFICIT**

The Redevelopment Fund has a negative fund balance of \$4,179,873 caused by the receipt of a repayable advance of \$6,210,245 from the General Fund and the subsequent transfer of the same amount to the Debt Service Fund to pay off a Series 2012 Revenue Note. Since the General Fund advance could not be recorded as an Other Financing Source, the transfer to the Debt Service Fund contributed to the reported fund balance deficit at 9/30/2014. The City plans to monitor cashflows in this fund to reduce this deficit over time with increases in collected tax revenues as the assessed values of properties in the City increase.

**NOTE P: PRIOR PERIOD ADJUSTMENTS**

For the fiscal year ending September 30, 2014, the City of New Port Richey has adjusted beginning net position for governmental activities by (\$3,550,251). The City has also adjusted beginning net position for the business type activities and water and sewer fund by (\$232,753). Additionally, the City of New Port Richey has adjusted beginning fund balance of the CRA fund by \$34,827.

In restating net position as of September 30, 2013 in the governmental activities, the City had recognized that it had improperly included in capital assets amounts that were redevelopment properties held for resale and did not value the properties appropriately; thus, the City recognized the properties held for resale at the lower of cost or net realizable value in accordance with their policy and reduced net position by \$1,244,228. Additionally, the \$2,306,023 write down relating to the CRA fund decreased net position for a total of \$3,550,251.

In restating net position as of September 30, 2013 in the business type activities and the water and sewer fund, the City recognized that the need for the restatement was due to the following:

- The City incorrectly posted a journal entry that resulted in a significant misrepresentation of the transaction
- The City overbilled a bulk water customer
- The City overstated a liability that was recorded related to a bulk water customer

**CITY OF NEW PORT RICHEY, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2014**

**NOTE P: PRIOR PERIOD ADJUSTMENTS (Continued)**

The net of the above issues resulted in a reduction to beginning of year net position of \$232,753.

In restating fund balance as of September 30, 2013 in the CRA fund, the City had not properly recognized the one redevelopment property held for resale recorded in the CRA fund and did not value said redevelopment property appropriately; thus, the City recognized the redevelopment properties held for resale at the lower of cost or net realizable value in accordance with their policy and reduced fund balance by \$2,306,023. Additionally, as noted above, the City realized that they had included redevelopment properties held for resale inappropriately in governmental activities in prior years which increased fund balance by \$2,340,850 for a net increase of \$34,827.

The net impact is as follows:

	Governmental Activities	CRA Fund	Water and Sewer Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Position, Fund Balance at September 30, 2013	\$ 32,222,073	\$ 2,625,478	\$ 57,185,642
Correction to reduce value of properties held for redevelopment in the CRA fund	(2,306,023)	(2,306,023)	-
Correction to recharacterization of capital assets to land held for resale	-	2,340,850	-
Correction to reduce values of properties held for redevelopment at Governmental Wide	(1,244,228)	-	-
Correction of water and sewer billing errors			(232,753)
Total adjustments	<u>(3,550,251)</u>	<u>34,827</u>	<u>(232,753)</u>
Net Position, Fund Balance at September 30, 2013 as restated	<u>\$ 28,671,822</u>	<u>\$ 2,660,305</u>	<u>\$ 56,952,889</u>

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# **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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>RESOURCES (INFLOWS)</b>				
<b>TAXES</b>				
Ad valorem	\$ 4,390,540	\$ 4,390,540	\$ 4,482,618	\$ 92,078
Franchise taxes	1,321,410	1,321,410	1,317,052	(4,358)
Communication services tax	862,090	862,090	704,995	(157,095)
<b>TOTAL TAXES</b>	<b>6,574,040</b>	<b>6,574,040</b>	<b>6,504,665</b>	<b>(69,375)</b>
<b>LICENSES AND PERMITS</b>				
Local business tax	188,220	188,220	150,455	(37,765)
Permits and Fees	134,290	134,290	187,309	53,019
<b>TOTAL LICENSES AND PERMITS</b>	<b>322,510</b>	<b>322,510</b>	<b>337,764</b>	<b>15,254</b>
<b>INTERGOVERNMENTAL REVENUE</b>				
Federal grants	54,540	58,314	74,111	15,797
State and local grants	78,370	78,380	107,367	28,987
State excise tax rebate - Fire Pension	-	-	156,746	156,746
State excise tax rebate - Police Pension	-	-	177,693	177,693
State revenue sharing	666,500	666,500	723,724	57,224
County occupational licenses	6,750	6,750	13,199	6,449
Mobile home license tax rebate	34,660	34,600	42,007	7,407
Municipality fuel tax refund	7,500	7,500	13,595	6,095
Half-cent sales tax	795,290	795,290	813,673	18,383
Alcoholic beverage licenses	26,260	26,260	58,824	32,564
Firefighters supplementary compensation	1,500	1,500	3,700	2,200
School district reimbursement for school resource officer	87,510	87,510	87,508	(2)
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>1,758,880</b>	<b>1,762,604</b>	<b>2,272,147</b>	<b>509,543</b>
<b>CHARGES FOR SERVICES</b>				
Recreation	433,900	433,950	473,194	39,244
Public safety	89,800	89,800	96,241	6,441
Administration fees	2,937,090	2,937,090	2,387,760	(549,330)
Street lights	32,000	32,000	36,716	4,716
Other	30,800	30,800	39,973	9,173
<b>TOTAL CHARGES FOR SERVICES</b>	<b>3,523,590</b>	<b>3,523,640</b>	<b>3,033,884</b>	<b>(489,756)</b>
<b>FINES AND FORFEITURES</b>				
Court fines	101,500	101,500	106,480	4,980
Other fines	816,200	816,200	243,265	(572,935)
<b>TOTAL FINES AND FORFEITURES</b>	<b>917,700</b>	<b>917,700</b>	<b>349,745</b>	<b>(567,955)</b>
<b>MISCELLANEOUS REVENUES</b>				
Investment income	13,750	13,750	9,847	(3,903)
Net increase (decrease) in fair value of investments	-	-	(20)	(20)
Contributions	14,092	23,905	14,249	(9,656)
Rents	3,000	3,000	3,000	-
Proceeds from sale of capital assets	-	5,000	-	(5,000)
Other	26,000	26,000	73,415	47,415
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>56,842</b>	<b>71,655</b>	<b>100,491</b>	<b>28,836</b>
<b>TRANSFERS FROM OTHER FUNDS</b>	<b>2,303,470</b>	<b>2,303,470</b>	<b>9,939,966</b>	<b>7,636,496</b>
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<b>15,457,032</b>	<b>15,475,619</b>	<b>22,538,662</b>	<b>7,063,043</b>

(continued)

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
<b>GENERAL GOVERNMENT</b>				
Legislative - Nonclassified				
Personal services	\$ 20,030	\$ 20,030	\$ 20,005	\$ 25
Operating	246,610	246,962	306,757	(59,795)
Non-Operating	1,770	1,770	1,764	6
Contingency reserve	-	-	-	-
	<u>268,410</u>	<u>268,762</u>	<u>328,526</u>	<u>(59,764)</u>
Executive				
Personal services	212,240	112,122	137,786	(25,664)
Operating	11,850	12,100	103,731	(91,631)
	<u>224,090</u>	<u>124,222</u>	<u>241,517</u>	<u>(117,295)</u>
Personnel				
Personal services	203,370	189,155	119,630	69,525
Operating	378,770	378,770	339,400	39,370
	<u>582,140</u>	<u>567,925</u>	<u>459,030</u>	<u>108,895</u>
Financial Administration				
Personal services	803,510	852,570	828,558	24,012
Operating	465,640	465,640	544,838	(79,198)
Capital outlay	227,800	227,800	464,723	(236,923)
	<u>1,496,950</u>	<u>1,546,010</u>	<u>1,838,119</u>	<u>(292,109)</u>
City Clerk				
Personal services	63,610	81,345	82,124	(779)
Operating	41,200	41,200	37,888	3,312
	<u>104,810</u>	<u>122,545</u>	<u>120,012</u>	<u>2,533</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>2,676,400</u>	<u>2,629,464</u>	<u>2,987,204</u>	<u>(357,740)</u>
<b>PUBLIC SAFETY</b>				
Police				
Personal services	4,380,850	4,417,340	4,551,772	(134,432)
Operating	782,670	840,195	875,935	(35,740)
Capital outlay	0	3,774	39,079	(35,305)
	<u>5,163,520</u>	<u>5,261,309</u>	<u>5,466,786</u>	<u>(205,477)</u>
Fire				
Personal services	2,206,180	2,227,805	2,237,110	(9,305)
Operating	267,460	288,394	245,827	42,567
Capital outlay	438,000	442,448	441,456	992
Debt service	-	-	-	-
	<u>2,911,640</u>	<u>2,958,647</u>	<u>2,924,393</u>	<u>34,254</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>8,075,160</u>	<u>8,219,956</u>	<u>8,391,179</u>	<u>(171,223)</u>

(continued)

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>PUBLIC WORKS</b>				
Public Works Administration				
Personal services	\$ 659,570	\$ 690,495	686,476	\$ 4,019
Operating	405,185	405,185	400,412	4,773
Capital outlay	117,600	117,600	-	117,600
	<u>1,182,355</u>	<u>1,213,280</u>	<u>1,086,888</u>	<u>126,392</u>
Road and Street Facilities				
Personal services	267,410	276,510	245,384	31,126
Operating	284,770	284,770	375,806	(91,036)
Capital outlay	50,000	50,000	-	50,000
	<u>602,180</u>	<u>611,280</u>	<u>621,190</u>	<u>(9,910)</u>
<b>TOTAL PUBLIC WORKS</b>	<u>1,784,535</u>	<u>1,824,560</u>	<u>1,708,078</u>	<u>116,482</u>
<b>CULTURE AND RECREATION</b>				
Library				
Personal services	487,550	589,025	571,914	17,111
Operating	268,005	271,855	261,843	10,012
Capital outlay	123,030	119,230	134,724	(15,494)
	<u>878,585</u>	<u>980,110</u>	<u>968,481</u>	<u>11,629</u>
Playgrounds and Parks				
Personal services	706,100	735,435	718,972	16,463
Operating	511,240	552,660	531,917	20,743
Capital outlay	142,000	101,430	-	101,430
	<u>1,359,340</u>	<u>1,389,525</u>	<u>1,250,889</u>	<u>138,636</u>
Swimming Pool				
Personal services	157,370	156,235	152,569	3,666
Operating	108,690	120,440	118,320	2,120
Capital outlay	-	-	-	-
	<u>266,060</u>	<u>276,675</u>	<u>270,889</u>	<u>5,786</u>
<b>TOTAL CULTURE AND RECREATION</b>	<u>2,503,985</u>	<u>2,646,310</u>	<u>2,490,259</u>	<u>156,051</u>
<b>TRANSFERS TO OTHER FUNDS</b>	<u>632,285</u>	<u>632,285</u>	<u>632,285</u>	<u>-</u>
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>15,672,365</u>	<u>15,952,575</u>	<u>16,209,005</u>	<u>256,430</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>(215,333)</u>	<u>(476,956)</u>	<u>6,345,204</u>	<u>6,822,160</u>
<b>FUND BALANCE - BEGINNING OF YEAR, AS RESTATED</b>	<u>6,838,585</u>	<u>6,838,585</u>	<u>6,838,585</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 6,623,252</u>	<u>\$ 6,361,629</u>	<u>\$ 13,183,789</u>	<u>\$ 6,822,160</u>

(continued)

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended September 30, 2014

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	\$ 22,538,662
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(9,939,966)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 12,598,696</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 16,209,005
Difference - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(632,285)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,576,720</u>

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>RESOURCES (INFLOWS)</b>				
Taxes	\$ 452,920	\$ 452,920	\$ 489,124	\$ 36,204
Fines and forfeitures	-	-	(10,300)	(10,300)
Miscellaneous	47,300	47,300	43,311	(3,989)
Transfers from other funds	906,065	906,065	837,285	(68,780)
<b>AMOUNTS AVAILABLE FOR APPROPRIATION</b>	<u>1,406,285</u>	<u>1,406,285</u>	<u>1,359,420</u>	<u>(46,865)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Current				
General government	231,310	351,685	371,753	(20,068)
Capital outlay	281,780	281,780	254,889	26,891
Debt service				
Principal and interest	1,362,720	1,362,720	1,362,710	10
Transfer to other funds	317,270	205,975	6,210,246	(6,004,271)
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<u>2,193,080</u>	<u>2,202,160</u>	<u>8,199,598</u>	<u>(5,997,438)</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS</b>	<u>(786,795)</u>	<u>(795,875)</u>	<u>(6,840,178)</u>	<u>(6,044,303)</u>
<b>FUND BALANCE - BEGINNING OF YEAR, AS RESTATED</b>	<u>847,660</u>	<u>847,650</u>	<u>2,660,305</u>	<u>1,812,655</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 60,865</u>	<u>\$ 51,775</u>	<u>\$ (4,179,873)</u>	<u>\$ (4,231,648)</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.	\$ 1,359,420
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(837,285)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 522,135</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 8,199,598
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(6,210,246)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 1,989,352</u>

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
STREET IMPROVEMENT FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 507,890	\$ 507,890	\$ 522,565	\$ 14,675
Miscellaneous	98,020	98,020	81,664	(16,356)
AMOUNTS AVAILABLE FOR APPROPRIATION	605,910	605,910	604,229	(1,681)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital outlay	60,000	60,000	68,348	(8,348)
TOTAL CHARGES TO APPROPRIATIONS	60,000	60,000	68,348	(8,348)
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	545,910	545,910	535,881	(10,029)
FUND BALANCE - BEGINNING OF YEAR	-	785,400	2,580,844	1,795,444
FUND BALANCE - END OF YEAR	\$ 545,910	\$ 1,331,310	\$ 3,116,725	\$ 1,785,415

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive
				(Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 1,323,600	\$ 1,323,600	\$ 1,494,804	\$ 171,204
Miscellaneous	1,220	1,220	1,958	738
Transfers from other funds	317,270	7,335,817	6,210,246	(1,125,571)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,642,090	8,660,637	7,707,008	(953,629)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt service				
Principal retirement	714,210	7,160,995	6,740,989	420,006
Interest and fiscal charges	309,730	596,250	186,877	409,373
Transfer to other funds	1,168,150	1,453,392	1,374,509	78,883
TOTAL CHARGES TO APPROPRIATIONS	2,192,090	9,210,637	8,302,375	908,262
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(550,000)	(550,000)	(595,367)	(45,367)
FUND BALANCE - BEGINNING OF YEAR	-	-	863,478	863,478
FUND BALANCE - END OF YEAR	\$ (550,000)	\$ (550,000)	\$ 268,111	\$ 818,111

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.	\$ 7,707,008
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(6,210,246)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 1,496,762

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 8,302,375
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,374,509)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 6,927,866

CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 1,578,090	\$ 1,578,090	\$ 1,673,113	\$ 95,023
Intergovernmental revenue	153,790	153,790	200,150	46,360
Miscellaneous	9,500	9,500	6,478	(3,022)
Transfers from other funds	487,060	487,060	182,060	(305,000)
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>2,228,440</u>	<u>2,228,440</u>	<u>2,061,801</u>	<u>(166,639)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital outlay	1,508,790	1,508,790	653,600	855,190
Transfer to other funds	561,520	561,520	355,000	206,520
TOTAL CHARGES TO APPROPRIATIONS	<u>2,070,310</u>	<u>2,070,310</u>	<u>1,008,600</u>	<u>1,061,710</u>
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	158,130	158,130	1,053,201	895,071
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>3,855,242</u>	
FUND BALANCE - END OF YEAR	<u>\$ 158,130</u>	<u>\$ 158,130</u>	<u>\$ 4,908,443</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.	\$ 2,061,802
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(182,060)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>1,879,742</u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,008,600
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(355,000)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 653,600</u>

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)
2013	\$ 10,615,546	\$ 12,006,694	\$ 1,391,148	88.41%	\$ 905,448	153.64%
2012	9,993,036	12,415,809	2,422,773	80.49%	896,277	270.32%
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%

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>
2013	\$ 612,230	\$ 461,512	\$ 150,808	100.00%
2012	431,335	288,419	142,916	100.00%
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%

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 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)
2013	\$ 17,997,767	\$ 22,364,586	\$ 4,366,819	80.5%	\$ 2,034,497	214.6%
2012	16,328,000	21,887,000	5,559,000	74.6%	2,145,000	259.2%
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%

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

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2014	\$ 923,788	100%
2013	931,689	100%
2012	994,249	100%
2011	907,497	100%
2010	775,498	100%
2009	682,396	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, 2013.

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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 FUND

September 30, 2014

	Street Lights	Total Nonmajor Governmental Fund 2014
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and pooled cash, cash equivalents, and investments	\$ 150,013	\$ 150,013
Receivables (Net of allowance):		
Due from other governments	<u>1,491</u>	<u>1,491</u>
<b>TOTAL ASSETS</b>	<u>\$ 151,504</u>	<u>\$ 151,504</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	<u>\$ 26,914</u>	<u>\$ 26,914</u>
<b>TOTAL LIABILITIES</b>	<u>26,914</u>	<u>26,914</u>
<b>FUND BALANCES</b>		
Fund balances		
Assigned - other capital projects	<u>124,590</u>	<u>124,590</u>
<b>TOTAL FUND BALANCES</b>	<u>124,590</u>	<u>124,590</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 151,504</u>	<u>\$ 151,504</u>

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2014

	Street Lights	Total Nonmajor Governmental Fund 2014
REVENUES		
Taxes	\$ 406,658	\$ 406,658
TOTAL REVENUES	<u>406,658</u>	<u>406,658</u>
EXPENDITURES		
General government	24,817	24,817
Capital Outlay	323,836	323,836
TOTAL EXPENDITURES	<u>348,653</u>	<u>348,653</u>
EXCESS OF REVENUES OVER EXPENDITURES	58,005	58,005
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	58,005	58,005
FUND BALANCES - BEGINNING OF YEAR	<u>66,585</u>	<u>66,585</u>
FUND BALANCES - END OF YEAR	<u>\$ 124,590</u>	<u>\$ 124,590</u>

CITY OF NEW PORT RICHEY, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended September 30, 2014

	Employee Retirement Funds				Totals
	Defined Contribution Retirement	Police Officers' Retirement	Firefighters' Retirement	Employees' Deferred Compensation	
<b>ASSETS</b>					
Cash	\$ -	\$ 203,466	\$ -	\$ -	\$ 203,466
Investments					
U.S. government securities	-	2,464,671	666,495	-	3,131,166
U.S. government agencies	-	2,707,401	148,501	-	2,855,902
Fixed income securities	-	797,239	2,535,543	-	3,332,782
Equity investments	-	13,442,199	7,700,685	-	21,142,884
Mortgage backed securities	-	-	448,528	-	448,528
Real Estate investment trsut	-	2,181,400	-	-	2,181,400
Temporary investment funds	-	284,000	363,490	-	647,490
Pooled equity and fixed income funds	-	-	-	3,985,305	3,985,305
Annuities	668,647	-	-	-	668,647
	<u>668,647</u>	<u>22,080,376</u>	<u>11,863,242</u>	<u>3,985,305</u>	<u>38,394,104</u>
Receivables					
Accounts	-	-	202,868	-	202,868
Accrued dividends and interest	-	247,197	21,943	-	269,140
Contributions	360	-	41,074	-	41,434
Prepaid items	-	108,748	50,068	-	158,816
Equipment	-	940	545	-	1,485
<b>TOTAL ASSETS</b>	<u>669,007</u>	<u>22,437,261</u>	<u>12,179,740</u>	<u>3,985,305</u>	<u>39,271,313</u>
<b>LIABILITIES</b>					
Accounts Payable	-	241,497	238,083	-	479,580
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>241,497</u>	<u>238,083</u>	<u>-</u>	<u>479,580</u>
<b>NET POSITION</b>					
Net position restricted for pension benefits	<u>\$ 669,007</u>	<u>\$ 22,195,764</u>	<u>\$ 11,941,657</u>	<u>\$ 3,985,305</u>	<u>\$ 38,791,733</u>

CITY OF NEW PORT RICHEY, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended September 30, 2014

	Employee Retirement Funds				Totals
	Defined Contribution Retirement	Police Officers' Retirement	Firefighters' Retirement	Employees' Deferred Compensation	
<b>ADDITIONS</b>					
Contributions					
Employer	27,577	\$ 742,465	\$ 253,231	\$ -	\$ 1,023,273
Employee	-	90,712	75,983	127,675	294,370
Total contributions	<u>27,577</u>	<u>833,177</u>	<u>329,214</u>	<u>127,675</u>	<u>1,317,643</u>
Internal governmental revenue:					
State excise tax rebate	-	177,693	156,746	-	334,439
Investment earnings:					
Net increase in fair value of investments	11,278	2,278,027	851,693	290,958	3,431,956
Interest and dividends	32,537	454,733	231,131	44,478	762,879
Other	-	4,618	7,872	-	12,490
Total investment earnings	<u>43,815</u>	<u>2,737,378</u>	<u>1,090,696</u>	<u>335,436</u>	<u>4,207,325</u>
Less investment expense	-	133,746	56,062	-	189,808
<b>TOTAL ADDITIONS</b>	<u>71,392</u>	<u>3,614,502</u>	<u>1,520,594</u>	<u>463,111</u>	<u>5,669,599</u>
<b>DEDUCTIONS</b>					
Benefits	5,000	1,200,942	600,003	-	1,805,945
Refunds of contributions	-	4,772	-	664,320	669,092
Professional services	-	51,602	50,603	-	102,205
Other services and charges	566	-	15,360	1,748	17,674
<b>TOTAL DEDUCTIONS</b>	<u>5,566</u>	<u>1,257,316</u>	<u>665,966</u>	<u>666,068</u>	<u>2,594,916</u>
<b>CHANGE IN NET POSITION</b>	<u>65,826</u>	<u>2,357,186</u>	<u>854,628</u>	<u>(202,957)</u>	<u>3,074,683</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>603,181</u>	<u>19,838,578</u>	<u>11,087,029</u>	<u>4,188,262</u>	<u>35,717,050</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 669,007</u>	<u>\$ 22,195,764</u>	<u>\$11,941,657</u>	<u>\$ 3,985,305</u>	<u>\$ 38,791,733</u>

## **Other Supplementary Schedules**

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



CITY OF NEW PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE  
STREET LIGHTS FUND

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
RESOURCES (INFLOWS)				
Taxes	\$ 382,600	\$ 409,730	\$ 406,658	\$ (3,072)
AMOUNTS AVAILABLE FOR APPROPRIATION	382,600	409,730	406,658	(3,072)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	-	-	24,817	(24,817)
Capital outlay	395,000	395,000	323,836	71,164
TOTAL CHARGES TO APPROPRIATIONS	395,000	395,000	348,653	46,347
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(12,400)	14,730	58,005	43,275
FUND BALANCE - BEGINNING OF YEAR	-	-	66,585	66,585
FUND BALANCE - END OF YEAR	\$ (12,400)	\$ 14,730	\$ 124,590	\$ 109,860

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2014

	<u>2014</u>
<b>OPERATING REVENUES</b>	
Water charges - retail	\$ 4,338,132
Water charges - bulk	850,972
Water connection charges	44,465
Turn on/off charges	24,895
Miscellaneous	105,942
Impact fees	<u>341,735</u>
<b>TOTAL OPERATING REVENUES</b>	<b>5,706,141</b>
<b>OPERATING EXPENSES</b>	
Water Production	
Salaries and wages	208,368
Overtime	1,441
Employee benefits	84,054
Utility services	99,010
Raw water cost	2,821,184
Operating supplies	133,586
Other operating expenses	29,725
Repairs and maintenance	<u>23,192</u>
	3,400,560
Water Distribution	
Salaries and wages	326,033
Overtime	27,702
Employee benefits	101,043
Operating supplies	311,890
Other operating expenses	55,262
Repairs and maintenance	<u>13,697</u>
	835,627
Administrative Expenses	
Professional services	38,896
General insurance	27,327
Depreciation	519,956
Administrative charges - General Fund	1,179,509
Bad debt expense	<u>27,774</u>
	<u>1,793,462</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>6,029,649</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>\$ (323,508)</u></b>

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2014

	<u>2014</u>
OPERATING REVENUES	
Sewer charges - retail	\$ 4,209,427
Sewer charges - bulk	987,671
Sewer permits	380
Miscellaneous	<u>105,943</u>
TOTAL OPERATING REVENUES	5,303,421
OPERATING EXPENSES	
Water Pollution Control	
Salaries and wages	498,763
Overtime	6,672
Employee benefits	176,040
Utility services	186,374
Operating supplies	211,148
Other operating expenses	329,638
Repairs and maintenance	107,036
Professional services	14,657
Insurance	<u>190,708</u>
	1,721,036
Sewer Collection	
Salaries and wages	173,942
Overtime	34,466
Employee benefits	94,497
Utility services	79,677
Operating supplies	172,970
Other operating expenses	26,247
Repairs and maintenance	<u>84,211</u>
	666,010
Administrative Expenses	
Professional services	36,850
General insurance	25,184
Depreciation	892,969
Administrative charges - General Fund	1,086,996
Bad debt expense	26,683
Subsidy from County	<u>(996,349)</u>
	<u>1,072,333</u>
TOTAL OPERATING EXPENSES	<u>3,459,379</u>
OPERATING INCOME (LOSS)	<u>\$ 1,844,042</u>

CITY OF NEW PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2014

	<u>2014</u>
<b>OPERATING REVENUES</b>	
Reclaimed water charges	\$ 249,587
Reclaimed water connection charges	1,245
Miscellaneous	<u>4,324</u>
<b>TOTAL OPERATING REVENUES</b>	<b>255,156</b>
<b>OPERATING EXPENSES</b>	
Reclaimed Water Production	
Salaries and wages	203,855
Overtime	2,784
Employee benefits	68,595
Utility services	263,388
Operating supplies	56,003
Other operating expenses	20,606
Repairs and maintenance	<u>54,466</u>
	669,697
Administrative Expenses	
Professional services	1,568
General insurance	1,072
Depreciation	336,680
Administrative charges - General Fund	46,256
Bad debt expense	1,089
Excess reclaimed water charge from county	<u>47,667</u>
	<u>434,332</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>1,104,029</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>\$ (848,873)</u></b>

# Statistical Section

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

The Constitution of the State of Florida, Florida Statute 200.181 and the Charter of the City of 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 15,020,636	\$ 15,293,646	\$ 17,540,161	\$ 18,626,067
Restricted	1,234,383	2,334,059	3,416,917	3,618,120
Unrestricted	3,397,102	5,507,834	5,046,868	5,727,958
Total governmental activities net assets	<u>\$ 19,652,121</u>	<u>\$ 23,135,539</u>	<u>\$ 26,003,946</u>	<u>\$ 27,972,145</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 33,435,401	\$ 36,723,733	\$ 38,972,706	\$ 35,649,923
Restricted	2,638,444	2,632,958	-	4,880,588
Unrestricted	15,684,931	15,164,645	18,160,750	18,217,655
Total business-type activities net assets	<u>\$ 51,758,776</u>	<u>\$ 54,521,336</u>	<u>\$ 57,133,456</u>	<u>\$ 58,748,166</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 48,456,037	\$ 52,017,379	\$ 56,512,867	\$ 54,275,990
Restricted	3,872,827	4,967,017	3,416,917	8,498,708
Unrestricted	19,082,033	20,672,479	23,207,618	23,945,613
Total primary government activities net assets	<u>\$ 71,410,897</u>	<u>\$ 77,656,875</u>	<u>\$ 83,137,402</u>	<u>\$ 86,720,311</u>

2009	2010	2011	2012	2013	2014
\$ 19,021,599	\$ 19,656,908	\$ 20,746,105	\$ 21,304,827	\$ 24,341,556	\$ 24,310,405
3,368,339	3,854,717	4,370,155	3,819,762	4,653,007	38,553
6,008,016	6,504,647	5,571,785	6,132,718	3,227,510	15,683,528
<u>\$ 28,397,954</u>	<u>\$ 30,016,272</u>	<u>\$ 30,688,045</u>	<u>\$ 31,257,307</u>	<u>\$ 32,222,073</u>	<u>\$ 40,032,486</u>
\$ 39,193,944	\$ 38,412,817	\$ 37,304,052	\$ 38,714,222	\$ 38,895,570	\$ 40,710,853
-	-	-	-	-	-
21,946,034	23,127,036	25,564,859	24,855,298	25,837,383	16,519,620
<u>\$ 61,139,978</u>	<u>\$ 61,539,853</u>	<u>\$ 62,868,911</u>	<u>\$ 63,569,520</u>	<u>\$ 64,732,953</u>	<u>\$ 57,230,473</u>
\$ 58,215,543	\$ 58,069,725	\$ 58,050,157	\$ 60,019,049	\$ 63,237,126	\$ 65,021,258
3,368,339	3,854,717	4,370,155	3,819,762	4,653,007	38,553
27,954,050	29,631,683	31,136,644	30,988,016	29,064,893	32,203,148
<u>\$ 89,537,932</u>	<u>\$ 91,556,125</u>	<u>\$ 93,556,956</u>	<u>\$ 94,826,827</u>	<u>\$ 96,955,026</u>	<u>\$ 97,262,959</u>

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

	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,431,678	\$ 3,568,338	\$ 3,714,219	\$ 3,373,917
Police	3,592,938	4,166,974	4,924,314	5,229,952
Fire	1,893,319	1,995,468	2,294,267	2,486,232
Protective inspections	493,323	459,883	496,604	596,680
Public works	1,936,363	1,781,013	1,911,277	1,941,794
Culture and recreation	1,988,958	2,010,209	2,641,070	3,238,780
Interest and fiscal charges on long-term debt	267,989	1,008,314	1,314,699	1,157,657
Total governmental activities expenses	<u>13,604,568</u>	<u>14,990,199</u>	<u>17,296,450</u>	<u>18,025,012</u>
Business-type activities:				
Water	4,543,414	4,747,466	4,802,523	5,866,765
Sewer	4,596,105	4,492,134	4,979,020	4,824,022
Reclaimed water	774,535	807,027	860,337	919,312
Stormwater utility	350,267	400,411	361,161	407,676
	<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>\$ 23,868,889</u>	<u>\$ 25,437,237</u>	<u>\$ 28,299,491</u>	<u>\$ 30,042,787</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,556,030	\$ 1,471,460	\$ 1,518,448	\$ 1,521,610
Police	284,294	301,091	341,330	387,229
Fire	17,505	25,916	31,797	32,550
Protective inspections	264,303	365,797	357,831	188,705
Public works	686,532	693,687	719,462	752,679
Culture and recreation	111,740	64,790	336,265	388,844
Operating grants and contributions	333,178	382,664	294,243	270,981
Capital grants and contributions	116,362	521,664	247,542	547,057
Total governmental activities program revenues	<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	3,737,734	4,284,626	4,320,749	4,927,486
Sewer	4,101,495	4,402,653	4,370,731	4,355,444
Reclaimed water	81,351	136,685	143,461	143,390
Stormwater utility	503,745	512,366	515,598	521,977
Operating grants and contributions	1,442,508	1,639,938	1,882,684	2,070,274
Capital grants and contributions	187,810	759,621	702,069	430,202
Total business-type activities program revenues	<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>\$ 13,424,587</u>	<u>\$ 15,562,958</u>	<u>\$ 15,782,210</u>	<u>\$ 16,538,428</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities net expense	\$ (10,234,624)	\$ (11,163,130)	\$ (13,449,532)	\$ (13,935,357)
Business-type activities net expense	(209,678)	1,288,851	932,251	430,998
Total primary government net expense	<u>\$ (10,444,302)</u>	<u>\$ (9,874,279)</u>	<u>\$ (12,517,281)</u>	<u>\$ (13,504,359)</u>
<b>General Revenues and Other Changes in Net Assets - "As Restated"</b>				
Governmental activities:				
Taxes				
Ad valorem	\$ 4,946,872	\$ 6,351,387	\$ 8,102,273	\$ 8,429,652
Franchise taxes	1,107,280	1,303,150	1,301,679	1,231,639
Utility taxes	1,187,935	1,284,322	1,292,154	1,275,909
Communication services tax	1,100,538	1,078,546	1,101,794	1,030,679
Half-cent sales tax	968,099	1,036,795	965,297	897,898
Local option gas tax	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	102,277	98,570	102,012	100,252
State revenue sharing	676,602	680,205	683,394	673,775
Investment income	115,844	762,596	730,660	197,684
Miscellaneous (Incl. \$715 loss in 2014 on asset dispos:	167,549	197,371	34,977	42,094
Total governmental activities	<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	-	310,000	519,027	-
Impact fees (w/Charges for Svcs water & sewer - 2014	317,580	277,675	248,873	258,490
Investment income	737,300	850,977	892,299	893,880
Miscellaneous	88,242	35,057	19,670	31,342
Total business-type activities	<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>\$ 12,974,037</u>	<u>\$ 16,120,257</u>	<u>\$ 17,997,808</u>	<u>\$ 17,087,268</u>
<b>Change in Net Position "As Restated"</b>				
Governmental activities	\$ 1,596,291	\$ 3,483,418	\$ 2,868,407	\$ 1,968,199
Business-type activities	933,444	2,762,560	2,612,120	1,614,710
Total primary government	<u>\$ 2,529,735</u>	<u>\$ 6,245,978</u>	<u>\$ 5,480,527</u>	<u>\$ 3,582,909</u>

2009	2010	2011	2012	2013	2014
\$ 3,225,682	\$ 3,054,628	\$ 3,310,681	\$ 3,629,266	\$ 3,413,510	\$ 4,064,300
5,219,516	5,281,114	5,436,632	5,668,691	5,236,488	5,676,685
2,214,971	2,298,157	2,388,224	2,067,707	2,536,838	2,535,083
612,726	612,311	38,266	81,206	217,439	219,429
2,026,155	2,013,057	1,499,293	1,584,915	2,007,581	2,533,260
3,332,231	3,392,098	3,225,776	3,100,143	3,205,459	3,487,705
967,199	885,174	1,108,639	1,019,676	963,600	710,587
<u>17,598,480</u>	<u>17,536,539</u>	<u>17,007,511</u>	<u>17,151,604</u>	<u>17,580,915</u>	<u>19,227,049</u>
4,841,000	5,345,600	5,366,636	5,515,410	5,151,437	6,159,860
4,416,027	4,470,860	3,932,277	4,364,907	4,731,366	3,578,863
1,036,284	1,160,299	1,139,288	1,219,501	1,526,838	1,109,780
474,715	628,092	663,686	688,978	714,851	837,616
<u>10,768,026</u>	<u>11,604,851</u>	<u>11,101,887</u>	<u>11,788,796</u>	<u>12,124,492</u>	<u>11,686,119</u>
<u>\$ 28,366,506</u>	<u>\$ 29,141,390</u>	<u>\$ 28,109,398</u>	<u>\$ 28,940,400</u>	<u>\$ 29,705,407</u>	<u>\$ 30,913,168</u>
\$ 1,560,094	\$ 1,804,241	\$ 1,733,446	\$ 1,908,712	\$ 2,959,119	\$ 3,738,052
363,440	423,425	398,236	1,061,125	845,389	494,872
26,853	28,307	3,175	2,125	4,150	3,400
164,295	164,824	158,097	204,281	292,481	188,137
765,109	854,986	768,672	766,085	31,011	36,716
421,710	412,934	456,605	461,879	495,550	488,520
153,503	569,413	268,662	212,087	336,592	407,632
89,770	359,021	411,586	165,442	92,098	71,034
<u>3,544,774</u>	<u>4,617,151</u>	<u>4,198,479</u>	<u>4,781,736</u>	<u>5,056,390</u>	<u>5,428,363</u>
4,663,749	4,211,668	4,245,229	4,473,148	5,072,280	5,777,164
4,813,889	4,582,123	4,803,047	4,902,087	5,233,070	5,301,259
170,284	169,077	215,908	227,865	240,313	255,156
522,131	524,905	527,087	522,915	993,449	992,663
1,654,741	1,622,710	1,862,601	1,586,954	1,167,928	-
177,637	-	-	-	-	-
<u>12,002,431</u>	<u>11,110,483</u>	<u>11,653,872</u>	<u>11,712,969</u>	<u>12,707,040</u>	<u>12,326,242</u>
<u>\$ 15,547,205</u>	<u>\$ 15,727,634</u>	<u>\$ 15,852,351</u>	<u>\$ 16,494,705</u>	<u>\$ 17,763,430</u>	<u>\$ 17,754,605</u>
\$(14,053,706)	\$(12,919,388)	\$(12,809,032)	\$(12,369,868)	\$(12,524,525)	\$(13,798,686)
1,234,405	(494,368)	551,985	(75,827)	582,548	-
<u>\$(12,819,301)</u>	<u>\$(13,413,756)</u>	<u>\$(12,257,047)</u>	<u>\$(12,445,695)</u>	<u>\$(11,941,977)</u>	<u>\$(13,798,686)</u>
\$ 7,010,662	\$ 6,782,693	\$ 5,731,993	\$ 5,322,729	\$ 5,167,269	\$ 4,971,732
1,357,654	1,436,506	1,323,242	1,270,726	1,196,176	1,317,052
1,330,281	1,547,618	1,450,542	1,342,740	1,407,935	1,494,804
987,969	953,055	881,055	895,727	854,510	704,995
884,227	804,287	809,572	742,897	784,691	813,673
532,918	528,570	504,016	498,890	1,566,812	522,565
1,131,126	1,186,900	1,311,649	1,430,997	529,683	1,673,113
350,731	358,195	358,888	353,945	308,579	293,365
100,559	96,408	310,998	226,667	226,285	239,135
664,919	666,104	668,568	668,623	610,486	723,724
48,200	125,127	74,515	86,018	56,667	24,713
80,269	52,243	55,767	99,171	258,804	197,884
<u>14,479,515</u>	<u>14,537,706</u>	<u>13,480,805</u>	<u>12,939,130</u>	<u>12,967,897</u>	<u>12,976,755</u>
-	-	-	-	-	-
401,570	246,017	216,145	244,550	597,939	-
717,764	608,070	543,688	531,331	485,391	465,495
38,073	40,156	17,241	555	18,949	222,172
<u>1,157,407</u>	<u>894,243</u>	<u>777,074</u>	<u>776,436</u>	<u>1,102,279</u>	<u>687,667</u>
-	-	-	-	-	-
<u>\$ 15,636,922</u>	<u>\$ 15,431,949</u>	<u>\$ 14,257,879</u>	<u>\$ 13,715,566</u>	<u>\$ 14,070,176</u>	<u>\$ 13,664,422</u>
\$ 425,809	\$ 1,618,318	\$ 671,773	\$ 569,262	\$ 964,766	\$ 7,775,586
2,391,812	399,875	1,329,059	700,609	1,163,433	(7,269,727)
<u>\$ 2,817,621</u>	<u>\$ 2,018,193</u>	<u>\$ 2,000,832</u>	<u>\$ 1,269,871</u>	<u>\$ 2,128,199</u>	<u>\$ 505,859</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>				
Reserved	\$ 39,143	\$ 45,887	\$ 61,066	\$ -
Unreserved	2,929,745	4,012,341	4,656,773	
Nonspendable				103,527
Restricted				51,842
Assigned (Inc. minimum funding)				970,590
Future Expenditures				-
Unassigned				3,166,481
<b>Total general fund</b>	<b><u>\$ 2,968,888</u></b>	<b><u>\$ 4,058,228</u></b>	<b><u>\$ 4,717,839</u></b>	<b><u>\$ 4,292,440</u></b>
<b>All Other Governmental Funds</b>				
Reserved	\$ 1,234,383	\$ 6,151,528	\$ 7,228,415	\$ -
Unreserved				
Special revenue funds	8,517	9,249,819	1,750,669	
Debt service fund	125,210	118,393	132,311	
Capital project fund	59,149	(77,728)	(659,639)	
Nonspendable				3,132,399
Restricted				3,618,120
Assigned to:				
Redevelopment				1,795,328
Street Improvement				1,478,933
Debt service				123,658
Capital project fund				-
Other Gov. fund				-
Unassigned (deficit)				(528,190)
<b>Total all other governmental funds</b>	<b><u>\$ 1,427,259</u></b>	<b><u>\$ 15,442,012</u></b>	<b><u>\$ 8,451,756</u></b>	<b><u>\$ 9,620,248</u></b>

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.

2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
149,233	122,878	36,082	20,309	24,064	7,434,660
57,574	179,333	152,831	82,336	110,734	38,553
1,099,328	975,933	635,822	949,847	975,529	2,956,553
-	-	643,925	56,060	242,530	948,890
2,750,898	3,986,510	3,937,179	4,391,831	5,485,728	1,811,805
<u>\$ 4,057,033</u>	<u>\$ 5,264,654</u>	<u>\$ 5,405,839</u>	<u>\$ 5,500,383</u>	<u>\$ 6,838,585</u>	<u>\$ 13,190,461</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,131,301	3,217,840	3,206,723	3,206,723	3,206,723	3,241,550
3,368,339	3,675,384	4,217,324	3,737,426	4,542,273	
2,196,911	1,647,685	1,004,950	289,074	-	-
1,780,031	1,429,713	1,318,441	1,974,567	2,580,844	3,116,725
128,269	139,083	137,109	130,682	145,272	268,111
-	5,204	12,701	10,057	41,175	4,908,443
					124,590
(506,775)	-	-	-	(524,660)	(7,421,423)
<u>\$ 10,098,076</u>	<u>\$ 10,114,909</u>	<u>\$ 9,897,248</u>	<u>\$ 9,348,529</u>	<u>\$ 9,991,627</u>	<u>\$ 4,237,996</u>

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

	2005	2006	2007	2008
<b>Revenues</b>				
Taxes	\$ 9,800,544	\$ 11,871,010	\$ 13,282,300	\$ 13,877,275
Licenses and permits	393,188	488,328	428,835	337,750
Intergovernmental revenue	2,190,436	2,532,721	2,603,715	3,006,188
Charges for services	2,543,629	3,553,292	4,032,164	4,026,811
Fines and forfeitures	181,644	191,286	270,906	253,357
Miscellaneous revenue	338,603	1,202,120	1,083,102	362,432
Total revenues	<u>15,448,044</u>	<u>19,838,757</u>	<u>21,701,022</u>	<u>21,863,813</u>
<b>Expenditures</b>				
General government	3,484,583	3,617,391	3,830,970	3,415,073
Public Safety	5,748,869	7,379,114	8,527,599	9,044,927
Public Works	1,523,202	1,337,105	1,397,208	1,417,925
Culture and recreation	1,582,299	1,553,857	1,930,224	2,185,308
Capital outlay	2,043,977	10,390,776	10,386,524	2,385,139
Debt service				
Principal retirement	478,560	862,393	877,928	1,210,622
Interest and fiscal charges	270,130	900,172	1,312,205	1,188,193
Total expenditures	<u>15,131,620</u>	<u>26,040,808</u>	<u>28,262,658</u>	<u>20,847,187</u>
Excess of revenues over (under) expenditures	316,424	(6,202,051)	(6,561,636)	1,016,626
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	836,125	30,074,567	200,000	17,415
Proceeds from sale of capital assets	133,843	231,577	30,991	140,337
Gain (loss) from sale of properties held for resale	-	-	-	(431,285)
Proceeds from issuance of refunded bonds	-	-	-	-
Redemption of refunded debt	-	(9,000,000)	-	-
Transfers in	2,175,880	2,673,437	3,888,892	4,348,791
Transfers out	(2,160,494)	(2,673,437)	(3,888,892)	(4,348,791)
Total other financing sources (uses)	<u>985,354</u>	<u>21,306,144</u>	<u>230,991</u>	<u>(273,533)</u>
Net change in fund balances	1,301,778	15,104,093	(6,330,645)	743,093
Fund balances - beginning of year	3,094,369	4,396,147	19,500,240	13,169,595
Prior Period Adjustment	-	-	-	-
Fund balances - end of year	<u>\$ 4,396,147</u>	<u>\$ 19,500,240</u>	<u>\$ 13,169,595</u>	<u>\$ 13,912,688</u>
Debt service as a percentage of noncapital expenditures	5.7%	11.3%	12.3%	13.0%

2009	2010	2011	2012	2013	2014
\$ 12,350,610	\$ 12,435,341	\$ 11,202,497	\$ 10,761,809	\$ 11,125,287	\$ 11,090,929
335,235	316,072	349,795	176,377	441,144	337,764
2,241,014	2,744,562	2,605,456	2,114,752	2,199,275	2,472,297
4,038,187	4,393,928	2,983,696	3,349,502	3,139,900	3,033,884
217,105	193,888	276,388	987,780	716,261	339,445
211,359	405,646	270,916	313,889	402,420	233,902
<u>19,393,510</u>	<u>20,489,437</u>	<u>17,688,748</u>	<u>17,704,109</u>	<u>18,024,287</u>	<u>17,508,221</u>
3,223,566	3,077,625	3,037,032	3,250,608	2,269,718	2,919,051
8,572,021	8,661,533	7,427,937	7,219,904	7,504,941	7,910,644
1,429,995	1,356,920	846,131	812,689	1,321,383	1,708,078
2,121,450	2,192,716	2,070,964	2,051,818	2,044,045	2,355,535
1,881,079	2,139,263	1,974,584	2,441,273	1,036,969	2,380,655
957,867	988,766	1,317,791	1,331,929	1,484,865	7,579,989
993,613	859,365	1,099,006	1,067,039	902,460	710,587
<u>19,179,591</u>	<u>19,276,188</u>	<u>17,773,445</u>	<u>18,175,260</u>	<u>16,564,381</u>	<u>25,564,539</u>
213,919	1,213,249	(84,697)	(471,151)	1,459,906	(8,056,318)
-	7,000,000	-	-	-	22,219
15,000	11,205	8,221	16,976	-	17,169,557
					(8,572,040)
13,502	-	-	-	-	-
-	-	-	6,449,269	-	-
-	(7,000,000)	-	(6,449,269)	-	-
4,129,732	3,420,488	4,271,034	3,288,551	3,333,452	
(4,129,732)	(3,420,488)	(4,271,034)	(3,288,551)	(2,812,058)	
<u>28,502</u>	<u>11,205</u>	<u>8,221</u>	<u>16,976</u>	<u>521,394</u>	<u>8,619,736</u>
242,421	1,224,454	(76,476)	(454,175)	1,981,300	563,418
13,912,688	14,155,109	15,379,563	15,303,087	14,848,912	16,830,212
-	-	-	-	-	34,827
<u>\$ 14,155,109</u>	<u>\$ 15,379,563</u>	<u>\$ 15,303,087</u>	<u>\$ 14,848,912</u>	<u>\$ 16,830,212</u>	<u>\$ 17,428,457</u>
11.3%	10.8%	15.3%	15.2%	15.4%	35.8%

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

	2005	2006	2007	2008
<b>Function / Program</b>				
Governmental activities :				
Charges for services				
General government	\$ 1,556,030	\$ 1,471,460	\$ 1,518,448	\$ 1,521,610
Police	284,294	301,091	341,330	387,229
Fire	17,505	25,916	31,797	32,550
Protective inspections	264,303	365,797	357,831	188,705
Public works	686,532	693,687	719,462	752,679
Culture and recreation	111,740	64,790	336,265	388,844
Total charges for services	<u>2,920,404</u>	<u>2,922,741</u>	<u>3,305,133</u>	<u>3,271,617</u>
Operating grants and contributions				
General government	2,660	67,420	37,885	22,840
Police	65,607	273,757	186,511	217,915
Fire	-	-	25,813	-
Public Works	215,241	-	-	-
Culture and recreation	49,670	41,487	44,034	30,226
Total operating grants and contributions	<u>333,178</u>	<u>382,664</u>	<u>294,243</u>	<u>270,981</u>
Capital grants and contributions				
Police	12,547	-	-	40,645
Fire	53,895	-	-	32,015
Public works	49,920	177,912	237,338	67,387
Culture and recreation	-	343,752	10,204	407,010
Total capital grants and contributions	<u>116,362</u>	<u>521,664</u>	<u>247,542</u>	<u>547,057</u>
Sub-total governmental activities	<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	3,737,734	4,284,626	4,320,749	4,927,486
Sewer	4,101,495	4,402,653	4,370,731	4,355,444
Reclaimed water	81,351	136,685	143,461	143,390
Stormwater utility	503,745	512,366	515,598	521,977
Total charges for services	<u>8,424,325</u>	<u>9,336,330</u>	<u>9,350,539</u>	<u>9,948,297</u>
Operating grants and contributions				
Sewer	1,430,934	1,639,938	1,882,684	2,070,274
Reclaimed Water	-	-	-	-
Stormwater utility	11,574	-	-	-
Total operating grants and contributions	<u>1,442,508</u>	<u>1,639,938</u>	<u>1,882,684</u>	<u>2,070,274</u>
Capital grants and contributions				
Water	165,424	147,093	188,610	105,320
Sewer	-	-	198,896	193,560
Reclaimed water	-	-	-	-
Stormwater utility	22,386	612,528	314,563	131,322
Total capital grants and contributions	<u>187,810</u>	<u>759,621</u>	<u>702,069</u>	<u>430,202</u>
Sub-total business-type activities	<u>10,054,643</u>	<u>11,735,889</u>	<u>11,935,292</u>	<u>12,448,773</u>
Total primary government revenues	<u>\$ 13,424,587</u>	<u>\$ 15,562,958</u>	<u>\$ 15,782,210</u>	<u>\$ 16,538,428</u>

2009	2010	2011	2012	2013	2014
\$ 1,560,094	\$ 1,804,241	\$ 1,733,446	\$ 1,908,712	\$ 2,959,119	
363,440	423,425	398,236	1,061,125	845,389	
26,853	28,307	3,175	2,125	4,150	
164,295	164,824	158,097	204,281	292,481	
765,109	854,986	768,672	766,085	31,011	
421,710	412,934	456,605	461,879	495,550	
3,301,501	3,688,717	3,518,231	4,404,207	4,627,700	-
7,900	78,485	51,790	166,587	108,471	
105,565	465,407	195,725	37,617	210,665	
-	-	-	-	-	-
-	-	-	-	-	-
40,038	25,521	21,147	7,883	17,456	
153,503	569,413	268,662	212,087	336,592	-
-	88,762	-	-	-	-
24,110	-	-	-	-	-
40,952	128,451	97,385	165,442	92,098	-
24,708	141,808	314,201	-	-	-
89,770	359,021	411,586	165,442	92,098	-
3,544,774	4,617,151	4,198,479	4,781,736	5,056,390	-
4,663,749	4,211,668	4,245,229	4,473,148	5,072,280	
4,813,889	4,582,123	4,803,047	4,902,087	5,233,070	
170,284	169,077	215,908	227,865	240,313	
522,131	524,905	527,087	522,915	993,449	
10,170,053	9,487,773	9,791,271	10,126,015	11,539,112	-
1,654,741	1,622,710	1,398,268	1,230,937	701,614	
-	-	464,333	356,017	466,314	
-	-	-	-	-	-
1,654,741	1,622,710	1,862,601	1,586,954	1,167,928	-
85,749	-	-	-	-	-
91,888	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
177,637	-	-	-	-	-
12,002,431	11,110,483	11,653,872	11,712,969	12,707,040	-
\$ 15,547,205	\$ 15,727,634	\$ 15,852,351	\$ 16,494,705	\$ 17,763,430	\$ -

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
2014	\$ 4,390,540	\$ 1,321,410	\$ 862,090	\$ 6,574,040
2013	4,661,075	1,196,176	854,510	6,711,761
2012	4,538,889	1,270,726	895,727	6,705,342
2011	4,730,981	1,323,242	881,055	6,935,278
2010	5,396,402	1,436,507	953,055	7,785,964
2009	5,100,734	1,357,654	987,969	7,446,357
2008	6,061,548	1,231,639	1,030,679	8,323,866
2007	5,858,851	1,301,679	1,101,794	8,262,324
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

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
2015	\$ 20,229,720	\$ 4,768,358	23.6%
2014	17,684,110	5,485,728	31.0%
2013	16,637,400	4,391,831	26.4%
2012	18,227,000	3,937,179	21.6%
2011	16,084,690	3,986,510	24.8%
2010	16,039,040	2,750,898	17.2%
2009	17,257,820	3,166,481	18.3%
2008	17,259,300	3,792,853	22.0%
2007	16,263,310	3,237,026	19.9%
2006	13,982,440	2,236,705	16.0%

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>
2013/2014	\$ 66,035	\$ 5,221	\$ 71,256
2012/2013	83,324	7,575	90,899
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

## **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
2014	\$ 373,695,338	\$ 167,659,998	\$ 98,759,224	\$ 48,793,955	\$ 688,908,515
2013	342,573,329	165,597,184	125,423,466	47,421,246	681,015,225
2012	429,198,804	186,930,312	51,726,052	82,808,277	750,663,445
2011	479,519,975	189,713,682	52,580,818	81,188,459	803,002,934
2010	544,086,637	215,235,686	53,701,963	80,885,361	893,909,646
2009	747,513,433	250,551,385	77,487,795	62,268,461	1,137,821,074
2008	824,802,018	263,929,735	60,110,879	85,972,538	1,234,815,170
2007	733,149,185	282,929,775	56,091,692	88,329,836	1,160,500,488
2006	598,060,566	195,558,536	43,877,789	70,412,207	907,909,098
2005	452,573,077	180,319,442	32,703,195	72,033,440	737,629,154

Source: Pasco County Property Appraiser

Just Value Tangible Personal Property	Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 88,058,373	\$ 776,966,888	\$ 292,265,179	\$ 484,701,709	9.5799
99,623,513	780,638,738	279,198,147	501,440,591	9.5799
107,332,163	857,995,608	298,640,560	559,355,048	8.3877
112,965,547	915,968,481	314,969,172	600,999,309	8.1037
124,627,122	1,018,536,768	343,419,687	675,117,081	8.1037
148,375,872	1,286,196,946	455,586,702	830,610,244	6.6274
137,245,888	1,372,061,058	452,468,925	919,592,133	6.7840
146,804,416	1,307,304,904	444,616,719	862,688,185	7.0000
141,824,916	1,049,734,014	346,979,127	702,754,887	7.0000
138,212,083	875,841,237	282,995,037	592,846,200	7.0000

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	
2014	9.5799	7.3441	0.1620	7.5061	5.8570	1.5000	-	7.3570
2013	9.5799	6.8623	0.1630	7.0253	5.8410	1.5000	-	7.3410
2012	8.3877	6.3668	0.1920	6.5588	6.1440	1.5000	-	7.6440
2011	8.1037	6.3668	0.1989	6.5657	6.2670	1.5000	-	7.7670
2010	8.1037	6.3668	0.1883	6.5551	5.8400	1.5000	-	7.3400
2009	6.6274	5.4333	0.1567	5.5900	5.7080	1.5000	-	7.2080
2008	6.7840	5.4333	0.1448	5.5781	5.5220	1.5000	0.1860	7.2080
2007	7.0000	5.9880	0.1599	6.1479	5.6810	1.5000	0.2280	7.4090
2006	7.0000	6.6810	0.1936	6.8746	6.0130	1.5000	0.2850	7.7980
2005	7.0000	7.4230	0.2213	7.6443	6.0800	1.5000	0.3640	7.9440

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)
0.3818	-	-	24.8248
0.3928	-	-	24.3390
0.3928	-	-	22.9833
0.3770	0.1885	0.2600	23.0019
0.3866	0.1885	0.3200	22.5739
0.3866	0.1885	0.3600	20.0005
0.3866	0.1885	0.3701	20.1452
0.4220	0.2050	0.4000	21.1839
0.4220	0.2350	0.4000	22.3296
0.4220	0.2350	0.4000	23.2453

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
New Plan Florida Holdings LLC (Southgate Shopping Plaza)	\$ 12,912,127	1	2.66%	\$ 14,195,121	3	2.39%
Harborview Investors LLC (Harborview Trailer Park)	10,280,825	2	2.12%	9,793,593	4	1.65%
Duke Energy Florida	9,331,988	3	1.93%			
HCA Health Services of Florida	7,999,625	4	1.65%	33,901,553	1	
Verizon Communications, Inc.	7,487,276	5	1.54%	27,196,036	2	4.59%
Sunshine Lake Estates LLC	7,192,700	6	1.48%			
Pasco Richey Woods LTD	5,313,419	7	1.10%			0.00%
Orchard Ridge Nursing Center (Gulfcoast Harborside Health)	4,343,187	8	0.90%	4,706,588	8	0.79%
R-Motels, Inc.	2,882,069	9	0.59%			
Florida-LTC Inc.	2,726,596	10	0.56%	4,964,754	6	0.84%
Florida Power Corporation				8,855,904	5	1.49%
Partners of Pasco LLC				4,872,472	7	0.82%
New Port Richey Investors LLC (Clarion Hotel)				4,253,567	9	0.72%
Sweet Bay LLC (Kash & Karry)				3,770,012	10	0.64%
	<u>\$70,469,812</u>		<u>14.54%</u>	<u>\$ 116,509,600</u>		<u>13.93%</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
2014	\$ 4,643,394	\$ 4,473,225	96.34%	\$ 9,383	\$ 4,482,608	96.54%
2013	4,803,751	4,653,277	96.87%	7,788	4,661,065	97.03%
2012	4,683,698	4,537,813	96.89%	1,076	4,538,889	96.91%
2011	4,870,318	4,725,924	97.04%	5,057	4,730,981	97.14%
2010	5,470,946	5,282,446	96.55%	113,956	5,396,402	98.64%
2009	5,504,786	5,093,337	92.53%	7,397	5,100,734	92.66%
2008	6,238,513	6,054,273	97.05%	7,275	6,061,548	97.16%
2007	6,038,817	5,853,107	96.92%	5,744	5,858,851	97.02%
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%

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 Leases Payable	Redevelop-ment Bond Anticipation Note	Redevelopmt. Refunding Rev. Note Series 2005A	Redevelopmt. Revenue Note Series 2005B	Redevelopmt. Taxable Rev. Note Series 2006C	Redevelopmt. Taxable Rev. Note Series 2010	Redevelopmt. Ref Taxable Rev. Bond Series 2012
2014	\$ -	\$ -	\$ -	\$ 5,934,000	\$ 5,923,000	\$ -	\$ -	\$ -
2013	673,522	-	-	6,354,000	6,342,000	-	-	6,067,466
2012	983,068	-	-	6,757,000	6,745,000	-	-	6,436,786
2011	1,275,780	-	-	7,144,000	7,132,000	-	6,702,003	-
2010	1,552,574	-	-	7,516,000	7,503,000	-	7,000,000	-
2009	1,814,315	13,025	-	7,873,000	7,860,000	7,000,000	-	-
2008	2,061,822	38,385	-	8,216,000	8,202,000	7,000,000	-	-
2007	2,295,869	62,854	-	8,546,000	8,531,000	7,275,691	-	-
2006	2,517,187	86,463	-	8,863,000	8,847,000	7,075,691	-	-
2005	2,965,229	125,047	4,086,125	-	-	-	-	-

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

N/A - Personal income data was not available

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

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

Business-type Activities

Revenue Bonds Series 1991	Revenue Bonds Series 1996	Revenue Bonds Series 2007A	Revenue Bonds Series 2007B	Refunding Revenue Bond Series 2012	Total	Percentage of Personal Income	Per Capita
\$ -	\$ -	\$ 654,150	\$ -	\$ 7,463,443	\$ 19,974,593	N/A	\$ 1,322
-	-	1,280,550	-	7,463,443	\$ 28,180,981	0.18%	1,895
-	-	1,883,360	-	7,463,443	\$ 30,268,657	0.20%	2,038
-	-	2,461,790	7,530,000	-	\$ 32,245,573	0.21%	2,156
-	-	3,015,090	7,675,000	-	\$ 34,261,664	0.24%	2,298
-	-	3,546,110	7,815,000	-	\$ 35,921,450	0.27%	2,183
-	-	4,054,320	7,950,000	-	\$ 37,522,527	0.27%	2,260
-	-	4,446,650	-	-	\$ 31,158,064	0.23%	1,861
455,000	5,360,000	-	-	-	\$ 33,204,341	0.27%	1,995
790,000	5,515,000	-	-	-	\$ 13,481,401	0.12%	822

City of New Port Richey, Florida  
 Schedule 14  
 Direct and Overlapping Governmental Activities Debt  
 As of September 30, 2014

<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)	\$476,892,886	2.448%	\$11,674,338
City direct debt			<u>11,857,000</u>
Total direct and overlapping debt			<u>\$23,531,338</u>
Ratios:			
Overall debt to 2013 / 2014 taxable valuation		4.855%	
Overall debt per capita	\$	1,557.64	

Notes: (1) The City's share is calculated based on the ratio of the 2013 City Taxable Value of \$484,701,709 to the County's Taxable Value of \$19,799,308,362.

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
2014	\$ 1,356,940	\$ 673,522	\$ 44,098	1.89	\$ 1,121,409	\$ 7,037,359	\$ 535,596	0.15
2013	1,277,872	309,546	47,586	3.58	1,215,412	1,175,319	854,874	0.60
2012	1,210,723	292,712	64,906	3.39	1,816,481	1,084,717	856,634	0.94
2011	1,327,868	276,794	81,285	3.71	2,275,106	1,040,997	1,017,722	1.11
2010	1,432,186	261,741	96,773	3.99	3,150,770	714,000	726,481	2.19
2009	1,219,098	247,507	111,261	3.40	4,239,610	685,000	881,193	2.71
2008	1,162,320	234,047	125,418	3.23	5,324,910	952,106	1,060,726	2.65
2007	1,188,282	221,319	138,399	3.30	4,865,995	633,000	1,170,896	2.70
2006	1,178,701	448,810	156,871	1.95	3,249,430	375,000	725,469	2.95
2005	1,086,979	425,716	180,596	1.79	1,766,373	-	83,745	21.09

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

Utility Service Charges	Less: Operating Expenses	Less: Renewal and Replacement Requirement	Net Available Revenue	Revenue Bonds Series 2007A and 2012		
				Principal	Interest	Coverage
\$ -	\$ -	\$ -	\$ -	\$ 626,400	\$ 248,914	-
12,802,058	8,869,172	-	3,932,886	602,810	274,639	4.48
11,963,671	8,931,134	-	3,032,537	684,488	376,012	2.86
11,901,282	8,260,388	-	3,640,894	698,300	424,772	3.24
11,477,117	8,768,895	-	2,708,222	671,020	453,006	2.41
12,632,188	8,458,637	-	4,173,551	643,210	479,959	3.72
12,935,623	9,730,889	-	3,204,734	567,330	485,178	3.04
12,184,644	8,939,799	-	3,244,845	455,000	303,511	4.28
11,702,898	8,401,814	(5,486)	3,306,570	490,000	337,680	3.99
10,578,495	8,384,681	227,218	1,966,596	460,000	365,580	2.38

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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)
2014	15,107	479,340	N/A	N/A	N/A	68,904	7.1%
2013	14,868	473,566	\$15,679,803,000	\$ 32,975	N/A	68,107	8.6%
2012	14,849	468,562	15,209,746,000	32,318	43.8	67,151	10.5%
2011	14,959	466,533	15,157,188,000	32,479	43.7	66,657	12.4%
2010	14,911	464,697	14,405,709,000	30,944	43.6	66,994	13.3%
2009	16,454	439,786	13,497,646,000	29,177	45.6	67,143	11.1%
2008	16,604	438,668	13,960,564,000	30,263	45.4	66,778	6.3%
2007	16,747	434,425	13,398,496,000	29,539	45.0	66,314	4.2%
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%

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	2014			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%
Baycare Behavioral Health, Inc.	340	2	4.04%			
Madison Pointe Rehab & Health	186	3	2.21%	120	9	
Orchard Ridge Nursing Center	160	4	1.90%	142	5	1.69%
Med-Fleet Systems, Inc.	150	5	1.78%			0.00%
Cracker Barrel	136	6	1.62%			0.00%
Publix Supermarket #1020 (Southgate)	131	7	1.56%	149	4	
Heather Hills Nursing Home	130	8	1.55%	140	6	1.66%
Applicant Insight, Inc.	130	9	1.55%			
Southern Pines Nursing Home	128	10	1.52%	115	10	1.37%
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>2,191</u>		<u>26.05%</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

## **Schedule 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

<u>Function/Program</u>	Full-time Equivalent Employees as of September 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Legislative	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Executive	2.8	2.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Technology Solutions (1)	3.0	3.0	-	-	-	-	-	-	-	-
Human Resources	2.9	2.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Financial Administration	14.3	14.3	18.3	20.5	20.3	20.3	20.7	20.7	20.7	19.0
City Clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police										
Supervision	2.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services	13.6	12.6	11.9	11.9	11.9	9.8	10.8	10.8	10.8	12.7
Community Services	9.0	9.0	10.0	11.0	11.0	14.0	14.0	14.0	14.0	11.0
Patrol	26.7	26.7	26.9	22.9	24.9	24.9	23.9	22.9	22.9	20.8
Code Enforcement	1.0	1.0	1.0	2.0	4.5	4.5	4.5	4.5	4.5	3.0
Code Enforcement-Grant Funded	1.0	1.0	-	-	-	-	-	-	-	-
Red Light Cameras (2)	2.0	-	-	-	-	-	-	-	-	-
Fire										
Supervision	3.0	2.7	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inspection	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Firefighting	23.8	21.8	23.6	25.6	22.1	22.1	23.2	23.3	22.9	20.7
Development										
Development Department	7.0	7.0	7.0	-	-	-	-	-	-	-
Redevelopment										
Economic Development	2.0	-	-	-	2.0	2.0	4.4	5.8	6.4	2.2
Development Department	-	-	-	9.0	10.0	10.0	9.0	9.0	8.0	8.5
Public Works										
Supervision	4.0	4.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Road and Street Facilities	7.0	7.0	7.0	7.0	7.0	8.0	9.0	9.0	9.0	9.5
Water Production	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water Distribution	12.0	10.0	10.8	10.8	10.0	10.0	10.0	9.0	9.0	9.1
Water Pollution Control	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Sewer Collection	8.0	8.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Reclaimed Water Production	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Stormwater	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central Garage	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Culture and Recreation										
Library	13.9	13.9	14.8	15.3	15.8	15.8	15.3	15.3	14.2	14.7
Playgrounds and parks	16.8	16.8	15.8	16.8	17.8	17.8	20.7	17.9	17.7	17.9
Aquatics	5.3	5.3	6.3	6.3	6.4	6.2	7.8	4.5	1.6	4.3
	<u>214.6</u>	<u>205.0</u>	<u>210.2</u>	<u>213.1</u>	<u>218.7</u>	<u>220.4</u>	<u>229.3</u>	<u>222.6</u>	<u>217.5</u>	<u>209.4</u>

Source: City of New Port Richey Accounting & Budgeting Division

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

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

<u>Function/Program</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Police</b>										
Calls for service	27,274	19,471	19,664	22,253	25,370	28,772	30,176	30,346	29,519	27,545
Physical arrests	884	761	631	911	874	1,151	1,168	1,086	996	815
Parking violations	5	4	8	51	45	37	166	32	54	93
Traffic violations	2,048	1,211	1,187	2,560	2,350	2,911	3,644	4,005	4,037	3,612
<b>Fire</b>										
Emergency responses	3,921	3,753	3,972	3,563	3,385	3,483	3,348	3,479	3,514	3,386
Fires extinguished	46	47	52	68	64	50	47	65	67	31
Inspections	1,088	1,155	1,124	1,086	1,616	1,181	1,088	1,137	924	773
<b>Development services</b>										
Building permits	1,665	1,502	1,376	1,175	1,278	1,116	1,247	1,519	1,663	1,852
Building permit amount	14,606,289	18,606,369	12,090,800	6,092,700	10,575,127	28,810,687	11,688,390	20,294,509	37,582,321	47,005,034
<b>Public works</b>										
Street resurfacing (miles)	-	-	-	4.050	4.866	0.658	-	-	2.0	-
<b>Recreation</b>										
Daily attendance (1)	280,521	275,952	257,650	257,643	220,361	345,000	330,960	208,000	-	-
Memberships	2,254	1,768	1,531	1,674	1,648	2,034	1,542	1,478	1,618	1,044
Swimming pool admissions (2)	-	-	-	-	-	-	-	-	-	5,537
<b>Library</b>										
Attendance (3)	471,581	488,847	517,655	443,211	422,388	-	-	-	-	-
Volumes in collection	141,152	113,859	97,134	95,467	80,116	83,596	82,168	130,478	120,087	114,680
Total volumes borrowed	652,164	323,256	339,504	395,630	349,679	236,034	214,873	229,237	212,855	172,470
<b>Water</b>										
New connections	13	459	(260)	22	7	22	50	45	(13)	128
Avg.daily consumption(MG)	5.20	5.13	4.91	3.35	3.84	5.00	3.16	3.34	3.45	3.33
<b>Sewer</b>										
New connections	8	893	(1,040)	7	12	19	20	18	(24)	153
Average daily flow (MG)	5.133	4.963	5.161	4.856	5.605	5.254	5.657	5.439	5.575	5.559
Miles of new sewer lines	-	0.610	-	-	-	2.038	-	-	0.34	0.02
<b>Reclaimed water</b>										
New connections	224	9	(2)	5	5	(8)	51	27	31	69
Avg.daily consumption(MG) (Pasco County & City)	5.133	4.867	4.389	4.856	5.605	5.254	5.657	5.439	5.575	5.497
Avg.daily consumption(MG) (City only)	2.267	2.182	1.273	1.168	0.664	0.919	1.002	1.222	0.897	0.735

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</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	80.53	80.53	75.72	75.72	71.25
Streetlights	2,718	2,714	2,704	2,704	2,704	2,689	2,679	2,679	2,679	2,647
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	158.50	158.50
Baseball fields	-	-	-	-	-	-	-	-	-	4
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	139.56	139.56	138.86	138.86	138.70	138.70	137.20	137.20	137.20	136.14
Fire hydrants	669	669	660	657	657	657	657	657	651	651
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	16,505	16,492	16,033	16,293	16,271	16,264	16,242	16,192	16,147	16,160
Wastewater										
Number of connections	13,580	13,572	12,679	13,749	13,742	13,730	13,711	13,691	13,673	13,697
Sanitary sewers (miles)	84.77	84.77	84.46	84.46	84.46	84.46	84.39	84.39	84.39	84.01
Forced Main (miles)	29.25	29.25	29.20	29.20	29.20	29.20	27.23	27.23	27.23	26.12
Treatment capacity (MG)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Reclaimed water										
Reclaimed lines (miles)	29.00	28.12	17.83	16.98	16.89	16.89	16.89	16.89	16.89	14.79
Number of connections	496	272	263	265	260	255	263	212	185	154

Notes:

N/A = not available  
MG = million gallons

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

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**Independent Auditor's Report on Internal Control Over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2015.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (Findings 2014-04, 2014-05, 2014-08, 2014-09, and 2014-10).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies (Findings 2014-01, 2014-02, 2014-03, 2014-06, and 2014-07).



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### **Compliance and Other Matters**

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

### **The City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Mayer Hoffman McCann P.C." The signature is written in a cursive, flowing style.

July 31, 2015  
Clearwater, Florida

## Schedule of Findings and Responses

### Finding 2014-01: Cash Account Balance

#### *Significant Deficiency*

**Condition:** During the year-end audit procedures, it was noted that the City had a cash account specifically for red light camera citations, which was not recorded to the general ledger. This account had approximately \$1.2 million of activity during the year.

**Criteria:** All cash accounts in the name of the City should be recorded on the general ledger, as well as all activity.

**Cause of Condition:** Lack of internal controls to ensure all cash accounts are recorded to the general ledger.

**Potential Effect of Condition:** Since the collection of red light camera citations are initially deposited to the unrecorded cash account and then electronically transferred to a cash account recorded in the General Fund, the above condition could potentially result in an understated cash balance.

**Recommendation:** It is the responsibility of the Finance Department to ensure proper internal controls are in place to reconcile and record all cash accounts to the general ledger.

**Management's Response:** The City has changed its policy and will now make entries to Red Light Camera Revenue at the point that they are shown as deposited into the Red Light Camera Holding Account. A bank account has been entered into the accounting system and reconciliations will be done in a timely fashion.

### Finding 2014-02: Debt Covenant

#### *Significant Deficiency*

**Condition:** During the course of the audit, it was noted that the City was not monitoring its compliance with debt covenants.

**Criteria:** The City should be monitoring debt covenants to ensure compliance with its covenants.

**Cause of Condition:** Lack of calculation and monitoring of compliance with debt covenant requirements by the Finance Department.

**Potential Effect of Condition:** Non-compliance with debt covenants.

**Recommendation:** Debt covenant calculations should be performed and monitored by the Finance Department to ensure compliance with debt covenant requirements.

**Management's Response:** Regarding the calculations to be made to ensure that revenues are sufficient to meet the criteria in the 2012 Water and Sewer Refunding Revenue Bond, the City has complied with the bond covenants and will continue to monitor their calculations. In order to resolve differing opinions of the methodology that should apply to certain non-operating transfers and also to the proper selection of adjustments for non-cash items, the compliance department of the issuing bank was contacted and advice was taken from them regarding the calculation to be made. The City has adopted the methodology and will use in the calculation of compliance in the future.

### **Finding 2014-03: Bank Reconciliations**

#### ***Significant Deficiency***

**Condition:** Per examination of bank reconciliations as of fiscal year end, it was noted that several miscellaneous debit and credit items were included in the bank reconciliations, but were not being properly recorded to the general ledger. There were several reconciling items that were over a year old and certain items that were shown as reconciling items, but shouldn't have been. The process by the Finance Department was to place items in a suspense account. Finally, a review was being performed by a separate individual in the Finance Department; however, the review process was not adequate.

**Criteria:** Bank reconciliations should be properly prepared, reviewed, and approved on a monthly basis.

**Cause of Condition:** Lack of proper review and approval of bank reconciliations.

**Potential Effect of Condition:** Misstatement of account balances at year-end.

**Recommendation:** It is the responsibility of the Finance Department to ensure internal controls are in place to properly review bank reconciliations and reconcile such on a monthly basis.

**Management's Response:** Management agrees with finding and recommendation is accepted and will be remedied.

### **Finding 2014-04: Review of Journal Entries**

#### ***Material Weakness***

**Condition:** As a result of the audit, numerous entries were identified to have been posted incorrectly in the prior and current fiscal year, resulting in prior period audit adjustments and current period audit adjustments. A proper review was not being done over journal entries.

**Criteria:** Journal entries should be supported by relevant documentation and properly reviewed and approved by the Assistant Finance Director or the Finance Director. In addition, all approved entries should be properly recorded in the correct period.

**Cause of Condition:** Lack of support and proper review and approval of journal entries.

**Potential Effect of Condition:** Misstatement of various account balances occurred, which resulted in current year and prior period audit adjustments.

**Recommendation:** It is the responsibility of the Finance Department to safe-keep all documents to support journal entries and ensure internal controls are in place to properly review and approve journal entries and ensure such entries are recorded in the proper period.

**Management's Response:** As an immediate action, all journal entries are being reviewed by the Finance Director. It is the top priority of the department to improve the procedures relating to the timing of Journal entries, the appropriateness of reversing entries and the implementation of the new electronic reporting platform will require the sign off of a qualified reviewer for all journal entries that are manually created.

## **Finding 2014-05: Financial Reporting**

### ***Material Weakness***

**Condition:** During our year-end audit procedures, it was noted that sufficient internal controls were not in place to prevent, detect, or correct errors that could impact the accuracy of financial results. As a result, several proposed prior period and current period adjustments were made. Additionally, the closing process resulted in several post-closing entries and the preparation of the CAFR was not completed for 9 months after September 30, 2014 fiscal year end.

**Criteria:** The City should implement sufficient controls, which allows the proper review and monitoring of account balances and funds on a periodic basis to detect errors that could impact the accuracy of financial results. Additionally, financial statements should reflect existing business circumstances and economic conditions in accordance with adopted accounting policies.

**Cause of Condition:** The condition above is attributed to inadequate resources well-versed in accounting and the reconciliation process and insufficient controls in place to prevent, detect, or correct errors.

**Potential Effect of Condition:** Financial statements may not reflect existing business circumstances and economic conditions in accordance with adopted accounting policies.

**Recommendation:** Sufficient procedures should be implemented to allow proper monitoring, reconciliations, and review of account balances and funds. Individuals should be well-versed in accounting and the reconciliation process. They should be assigned specific responsibilities and held accountable. Additionally, adequate supervision and review procedures should be made by management in a timely manner to identify any corrections of an error in the proper period and prevent delays in preparation of the CAFR.

**Management's Response:** Management concurs and is taking steps to reassign duties to provide fair and appropriate work loads and achievable expectations.

## **Finding 2014-06: Investment Policy**

### ***Significant Deficiency***

**Condition:** The City is not in compliance with its investment policy as it is not monitoring its investment policy.

**Criteria:** The City should have an investment policy for any public funds in excess of amounts needed to meet current year expenses as provided per Section 218.415, Florida Statutes, Subsections (1) – (16) or the alternative investment guidelines in Subsection (17). In addition, the policies should place the highest priority on the safety of principal, liquidity of funds, and investment returns. Policies should be adopted that are adequate for the nature and size of the public funds in custody.

**Cause of Condition:** The City is not monitoring compliance with said investment policy in accordance with the rules of the State of Florida Auditor General.

**Potential Effect of Condition:** Failure to meet the investment compliance requirement of the State of Florida Auditor General.

**Recommendation:** The City should update the investment policy to agree to the City's financial position, taking into consideration any upcoming changes in investments and ensuring proper internal control procedures are in place to allow compliance with the updated policy in accordance with Section 218.415, Florida Statutes.

**Management's Response:** The City has been systematically updating all of its ordinances to improve the delivery of services. The existing investment policy will be revisited and changes that promote more secure investment will be recommended. The City will be changing its banking provider and will identify and forward to the City Council recommendations to consider.

#### **Finding 2014-07: Reconciliation of Fund Balance**

##### ***Significant Deficiency***

**Condition:** As a result of the audit, it was identified that beginning fund balance for the Water and Sewer Fund did not reconcile to the prior year audited ending fund balance.

**Criteria:** Beginning of year fund balance should reconcile with the prior year ending fund balance.

**Cause of Condition:** The City was unable to determine why fund balance did not reconcile.

**Potential Effect of Condition:** An adjustment was posted to reconcile fund balance.

**Recommendation:** The Finance Department should perform a timely review of beginning fund balance and ensure the balances agree to the prior year audited financial statements.

**Management's Response:** Management agrees and the City Manager will be provided a year end update within the first two months after each year end. The City Manager will hold the Finance Department responsible for the corrective actions required to eliminate departures from best practices.

#### **Finding 2014-08: Decline in Value of Community Redevelopment Agency (CRA) Property**

##### ***Material Weakness***

**Condition:** The Community Redevelopment Agency's (CRA's) property held for resale was appraised by the Property Appraiser's Office and a decline in the value of the property, totaling approximately \$2.3 million, was identified. The decline was due to the demolition of several structures on these parcels in previous years. Total value was remeasured and a prior period adjustment was posted.

**Criteria:** The CRA's property held for resale should be actively marketed and valuation of property recorded at net realizable value.

**Cause of Condition:** Lack of monitoring and timely valuation of the CRA's property held for resale.

**Potential Effect of Condition:** A decline in the value of the property occurred, which resulted in a prior period adjustment of approximately \$2.3 million.

**Recommendation:** The CRA's property held for resale should be monitored, actively marketed, and valued based on net realizable value.

**Management's Response:** Strategic properties held by the CRA for the purpose of redevelopment must meet the criteria set out in the CRA plan in any marketing effort. The timing of the devaluation of real estate caused the city to suspend active efforts as the funding of the CRA and the lack of options that were acceptable to the City and the CRA caused delays in locating any interested parties who desired to develop CRA properties.

#### **Finding 2014-09: Redevelopment Fund Properties**

##### ***Material Weakness***

**Condition:** An adjustment was made to fund balance at the fund level to record three properties purchased by the community redevelopment fund and held for resale. These properties were being recorded in the government- wide capital assets. Amounts resulted in a prior period adjustment to record said properties in the proper fund. Additionally, properties had to be remeasured to net realizable value.

**Criteria:** Redevelopment properties held for resale should be recorded in the correct fund and evaluated on an annual basis to ensure they are being reported properly in regards to the City's intent.

**Cause of Condition:** Untimely recognition and recording of properties held for resale at the fund level by the Finance Department.

**Potential Effect of Condition:** The above condition resulted in the unrecorded assets (properties held for resale) at the fund level in the correct period, which resulted in a prior period adjustment.

**Recommendation:** The Finance Department should record properties purchased by the redevelopment fund at the fund level and appropriately value such properties in a timely manner.

**Management's Response:** The management agrees and brought up the issues early on in the audit process.

#### **Finding 2014-10: Water and Sewer Fund Prior Period Adjustment**

##### ***Material Weakness***

**Condition:** Due to incorrect billings and improper recording of transactions in the previous year within the Water and Sewer Fund, the beginning net position of the respective fund has been restated in the amount of \$232,753.

**Criteria:** Billings generated under the Water and Sewer Fund should be correctly billed and properly recorded in the accounting system in a timely manner.

**Cause of Condition:** Lack of proper and timely review of billings and recorded transactions by the Finance Department.

**Potential Effect of Condition:** Misstatement of beginning net position and other related account balances.

**Recommendation:** The City should enhance controls to prevent incorrect billings or inaccurate information within the Water and Sewer Fund. Additionally, proper and timely review of recorded transactions should be performed by the Finance Department.

**Management's Response:** All bulk billing now require Finance Director review and written approval. Management agrees.

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### **Independent Auditor’s Management Letter**

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

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

We have audited the financial statements of the City of New Port Richey, Florida (the “City”) as of and for the year ended September 30, 2014, and have issued our report thereon dated July 31, 2015.

#### **Auditor’s Responsibility**

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

#### **Other Reports and Schedule**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated July 31, 2015, should be considered in conjunction with this management letter.

#### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken to address MLC 2013-03, *Water and Sewer Fund – Delinquent Utility Customer Turn-off Procedures*. MLC 2013-01 (also MLC 2012-01), *Water and Sewer Fund – Customer Receivable Reconciliation*, has been partially addressed. MLC 2013-02 (also MLC 2012-02), *Water and Sewer Fund – Calculation of Wholesale Customer Monthly Billings*, has been escalated to a material weakness and is a part of Finding 2014-10, *Water and Sewer Fund Prior Period Adjustment*.

#### **Official Title and Legal Authority**

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

### **Financial Condition**

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 210.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, this was not available at the time of our audit and we were unable to perform said procedure.

### **Other Matters**

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Please see Appendix A, *Summary of Findings and Recommendations*.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that may have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we had a noncompliance issue with the investment policy in accordance with requirements set forth in Section 218.415, Florida Statutes, applicable to the City during the year ended September 30, 2014.

### **Purpose of this Letter**

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

A handwritten signature in blue ink that reads "Mayor Hoffman McCann P.C." The signature is written in a cursive, flowing style.

July 31, 2015  
Clearwater, Florida

## Appendix A

### *Summary of Findings and Recommendations*

#### **Off-Duty Billing**

**Comment:** During the course of our audit, we identified off-duty billings, which encompass security services performed by off-duty officers for certain companies or events, that were not being followed through for collection on outstanding balances by the City.

**Recommendation:** The City should implement controls, which will allow the review and timely follow up of outstanding billings and address collection efforts.

**Management's Response:** The accounting department is committed to a full review of the procedures in place regarding the proper reporting of the codes and third party contractors of the off-duty services of the Police Department. Invoices will be sent to all who have received these services to avoid loss of revenue. The City has dedicated an accountant position that will interface with the Police Department on these security services.

#### **Close-out of Capital Improvement Projects**

**Comment:** During the course of the audit, the City appeared to be closing-out capital improvement projects prior to completion date.

**Recommendation:** It is the responsibility of the Finance Department to communicate with other departments within the City to ensure that capital improvement projects are closed-out when substantially complete.

**Management's Response:** The City is taking action to reinstitute the Purchasing Department. Through improved management of the accounting for construction contracts and with the support of a new Electronic Processing Platform (ERP) that will provide the ability to close-out capital improvement projects as they occur, this issue will be resolved. Care will be taken in the current year to correct this deficiency.

#### **Improper Utility Rates Billed**

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

**Recommendation:** The City should review all utility rates and ensure that the effective rates disclosed in Ordinance No. 2014-2030 for utility services are being charged. During the implementation of the new software in the next fiscal year, the City should also review and revise, accordingly, all customer and rate data to eliminate, or at least minimize, any potential errors.

**Management's Response:** The City will review this comment and make sure that the mathematical calculation of its rates for Fiscal Year 2015 agrees. This comment may reflect a difference in the number of decimal spaces applied in the mathematical calculation and will be investigated.

### **Inconsistent Rates between Ordinance and Billing System**

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

**Recommendation:** The City should revise the ordinance with the correct rates.

**Management's Response:** The City has resolved much of the confusion surrounding the rates identified in the ordinance. City Council approved the new rate tables that help to synchronize the effective dates of the various rate tables in the ordinance in an effort to improve understanding by those who refer to it for the rates. The City publishes a rate schedule every year which incorporates the 4% increase that is built into the rates which is the most common source of reference for customers. Unless the City determines to adopt changes to the rate schedule every year, rates will not generally conform to the charts as the ordinance provides for the annual 4% increase. The comment regarding reclaimed water is noted and the issue will be addressed.

### **Code Enforcement Fines**

**Comment:** During the course of the audit, it was noted that the City had not followed up with code enforcement policies and procedures to collect non-compliance fines due over a year. This amount totaled approximately \$438,000 and has been fully allowed for as of year-end.

**Recommendation:** The City should enforce compliance with the code enforcement policies and procedures and make efforts to collect on code enforcement fines in accordance with Section 162.01-162.13, Florida Statutes.

**Management's Response:** The City has coordinated with its debt collection service for the eventual referral of all outstanding cases and has addressed this issue publicly at the City Council level. Changes were made within the ordinance to allow for these collection efforts to take place. Changes were also made to the ordinance to allow the Finance Director to reduce charges and penalties in cases that have become excessive when compared to the property values being charged. An amnesty program is underway and this issue will be addressed with full force by the accounting department.

### **Special Assessments – Government-Wide**

**Comment:** During the course of the audit, it was noted that the City did not record special assessments at the government-wide level.

**Recommendation:** Proper controls for financial statement presentation should include review of the accuracy and completeness of the GASB 34 conversion entries at the government-wide level by the Finance Director.

**Management's Response:** Management agrees.

### **Unrecorded Unbilled Revenues**

**Comment:** During the course of the audit, it was noted that the City did not accrue for unbilled water/sewer retail receivables.

**Recommendation:** The City should develop internal controls, which consist of personnel well-versed in accounting and the billing process to allow for proper monitoring and timely recording of the unbilled revenues and related accruals.

**Management's Response:** Management agrees.

### **Recognition of Accounts Receivables and Revenue**

**Comment:** During testing of governmental accounts receivables and revenues, transactions were identified that did not meet the availability criteria. Revenues are generally considered available when they are received in cash in the current period (unless legally restricted to some future period) or when earned or expected to be collected soon enough after year-end to pay liabilities of the current period.

**Recommendation:** The City should enhance internal controls to mitigate improper recognition of accounts receivables and revenues.

**Management's Response:** The City agrees and will enhance the internal controls as recommended.

### **Data Conversion – High**

**Comment:** The City is implementing a new financial system during fiscal year 2015. During this implementation, radio transmit water meters will be installed to replace the current manually read water meters. The City has hired a contractor to assist with normalizing the data for the conversion. The contractor has created a database for this purpose which is owned by the City and resides on a server built by the IT Department. The database pulls in meter information from SunGard, meter change data from Alternative Utility Services, meter read data from Sensus, and property information from the County Property Appraiser to be normalized. This data normalization consists of eliminating duplicate meters, typos, meters that do not exist, incorrect meter reads, etc.

The contractor is identifying data anomalies and working directly with the Billing department to ensure data is as accurate as possible. After the data has been normalized, it will then be uploaded into the new finance system and used going forward. This new database is not intended to be used beyond the implementation of the new system and will be decommissioned and used for backup when the new system is in place. The data normalization process is currently approximately 25% complete.

Data normalization is an extensive project where all data changes should be mapped, documented, and approved before the start of the project. Support documentation should be maintained verifying users have reviewed and validated the data prior to conversion.

A data conversion that is not adequately controlled may threaten the accuracy and integrity of data stored in the new system. If data changes are not appropriately tracked, data could be lost or incorrectly altered impacting revenue.

**Recommendation:** The Utilities department should document reconciliation and mapping procedures for the data conversion. All data cleansing and changes should be closely tracked in order to support the water meter data in the new system.

**Technology Solutions Response:** Concerns were reviewed with the Finance department.

**Management's Response:** Copies of all source data imported in the new system from the AUS files, Sun Gard (SG) exports and Sensus reads are maintained. All changes to final reads are made in a duplicated field so as not to ever lose the original value. All SG meter number changes are reconciled with every new SG export and the original SG meter number from AUS is always kept in a duplicate field. With every refresh of the SG data, the previous copy is kept in a time stamped table on the date it was decommissioned and the new list is reconciled against the data from AUS. If the City ever wants to retrieve incorrect values that are known to have been bad in the past, copies of the source files sent by AUS are always available.

In terms of user review, this is accomplished by the billing and collection system on a constant basis. This allows data review and correction of every set of mapped reads.

In summary, not only does the City have copies of everything imported, but copies of imported tables and modified values are also saved. Constant user review of the data is performed, instead of only at the time of conversion. Above and beyond that, the City actively looks for issues by analyzing data *en masse* and seeking out hard-to-find anomalies.

### **User Access Provisioning – High**

#### **Comment:**

**New Hires:** When an employee is hired by the City, request for access is communicated through emails to the IT department from the new employee's supervisor. The City's IT department will then create internal network accounts (i.e. email, Active Directory, etc.) based on the information provided by the new employee's supervisor. If the user requires access to the financial system, the Technology Solutions (T.S.) Director will forward a request to SunGard who provisions access within the financial system. Once the new financial system is implemented, the provisioning of users will be the responsibility of the City's IT department.

**Terminations:** When an employee leaves his or her position at the City, notification of termination is sent through email or communicated in person to the Technology Solutions Director. The IT department will then disable the user's internal network accounts immediately. The Technology Solutions Director will then forward a request to SunGard to remove the access.

As all documentation of provisioning requests is via email, there is no formal method for validating approvals or tracking user provisioning requests. Although the City currently owns a ticketing system, which has the capacity to track new hires, terminations, and any changes to employee access, its functionality is not being utilized.

As the current provisioning processes are informal and undocumented, there is an increased risk that access will be inappropriately granted or create a lack of segregation of duties.

**Recommendation:** IT should enforce the use of the City's ticketing system to track new hires, terminations, and personnel departmental changes. This will become increasingly important with the implementation of the new financial system, which will make security administration the responsibility of the City's IT Department and no longer that of a third party.

**Technology Solutions Response:** In previous years, user rights and requests came to the department verbally, on handwritten pieces of paper and sometimes by email. The Technology Solutions department deployed a ticketing system in this fiscal year for items such as user requests, user rights and permissions.

This ticketing system is new to staff and T.S. is directing users to utilize this system. In the month of August, T.S. will permanently require all user service requests and new user requests to be logged through the ticketing system.

**Management's Response:** Management concurs.

### **Firewalls – High**

**Comment:** The City has firewalls in place to protect its network from unauthorized access. However, the IT department does not have a process for regularly monitoring the firewall activity and escalating unusual events. Firewalls are a standard practice network security tool designed to prevent unauthorized access to a system. By not reviewing critical activity and responding to unusual events, the City is increasing its security risk and can be subject to hacking and other network vulnerabilities.

**Recommendation:** With the implementation of the new financial system, the City will have more servers and data residing within its domain. Therefore, firewalls should be actively monitored by the IT department or a third party in order to maintain a reasonable level of security. Alerts for critical events should be enabled and any changes or updates to the firewall should be tracked in the ticketing system.

**Technology Solutions Response:** The Technology Solutions department recognizes the same threat and put the funds in the 2014/2015 budget to move forward with replacement of 2 new firewall switches, allowing for additional capabilities for monitoring and many other resource tools. These new firewalls will be deployed by the end of the current year.

**Management's Response:** Management concurs.

### **Passwords – Medium**

**Comment:** All City employees must have a password to log in to their network accounts on their computers. Password length and age are configured within Windows, however the City does not enforce password complexity. Password complexity means that the password must include certain criteria such as a capital letter, number, or non-alphanumeric character and is considered more secure than a non-complex password.

As the City's current password policies do not enforce password complexity, user passwords are not as secure as they could be. This creates an increased security risk of susceptibility to hacking and vulnerabilities. As the City moves on to new systems and implements new technologies, it is critical that password policies be strengthened in order to protect their systems from unauthorized access.

**Recommendation:** Windows password complexity should be enforced. The City should have password policies in place that include a requirement for password complexity.

**Technology Solutions Response:** Currently, the City does not enforce complex passwords. This is a threat that Technology Solutions has identified and is working to train users on. Once staff training in each department has been completed, the City will elevate the level of password complexity requirements. Now that both staff positions in IT are filled, these trainings will be scheduled.

**Management's Response:** Management concurs.

### **Physical Security – Medium**

**Comment:** The City's servers reside at City Hall with backup servers and media located at the Recreation Center. Access to the server room at the Recreation Center is available to several recreation center employees that do not have IT job responsibilities. Allowing excessive access increases the risk of accidental or malicious damage to or theft of computer equipment and removable media.

**Recommendation:** With the implementation of Tyler Technologies, additional servers, databases, and media will be located within the City's facilities. Therefore, the City should restrict access to the server rooms to allow only the IT department personnel access.

**Technology Solutions Response:** The Technology Solutions department is working in conjunction with the Recreation Center to secure the server room and limit access to only authorized personnel. Access has been limited to IT staff and the Recreation Center Director and Manager.

**Management's Response:** Management concurs.

### **Security Policies – Low**

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

**Recommendation:** The IT department should create policies and procedures that address topics such as passwords, access provisioning, physical security, firewalls, and database and operating system security standards. These policies and procedures should be periodically reviewed and updated as needed.

**Technology Solutions Response:** The Technology Solutions department is redrafting IT policies and procedures, however it is not ready for deployment to the users at this time. Once the final draft has been approved, the new policies and procedures will be provided and training will take place.

**Management's Response:** Management agrees.



**Mayer Hoffman McCann P.C.**  
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### **Independent Accountant's Report**

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

We have examined the City of New Port Richey, Florida's (the "City") compliance with requirements set forth in Section 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

Our examination disclosed the following material noncompliance with requirements set forth in Section 218.415, Florida Statutes, applicable to the City during the year ended September 30, 2014. The City is not in compliance with certain requirements of its investment policy.

In our opinion, except for the material noncompliance described in the third paragraph, the City has complied in all material requests with the aforementioned requirements for the year ended September 30, 2014.

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July 31, 2015  
Clearwater, Florida



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