

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

CITY OF PORT RICHEY, FLORIDA

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2013

CITY OF PORT RICHEY, FLORIDA

**Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2013**

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

City of Port Richey, Florida
Listing of City Officials

Council – Manager Form of Government

As of September 30, 2013

Elected Officials

Mayor – Councilor	Eloise Taylor
Vice Mayor – Councilor	William Colombo
Councilor	Nancy Britton
Councilor	Steven O’Neill
Councilor	Terrence Rowe

Appointed Officials

City Manager	Thomas O’Neill
City Attorney	Joseph A. Poblick

Department Directors

Fire	Timothy Fussell
Police	David Brown
Public Works	Thomas O’Neill
Public Utilities	Thomas O’Neill
Building Official	Bill Golberg
City Clerk	Tammy Schuck
Finance Director	Pam Zeigler

INTRODUCTORY SECTION

CITY OF PORT RICHEY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

September 30, 2013

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL

CITY OF PORT RICHEY

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



March 7, 2014

Honorable Mayor and City Council
City of Port Richey, Florida

The Comprehensive Annual Financial Report of the City of Port Richey, Florida, for the fiscal year ended September 30, 2013 is hereby submitted in compliance with Florida law. The staff of the Finance Department prepared this Comprehensive Annual Financial Report with assistance from other departments. The responsibility for both the integrity of the data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City’s management. The report summarizes the City’s financial position and results of operations for its citizens, the City Council, the financial community and any other persons interested in the financial affairs of the City of Port Richey. All data is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We have included all necessary disclosures to enable the reader to gain the maximum understanding of the City’s financial activity.

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

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

- Section I:** Introductory Section

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

- Section III:** Statistical Section

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

The financial section of the report contains the government-wide financial statements, the fund financial statements – governmental funds and proprietary funds, notes to the financial statements, required supplementary information and other supplementary schedules which present fairly the financial position and results of the operations for the fiscal year ended September 30, 2013. These statements are divided into four parts.

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

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

THE REPORTING ENTITY

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

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

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

LOCAL ECONOMIC CONDITION AND OUTLOOK

The City has been affected by the decline in property values that has continued into fiscal year 2013 and the impact that it has had on the City's revenue sources. The City is continuing to develop programs through the use of funds available in Port Richey Community Redevelopment Agency (CRA) to promote redevelopment and improve the community's economic condition and outlook.

MAJOR INITIATIVES

An initiative that was begun in fiscal year 2011 that continued into fiscal year 2013 is the revitalization the City's financial well being. The City ended fiscal year 2010 with a deficit balance of \$342,617 in the Governmental Activities Unrestricted Net Assets and a deficit balance of \$867,969 in the Business-type Activities Unrestricted Net Assets. Additionally, the Water and Sewer Fund had an overall loss of \$154,989 in fiscal year 2010 and a history of many years of continued losses. Through initiatives

such as a Water and Sewer utility rate increase that took effect December 15, 2010, the re-instatement of the Electric Utility tax that went into effect January 1, 2011, and the ability to utilize Red Light Cameras for all of fiscal years 2011 and 2012 and for a portion of 2013, the City has been able to considerably improve upon its financial position. As of September 30, 2013, the Governmental Activities Unrestricted Net Position had a positive balance of \$1,057,613, and the Business-type Activities Unrestricted Net Position had a positive balance of \$551,908. A new rate structure for the City Water and Sewer Utility was adopted on October 15, 2013 which will help increase the fund balance. Additionally, and just as important, the Water and Sewer Fund had an overall profit of \$47,567 for the 2013 fiscal year.

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

Another indicator of the significant improvement that has been achieved in the City's financial condition is that the General Fund Unassigned Fund Balance has been increased to \$1,627,157 as of September 30, 2013. The General Fund Unassigned Fund Balance is that portion of the fund equity that is available to pay for the on-going activities of the City.

The City also made improvements totaling \$672,000 during fiscal year 2013 to the water distribution system and wastewater collection system. Additional capital improvements to the Water and Sewer system are planned in the City Five-Year Capital Improvements Program.

FINANCIAL INFORMATION

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

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

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

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

BUDGETING CONTROLS

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

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

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

ENTERPRISE OPERATIONS

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

WATER AND SEWER FUND

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

A summary of key financial operating results of the Water and Sewer Fund for the fiscal years ended September 30, 2013 and 2012 are as follows:

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues	\$3,010,883	\$2,935,362	\$ 75,521	2.6 %
Operating Income (Loss)	\$ 181,221	\$ 487,323	\$ (306,102)	(62.8) %

As previously mentioned, the City Council approved a much needed water and sewer rate increase during fiscal year 2010 that became effective with the December 15, 2010 billing. The rate increase was projected to result in Water and Sewer revenues of approximately \$3,000,000. As presented above, the actual annual revenues for fiscal year 2013 were \$3,010,883; an increase of approximately \$769,000 over 2010 revenues. The rate increase has been structured using a tiered approach which is intended to increase the cost to larger volume users. Also, new base rates have been implemented that are billed to all customers, regardless of whether any usage has occurred during the billing period. This fee structure is intended to target customers that do not consume any water during a portion of the year but yet the City continues to incur the cost of making water available to these customers. The City completed a rate analysis in 2013 and adopted a new rate structure in October 2013.

DEBT ADMINISTRATION

Revenue Bonds Payable, Series 2005C: On July 12, 2005, the City issued \$1,155,000 of bonds through the Florida Municipal Loan Council for the purpose of advance refunding a portion of the Revenue Bonds Payable Series 2000A. As a result, \$1,055,000 of the Revenue Bonds Payable Series 2000A had been defeased and were paid-off on April 1, 2010 from the amount being held in escrow. The 2005C Bonds were issued to reduce the City's overall interest costs. The balance outstanding on the Revenue Bonds Payable, Series 2005C as of September 30, 2013, is \$820,000

The City is required to appropriate in its annual budget and set aside amounts of non-ad valorem revenues sufficient to satisfy the repayment obligations of the Bonds. Non-ad valorem revenues consist of all revenues and taxes from any source other than ad valorem tax on real and personal property.

Revenue Bonds Payable, Series 2005D: On September 23, 2005, the City issued \$4,545,000 of bonds through the Florida Municipal Loan Council for the purpose of refunding the remaining amount due on the Water and Sewer Revenue Bonds, Series 1994, in the amount of \$1,240,000 and to provide \$3,305,000 of funding to construct water and sewer improvements. The bond refunding was undertaken to reduce the City's overall interest costs. The balance outstanding on the Revenue Bonds Payable, Series 2005D as of September 30, 2013 is \$2,770,000.

The City is required to appropriate in its annual budget and set aside amounts of non-ad valorem revenues sufficient to satisfy the repayment obligations of the Bonds.

Revenue Note, Series 2010: On July 28, 2010, the City entered into a loan agreement to borrow \$203,487 for the purpose of financing the acquisition of real estate located within the City's Community Redevelopment Agency (CRA) district. The loan is secured by the incremental tax revenues of the CRA fund. The balance outstanding on the Revenue Note, Series 2010 as of September 30, 2013 is \$146,154.

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

PERSPECTIVE

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

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

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

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

INDEPENDENT AUDIT

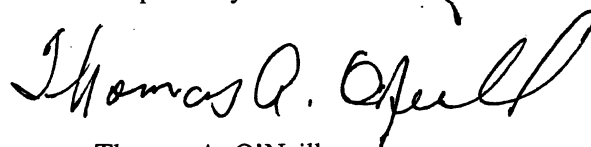
The Florida Statutes and the City's Charter require an annual audit of the books of accounting and financial records of the City of Port Richey by an independent certified public accountant selected by the City Council. This requirement has been complied with by retaining the firm of Powell & Jones,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

ACKNOWLEDGEMENTS

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

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

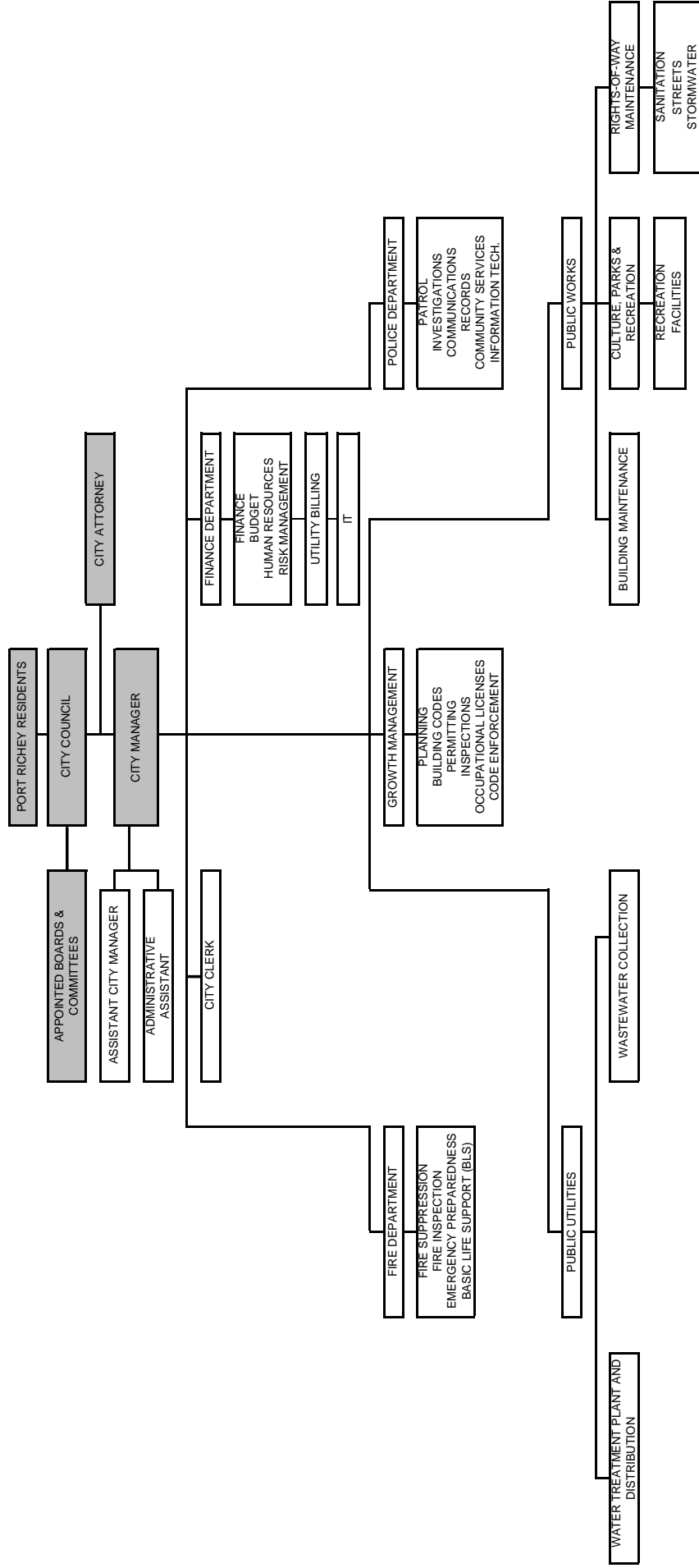
Respectfully submitted,



Thomas A. O'Neill
City Manager

ORGANIZATION CHART

CITY OF PORT RICHEY



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FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Required Supplemental Information
Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information other than
Management's Discussion and Analysis

Other Supplementary Schedules

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Port Richey, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Richey, Florida, (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Port Richey, Florida's basic financial statements.

The prior year comparative information has been derived from the City's 2012 financial statements and, in our report dated March 19, 2013, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Richey, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

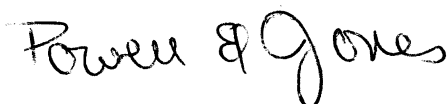
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of the City of Port Richey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Port Richey's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Richey, Florida's 2012 financial statements, and in our report dated March 19, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



POWELL & JONES, CPAs
Certified Public Accountants
March 26, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

HIGHLIGHTS

Financial Highlights

- For the fiscal year ended September 30, 2013, citywide expenses of \$8,254,147 net of program revenues of \$5,295,959 resulted in a net cost of providing city services of \$2,958,188. This net cost amount is generally the amount that needs to be funded by the General Revenues of the City.
- The net cost of providing city services in the governmental activities was \$3,010,086.
- For the business-type activities (water and sewer and stormwater utility operations) program revenues exceeded program expenses by \$51,898.
- The City's net position increased by \$284,907 or 1.4% in 2013 based on the beginning of year net position. This is a direct result of general revenues of \$3,243,095 exceeding the net cost of providing city services of \$2,958,188 by this amount. The governmental net position increased \$226,024 or 2.06% and the business-type (Water and Sewer Fund and Stormwater Utility Fund) net position increased by \$58,883 or 0.62%.
- The net position of the City exceeded its liabilities at the close of fiscal 2013 by \$20,646,366 (net position). The governmental activities unrestricted net position was \$1,057,613 as of September 30, 2013. Business-type activities unrestricted net position was \$551,908 as of September 30, 2013.
- Government-wide unrestricted cash, pooled cash and cash equivalents totaled \$2,825,324 at September 30, 2013. Restricted cash and cash equivalents totaled \$1,684,900 and unrestricted investments totaled \$640,152 at September 30, 2013.

City Highlights

- The City expended \$280,342 on capital improvements for governmental activities during fiscal year 2013, including \$90,542 for fire, police and code enforcement vehicles (3 vehicles), \$41,452 for park and recreation improvements and related projects, \$34,958 for waterway markers, pilings and buoys, \$34,336 for roadway improvements and landscaping, and \$19,007 for a new telephone system.
- The City expended \$692,823 on capital improvements for the business-type activities all of which were for the Water and Sewer Fund. The improvements consisted primarily of water system infrastructure upgrades totaling \$344,874 and waste water infrastructure upgrades totaling \$327,262.
- The positive operating results for the Water and Sewer Fund continued for the fiscal year ended September 30, 2013, with an overall increase in net position of \$47,567. The increase in net position for fiscal years 2012 and 2011 were \$373,341 and \$504,346, respectively. The most noticeable changes in the Water and Sewer Fund 2013 operating results were that the cost of purchased water was \$366,941 in 2013 compared to \$161,545 in 2012 and sewer processing expense increased \$108,590 in 2013 to \$829,392.

USING THIS ANNUAL REPORT

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The Governmental Major Fund (see pages 24-27) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 53).

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

Infrastructure Assets

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

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

Table 1
Statement of Net Position
As of September 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Current assets	\$ 3,284,254	\$ 1,477,162	\$ 4,761,416
Capital assets, net	8,725,187	11,638,776	20,363,963
Non-current assets – cash and investments	1,206,654	1,078	1,207,732
Non-current assets - other	2,931	21,768	24,699
Deferred outflows of resources	27,899	-	27,899
Total assets	13,246,925	13,138,784	26,385,709
Current liabilities	515,029	965,264	1,480,293
Non-current liabilities -			
Long-term debt outstanding	1,125,001	2,695,000	3,820,001
Other long-term liabilities	372,443	50,976	423,419
Deferred inflows of resources	9,848	5,782	15,630
Total liabilities and deferred inflows of resources	2,022,321	3,717,022	5,739,343
Net position:			
Net investment in capital assets	7,430,569	8,868,776	16,299,345
Restricted	2,736,422	1,078	2,737,500
Unrestricted	1,057,613	551,908	1,609,521
Total net position	\$ 11,224,604	\$ 9,421,762	\$ 20,646,366

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

At the end of fiscal 2013, the city-wide net position increased \$284,907 to \$20,646,366. Net position for Governmental Activities was \$11,224,604 and net position for Business-type Activities was \$9,421,762. The total net position includes \$16,299,345 which represents the City's net investment in capital assets and \$2,737,500 represents current and other assets restricted for specific purposes. The portion of net position that is unrestricted totals \$1,609,521.

The Statement of Net Position on pages 20-21 shows the specific restrictions to net assets. Restrictions within the City's Governmental Activities include \$1,343,946 for capital projects, which is comprised of unexpended Transportation Impact fees of \$746,379 which must be used to fund transportation infrastructure capital improvements, unexpended Police and Fire Impact fees of \$117,575 which are committed for facility capital projects in these two departments, and \$479,992 of unexpended discretionary sales tax funding that it to be expended on infrastructure improvements, vehicles, or the payment of indebtedness incurred for infrastructure assets. There is a total of \$1,306,043 that is restricted for community redevelopment, and \$86,433 for police benevolence.

Within the Business-type Activities, restricted net positions totals \$1,078, which is comprised of \$1,078 of unexpended Stormwater impact fees.

Normal Impacts – Statement of Net Position

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

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

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

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

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

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

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

Current Year Impacts

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

At the end of fiscal 2013, citywide unrestricted net position totaled \$1,609,521. This amount compares to a citywide unrestricted net position of \$612,561 at the end of fiscal year 2012; which represents an increase in unrestricted net assets of \$996,960. In the governmental activities, the unrestricted net assets went from a balance of \$488,268 at the end of fiscal year 2012 to a balance of \$1,057,613 at the end of fiscal year 2013. In business-type activities, the unrestricted assets increased from \$124,293 to \$551,908.

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Table 2
Change in Unrestricted Net Position
For the Year Ended September 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Unrestricted Net Position – Beginning of Year	\$ 488,268	\$ 124,293	\$ 612,561
Results of Operations	226,024	58,883	284,907
Adjustments- restricted assets			
Capital projects - transportation	(24,297)	-	(24,297)
Capital projects – police and fire	(9,303)	-	(9,303)
Capital projects - infrastructure	(194,136)	-	(194,136)
Capital projects – restricted bond proceeds	-	639,672	639,672
Capital projects – water and sewer	-	200,108	200,108
Community redevelopment	549,619	-	549,619
Police benevolence	(2,448)	-	(2,448)
Depreciation	430,930	465,337	896,267
Book value of assets disposed	2,909	6,439	9,348
Total adjustments	<u>753,274</u>	<u>1,311,556</u>	<u>2,064,830</u>
Adjusted Results of Operations	979,298	1,370,439	2,349,737
Capital Expenditures	(280,342)	(692,824)	(973,166)
Debt principal payment	(165,804)	(250,000)	(415,804)
Recognition of deferred outflow of resources pertaining to deferred charge on refunding of debt; previously reported as a reduction of debt	<u>36,193</u>	<u>-</u>	<u>36,193</u>
Unrestricted Net Position - End of Year (deficit)	<u>\$ 1,057,613</u>	<u>\$ 551,908</u>	<u>\$ 1,609,521</u>

Statement of Activities

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

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Table 3
Statement of Activities
For the Year Ended September 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program Revenues:			
Charges for services			
Water and Sewer Fees	\$ -	\$ 3,010,883	\$ 3,010,883
Stormwater Utility	-	119,481	119,481
Police Fines & Forfeitures	1,553,501	-	1,553,501
Building Inspections and Permits	120,116	-	120,116
Local business tax	55,394	-	55,394
Administrative Fees	333,288	-	333,288
Other Fees	22,191	-	22,191
Capital Grants & Contributions			
Police	81,105	-	81,105
General Revenues:			
Property Taxes	1,678,730	-	1,678,730
Franchise Fees	326,650	-	326,650
Communications Service Tax	190,187	-	190,187
Other Utility Taxes	314,897	-	314,897
Half-Cent Sales Tax	138,214	-	138,214
Local Option Gas Tax	124,580	-	124,580
Discretionary Surtax - Infrastructure	295,688	-	295,688
Other Taxes	29,502	-	29,502
State Revenue Sharing	99,749	-	99,749
Impact Fees	24,508	6,504	31,012
Investment income	516	481	997
Miscellaneous	12,889	-	12,889
Total Revenues	5,401,705	3,137,349	8,539,054
EXPENSES			
Program Activities			
Primary Government:			
Governmental Activities:			
General Government	1,942,143	-	1,942,143
Police	1,671,207	-	1,671,207
Fire	600,398	-	600,398
Protective Inspections	211,397	-	211,397
Physical Environment	655,703	-	655,703
Human Services	17,444	-	17,444
Interest Expense	77,389	-	77,389
Business-Type Activities:			
Water and Sewer	-	2,966,697	2,966,697
Stormwater Utility	-	111,769	111,769
Total Expenses	5,175,681	3,078,466	8,254,157
Change in Net Assets (Decrease)	226,024	58,883	284,907
Net Assets – Beginning of Year	10,998,580	9,362,879	20,361,459
Net Assets- End of Year	\$ 11,224,604	\$ 9,421,762	\$ 20,646,366

Normal Impacts – Statement of Activities

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

Revenues

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, infrastructure, gas or other tax

revenue as well as public spending habits for building permits, elective user fees and volumes of consumption for electric or water usage for which the City collects taxes, franchise fees and user fees.

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

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

Contribution from the Water and Sewer Fund and Stormwater Utility Fund – the City owns and operates the Water and Sewer Utility system and Stormwater Utility system. The City provides considerable administrative support services for the utility systems for which the General Fund assesses \$294,000 in fees to the Water and Sewer Fund and \$39,288 in fees to the Stormwater Utility Fund. The City’s legislative body may, at its discretion, transfer additional amounts out of the Water and Sewer Fund’s profits over to other funds for their operational use. There were no such transfers made during fiscal year 2013.

Market Impacts on Investment income – the City’s investment portfolio consists of bond funds managed by the Florida Municipal Investment Trust. The bond funds are managed to meet anticipated withdrawals and redemption, and as such, have a low sensitivity to market risk. The investment yield on the bond funds will fluctuate based on prevailing interest rates.

Expenses

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

Increase in Authorized Personnel – changes in service demand may cause the City Council to increase or decrease authorized staffing. Staffing costs (salary and related benefits) represented 41% of the City’s 2013 General Fund budget.

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

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities and services such as chemicals, supplies, fuels and group health insurance. Some functions may experience unusual commodity specific increases. Over the last several years, costs of fuel, general insurance, employee health benefits and

pension costs have tended to experience increases. Contract services that have these personnel costs factored in can fluctuate based on these inflationary pressures.

Current Year Impacts

Revenues

**Table 4
Governmental Funds
Revenues**

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Revenues				
Taxes (Property, Franchise & Utility)	\$ 2,510,464	\$ 2,497,099	\$ 13,365	.53 %
Licenses and Permits	174,848	181,826	(6,978)	(3.84)%
Intergovernmental Revenues	769,500	668,307	101,193	15.14 %
Impact Fees	24,508	428	24,080	5626.17 %
Charges for Services	355,479	376,800	(21,321)	(5.66)%
Fines and Forfeitures	1,553,501	1,741,341	(187,840)	(10.79)%
Interest Income	516	1,069	(553)	(51.73)%
Miscellaneous Revenues	9,961	34,744	(24,783)	(71.33)%
Total Revenues	<u>\$ 5,398,777</u>	<u>\$ 5,501,614</u>	<u>\$ (102,837)</u>	(1.87)%

Overall, revenues in the City's Governmental funds decreased \$102,837 or 1.87% from last year. The primary sources of the decrease were from the following: Fines and Forfeitures – Red Light Tickets and other fines – \$187,840.

Expenditures

**Table 5
Governmental Funds
Expenditures**

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Expenditures				
General Government	\$ 1,870,619	\$ 2,102,661	\$ (232,042)	(11.04)%
Public Safety	2,248,857	2,240,574	8,283	.37 %
Physical Environment	488,999	520,834	(31,835)	(6.114)%
Human Services	17,444	19,037	(1,593)	(8.37)%
Capital Outlay	280,342	476,110	(195,768)	(41.12)%
Debt Service	234,448	249,503	(15,055)	(6.03)%
Total Expenditures	<u>\$ 5,140,709</u>	<u>\$ 5,608,719</u>	<u>\$ (468,010)</u>	(8.34)%

Total expenditures for the Governmental funds were \$5,140,709 for the fiscal year ended September 30, 2013. This compares to \$5,175,681 in expenses shown on the Statement of Activities for the same governmental funds. The main differences in arriving at the amounts per the Statement of Activities are providing for non-cash depreciation of \$430,930, the removing of capital expenditures of \$280,342 and the removing of the principal payments of \$165,804 made on long-term debt.

Total current Governmental funds operating expenditures (excluding capital outlay and debt service) totaled \$4,625,919 in 2013 and \$4,883,106 in 2012, a \$257,187 or a 5.27% decrease from 2012. The primary decrease in operating expenditures occurred in General Government – red light camera fees and state fees for red light cameras decreased \$227,099.

The City Funds

Governmental Funds

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

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>
Nonspendable:			
Prepaid items	\$ 3,235	\$ 3,413	\$ (178)
Restricted:			
Capital Projects - Transportation	746,379	722,082	24,297
Capital Projects – Police and Fire	117,575	108,272	9,303
Police Benevolence	86,433	83,985	2,448
Total Reserved Fund Balance	<u>950,387</u>	<u>914,339</u>	<u>36,048</u>
Unassigned:	<u>1,627,157</u>	<u>1,010,959</u>	<u>616,198</u>
Total General Fund Balance	<u>\$2,580,779</u>	<u>\$1,928,711</u>	<u>\$ 652,068</u>

The Fund Balance of the General Fund increased \$652,068 to \$2,580,779 because revenues and other financing sources (\$4,712,261) exceeded expenditures and other financing uses (\$4,060,193) by \$652,068.

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

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>
Restricted for:			
Community Redevelopment	<u>\$1,306,043</u>	<u>\$1,855,662</u>	<u>\$(549,619)</u>
Total Fund Balance	<u>\$1,306,043</u>	<u>\$1,855,662</u>	<u>\$(549,619)</u>

The Fund Balance of the Community Redevelopment fund decreased \$549,619 as a result of revenues plus other financing sources totaling \$699,517 being exceeded by expenditures of \$1,249,136.

Table 8
Community Improvement Fund – Change in Fund Balance

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>
Reserved for:			
Infrastructure	\$479,992	\$285,856	\$ 194,136
Unassigned (deficit)	<u>(112,067)</u>	<u>(76,754)</u>	<u>(35,313)</u>
Total Fund Balance	<u>\$367,925</u>	<u>\$209,102</u>	<u>\$ 158,823</u>

The City implemented the Community Improvement Fund in fiscal year 2010 for the purpose of accounting for capital outlay expenditures designated within the City’s Capital Improvement Plan. Funding for these capital projects comes from the One-Cent Infrastructure Sales Surtax “Penny for Pasco”. The Fund Balance of the Community Improvement Fund increased \$158,823 as a result of revenues totaling \$295,688 exceeding expenditures of \$136,865.

Proprietary Fund (Business Type Funds)

The net position of the Water and Sewer and Stormwater Utility enterprise funds increased \$58,883 in 2013. This increase is comprised of operating income of \$188,933 and impact fee income of \$6,504 less an excess of non-operating expenses over non-operating revenues of \$136,554.

Net Income (Loss) from Operations is a measure of profit before non-operating revenues and expenses and contributions and measures only the revenues and costs associated with the operation of the business activity. For fiscal 2013, the Water and Sewer Fund and Stormwater Utility Fund combined operating income of \$188,933 compares to operating income of \$519,594 in 2012.

The current year operating revenues increased \$76,228 compared to the prior year’s activity primarily as a result of Water and Sewer Fund revenues increasing \$75,521. The decrease in operating income is due primarily to the \$205,396 increase in the cost of purchased water.

For the current year, Water and Sewer Operations showed \$3,010,883 in user charges compared to \$2,829,662 in operating expenses. Operating expenses included non-cash depreciation charges of \$450,033. The largest operating expenses for the Water and Sewer Fund are the sewer treatment fees paid to the City of New Port Richey and Pasco County that totaled \$829,392 in 2013 compared to \$720,802 in 2012.

The City implemented a Stormwater Utility charge in fiscal year 2006 to fund needed stormwater improvements and established a new proprietary fund to account for the activity in this enterprise fund. Total stormwater utility fees received in fiscal year 2013 were \$119,481 and operating expenses were \$111,769, resulting in operating income of \$7,712. The overall increase in net position for the Stormwater Utility fund in 2013 was \$11,316 compared to an increase of

\$32,271 for 2012. Operating expenses increased in 2013 by \$25,266. An increase in personal services of \$11,057 and an increase in material and supplies of \$10,490 account for most of the increase in expenses.

Table 9
Water and Sewer Fund – Change in Net Assets

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>
Net Investment in Capital Assets	\$ 8,674,613	\$ 8,188,261	\$ 486,352
Restricted for:			
Capital Projects – Water and Sewer			
Impact Fees	-	200,108	(200,108)
Unexpended Bond Proceeds	-	639,671	(639,671)
Total Restricted Net Assets	-	839,779	(839,779)
Unrestricted Net Assets (Deficit) –			
Restated beginning 2012	396,502	(4,492)	400,994
Total Net Assets	<u>\$ 9,071,115</u>	<u>\$ 9,023,548</u>	<u>\$ 47,567</u>

Budgetary Highlights – General Fund

There was no change in the total final budgeted appropriations for the General Fund compared to the original budgeted total amount for 2013. Actual revenues were \$40,781 in excess of the amount budgeted or .87% over budget and expenditures, including transfer - out, were less than the amount budgeted by \$611,287 or 13.09% under budget.

Budgeted revenues were \$4,671,480 compared to actual revenues of \$4,712,261. Revenue budgets are based on projections using historic trend analysis. Actual amounts collected may vary significantly depending on changing domestic and global economic conditions and consumer spending habits.

A review of the financial statements will reveal that total taxes were \$90,573 in excess of the amount budgeted, building permits were in excess of the amount budgeted by \$59,116 and fines and forfeitures were \$119,499 less than the amount budgeted.

Budgeted expenditures totaled \$4,671,480 compared to \$4,060,193 in actual cash expenditures for a positive variance of \$611,287.

The significant final budget to actual variances for expenditures in 2013 include the following: non-departmental operating expenditures were under budget by \$312,294 as a result of Red Light Camera Service fees and State of Florida Red Light Camera fees being under budget by \$26,207 and \$248,047, respectively. Legal expenditures were \$50,409 under budget as a result of City Attorney fees being under budget. Police personal services expense was \$57,581 over budget.

Fire operating expenses were under budget by \$122,691 as a result of a \$120,000 Community Development Block Grant not being received and expended.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2013, the City had \$20,363,963 invested in capital assets as compared to \$20,296,412 as September 30, 2012. This represents a net increase of \$67,551 from the end of last year.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land, improvements and rights	\$3,000,685	\$3,000,685	\$ 27,000	\$ 27,000	\$ 3,027,685	\$ 3,027,685
Capital Projects in Process	1,598,721	1,572,828	-	6,439	1,598,721	1,579,267
Buildings and Improvements	1,983,034	1,983,034	451,883	451,883	2,434,917	2,434,917
Improvements and Infrastructure Other than Buildings	4,251,062	4,172,709	17,332,490	16,660,353	21,583,552	20,833,062
Equipment and Vehicles	<u>2,441,272</u>	<u>2,395,966</u>	<u>733,131</u>	<u>712,444</u>	<u>3,174,403</u>	<u>3,108,410</u>
Total Cost of Assets	13,274,774	13,125,222	18,544,504	17,858,119	31,819,278	30,983,341
Less: Accumulated Depreciation	<u>(4,549,587)</u>	<u>(4,246,538)</u>	<u>(6,905,728)</u>	<u>(6,440,391)</u>	<u>(11,455,315)</u>	<u>(10,686,929)</u>
Total	<u>\$8,725,187</u>	<u>\$8,878,684</u>	<u>\$11,638,776</u>	<u>\$11,417,728</u>	<u>\$20,363,963</u>	<u>\$20,296,412</u>

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning Balance	\$ 8,878,684	\$11,417,728	\$20,296,412
Additions / Transfers in	280,342	692,824	973,166
Retirements / Transfers out	(130,790)	(6,439)	(137,229)
Depreciation	(430,930)	(465,337)	(896,267)
Accumulated Depreciation Retirements	<u>127,881</u>	<u>-</u>	<u>127,881</u>
Ending Balance	<u>\$ 8,725,187</u>	<u>\$11,638,776</u>	<u>\$20,363,963</u>

Debt Outstanding

As of September 30, 2013, the City had \$4,561,360 of outstanding debt, including compensated absences, as compared to \$4,943,478 as of September 30, 2012. This represents a net decrease of \$382,118 from the end of last year.

Table 12
Debt Outstanding at September 30,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue Bonds, Series 2005C	\$ 820,000	\$ 915,000	\$ -	\$ -	\$ 820,000	\$ 915,000
Revenue Bonds, Series 2005D			2,770,000	3,020,000	2,770,000	3,020,000
Revenue Note, Series 2010	146,154	164,437	-	-	146,154	164,437
Promissory Note, Bank Atlantic	-	4,756	-	-	-	4,756
Capital Leases Payable	328,464	376,229	-	-	328,464	376,229
Compensated Absences	<u>437,003</u>	<u>406,143</u>	<u>59,739</u>	<u>56,913</u>	<u>496,742</u>	<u>463,056</u>
Total	<u>\$1,731,621</u>	<u>\$1,866,565</u>	<u>\$2,829,739</u>	<u>\$3,076,913</u>	<u>\$4,561,360</u>	<u>\$4,943,478</u>

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

ECONOMIC FACTORS

The year ended 2013 presented continuing fiscal and economic challenges which will have an effect on future management operating strategies and policies of the City. Some of the more significant issues for the year and beyond included:

- Fiscal year 2013 marked the fifth year in which real estate property values have declined within the City and also within the Tampa Bay area. Looking to the future it does appear that property values are stabilizing and are beginning to increase slightly.
- Although real estate property values and the Florida housing market are beginning to show signs of improvement, municipalities are still having to contend with the pressures of continuing reduced Ad Valorem and State shared tax revenues while trying to maintain the level of services that their citizens expect from local governments;
- The continuing impact of property tax reform in the State of Florida.

These financial and economic issues impact the City in a number of ways. Because the Constitution of the State of Florida does not provide for a personal income tax, the State must rely on sales, gasoline, user, and corporate income taxes for operating revenues and local governments (counties, cities and school boards) must rely primarily on State shared revenues and on property taxes and a limited array of other permitted taxes such as utility services, franchise, gasoline, sales and business registrations. Due to reduced real estate values, the

sources of local government revenues are being negatively impacted which is causing local governments to look for other revenue sources.

The City will continue to operate within these reduced revenue constraints and provide and maintain the levels of service requested by its citizens with the minimal required tax assessments.

FINANCIAL CONTACT

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

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BASIC FINANCIAL STATEMENTS

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

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CITY OF PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2013

With Comparative Totals for September 30, 2012

	2013			2012
	Governmental Activities	Business-type Activities	Total	(Restated) Total
ASSETS				
CURRENT ASSETS				
Cash, pooled cash and cash equivalents	\$ 2,615,137	\$ 210,187	\$ 2,825,324	\$ 2,022,028
Investments, at fair value	-	640,152	640,152	-
Restricted assets:				
Cash and cash equivalents	477,168	-	477,168	1,024,339
Receivables (Net of allowance):				
Taxes	34,441	-	34,441	23,758
Accounts	18,258	762,838	781,096	598,474
Internal balances	136,015	(136,015)	-	-
Prepaid expenses	3,235	-	3,235	3,413
Total current assets	<u>3,284,254</u>	<u>1,477,162</u>	<u>4,761,416</u>	<u>3,672,012</u>
NON-CURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	1,206,654	1,078	1,207,732	1,221,870
Investments, at fair value	-	-	-	639,671
Capital assets:				
Land, improvements and land rights	3,000,685	27,000	3,027,685	3,027,685
Buildings	1,983,034	451,883	2,434,917	2,434,917
Improvements and infrastructure other than buildings	4,251,062	17,332,490	21,583,552	20,833,065
Equipment and vehicles	2,441,272	733,131	3,174,403	3,108,410
Capital projects in process	1,598,721	-	1,598,721	1,579,267
Accumulated depreciation	(4,549,587)	(6,905,728)	(11,455,315)	(10,686,931)
Unamortized debt costs - insurance	2,931	21,768	24,699	26,140
Total non-current assets	<u>9,934,772</u>	<u>11,661,622</u>	<u>21,596,394</u>	<u>22,184,094</u>
TOTAL ASSETS	13,219,026	13,138,784	26,357,810	25,856,106
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding of debt	<u>27,899</u>	<u>-</u>	<u>27,899</u>	<u>36,193</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,246,925</u>	<u>\$ 13,138,784</u>	<u>\$ 26,385,709</u>	<u>\$ 25,892,299</u>

	2013			2012
	Governmental Activities	Business-type Activities	Total	(Restated) Total
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 81,954	\$ 644,079	\$ 726,033	\$ 178,374
Accrued liabilities	116,165	16,420	132,585	104,313
Customer deposits	-	214,831	214,831	214,526
Unearned revenue	33,654	-	33,654	29,327
Due to other governments	4,388	-	4,388	3,659
Current portion of				
Capital leases payable	50,531	-	50,531	47,764
Revenue bonds payable	100,000	75,000	175,000	345,000
Revenue note - series 2010	19,086	-	19,086	18,283
Promissory note - bank	-	-	-	4,756
Accrued compensated absences	109,251	14,934	124,185	115,826
Total current liabilities	<u>515,029</u>	<u>965,264</u>	<u>1,480,293</u>	<u>1,061,828</u>
NON-CURRENT LIABILITIES				
Net Other Post Employment Benefits	44,691	6,171	50,862	38,147
Capital leases payable	277,933	-	277,933	328,465
Revenue bonds payable	720,000	2,695,000	3,415,000	3,590,000
Revenue note - series 2010	127,068	-	127,068	146,155
Accrued compensated absences	327,752	44,805	372,557	347,230
Total non-current liabilities	<u>1,497,444</u>	<u>2,745,976</u>	<u>4,243,420</u>	<u>4,449,997</u>
TOTAL LIABILITIES	2,012,473	3,711,240	5,723,713	5,511,825
DEFERRED INFLOWS OF RESOURCES				
Deferred premium on issuance of debt	9,848	5,782	15,630	19,015
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,022,321	3,717,022	5,739,343	5,530,840
NET POSITION				
Net investment in capital assets	7,430,569	8,868,776	16,299,345	15,852,183
Restricted:				
Capital projects - transportation	746,379	-	746,379	722,082
Capital projects - police and fire	117,575	-	117,575	108,272
Capital projects - infrastructure	479,992	-	479,992	285,856
Capital projects - unexpended bond proceeds	-	-	-	639,671
Water and sewer improvements	-	-	-	200,108
Stormwater improvements	-	1,078	1,078	1,079
Community redevelopment	1,306,043	-	1,306,043	1,855,662
Police benevolence - Johnny Cash Reserve	86,433	-	86,433	83,985
Unrestricted	<u>1,057,613</u>	<u>551,908</u>	<u>1,609,521</u>	<u>612,561</u>
TOTAL NET POSITION	11,224,604	9,421,762	20,646,366	20,361,459
TOTAL LIABILITIES AND NET POSITION	\$ 13,246,925	\$ 13,138,784	\$ 26,385,709	\$ 25,892,299

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

With Comparative Amounts for the Fiscal Year Ended September 30, 2012

FUNCTIONS/PROGRAMS	2013			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,942,143	\$ 410,873	\$ -	\$ -
Police	1,671,207	1,553,501	-	81,105
Fire	600,398	-	-	-
Protective inspections	211,397	120,116	-	-
Physical environment	655,703	-	-	-
Transportation	-	-	-	-
Human services	17,444	-	-	-
Parks and recreation	-	-	-	-
Interest and fiscal charges on long-term debt	77,389	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	5,175,681	2,084,490	-	81,105
BUSINESS-TYPE ACTIVITIES				
Water and sewer	2,966,697	3,010,883	-	-
Stormwater utility	111,769	119,481	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	3,078,466	3,130,364	-	-
TOTAL	\$ 8,254,147	\$ 5,214,854	\$ -	\$ 81,105

General Revenues

Taxes:

Ad valorem

Franchise fees

Utility taxes

Communication services tax

Half-cent sales tax

Local option gas tax

Discretionary sales surtax - infrastructure

Other taxes

State revenue sharing

Impact fees

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net position - beginning of year - before restatement

Restatement - Note B

Net position - beginning of year - as restated

Net position - end of year

2013			2012
Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	(Restated) Total
\$ (1,531,270)	\$ -	\$ (1,531,270)	\$ (1,726,498)
(36,601)	-	(36,601)	126,023
(600,398)	-	(600,398)	(597,965)
(91,281)	-	(91,281)	(44,370)
(655,703)	-	(655,703)	(397,599)
-	-	-	(142,669)
(17,444)	-	(17,444)	(19,037)
-	-	-	(140,813)
(77,389)	-	(77,389)	(77,372)
<u>(3,010,086)</u>	<u>-</u>	<u>(3,010,086)</u>	<u>(3,020,300)</u>
-	44,186	44,186	341,999
-	7,712	7,712	32,271
<u>-</u>	<u>51,898</u>	<u>51,898</u>	<u>374,270</u>
<u>(3,010,086)</u>	<u>51,898</u>	<u>(2,958,188)</u>	<u>(2,646,030)</u>
1,678,730	-	1,678,730	1,662,086
326,650	-	326,650	304,713
314,897	-	314,897	345,236
190,187	-	190,187	185,064
138,214	-	138,214	132,247
124,580	-	124,580	116,949
295,688	-	295,688	270,236
29,502	-	29,502	32,241
99,749	-	99,749	100,727
24,508	6,504	31,012	8,228
516	481	997	4,981
12,889	-	12,889	37,900
<u>3,236,110</u>	<u>6,985</u>	<u>3,243,095</u>	<u>3,200,608</u>
226,024	58,883	284,907	554,578
10,998,580	9,362,879	20,361,459	19,863,637
-	-	-	(56,756)
<u>10,998,580</u>	<u>9,362,879</u>	<u>20,361,459</u>	<u>19,806,881</u>
<u>\$ 11,224,604</u>	<u>\$ 9,421,762</u>	<u>\$ 20,646,366</u>	<u>\$ 20,361,459</u>

CITY OF PORT RICHEY, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2013
With Comparative Amounts for September 30, 2012

	2013			2012	
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
ASSETS					
Cash, pooled cash and cash equivalents	\$ 2,556,857	\$ 58,280	\$ -	\$ 2,615,137	\$ 1,845,810
Restricted assets:					
Cash and cash equivalents	950,387	390,735	342,700	1,683,822	2,045,022
Receivables (Net of allowance):					
Taxes	34,441	-	-	34,441	23,758
Accounts	18,258	-	-	18,258	22,237
Due from other funds	120,027	915,308	25,225	1,060,560	1,189,086
Prepaid items	3,235	-	-	3,235	3,413
TOTAL ASSETS	\$ 3,683,205	\$ 1,364,323	\$ 367,925	\$ 5,415,453	\$ 5,129,326
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 56,856	\$ 25,098	\$ -	\$ 81,954	\$ 88,082
Accrued liabilities	82,983	33,182	-	116,165	90,239
Deferred revenue	33,654	-	-	33,654	29,326
Due to other funds	924,545	-	-	924,545	924,545
Due to other governments	4,388	-	-	4,388	3,659
TOTAL LIABILITIES	1,102,426	58,280	-	1,160,706	1,135,851
FUND BALANCES					
Fund balances					
Nonspendable:					
Prepaid items	3,235	-	-	3,235	3,413
Restricted for:					
Police Benevolence - Johnny Cash reserve	86,433	-	-	86,433	83,985
Capital projects - transportation	746,379	-	-	746,379	722,082
Capital projects - police and fire	117,575	-	-	117,575	108,272
Capital projects - infrastructure	-	-	479,992	479,992	285,856
Community redevelopment	-	1,306,043	-	1,306,043	1,855,662
Unassigned					
General fund	1,627,157	-	-	1,627,157	1,010,959
Capital Improvement Fund (deficit)	-	-	(112,067)	(112,067)	(76,754)
TOTAL FUND BALANCES	2,580,779	1,306,043	367,925	4,254,747	3,993,475
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,683,205	\$ 1,364,323	\$ 367,925	\$ 5,415,453	\$ 5,129,326

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

CITY OF PORT RICHEY, FLORIDA

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

September 30, 2013

Fund Balances - total governmental funds \$ 4,254,747

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

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

Governmental capital assets	\$ 11,676,053	
Less accumulated depreciation	(4,549,587)	
Capital projects in process	<u>1,598,721</u>	8,725,187

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

Capitalized debt issuance costs - insurance		2,931
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The difference between the reacquisition price of debt advance refunded and the carrying amount of the refunded debt is not a use of financial resources and is not accounted for in the governmental funds in the year in which the refunding occurs but is reported in governmental activities as a deferred charge to operations and is amortized using an effective interest rate. This item is reported as a deferred outflow of resources, net of amortization, in the statement of net position.

27,899

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

Capital leases payable	(328,464)	
Revenue bonds payable	(820,000)	
Revenue note - series 2010	(146,154)	
Net Other Post Employment Benefits	(44,691)	
Accrued compensated absences	<u>(437,003)</u>	(1,776,312)

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

(9,848)

Net position of governmental activities.

\$ 11,224,604

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSFor the Year Ended September 30, 2013
With Comparative Amounts for the Year Ended September 30, 2012

	2013			2012	
	General	Special Revenue Community Redevelopment	Capital Improvement	Total Governmental Funds	Total
REVENUES					
Taxes	\$ 2,116,432	\$ 394,032	\$ -	\$ 2,510,464	\$ 2,497,099
Licenses and permits	175,510	-	-	175,510	181,826
Intergovernmental revenue	473,150	-	295,688	768,838	668,307
Impact fees	24,508	-	-	24,508	428
Charges for services	355,479	-	-	355,479	376,800
Fines and forfeitures	1,553,501	-	-	1,553,501	1,741,341
Interest	516	-	-	516	1,069
Miscellaneous revenues	9,961	-	-	9,961	34,744
TOTAL REVENUES	4,709,057	394,032	295,688	5,398,777	5,501,614
EXPENDITURES					
Current					
General government	1,440,184	430,435	-	1,870,619	2,102,661
Public safety	1,794,347	451,974	2,536	2,248,857	2,240,574
Physical environment	262,095	226,904	-	488,999	262,677
Transportation	-	-	-	-	151,783
Human services	17,444	-	-	17,444	19,037
Parks and recreation	-	-	-	-	106,374
Capital outlay	90,199	95,210	94,933	280,342	476,110
Debt service					
Principal retirement	106,623	33,463	25,718	165,804	181,522
Interest and fiscal charges	43,816	11,150	13,678	68,644	67,981
TOTAL EXPENDITURES	3,754,708	1,249,136	136,865	5,140,709	5,608,719
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	954,349	(855,104)	158,823	258,068	(107,105)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	-	-	-	-	153,962
Proceeds from sale of capital assets	3,204	-	-	3,204	8,686
Transfers in	-	305,485	-	305,485	323,505
Transfers out	(305,485)	-	-	(305,485)	(329,891)
TOTAL OTHER FINANCING SOURCES (USES)	(302,281)	305,485	-	3,204	156,262
NET CHANGE IN FUND BALANCES	652,068	(549,619)	158,823	261,272	49,157
FUND BALANCES - BEGINNING OF YEAR	1,928,711	1,855,662	209,102	3,993,475	3,944,318
FUND BALANCES - END OF YEAR	\$ 2,580,779	\$ 1,306,043	\$ 367,925	\$ 4,254,747	\$ 3,993,475

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

CITY OF PORT RICHEY, FLORIDA

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

September 30, 2013

Net change in fund balances - total governmental funds \$ 261,272

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	\$ 280,342	
Less current year depreciation	<u>(430,930)</u>	(150,588)

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

Un-depreciated cost of capital assets sold as surplus or disposed of		(2,909)
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Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
position.

Revenue bonds	95,000	
Revenue note	18,283	
Promissory note - bank	4,756	
Capital lease payments	<u>47,765</u>	165,804

Some revenues (expenses) reported in the statement of activities do not
result in the receipt (use) of current financial resources and therefore are
not reported as revenues (expenditures) in governmental funds.

Change in accrued compensated absences	(30,860)	
Change in Net Other Post Employment Benefits	(10,878)	
Amortization of current year bond premium	2,928	
Amortization of current year debt issuance costs	<u>(8,745)</u>	<u>(47,555)</u>

Change in net position of governmental activities.		<u><u>\$ 226,024</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2013

With Comparative Amounts for the Year Ended September 30, 2012

	2013			2012
	Business-type Activities			(Restated)
	Enterprise Fund			
Water and Sewer	Stormwater Utility	Total	Total	
ASSETS				
CURRENT ASSETS				
Cash, pooled cash and cash equivalents	\$ 475	\$ 209,712	\$ 210,187	\$ 176,218
Investments, at fair value	640,152	-	640,152	-
Receivables (Net of allowance):				
Accounts	750,877	11,961	762,838	576,237
Due from other funds	57,542	-	57,542	57,542
Total current assets	<u>1,449,046</u>	<u>221,673</u>	<u>1,670,719</u>	<u>809,997</u>
NON-CURRENT ASSETS				
Restricted:				
Cash and cash equivalents	-	1,078	1,078	201,187
Investments, at fair value	-	-	-	639,671
Capital assets:				
Property, plant, equipment, and infrastructure	18,293,912	250,592	18,544,504	17,858,119
Less: Accumulated depreciation	(6,849,299)	(56,429)	(6,905,728)	(6,440,391)
Unamortized debt costs - insurance	21,768	-	21,768	22,758
Total non-current assets	<u>11,466,381</u>	<u>195,241</u>	<u>11,661,622</u>	<u>12,281,344</u>
TOTAL ASSETS	<u>\$ 12,915,427</u>	<u>\$ 416,914</u>	<u>\$ 13,332,341</u>	<u>\$ 13,091,341</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 642,484	\$ 1,595	\$ 644,079	\$ 90,292
Accrued liabilities	15,078	1,342	16,420	14,074
Customer deposits	214,831	-	214,831	214,526
Due to other funds	136,015	57,542	193,557	322,083
Revenue bonds payable - current portion	75,000	-	75,000	250,000
Accrued compensated absences - current portion	13,617	1,317	14,934	14,290
Total current liabilities	<u>1,097,025</u>	<u>61,796</u>	<u>1,158,821</u>	<u>905,265</u>
NON-CURRENT LIABILITIES				
Net Other Post Employment Benefits liability	5,652	519	6,171	4,334
Revenue bonds payable	2,695,000	-	2,695,000	2,770,000
Accrued compensated absences	40,853	3,952	44,805	42,623
Total non-current liabilities	<u>2,741,505</u>	<u>4,471</u>	<u>2,745,976</u>	<u>2,816,957</u>
TOTAL LIABILITIES	<u>3,838,530</u>	<u>66,267</u>	<u>3,904,797</u>	<u>3,722,222</u>
DEFERRED INFLOWS OF RESOURCES				
Unamortized bond issuance premium	5,782	-	5,782	6,240
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,844,312</u>	<u>66,267</u>	<u>3,910,579</u>	<u>3,728,462</u>
NET POSITION				
Net investment in capital assets	8,674,613	194,163	8,868,776	8,397,728
Restricted:				
Capital projects - unexpended bond proceeds	-	-	-	639,671
Water improvements	-	-	-	161,804
Sewer improvements	-	-	-	38,304
Stormwater improvements	-	1,078	1,078	1,079
Unrestricted	396,502	155,406	551,908	124,293
TOTAL NET POSITION	<u>9,071,115</u>	<u>350,647</u>	<u>9,421,762</u>	<u>9,362,879</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 12,915,427</u>	<u>\$ 416,914</u>	<u>\$ 13,332,341</u>	<u>\$ 13,091,341</u>

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

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2013
 With Comparative Amounts for the Year Ended September 30, 2012

	2013			2012
	Business-type Activities			(Restated)
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
OPERATING REVENUE				
Charges for services	\$ 3,010,883	\$ 119,481	\$ 3,130,364	\$ 3,054,136
Total operating revenues	<u>3,010,883</u>	<u>119,481</u>	<u>3,130,364</u>	<u>3,054,136</u>
OPERATING EXPENSES				
Personal services	377,861	28,119	405,980	381,829
Contractual services	977,611	7,749	985,360	857,499
Materials and supplies	255,483	21,309	276,792	237,435
Purchased water	366,941	-	366,941	161,545
Utilities	107,733	-	107,733	114,934
Depreciation	450,033	15,304	465,337	448,012
Administrative charges	294,000	39,288	333,288	333,288
Total operating expenses	<u>2,829,662</u>	<u>111,769</u>	<u>2,941,431</u>	<u>2,534,542</u>
OPERATING INCOME	<u>181,221</u>	<u>7,712</u>	<u>188,933</u>	<u>519,594</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	481	-	481	3,913
Interest and fiscal charges	(136,045)	-	(136,045)	(144,335)
Amortization	(990)	-	(990)	(989)
Transfers in	-	-	-	21,486
Total non-operating revenues (expenses)	<u>(136,554)</u>	<u>-</u>	<u>(136,554)</u>	<u>(119,925)</u>
INCOME BEFORE CONTRIBUTIONS	44,667	7,712	52,379	399,669
Impact fees	<u>2,900</u>	<u>3,604</u>	<u>6,504</u>	<u>7,800</u>
CHANGE IN NET POSITION	47,567	11,316	58,883	407,469
NET POSITION - BEGINNING OF YEAR - before restatement	9,023,548	339,331	9,362,879	8,999,971
Restatement - Note B	-	-	-	(44,561)
NET POSITION - BEGINNING OF YEAR - as restated	<u>9,023,548</u>	<u>339,331</u>	<u>9,362,879</u>	<u>8,955,410</u>
NET POSITION - END OF YEAR	<u>\$ 9,071,115</u>	<u>\$ 350,647</u>	<u>\$ 9,421,762</u>	<u>\$ 9,362,879</u>

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

CITY OF PORT RICHEY, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended September 30, 2013
 With Comparative Amounts for the Year Ended September 30, 2012

	2013			2012
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,823,890	\$ 120,178	\$ 2,944,068	\$ 2,926,580
Cash paid to suppliers for goods and services	(1,221,779)	(28,525)	(1,250,304)	(1,417,184)
Cash paid for inter-fund services	(294,000)	(39,288)	(333,288)	(333,288)
Cash paid to and for the benefit of employees	(376,970)	(22,001)	(398,971)	(376,277)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	931,141	30,364	961,505	799,831
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Collection of Impact Fees	2,900	3,604	6,504	7,800
Advances (to) from other funds	(128,526)	-	(128,526)	(427,629)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(125,626)	3,604	(122,022)	(419,829)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on revenue bonds	(250,000)	-	(250,000)	(240,000)
Acquisition and construction of capital assets	(619,120)	-	(619,120)	(129,588)
Interest and fiscal charges paid on indebtedness	(136,503)	-	(136,503)	(144,820)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,005,623)	-	(1,005,623)	(514,408)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	-	-	-	137,422
Purchase of investments	(481)	-	(481)	(3,913)
Earnings on investments	481	-	481	3,913
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	137,422
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(200,108)	33,968	(166,140)	3,016
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	200,583	176,822	377,405	374,389
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 475	\$ 210,790	\$ 211,265	\$ 377,405
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET				
Unrestricted cash, pooled cash and cash equivalents	\$ 475	\$ 209,712	\$ 210,187	\$ 176,218
Restricted cash and cash equivalents	-	1,078	1,078	201,187
	\$ 475	\$ 210,790	\$ 211,265	\$ 377,405

	2013			2012
	Business-type Activities			Total
	Enterprise Funds			
Water and Sewer	Stormwater Utility	Total	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 44,667	\$ 7,712	\$ 52,379	\$ 519,594
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	450,033	15,304	465,337	448,012
Net effect of non-cash transactions	6,438	-	6,438	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(187,298)	697	(186,601)	(128,941)
Increase (decrease) in accounts payable	616,105	533	616,638	(45,771)
Increase (decrease) in accrued liabilities	1,684	662	2,346	458
Increase (decrease) in utility deposits	305	-	305	1,385
Increase (decrease) in compensated absences	(2,361)	5,187	2,826	4,119
Increase (decrease) in Net Other Post Employment Benefits	1,568	269	1,837	975
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 931,141</u>	<u>\$ 30,364</u>	<u>\$ 961,505</u>	<u>\$ 799,831</u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

- * Bond issuance costs and premium related to the Revenue Bonds, Series 2005D are being amortized over the life of the outstanding debt issue. Amortization expense for the years ended September 30, 2013 and 2012 was \$990 for each year. Amortization of the bond premium for the years ended September 30, 2013 and 2012 was \$458 and \$485, respectively.
- * Capital projects in process costs of \$6,438 that were incurred in prior years were written-off and charged to operating expenses in fiscal year September 30, 2013.

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Governmental Fund Types:

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

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

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Property Taxes: Under Florida law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pasco County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for fiscal year ending September 30, 2013 was 5.3202.

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

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

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

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

8. Assets, Liabilities, and Fund Equity

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments: Investments are reported at fair value.

Restricted Assets: The City has two categories of restricted assets: cash and cash equivalents and investments.

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

Cash and cash equivalents and investments have been restricted in the Business-type activities and the Water and Sewer Fund and Stormwater Utility Fund for unexpended Sewer Impact Fees, Stormwater Impact Fees and for unexpended bond proceeds that were borrowed for the purpose of expanding and improving the City’s water and sewer infrastructure systems.

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

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

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

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

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

Years of Service	Total Hours Per Year – Non-Police Employee	Total Hours Per Year Police Employees
1 to 5	80	132
6	120	144
7	120	156
8	120	168
9	120	180

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Years of Service	Total Days Per Year – Non-Police Employee	Total Days Per Year Police Employees
10 or more	120	192
Through 15 years	120	192
16 years or more	160	192

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

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

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

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

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

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

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

- a) Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b) Restricted – This component consists of the portion of net position that have constraints placed on them either externally by third-parties (creditors, grantors, and contributors) or by law through constitutional provisions of enabling legislation. The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use of these funds.
- c) Unrestricted – This component of net position consists of that portion that does not meet the definition of “net investment in capital assets” and “restricted”.

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

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

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Specific Restrictions and Reserves:

Governmental Activities / Governmental Funds:

- a) Restricted / Reserved for Police Benevolence: Indicates the unexpended portion of funds donated to the “Johnny Cash Reserve” that have been restricted for future police benevolence purposes.
- b) Restricted / Reserve for Capital Projects - Transportation: Indicates a portion of the fund balance that has been legally segregated for future funding of transportation related capital improvements.
- c) Restricted / Reserve for Capital Projects – Police and Fire: Indicates a portion of the fund balance that has been legally segregated for future funding of police and fire capital improvement facilities.
- d) Restricted / Reserve for Capital Projects - Infrastructure: Indicates a portion of the fund balance that has been legally segregated for future funding of infrastructure improvements including police, fire and other vehicles and the repayment of infrastructure related indebtedness.
- e) Restricted / Reserve for Community Redevelopment: Indicates the unexpended portion of funds restricted for use by the Community Redevelopment Agency.

Business-type Activities / Proprietary Fund:

- a) Restricted for Capital Projects – Unexpended Bond Proceeds: Represents the unexpended portion of the Revenue Bonds, Series 2005D, debt that was incurred for the construction of water and sewer system improvements.
- b) Restricted for Water and Sewer Improvements: Represents funds collected from water and sewer impact fees that are legally restricted for the future funding of water and sewer system capital improvements.
- c) Restricted for Stormwater Improvements: Represents funds collected from stormwater impact fees that are legally restricted for the future funding of the stormwater utility system capital improvements

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

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

10. Interfund Transactions: Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are deemed to be at market or near market rates and are treated as revenues and expenditures/expenses and are not

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

eliminated in the consolidation of the government-wide financial statements. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

11. Comparative data and Reclassifications: The financial statements include summarized prior year comparative information that does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2011, from which such summarized information has been derived.

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

NOTE B – RESTATEMENT

The government-wide statement of net position, for both the governmental activities and business-type activities, and the proprietary funds statement of net position have been restated as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The balance of unamortized debt issuance costs were previously included as an asset, but now are expensed when incurred under the new standard, except for costs associated with insuring the repayment of debt.

The beginning net position as of October 1, 2011 for the Water and Sewer Fund and for the Governmental Activities was decreased by \$44,561 and \$12,195 (\$56,756 total), respectively, for the amount of unamortized debt issuance costs that were written off. The debt issuance costs that pertain to the insuring of debt repayment continue to be reported as an amortizable asset.

NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Pooled Cash

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

Deposits

Florida Statutes and City policy require that all City demand accounts be in financial institutions that pledge collateral with the State Treasurer pursuant to Chapter 280, Florida Statutes. The City is required to verify that monies are on deposit with “qualified public depositories” as defined in Florida Statutes Section 280.02. Florida Statutes require that all qualified public depositories provide collateral each month equal to a least 50 percent of the public funds on deposit with the institution that are in excess of deposit insurance amounts. The carrying amount of the City’s deposits as of September 30, 2013 was \$4,508,969, of which \$4,329,810 is on deposit in interest bearing checking and money market accounts. The carrying amount of deposits excludes \$1,255 of petty cash accounts.

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

Investments

The City’s investment policy is to maintain funds in investments that yield the highest possible efficiency and return within the limitations of Florida Statutes. The Florida Statutes Section 218.415(17) authorizes the City to invest in the Local

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE C - CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Government Surplus Funds Trust Fund; SEC registered money market funds with the highest credit quality rating, interest bearing time deposits or savings accounts in qualified public depositories, direct obligations of the United States Treasury, and federal agencies and their instrumentalities.

The Florida Municipal Investment Trust (Trust) is an investment pool administered by the Florida League of Cities, Inc. The Trust is an inter-local government entity created under the laws of Florida. The Trust is an authorized investment under Section 163.01 of the Florida Statutes. The City has invested the unspent proceeds from the Revenue Bonds, Series 2005D with the Trust in the 0 – 2 Year Bond Fund and the 1-3 Year Bond Fund. The amounts invested in the Trust will be used for Water and Sewer Improvements and may be withdrawn by the City upon demand.

The City’s investments are carried at fair value. The investments as of September 30, 2013 were:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>FITCH Rating</u>
Florida Municipal Investment Trust –			
0 – 2 Year Bond Fund	N/A	\$ 317,600	AAA/V1
1 – 3 Year Bond Fund	N/A	<u>322,552</u>	AAA/V2
		<u>\$ 640,152</u>	

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

Interest Rate Risk – In compliance with the City’s investment policy, as of September 30, 2013, the City minimized the interest rate risk, related to the decline in value of securities due to rising interest rates, by investing in short-term securities or similar investment pools so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

Credit Risk – In compliance with the City’s investment policy, as of September 30, 2013, the City minimized credit risk due to default of a security issuer or backer, by limiting investments to the safest types of securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business.

A reconciliation of the amount of petty cash, deposits and investments to the Statement of Net position as of September 30, 2013, is as follows:

Petty cash	\$ 1,255
Deposits	4,508,969
Investments	640,152
Total	<u>\$ 5,150,376</u>

As reported in Statement of Net position:	
Cash, pooled cash and cash equivalents	\$ 2,825,324
Investments, at fair value	640,152
Restricted Assets - Current:	
Cash and cash equivalents	477,168
Restricted Assets – Non-Current	
Cash and cash equivalents	<u>1,207,732</u>
Total	<u>\$ 5,150,376</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE D- RECEIVABLES

The receivables and related allowances for uncollectibles at September 30, 2013 were as follows:

	Receivables Taxes	Receivables - Accounts		
		Amount	Allowance for Uncollectibles	Total
General Fund	\$ 34,441	\$ 18,258	\$ -	\$ 18,258
Enterprise Fund	-	1,389,058	626,220	762,838
Total	\$ 34,441	\$ 1,407,316	\$ 626,220	\$ 781,096

NOTE E- RESTRICTED ASSETS

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

	Amount
Restricted cash:	
On deposit at TD Bank – Community Redevelopment	\$ 390,735
On deposit at TD Bank – Police Benevolence	86,433
Current	477,168
On deposit at PNC Bank – Transportation, Police and Fire	
Impact Fees	863,954
On deposit at TD Bank – Infrastructure	342,700
On deposit at TD Bank – Stormwater Impact Fees	1,078
Non-Current	1,207,732
Total restricted cash	\$ 1,684,900

The government-wide statement of net position reports \$2,737,500 restricted net position, of which \$2,257,508 is restricted by legislation enacted by the City.

NOTE F - CAPITAL ASSETS

Capital asset activity for the fiscal year ending September 30, 2013 was as follows:

	Ending Balance 10-1-2012	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2013
Governmental Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$3,000,685	\$ -	\$ -	\$3,000,685
Capital projects in process	1,572,828	25,893	-	1,598,721
<u>Depreciable assets:</u>				
Buildings and improvements	1,983,034	-	-	1,983,034
Improvements and Infrastructure other than buildings	4,172,709	78,353	-	4,251,062
Equipment and vehicles	2,395,966	176,096	130,790	2,441,272
Total at historical cost	13,125,222	280,342	130,790	13,274,774

(continued)

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CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE F - CAPITAL ASSETS (continued)

	Ending Balance 10-1-2012	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2013
Governmental Activities				
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 535,137	\$ 50,797	\$ -	\$ 585,934
Improvements and Infrastructure other than buildings	2,536,712	149,231	-	2,685,943
Equipment and vehicles	1,174,689	230,902	127,881	1,277,710
Total accumulated depreciation	<u>4,246,538</u>	<u>430,930</u>	<u>127,881</u>	<u>4,549,587</u>
Capital assets, net	<u>\$8,878,684</u>	<u>\$ (150,588)</u>	<u>\$ 2,909</u>	<u>\$8,725,187</u>

General government	\$ 72,565
Police	94,440
Fire	58,024
Protective inspections	10,442
Physical environment	110,562
Transportation	21,979
Parks and recreation	62,918
	<u>\$ 430,930</u>

	Ending Balance 10-1-2012	Additions and Transfers	Deletions and Transfers	Ending Balance 9-30-2013
Business-type Activities				
<u>Non-depreciable assets:</u>				
Land and land rights	\$ 27,000	\$ -	\$ -	\$ 27,000
Capital projects in process	6,439	-	6,439	-
<u>Depreciable assets:</u>				
Buildings and improvements	451,883	-	-	451,883
Improvements and Infrastructure other than buildings	16,660,353	672,137	-	17,332,490
Equipment and vehicles	712,444	20,687	-	733,131
Total at historical cost	<u>17,858,119</u>	<u>692,824</u>	<u>6,439</u>	<u>18,544,504</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	202,401	9,855	-	212,256
Improvements and Infrastructure other than buildings	5,676,951	424,146	-	6,101,097
Equipment and vehicles	561,039	31,336	-	592,375
Total accumulated depreciation	<u>6,440,391</u>	<u>465,337</u>	<u>-</u>	<u>6,905,728</u>
Capital assets, net	<u>\$11,417,728</u>	<u>\$ 227,487</u>	<u>\$ 6,439</u>	<u>\$11,638,776</u>

NOTE G - RISK MANAGEMENT

The City is subject to losses in the normal course of operations resulting from general liability; property and casualty; workers' compensation; employee health and accident; environmental, and antitrust matters. The City has purchased commercial insurance to protect against employee health losses. The City participates in Public Risk Management of Florida for purposes of protecting against workers' compensation losses; real and personal property losses; automobile

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE G - RISK MANAGEMENT (continued)

damage; and general liability, including malpractice and errors and omissions. The City does not self-insure against any risks. To the extent that the City has purchased commercial insurance, all risk of loss has been transferred to the insurance underwriter.

NOTE H- LONG-TERM DEBT

Long-term debt activity for the fiscal year ending September 30, 2013 was as follows:

	Beginning Balance 10-1-2012	Increases	Decreases	Ending Balance 9-30-2013	Amounts Due Within One Year
Governmental Activities					
Bonds and leases payable:					
Revenue Note, Series 2010	\$ 164,437	\$ -	\$ 18,283	\$ 146,154	\$ 19,086
Promissory Note - bank	4,756	-	4,756	-	-
Revenue Bonds, Series 2005C	915,000	-	95,000	820,000	100,000
Debt payable	1,084,193	-	118,040	966,154	119,086
Capital leases payable	376,229	-	47,764	328,464	50,531
Total notes, bonds and leases payable	1,460,422	-	165,804	1,294,618	169,617
Other liabilities					
Compensated absences	406,143	132,396	101,536	437,003	109,251
Total long-term liabilities – Governmental Activities	<u>\$ 1,866,565</u>	<u>\$ 132,396</u>	<u>\$ 267,340</u>	<u>\$ 1,731,621</u>	<u>\$ 278,868</u>
Business-type Activities					
Bonds and leases payable:					
Revenue Bonds, Series 2005D	\$ 3,020,000	\$ -	\$ 250,000	\$ 2,770,000	\$ 75,000
Total bonds payable	3,020,000	-	250,000	2,770,000	75,000
Other liabilities					
Compensated absences	56,913	17,054	14,228	59,739	14,934
Total long-term liabilities – Business-type Activities	<u>\$ 3,076,913</u>	<u>\$ 17,054</u>	<u>\$ 264,228</u>	<u>\$ 2,829,739</u>	<u>\$ 89,934</u>

Long-term debt for the governmental activities is comprised of the following at September 30, 2013:

Revenue Note, Series 2010 – A loan in the amount of \$203,486 was obtained to finance the acquisition of property located within the City’s Community Redevelopment Agency (CRA) district. The loan is payable in monthly installments of declining amounts ranging from \$2,098 to \$1,883, including interest which accrues at 4.31%. The note matures July 2020 and is secured by incremental tax revenues of the CRA fund. \$ 146,154

Revenue Bonds, Series 2005C – Revenue Bonds in the amount of \$1,155,000 were issued to advance refund a portion of the Revenue Bonds, Series 2000. Please see the additional disclosure on the advance refunding provided below. The remaining outstanding bonds mature in various amounts annually, ranging from \$100,000 to \$135,000 through April 1, 2020. Interest accrues on the bonds at rates ranging from 4.0% to 5.0% and is payable semi-annually on October 1 and April 1. The City has covenanted to appropriate in its annual budget from non – ad valorem revenues, amounts sufficient to pay annual principal and interest installments on the bonds. The City has the option to redeem the bonds maturing after April 1, 2015 at any time on or after April 1, 2015. 820,000

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H- LONG-TERM DEBT (continued)

Capital leases: The City currently leases an E-One Pumper fire truck, a Caterpillar Backhoe Loader, and 2 Generators under capital lease – purchase agreements within the governmental activities. The leases mature in December 2020 (Pumper), January 2015 (Backhoe), and August 2017 (Generators). The leases generally provide that the City pay the taxes, insurance and maintenance expenses related to the leased assets. The present value of future minimum lease payments is: 328,464

Accrued compensated absences, consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 437,003

Total long-term debt – governmental activities \$1,731,621

Partial advance refunding of Revenue Bonds, Series 2000 – In fiscal year 2000 Revenue bonds in the amount of \$1,690,000 were issued for the construction of a new city hall. On July 12, 2005, the City issued \$1,155,000 in Revenue Bonds, Series 2005C to advance refund a portion of the Revenue Bonds, Series 2000. The City advance refunded \$1,055,000 of the Series 2000 Bonds. The proceeds of the Series 2005C bonds in the amount of \$1,193,025, including a premium of \$38,025, less the bond issuance costs of \$27,755, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded portion of the Series 2000 bonds. The funds deposited with the escrow agent were used to purchase United States government obligations to establish a sinking fund. As a result, the \$1,055,000 of 2000 Revenue bonds were considered to be defeased and the liability for those bonds was removed from the accompanying government-wide Statement of Net position. The defeased bonds were paid-off on April 1, 2010 from the amounts on deposit in the escrowed sinking fund.

The partial advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the debt in the amount of \$107,717. The remaining unamortized difference of \$27,899 is reported in the accompanying Statement of Net Position as Deferred Outflows of Resources and is being charged to operations through the year ended September 30, 2020 using the effective- interest method. The City completed the advance refunding to reduce its total debt service by \$48,203 and to obtain an economic gain (the difference between the present values of the old and new debt service) of \$37,781.

Long-term debt for the business-type activities is comprised of the following at September 30, 2013:

Revenue Bonds, Series 2005D – Revenue Bonds in the amount of \$4,545,000 were issued to construct water and sewer improvements (\$3,250,000) and to refund the Water and Sewer Revenue Bonds, Series 1994 (\$1,240,000). Please see the additional disclosure on the refunding provided below. The remaining outstanding bonds mature in various amounts annually, ranging from \$75,000 to \$195,000 through October 1, 2035. Interest accrues on the bonds at rates ranging from 3.5% to 5.0% and is payable semi-annually on April 1 and October 1. The City has covenanted to appropriate in its annual budget from non – ad valorem revenues, amounts sufficient to pay annual principal and interest installments on the bonds. \$2,770,000

Accrued compensated absences, consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 59,739

Total long-term debt – business-type activities \$2,829,739

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H- LONG-TERM DEBT (continued)

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

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

The annual requirements to amortize the long-term debt for governmental activities as of September 30, 2013 is as follows:

Revenue Note, Series 2010	Principal	Interest	Total
Year ending September 30,			
2014	\$ 19,086	\$ 5,926	\$ 25,012
2015	19,926	5,087	25,013
2016	20,802	4,211	25,013
2017	21,717	3,296	25,013
2018	22,671	2,342	25,013
2019-2020	41,952	1,717	43,669
	\$ 146,154	\$ 22,579	\$ 168,733
Revenue Bonds, Series 2005C	Principal	Interest	Total
Year ending September 30,			
2014	\$ 100,000	\$ 34,869	\$ 134,869
2015	105,000	29,744	134,744
2016	115,000	24,244	139,244
2017	120,000	18,369	138,369
2018	120,000	12,969	132,969
2019-2020	260,000	10,853	270,853
	\$ 820,000	\$ 131,048	\$ 951,048
Capital Leases	Principal	Interest	Total
Year ending September 30,			
2014	\$ 50,531	\$ 18,431	\$ 68,962
2015	70,767	15,505	86,272
2016	42,808	11,413	54,221
2017	43,660	8,928	52,588
2018	27,700	6,920	34,620
2019-2021	92,998	10,863	103,861
	\$ 328,464	\$ 72,060	\$ 400,524

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE H- LONG-TERM DEBT (continued)

The annual requirements to amortize the long-term debt for business-type activities as of September 30, 2013 is as follows:

<u>Revenue Bonds, Series 2005D</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2014	\$ 75,000	\$ 123,725	\$ 198,725
2015	80,000	121,100	201,100
2016	85,000	118,200	203,200
2017	85,000	114,800	199,800
2018	90,000	111,400	201,400
2019-2023	510,000	496,550	1,006,550
2024-2028	650,000	360,725	1,010,725
2029-2033	815,000	198,900	1,013,900
2034-2035	380,000	25,875	405,875
	<u>\$ 2,770,000</u>	<u>\$ 1,671,275</u>	<u>\$ 4,441,275</u>

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Governmental Activities			
Fire Truck	\$ 299,000	\$ 57,308	\$ 241,692
Backhoe Loader	68,962	12,068	56,894
Generators (2)	85,000	7,083	77,917
 Total	 <u>\$ 452,962</u>	 <u>\$ 76,459</u>	 <u>\$ 376,503</u>

The issuance costs that pertain to debt repayment insurance for both the 2005C and 2005D Revenue Bonds are being amortized as a charge against income using the effective interest method over the remaining life of the bonds outstanding. The remaining balances to be amortized as of September 30, 2013, are \$2,931 and \$21,768, respectively. The effective interest method is also used to amortize into income the bond premium realized on the 2005C and 2005D Revenue Bonds. The remaining balances to be amortized as of September 30, 2013, are \$9,848 and \$5,782, respectively. The unamortized bond issuance costs and bond premium realized are reported in the accompanying Statement of Net Position as Unamortized Debt Costs and Deferred Inflows of Resources, respectively.

NOTE I - INTRA-GOVERNMENTAL CHARGES:

The General Fund incurs administrative costs on behalf of the Business-type Activities – Enterprise Funds. These administrative costs have been allocated to the Enterprise Funds for the year ended September 30, 2013, as shown in the following table:

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

NOTE J – OPERATING LEASE OBLIGATIONS

The City has entered into two operating lease agreements that cover three copier machines. The first agreement is for one copier and monthly payments of \$266 were due through June 2013. The second agreement is for two copiers and monthly

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE J – OPERATING LEASE OBLIGATIONS (continued)

payments of \$579 are due through January 2014. The monthly payments do not include maintenance and other operational costs. The outstanding commitment for the remaining operating lease is \$1,736 for fiscal year 2014. Lease expense for the copiers was \$9,340 for the year ended September 30, 2013.

NOTE K - EMPLOYEE RETIREMENT SYSTEMS

All City employees participate in the Florida Retirement System (System), a cost sharing, multiple-employer public employee defined benefit plan established under Florida Statutes, Chapter 121, which may be amended by the Florida Legislature. The Florida Retirement System Annual Report is a document printed for members of the Legislature and the public reflecting the financial operation and condition of the state-administered retirement systems. The publication includes financial statements, actuarial comments, investment information, and statistical data of the system. A copy can be obtained by writing to the Division of Retirement, Research, Education & Policy Section; 2639-C North Monroe Street; Tallahassee, Florida 32399-1560 or by calling (850) 488-5706. The payroll for employees covered by the System for the year ended September 30, 2013, was \$2,393,334; the City’s total payroll was \$2,478,180.

All full-time and permanent part-time City employees are eligible to participate in the System. Benefits are determined by category and length of service as follows:

<u>Membership Category</u>	<u>Retirement Benefit</u>	<u>Vesting</u>	<u>Employer Contribution Rate 10/1/12-9/30/13</u>
Regular	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age.	After 6 years of creditable service.	6.95% - effective 7/1/13; 5.18% for 10/1/12 to 6/30/13
<u>Membership Category</u>	<u>Retirement Benefit</u>	<u>Vesting</u>	<u>Employer Contribution Rate 10/1/12– 9/30/13</u>
Special Risk (fire and police)	2.0% times year of service times average compensation (5 highest years) if age 55 or 25 year of special risk service.	After 6 years of special risk service.	19.06% - effective 7/1/13; 14.90% for 10/1/12 to 6/30/13

Effective July 1, 2011, the System requires contributions from covered members at a rate of 3%. The total contributions by covered members for the fiscal year ending September 30, 2013 was \$68,650. The City is required to contribute an actuarially determined rate. Any change to the contribution rate or benefits must be enacted by the Florida Legislature. The most recent rate change was enacted as of July 1, 2012.

The contribution requirements for the fiscal years ending September 30, 2013, 2012, and 2011 were \$233,128, \$216,174, and \$321,898, respectively, equal to the required contributions for each year. These contributions represented 9.7% of covered payroll in 2013, 8.9% of covered payroll in 2012, and 14.7% of covered payroll in 2011.

NOTE L – OTHER POSTEMPLOYMENT BENEFITS PLAN

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

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE L – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

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

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

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

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

Funding Policy: The annual required contribution to fund the incremental cost of the benefits plan is based on a pay-as-you-go funding approach. For the year ended September 30, 2012, the expected contribution for the City was \$42,997.

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

	Pay-As-You- Go Funding - Fiscal Year Ending 9/30/13
Annual Required Contribution (ARC)	\$ 55,712
Interest on net OPEB obligation	381
Adjustment to ARC	(381)
Annual OPEB cost	<u>55,712</u>
Expected employer contribution	<u>42,997</u>
Increase in net OPEB obligation	12,715
Net OPEB obligation beginning of year	<u>38,147</u>
Net OPEB obligation end of year	<u>\$ 50,862</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE L – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

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

Required Actuarial Information:

Contribution Rate	4.50%
Actuarial valuation date	1-1-11
Annual OPEB Cost	\$55,712
Contributions made	\$42,997
Actuarial cost method	Frozen Entry Age
Amortization method	Level percent - Closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions	
Investment rate of return *	3.00%
Payroll growth assumptions	2.00%
* - Includes inflation at	2.00%

Other Required Supplementary Information:

Three Year Trend Information:

Year Ending	Actuarial Valuation Date	Annual Required Contribution	Actual Contribution (Estimated)	Percent Contributed	Net OPEB Obligation
9-30-13	1-1-11	\$ 55,712	\$ 42,997	77.2%	\$ 50,862
9-30-12	1-1-11	55,712	42,997	77.2%	38,147
9-30-11	1-1-11	55,712	42,997	77.2%	25,431

Schedule of Funding Progress:

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

Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9-30-13	\$ -	\$ 328,068	\$ 328,068	0.0%	\$2,478,180	13.2%
9-30-12	-	\$ 315,353	\$ 315,353	0.0%	\$2,453,922	12.9%
9-30-11	-	\$ 302,637	\$ 302,637	0.0%	\$2,244,514	13.5%

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE L – OTHER POSTEMPLOYMENT BENEFITS PLAN (continued)

Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9-30-10	-	289,922	289,922	0.0%	2,080,062	13.9%
9-30-09	N/A	N/A	N/A	N/A	N/A	N/A

NOTE M - DEFERRED COMPENSATION PLAN

The City offers an optional deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to all employees in addition to the pension plan. The City is not the trustee of the deferred compensation plan. Therefore, under the provisions of Internal Revenue Code Section *Deferred Compensation Plans* and GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the plan are not to be reported within the City’s financial statements as of September 30, 2013.

NOTE N – OTHER EMPLOYEE BENEFITS

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

NOTE O – INTER-FUND TRANSACTIONS

Inter-fund receivables and payables consist of the following as of September 30, 2013. These amounts have been eliminated in the government-wide financial statements. These transactions were for the purpose of funding operations except for the amount of \$120,027 representing the Water and Sewer Fund bank overdraft at September 30, 2013, resulting in a General Fund receivable of \$120,027.

The Water and Sewer Fund pooled cash overdraft was offset against General Fund pooled cash with corresponding inter-fund receivables and payables being recorded.

	Receivable	Payable
General Fund	\$ 120,027	\$ 924,545
Community Redevelopment Fund	915,308	-
Capital Improvement Fund	25,225	-
Water and Sewer Fund	57,542	136,015
Stormwater Utility Fund	-	57,542
	<u>\$ 1,118,102</u>	<u>\$ 1,118,102</u>

Inter-fund transfers consist of the following for the year ended September 30, 2013. The General Fund transfer to the Community Redevelopment Fund was for operating purposes and consists of the Tax Increment Funding pertaining to the Community Redevelopment district.

	Transfer In	Transfer Out
General Fund	\$ -	\$ 305,485
Community Redevelopment Fund	305,485	-
	<u>\$ 305,485</u>	<u>\$ 305,485</u>

CITY OF PORT RICHEY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE P - CONTINGENT LIABILITIES

The City is involved in legal matters as of September 30, 2013 that are incidental to its routine operations. It is the opinion of management, based upon the advice of legal council, that the likely outcome of these matters will not be material in nature to the overall operating results of the City.

NOTE Q – SUBSEQUENT EVENTS

The City has evaluated whether any subsequent events have occurred subsequent to September 30, 2013, and before the issuance of the financial statements, that would have an impact on the City's financial condition as of September 30, 2013 or would influence the conclusions reached by the reader of the financial statements regarding the City's overall financial condition. The City has determined that no such events occurred through March 26, 2014, which is the date that the financial statements were available to be issued.

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

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

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS):					
TAXES					
Ad valorem	\$ 1,256,995	\$ 1,256,995	\$ 1,284,698	\$ 27,703	\$ 1,250,148
Franchise fees	300,000	300,000	326,650	26,650	304,713
Utility taxes	290,000	290,000	314,897	24,897	345,236
Communication services tax	178,864	178,864	190,187	11,323	185,064
TOTAL TAXES	2,025,859	2,025,859	2,116,432	90,573	2,085,161
LICENSES AND PERMITS					
Local business tax	60,000	60,000	55,394	(4,606)	69,994
Building permits	61,000	61,000	120,116	59,116	111,832
TOTAL LICENSES AND PERMITS	121,000	121,000	175,510	54,510	181,826
INTERGOVERNMENTAL					
Federal and State grants	120,000	120,000	81,105	(38,895)	15,908
State revenue sharing	93,926	93,926	99,749	5,823	100,727
County business license fees	2,000	2,000	1,839	(161)	2,548
Mobile home license tax rebate	12,000	12,000	11,583	(417)	12,391
Municipality fuel tax refund	2,500	2,500	4,527	2,027	4,724
Half-cent sales tax	128,692	128,692	138,214	9,522	132,247
Local option gas tax	109,765	109,765	124,580	14,815	116,949
Alcoholic beverage licenses	11,000	11,000	11,553	553	12,577
TOTAL INTERGOVERNMENTAL REVENUES	479,883	479,883	473,150	(6,733)	398,071
IMPACT FEES					
Transportation impact fees	-	-	24,297	24,297	-
Police and Fire impact fees	-	-	211	211	428
TOTAL IMPACT FEES	-	-	24,508	24,508	428
CHARGES FOR SERVICES					
Administration fees	333,288	333,288	333,288	-	333,288
Other Charges	33,200	33,200	22,191	(11,009)	43,512
TOTAL CHARGES FOR SERVICES	366,488	366,488	355,479	(11,009)	376,800
FINES AND FORFEITURES					
Court fines	1,598,000	1,598,000	1,444,758	(153,242)	1,679,091
Other fines	75,000	75,000	108,743	33,743	62,250
TOTAL FINES AND FORFEITURES	1,673,000	1,673,000	1,553,501	(119,499)	1,741,341
MISCELLANEOUS					
Investment income	1,500	1,500	516	(984)	1,069
Contributions	-	-	2,802	2,802	3,576
Proceeds from capital lease	-	-	-	-	68,962
Proceeds from sale of capital assets	-	-	3,204	3,204	8,686
Other	3,750	3,750	7,159	3,409	31,168
TOTAL MISCELLANEOUS REVENUES	5,250	5,250	13,681	8,431	113,461
AMOUNTS AVAILABLE FOR APPROPRIATION	4,671,480	4,671,480	4,712,261	40,781	4,897,088

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
GENERAL GOVERNMENT					
Legislative					
Personal services	\$ 18,278	\$ 18,278	\$ 18,303	\$ (25)	\$ 17,204
Operating expenses	6,200	6,200	669	5,531	3,218
	24,478	24,478	18,972	5,506	20,422
City Manager and City Clerk					
Personal services	138,072	138,072	130,652	7,420	126,645
Operating expenses	10,865	10,865	3,391	7,474	3,714
	148,937	148,937	134,043	14,894	130,359
Financial and administrative					
Personal services	120,036	120,036	104,816	15,220	105,660
Operating expenses	1,845	1,845	2,447	(602)	928
	121,881	121,881	107,263	14,618	106,588
Non-departmental					
Personal services	13,935	13,935	8,566	5,369	15,447
Operating expenses	1,409,824	1,415,533	1,139,249	276,284	1,373,474
Capital outlay	68,000	68,000	37,970	30,030	24,309
Debt service	136,310	136,310	135,699	611	139,009
	1,628,069	1,633,778	1,321,484	312,294	1,552,239
Legal					
Operating expenses	82,500	82,500	32,091	50,409	38,586
TOTAL GENERAL GOVERNMENT	2,005,865	2,011,574	1,613,853	397,721	1,848,194
PUBLIC SAFETY					
Police					
Personal services	1,104,041	1,104,041	1,161,622	(57,581)	1,200,485
Operating expenses	218,450	212,741	182,029	30,712	164,624
Capital outlay	46,000	46,000	37,281	8,719	5,990
	1,368,491	1,362,782	1,380,932	(18,150)	1,371,099
Fire					
Personal services	340,241	340,241	352,547	(12,306)	355,220
Operating expenses	182,796	182,796	60,105	122,691	61,974
Capital outlay	-	-	-	-	-
	523,037	523,037	412,652	110,385	417,194
Protective Inspections					
Personal services	26,785	26,785	28,177	(1,392)	28,634
Operating expenses	25,300	25,300	9,867	15,433	18,800
Capital outlay	20,000	20,000	-	20,000	-
	72,085	72,085	38,044	34,041	47,434
TOTAL PUBLIC SAFETY	1,963,613	1,957,904	1,831,628	126,276	1,835,727

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013 (continued)
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		
	Original	Final			
PHYSICAL ENVIRONMENT					
Public Works					
Personal services	\$ 145,195	\$ 145,195	\$ 135,125	\$ 10,070	\$ 55,849
Operating expenses	135,075	135,075	126,970	8,105	52,578
Capital outlay	22,000	22,000	14,948	7,052	9,280
Debt service	-	-	14,740	(14,740)	8,890
TOTAL PHYSICAL ENVIRONMENT	302,270	302,270	291,783	10,487	126,597
TRANSPORTATION					
Streets					
Personal services	-	-	-	-	79,810
Operating expenses	-	-	-	-	37,876
Capital outlay	-	-	-	-	68,962
Debt service	-	-	-	-	5,850
TOTAL TRANSPORTATION	-	-	-	-	192,498
HUMAN SERVICES					
Health					
Operating expenses	32,321	32,321	17,444	14,877	19,037
TOTAL HUMAN SERVICES	32,321	32,321	17,444	14,877	19,037
PARKS AND RECREATION					
Waterfront Park					
Personal services	-	-	-	-	14,115
Operating expenses	-	-	-	-	36,007
TOTAL PARKS AND RECREATION	-	-	-	-	50,122
TRANSFERS TO OTHER FUNDS	305,485	305,485	305,485	-	323,505
CONTINGENCIES	61,926	61,926	-	61,926	-
TOTAL CHARGES TO APPROPRIATIONS	4,671,480	4,671,480	4,060,193	611,287	4,395,680
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	-	652,068	652,068	501,408
FUND BALANCE - BEGINNING OF YEAR	1,928,711	1,928,711	1,928,711	-	1,427,303
FUND BALANCE - END OF YEAR	\$ 1,928,711	\$ 1,928,711	\$ 2,580,779	\$ 652,068	\$ 1,928,711

(continued)

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013 (continued)

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

SOURCES/INFLOWS OF RESOURCES

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule.	\$ 4,712,261
Differences - budget to GAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(3,204)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 4,709,057</u></u>

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 4,060,193
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(305,485)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 3,754,708</u></u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - COMMUNITY REDEVELOPMENT

For the Year Ended September 30, 2013
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			2012	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual
	Original	Final			
RESOURCES (INFLOWS):					
Taxes	\$ 394,515	\$ 394,515	\$ 394,032	\$ (483)	\$ 411,938
Proceeds from capital lease	-	-	-	-	85,000
Transfers from other fund	305,485	305,485	305,485	-	323,505
AMOUNTS AVAILABLE FOR APPROPRIATION	700,000	700,000	699,517	(483)	820,443
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
General Government	529,695	529,695	430,435	99,260	417,785
Public Safety	594,219	594,219	451,974	142,245	398,848
Physical environment	427,143	427,143	226,904	200,239	154,250
Transportation	-	-	-	-	34,097
Parks and recreation	-	-	-	-	56,252
Capital outlay	640,200	640,200	95,210	544,990	228,772
Debt service	-	-	44,613	(44,613)	26,645
Transfers to other funds	-	-	-	-	6,386
TOTAL CHARGES TO APPROPRIATIONS	2,191,257	2,191,257	1,249,136	942,121	1,323,035
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(1,491,257)	(1,491,257)	(549,619)	941,638	(502,592)
FUND BALANCE - BEGINNING OF YEAR	1,855,662	1,855,662	1,855,662	-	2,358,254
FUND BALANCE - END OF YEAR	\$ 364,405	\$ 364,405	\$ 1,306,043	\$ 941,638	\$ 1,855,662

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.	\$ 699,517
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(305,485)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 394,032

USES/OUTFLOWS OF RESOURCES

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,249,136
Differences - budget to GAAP:	
None	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 1,249,136

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OTHER SUPPLEMENTARY SCHEDULES

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

CITY OF PORT RICHEY, FLORIDA

COMPARATIVE BALANCE SHEET
GENERAL FUND

	September 30,	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash, pooled cash and cash equivalents	\$ 2,556,857	\$ 1,806,356
Restricted assets:		
Cash and cash equivalents	950,387	914,339
Receivables (Net of allowance):		
Taxes	34,441	23,758
Accounts	18,258	22,237
Due from other funds	120,027	248,553
Prepaid items	<u>3,235</u>	<u>3,413</u>
TOTAL ASSETS	<u><u>\$ 3,683,205</u></u>	<u><u>\$ 3,018,656</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 56,856	\$ 69,637
Accrued liabilities	82,983	62,778
Deferred revenue	33,654	29,326
Due to other funds	924,545	924,545
Due to other governments	<u>4,388</u>	<u>3,659</u>
TOTAL LIABILITIES	<u>1,102,426</u>	<u>1,089,945</u>
FUND BALANCES		
Fund balances		
Nonspendable:		
Prepaid items	3,235	3,413
Restricted for:		
Police benevolence - Johnny Cash Reserve	86,433	83,985
Capital projects- transportation	746,379	722,082
Capital projects- police and fire	117,575	108,272
Unassigned	<u>1,627,157</u>	<u>1,010,959</u>
TOTAL FUND BALANCES	<u>2,580,779</u>	<u>1,928,711</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,683,205</u></u>	<u><u>\$ 3,018,656</u></u>

CITY OF PORT RICHEY, FLORIDA

COMPARATIVE BALANCE SHEET
COMMUNITY REDEVELOPMENT FUND

	September 30,	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash, pooled cash and cash equivalents	\$ 58,280	\$ 39,454
Restricted assets:		
Cash and cash equivalents	390,735	940,354
Due from other funds	<u>915,308</u>	<u>915,308</u>
TOTAL ASSETS	<u><u>\$ 1,364,323</u></u>	<u><u>\$ 1,895,116</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 25,098	\$ 11,993
Accrued liabilities	<u>33,182</u>	<u>27,461</u>
TOTAL LIABILITIES	<u>58,280</u>	<u>39,454</u>
FUND BALANCES		
Fund balances		
Restricted for:		
Community redevelopment	<u>1,306,043</u>	<u>1,855,662</u>
TOTAL FUND BALANCES	<u>1,306,043</u>	<u>1,855,662</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,364,323</u></u>	<u><u>\$ 1,895,116</u></u>

CITY OF PORT RICHEY, FLORIDA

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMEMENT FUND

For the Year Ended September 30, 2013
With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
RESOURCES (INFLOWS):					
Intergovernmental					
Discretionary sales surtax	\$ 257,273	\$ 257,273	\$ 295,688	\$ 38,415	\$ 270,236
AMOUNTS AVAILABLE FOR APPROPRIATION	257,273	257,273	295,688	38,415	270,236
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Current					
Public Safety	25,000	25,000	2,536	22,464	11,989
Physical environment	28,700	28,700	-	28,700	-
Capital outlay					
Public Safety	112,441	112,441	75,883	36,558	84,008
Physical environment	91,132	91,132	19,050	72,082	54,789
Debt service	-	-	39,396	(39,396)	69,109
TOTAL CHARGES TO APPROPRIATIONS	257,273	257,273	136,865	120,408	219,895
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	-	-	158,823	158,823	50,341
FUND BALANCE - BEGINNING OF YEAR	209,102	209,102	209,102	-	158,761
FUND BALANCE - END OF YEAR	\$ 209,102	\$ 209,102	\$ 367,925	\$ 158,823	\$ 209,102

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2013
 With Comparative Actual Amounts for the Year Ended September 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012
	Budgeted Amounts		Actual Amounts (Budgetary Basis)		Actual
	Original	Final			
REVENUES AND OTHER SOURCES					
Charges for services	\$ 2,988,200	\$ 2,988,200	\$ 3,010,883	\$ 22,683	\$ 2,935,362
Impact fees	-	-	2,900	2,900	7,800
Investment income	-	-	481	481	3,913
Debt proceeds	600,000	600,000	-	-	-
Transfer in	-	-	-	-	21,486
AMOUNTS AVAILABLE FOR APPROPRIATION	3,588,200	3,588,200	3,014,264	26,064	2,968,561
OPERATING EXPENSES AND OTHER USES					
WATER AND SEWER					
Personal services	383,657	383,657	377,861	5,796	364,767
Contractual services	895,920	895,920	977,611	(81,691)	851,358
Materials and supplies	444,235	446,235	255,483	190,752	226,616
Purchased water	100,000	100,000	366,941	(266,941)	161,545
Utilities	131,250	131,250	107,733	23,517	114,934
Administrative charges	294,000	294,000	294,000	-	294,000
Interest and fiscal charges	136,225	136,225	136,045	180	144,335
Bond principal payment	250,000	250,000	250,000	-	240,000
Capital outlay	745,000	743,000	692,823	50,177	78,918
Depreciation	136,929	136,929	450,033	(313,104)	434,819
Contingency	70,984	70,984	-	70,984	-
TOTAL CHARGES TO APPROPRIATIONS	3,588,200	3,588,200	3,908,530	(320,330)	2,911,292
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) OPERATING EXPENSES AND OTHER USES	\$ -	\$ -	\$ (894,266)	\$ (294,266)	\$ 57,269

NOTES TO SCHEDULE:

Debt proceeds are not revenues for generally accepted accounting principles (GAAP) purposes. The City does not budget for amortization expense. Total expenses, including amortization expense of \$989, for GAAP purposes was \$2,966,697. Capital Outlay expenditures of \$692,823 and bond principal payments of \$250,000 are not expenses for GAAP purposes.

CITY OF PORT RICHEY, FLORIDA

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

September 30, 2013

	Total Governmental Funds	Long-term Assets, Liabilities	Reclasses & Eliminations	Statement of Net Asset Totals
ASSETS				
Cash, pooled cash and cash equivalents	\$ 2,615,137	\$ -	\$ -	\$ 2,615,137
Restricted assets				
Cash and cash equivalents	1,683,822	-	-	1,683,822
Receivables (Net of allowance):				
Taxes	34,441	-	-	34,441
Accounts	18,258	-	-	18,258
Internal balances	-	-	-	-
Due from other funds	1,060,560	-	(924,545)	136,015
Prepaid items	3,235	-	-	3,235
Capital assets	-	11,676,053	-	11,676,053
Accumulated depreciation	-	(4,549,587)	-	(4,549,587)
Capital projects in process	-	1,598,721	-	1,598,721
Unamortized debt issuance costs - insurance	-	2,931	-	2,931
Total Assets	<u>5,415,453</u>	<u>8,728,118</u>	<u>(924,545)</u>	<u>13,219,026</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding of debt	-	27,899	-	27,899
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 5,415,453</u></u>	<u><u>\$ 8,756,017</u></u>	<u><u>\$ (924,545)</u></u>	<u><u>\$ 13,246,925</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 81,954	\$ -	\$ -	\$ 81,954
Accrued liabilities	116,165	-	-	116,165
Deferred revenue	33,654	-	-	33,654
Due to other funds	924,545	-	(924,545)	-
Due to other governments	4,388	-	-	4,388
Net Other Post Employment Benefits	-	-	44,691	44,691
Capital leases payable	-	-	328,464	328,464
Revenue bonds payable	-	-	820,000	820,000
Revenue note - series 2010	-	-	146,154	146,154
Accrued compensated absences	-	-	437,003	437,003
Total Liabilities	<u>1,160,706</u>	<u>-</u>	<u>851,767</u>	<u>2,012,473</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred premium on issuance of debt	-	9,848	-	9,848
TOTAL LIABILITIES AND DEFERRED INFLOWS OR RESOURCES	<u>1,160,706</u>	<u>9,848</u>	<u>851,767</u>	<u>2,022,321</u>
TOTAL FUND BALANCES / NET POSITION	<u>4,254,747</u>	<u>8,746,169</u>	<u>(1,776,312)</u>	<u>11,224,604</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES / NET POSITION	<u><u>\$ 5,415,453</u></u>	<u><u>\$ 8,756,017</u></u>	<u><u>\$ (924,545)</u></u>	<u><u>\$ 13,246,925</u></u>

CITY OF PORT RICHEY, FLORIDA

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

For the Year Ended September 30, 2013

	Total Governmental Funds	Capital Related Items		Long-term Debt Transactions		Reclasses & Eliminations	Statement of Activities Totals
		Capital Outlay	Depreciation	Debt	OPEB/Accrued Comp. Absences		
REVENUES							
Taxes	\$ 2,510,464	\$ -	\$ -	\$ -	\$ -	\$ (2,510,464)	\$ -
Licenses and permits	175,510	-	-	-	-	(175,510)	-
Intergovernmental revenue	768,838	-	-	-	-	(768,838)	-
Impact fees	24,508	-	-	-	-	(24,508)	-
Charges for services	355,479	-	-	-	-	1,729,011	2,084,490
Fines and forfeitures	1,553,501	-	-	-	-	(1,553,501)	-
Interest	516	-	-	-	-	(516)	-
Miscellaneous revenues	9,961	-	-	2,928	-	(12,889)	-
Capital grants and contributions	-	-	-	-	-	81,105	81,105
General revenues	-	-	-	-	-	3,236,110	3,236,110
TOTAL REVENUES	5,398,777	-	-	2,928	-	-	5,401,705
EXPENDITURES							
Current							
General government	1,870,619	-	72,565	-	(1,041)	-	1,942,143
Public safety	2,248,857	-	-	-	-	(2,248,857)	-
Police	-	-	94,440	-	62,234	1,514,533	1,671,207
Fire	-	-	58,024	-	7,145	535,229	600,398
Protective inspections	-	-	10,442	-	1,860	199,095	211,397
Physical environment	488,999	-	195,459	-	(28,460)	(295)	655,703
Human Services	17,444	-	-	-	-	-	17,444
Capital outlay	280,342	(280,342)	-	-	-	-	-
Debt service							
Principal retirement	165,804	-	-	(165,804)	-	-	-
Interest and fiscal charges	68,644	-	-	8,745	-	-	77,389
TOTAL EXPENDITURES	5,140,709	(280,342)	430,930	(157,059)	41,738	(295)	5,175,681
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	3,204	-	-	-	-	(3,204)	-
Transfers in	305,485	-	-	-	-	(305,485)	-
Transfers out	(305,485)	-	-	-	-	305,485	-
TOTAL OTHER FINANCING SOURCES (USES)	3,204	-	-	-	-	(3,204)	-
NET CHANGE IN FUND BALANCE / NET POSITION	\$ 261,272	\$ 280,342	\$ (430,930)	\$ 159,987	\$ (41,738)	\$ (2,909)	\$ 226,024

STATISTICAL SECTION

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

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

The City has no general bonded debt outstanding.

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

Schedules of Financial Trends Information

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

City of Port Richey
Schedule 1
Net Position by Component
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 5,467,621	\$ 5,455,513	\$ 5,956,760	\$ 6,447,691	\$ 6,660,099	\$ 6,996,142	\$ 7,132,065	\$ 7,377,656	\$ 7,454,455	\$ 7,430,569
Restricted	772,049	1,195,482	1,870,468	3,078,353	4,018,489	4,266,257	4,200,265	3,433,425	3,055,857	2,736,422
Unrestricted	(756,188)	(434,521)	(37,386)	(154,112)	(137,330)	(392,618)	(537,799)	52,585	499,028	1,057,613
Total governmental activities net position	\$ 5,483,482	\$ 6,216,474	\$ 7,789,842	\$ 9,371,932	\$ 10,541,258	\$ 10,869,781	\$ 10,794,531	\$ 10,863,666	\$ 11,009,340	\$ 11,224,604
Business-type activities										
Net investment in capital assets	\$ 8,028,488	\$ 5,065,355	\$ 5,604,407	\$ 6,303,668	\$ 7,444,791	\$ 7,191,757	\$ 8,394,142	\$ 8,461,053	\$ 8,397,729	\$ 8,868,776
Restricted	706,173	3,492,099	3,411,748	2,882,311	2,352,841	2,017,083	954,169	966,557	840,858	1,078
Unrestricted	1,140,084	755,297	398,036	(318,973)	(1,100,464)	(562,443)	(867,969)	(427,649)	166,996	551,908
Total business-type activities net position	\$ 9,874,745	\$ 9,312,751	\$ 9,414,191	\$ 8,867,006	\$ 8,697,168	\$ 8,646,397	\$ 8,480,342	\$ 8,999,961	\$ 9,405,583	\$ 9,421,762
Primary Government										
Net investment in capital assets	\$ 13,496,109	\$ 10,520,868	\$ 11,561,167	\$ 12,751,359	\$ 14,104,890	\$ 14,187,899	\$ 15,526,207	\$ 15,838,709	\$ 15,852,184	\$ 16,299,345
Restricted	1,478,222	4,687,581	5,282,216	5,046,881	6,371,330	6,283,340	5,154,434	4,399,992	3,896,715	2,737,500
Unrestricted	383,896	320,776	360,650	473,085	(1,237,794)	(955,061)	(1,405,768)	(375,064)	666,024	1,609,521
Total primary government activities net position	\$ 15,358,227	\$ 15,529,225	\$ 17,204,033	\$ 18,271,325	\$ 19,238,426	\$ 19,516,178	\$ 19,274,873	\$ 19,863,637	\$ 20,414,923	\$ 20,646,366

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 806,700	\$ 974,729	\$ 1,048,078	\$ 1,054,974	\$ 1,301,460	\$ 1,295,793	\$ 1,414,126	\$ 2,392,742	\$ 2,173,292	\$ 1,942,143
Public safety - Police	1,033,392	1,190,530	1,221,893	1,212,871	1,181,439	1,248,481	1,424,313	1,611,640	1,623,726	1,671,207
Public safety - Fire	367,904	422,116	424,895	515,826	525,445	520,645	541,484	570,886	597,965	600,398
Public safety - Protective inspections	175,937	161,339	216,475	224,981	222,270	176,869	170,994	153,374	156,202	211,397
Public Works	59,161	102,733	90,288	933,488	1,704,619	528,265	396,188	346,695	397,599	573,045
Transportation	310,175	312,767	330,019	191,103	217,529	52,503	192,122	178,486	150,169	20,431
Human services	10,421	7,168	14,724	12,229	4,487	12,900	26,382	23,191	19,037	17,444
Parks and recreation	83,577	98,281	140,555	140,217	154,884	169,090	152,705	153,287	140,813	62,227
Interest and fiscal charges on long-term debt	95,976	71,528	83,023	80,589	74,585	69,184	79,482	85,362	78,807	77,389
Total governmental activities expenses	2,943,243	3,341,191	3,569,950	4,366,278	5,386,718	4,073,730	4,397,796	5,515,663	5,337,610	5,175,681
Business-type activities:										
Water & Sewer	2,540,751	3,149,552	2,991,928	3,218,281	3,067,973	2,269,128	2,433,193	2,429,743	2,595,220	2,966,697
Stormwater Utility	-	-	147	-	12,674	-	117,552	133,892	105,665	86,503
Total business-type activities expenses	2,540,751	3,149,552	2,992,075	3,218,281	3,080,647	2,386,680	2,567,085	2,535,408	2,681,723	3,078,466
Total primary government expenses	\$ 5,483,994	\$ 6,490,743	\$ 6,562,025	\$ 7,584,559	\$ 8,467,365	\$ 6,460,410	\$ 6,964,881	\$ 8,051,071	\$ 8,019,333	\$ 8,254,147
Program Revenues										
Governmental activities:										
Charges for services	\$ 672,557	\$ 582,969	\$ 833,568	\$ 564,465	\$ 877,742	\$ 791,110	\$ 1,104,048	\$ 2,360,938	\$ 2,299,967	\$ 2,084,490
Operating grants and contributions	22,038	137,004	137,004	865,239	1,448,856	157,634	112,923	63,031	-	-
Capital grants and contributions	276,710	12,441	27,736	-	70,695	-	33,156	89,638	15,908	81,105
Total governmental activities program revenues	971,305	732,414	863,952	1,429,704	2,397,293	948,744	1,250,127	2,513,607	2,315,875	2,165,595
Business-type activities:										
Charges for services	2,492,070	2,478,665	2,605,256	2,565,006	2,466,099	2,243,802	2,362,773	3,042,639	3,054,136	3,130,364
Total business-type activities program revenues	2,492,070	2,478,665	2,605,256	2,565,006	2,466,099	2,243,802	2,362,773	3,042,639	3,054,136	3,130,364
Total primary government program revenues	\$ 3,463,375	\$ 3,211,079	\$ 3,469,208	\$ 3,994,710	\$ 4,863,392	\$ 3,192,546	\$ 3,612,900	\$ 5,556,246	\$ 5,370,011	\$ 5,295,959
Net (Expense)/Revenue										
Governmental activities net expense	\$ (1,971,938)	\$ (2,608,777)	\$ (2,705,998)	\$ (2,936,574)	\$ (2,989,425)	\$ (3,124,986)	\$ (3,147,669)	\$ (3,002,056)	\$ (3,021,735)	\$ (3,010,086)
Business-type activities net revenue	(48,681)	(670,887)	(386,819)	(839,129)	(614,548)	(142,878)	(204,312)	507,231	372,413	51,898
Total primary government net expense	\$ (2,020,619)	\$ (3,279,664)	\$ (3,092,817)	\$ (3,775,703)	\$ (3,603,973)	\$ (3,267,864)	\$ (3,351,981)	\$ (2,494,825)	\$ (2,649,322)	\$ (2,958,188)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem	\$ 1,359,524	\$ 1,814,148	\$ 2,315,392	\$ 2,656,561	\$ 2,502,109	\$ 2,114,275	\$ 1,821,564	\$ 1,640,588	\$ 1,662,086	\$ 1,678,730
Franchise fees	244,399	265,782	320,804	328,572	308,766	333,447	349,058	314,782	304,713	326,650
Utility taxes	300,700	311,359	339,637	342,368	333,986	50,981	26,140	247,995	345,236	314,897
Communication services tax	239,882	235,510	222,588	238,289	232,325	230,508	199,224	178,161	185,064	190,187
Half-cent sales tax	180,071	201,543	201,024	187,620	172,890	155,317	152,289	154,363	132,247	138,214
Impact fees	219,987	56,551	82,624	24,175	125,684	-	4,784	4,627	428	24,508
Local option gas tax	132,658	136,864	135,661	132,197	244,879	123,683	122,832	118,581	116,949	124,580
Discretionary sales surtax - infrastructure	-	150,295	304,066	276,967	30,752	217,887	225,272	247,641	270,236	295,688
Other taxes	25,292	26,431	28,472	105,461	102,166	30,679	29,583	33,582	32,241	29,502
State revenue sharing	92,756	102,454	103,377	104,035	1,800	100,327	100,380	100,817	100,727	99,749
Investment income	14,088	33,166	67,736	91,897	72,538	10,612	2,439	2,304	1,068	516
Miscellaneous	58,071	49,128	68,946	38,522	30,856	94,563	40,556	27,750	37,900	12,889
Transfers	-	-	-	-	-	(8,770)	(1,701)	-	(21,486)	-
Total governmental activities	2,867,428	3,383,231	4,190,327	4,526,664	4,158,751	3,453,509	3,072,420	3,071,191	3,167,409	3,236,110
Business-type activities										
Impact fees	87,879	79,330	182,345	62,667	355,648	15,550	9,045	7,503	7,800	6,504
Investment income	11,920	29,563	191,894	229,277	89,062	67,787	27,511	4,895	3,913	481
Miscellaneous	100,000	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	8,770	1,701	-	21,486	-
Total business-type activities	199,799	108,893	374,239	291,944	444,710	92,107	38,257	12,398	33,199	6,985
Total primary government	\$ 3,067,227	\$ 3,492,124	\$ 4,564,566	\$ 4,818,608	\$ 4,603,461	\$ 3,545,616	\$ 3,110,677	\$ 3,083,589	\$ 3,200,608	\$ 3,243,095
Change in Net Position										
Governmental activities	\$ 895,490	\$ 774,454	\$ 1,484,329	\$ 1,590,090	\$ 1,169,326	\$ 328,523	\$ (75,249)	\$ 69,135	\$ 145,674	\$ 226,024
Business-type activities	151,118	(561,994)	(12,580)	(547,185)	(169,838)	(50,771)	(166,055)	519,629	405,612	58,883
Total primary government	\$ 1,046,608	\$ 212,460	\$ 1,471,749	\$ 1,042,905	\$ 999,488	\$ 277,752	\$ (241,304)	\$ 588,764	\$ 551,286	\$ 284,907

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

	2004	2005	2006	2007	2008	2009	2010	2011 (Note)	2012	2013
General Fund										
Reserved	\$ 655,708	\$ 723,641	\$ 911,783	\$ 1,014,274	\$ 1,030,173	\$ 1,174,083	\$ -	\$ -	\$ -	\$ -
Unreserved	(430,532)	(36,855)	420,097	171,858	204,354	(9,863)	-	-	-	-
Nonspendable	-	-	-	-	-	-	17,144	4,287	3,413	3,235
Restricted	-	-	-	-	-	-	1,040,627	880,482	914,339	950,387
Unassigned	-	-	-	-	-	-	64,787	542,534	1,010,959	1,627,157
Total general fund	<u>\$ 225,176</u>	<u>\$ 686,786</u>	<u>\$ 1,331,880</u>	<u>\$ 1,186,132</u>	<u>\$ 1,234,527</u>	<u>\$ 1,164,220</u>	<u>1,122,558</u>	<u>\$ 1,427,303</u>	<u>1,928,711</u>	<u>\$ 2,580,779</u>
All Other Governmental Funds										
Reserved	\$ 116,341	\$ 471,841	\$ 958,685	\$ 2,064,079	\$ 2,988,316	\$ 3,092,174	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	2,964,456	2,552,943	2,141,518	1,786,035
Unassigned	-	-	-	-	-	-	(16,511)	(35,928)	(76,754)	(112,067)
Total all other governmental funds	<u>\$ 116,341</u>	<u>\$ 471,841</u>	<u>\$ 958,685</u>	<u>\$ 2,064,079</u>	<u>\$ 2,988,316</u>	<u>\$ 3,092,174</u>	<u>\$ 2,947,945</u>	<u>\$ 2,517,015</u>	<u>\$ 2,064,764</u>	<u>\$ 1,673,968</u>

Note:

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 2,144,505	\$ 2,626,799	\$ 3,198,421	\$ 3,565,790	\$ 3,377,186	\$ 2,729,211	\$ 2,395,986	\$ 2,381,525	\$ 2,497,099	\$ 2,510,464
Licenses and permits	321,794	272,257	493,117	297,002	158,019	120,766	132,369	174,617	181,826	174,848
Intergovernmental revenue	714,525	767,032	802,984	1,594,425	2,195,922	785,527	776,435	807,654	668,307	769,500
Impact fees	219,987	56,551	82,624	24,175	1,800		4,784	4,627	428	24,508
Charges for service	250,935	251,103	251,047	278,430	520,254	321,125	363,193	376,413	376,800	355,479
Fines and forfeitures	99,828	59,609	89,404	66,127	199,469	349,219	608,486	1,809,908	1,741,341	1,553,501
Interest	14,088	33,166	67,736	91,897	72,538	10,612	2,439	2,304	1,069	516
Miscellaneous revenue	67,616	49,666	65,334	34,410	27,282	91,025	37,020	24,328	34,744	9,961
Total revenues	<u>3,833,278</u>	<u>4,116,183</u>	<u>5,050,667</u>	<u>5,952,256</u>	<u>6,552,470</u>	<u>4,407,485</u>	<u>4,320,712</u>	<u>5,581,376</u>	<u>5,501,614</u>	<u>5,398,777</u>
Expenditures										
General government	759,398	913,219	981,133	998,925	1,229,735	1,238,573	1,376,468	2,319,942	2,102,661	1,870,619
Public safety	1,570,482	1,662,871	1,745,335	1,997,157	1,849,008	1,852,912	2,016,996	2,177,447	2,240,574	2,248,857
Physical environment	80,097	93,489	90,100	905,652	1,662,867	455,663	321,225	282,276	262,677	488,999
Transportation	238,661	254,839	269,831	139,873	177,089	2,442	144,796	145,070	151,783	-
Human services	10,421	7,168	14,724	12,229	4,487	12,900	26,382	23,191	19,037	17,444
Parks and recreation	42,248	53,132	87,661	97,570	96,729	110,917	84,783	90,549	106,374	-
Capital outlay	443,504	129,304	652,429	656,857	418,994	522,659	903,953	440,894	476,110	280,342
Debt service										
Principal retirement	152,025	147,798	158,244	115,880	127,782	120,587	147,655	154,241	181,522	165,804
Interest and fiscal charges	95,976	68,853	70,904	68,470	62,574	57,280	67,579	73,951	67,981	68,644
Total expenditures	<u>3,392,812</u>	<u>3,330,673</u>	<u>4,070,361</u>	<u>4,992,613</u>	<u>5,629,265</u>	<u>4,373,933</u>	<u>5,089,837</u>	<u>5,707,561</u>	<u>5,608,719</u>	<u>5,140,709</u>
Excess of revenues over (under) expenditures	440,466	785,510	980,306	959,643	923,205	33,552	(769,125)	(126,185)	(107,105)	258,068
Other Financing Sources (Uses)										
Proceeds from the sale of capital assets	5,455	-	-	-	-	-	-	-	8,686	3,204
Proceeds from capital lease obligations	40,457	70,509	62,593	-	49,427	-	299,000	-	153,962	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	285,936	-	-	-
Proceeds from the issuance of refunding bonds	-	1,193,025	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(1,162,717)	-	-	-	-	-	-	-	-
Bond issuance costs	-	(27,755)	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,701)	-	(6,386)	-
Total other financing sources (uses)	<u>45,912</u>	<u>73,062</u>	<u>62,593</u>	<u>-</u>	<u>49,427</u>	<u>-</u>	<u>583,235</u>	<u>-</u>	<u>156,262</u>	<u>3,204</u>
Net change in fund balances	486,378	858,572	1,042,899	959,643	972,632	33,552	(185,890)	(126,185)	49,157	261,272
Fund balances - beginning of year	4,254,747	4,660,245	5,477,355	2,290,565	3,250,208	4,222,843	4,256,393	4,070,503	3,944,318	3,993,475
Prior Period Adjustment	(80,880)	(41,462)	89,039							
Fund balances - end of year	<u>\$ 4,660,245</u>	<u>\$ 5,477,355</u>	<u>\$ 6,609,293</u>	<u>\$ 3,250,208</u>	<u>\$ 4,222,840</u>	<u>\$ 4,256,395</u>	<u>\$ 4,070,503</u>	<u>\$ 3,944,318</u>	<u>\$ 3,993,475</u>	<u>\$ 4,254,747</u>
Debt service as a percentage of noncapital expenditures	8.4%	6.8%	6.7%	4.3%	3.7%	4.6%	5.1%	4.3%	4.9%	4.8%

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function / Program										
Governmental activities :										
Charges for services										
General government	\$ 250,860	\$ 250,838	\$ 338,040	\$ 278,430	\$ 588,397	\$ 386,442	\$ 434,412	\$ 443,107	\$ 446,794	\$ 410,873
Police	99,828	59,609	89,404	66,127	199,469	349,219	608,486	1,809,908	1,741,341	1,553,501
Protective inspections	321,794	272,257	405,919	219,908	89,876	55,449	61,150	107,923	111,832	120,116
Parks and recreation	75	265	205	-	-	-	-	-	-	-
Total charges for services	<u>672,557</u>	<u>582,969</u>	<u>833,568</u>	<u>564,465</u>	<u>877,742</u>	<u>791,110</u>	<u>1,104,048</u>	<u>2,360,938</u>	<u>2,299,967</u>	<u>2,084,490</u>
Operating grants and contributions										
General Government	-	-	-	150,000	-	-	-	-	-	-
Police	22,038	5,239	2,648	54,549	885	2,232	50,030	16,970	-	-
Public works	-	131,765	-	660,690	1,447,971	155,402	62,893	46,061	-	-
Total operating grants and contributions	<u>22,038</u>	<u>137,004</u>	<u>2,648</u>	<u>865,239</u>	<u>1,448,856</u>	<u>157,634</u>	<u>112,923</u>	<u>63,031</u>	<u>-</u>	<u>-</u>
Capital grants and contributions										
Police	6,395	-	-	-	-	-	3,851	-	8,408	81,105
Fire	-	-	-	-	-	-	-	55,735	-	-
Public works	-	12,441	-	-	-	-	-	-	-	-
Parks and recreation	270,315	-	-	-	70,695	-	29,305	33,903	-	-
Transportation	-	-	27,736	-	-	-	-	-	7,500	-
Total capital grants and contributions	<u>276,710</u>	<u>12,441</u>	<u>27,736</u>	<u>70,695</u>	<u>70,695</u>	<u>-</u>	<u>33,156</u>	<u>89,638</u>	<u>15,908</u>	<u>81,105</u>
Sub-total governmental activities	<u>971,305</u>	<u>732,414</u>	<u>863,952</u>	<u>1,429,704</u>	<u>2,397,293</u>	<u>948,744</u>	<u>1,250,127</u>	<u>2,513,607</u>	<u>2,315,875</u>	<u>2,165,595</u>
Business-type activities:										
Charges for services										
Water and Sewer	2,492,070	2,478,665	2,566,001	2,440,263	2,342,616	2,111,697	2,241,567	2,921,691	2,935,362	3,010,883
Stormwater utility	-	-	39,255	124,743	123,483	132,105	121,206	120,948	118,774	119,481
Total charges for services	<u>2,492,070</u>	<u>2,478,665</u>	<u>2,605,256</u>	<u>2,565,006</u>	<u>2,466,099</u>	<u>2,243,802</u>	<u>2,362,773</u>	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>
Sub-total business-type activities	<u>2,492,070</u>	<u>2,478,665</u>	<u>2,605,256</u>	<u>2,565,006</u>	<u>2,466,099</u>	<u>2,243,802</u>	<u>2,362,773</u>	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>
Total primary government revenues	<u>\$ 3,463,375</u>	<u>\$ 3,211,079</u>	<u>\$ 3,469,208</u>	<u>\$ 3,994,710</u>	<u>\$ 4,863,392</u>	<u>\$ 3,192,546</u>	<u>\$ 3,612,900</u>	<u>\$ 5,556,246</u>	<u>\$ 5,370,011</u>	<u>\$ 5,295,959</u>

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

Fiscal Year Ended September 30,	Ad Valorem	Franchise Fees	Utility Tax	Communications Service Tax	Total
2013	\$ 1,284,698	\$ 326,650	\$ 314,897	\$ 190,187	\$ 2,116,432
2012	1,250,148	304,713	345,236	185,064	2,085,161
2011	1,194,040	314,782	247,995	178,161	1,934,978
2010	1,233,393	349,058	26,140	199,224	1,807,815
2009	1,354,580	333,447	50,981	230,508	1,969,516
2008	1,545,340	308,766	333,986	232,325	2,420,417
2007	1,380,037	328,572	342,368	238,289	2,289,266
2006	1,702,966	320,804	339,637	222,588	2,585,995
2005	1,446,049	265,782	311,359	235,510	2,258,700
2004	1,227,262	244,399	300,700	239,882	2,012,243

Schedules of Revenue Capacity Information

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

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

Fiscal Year Ended September 30,	Real Property	Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013	\$ 281,576,479	\$ 23,249,898	\$ 304,826,377	\$ 56,818,927	\$ 248,007,450	5.3202
2012	297,673,379	24,886,748	322,560,127	41,734,759	280,825,368	5.0000
2011	300,232,741	27,427,479	327,660,220	50,286,285	277,373,935	4.6250
2010	314,725,105	32,979,629	347,704,734	43,637,615	304,067,119	4.2260
2009	366,589,084	49,609,357	416,198,441	56,805,550	359,392,891	4.2260
2008	390,328,277	54,834,988	445,163,265	36,972,528	408,190,737	3.9000
2007	369,834,953	42,831,038	412,665,991	36,619,875	376,046,116	4.7000
2006	298,198,879	37,487,840	335,686,719	34,965,003	300,721,716	5.8200
2005	258,633,943	31,128,785	289,762,728	34,073,136	255,689,592	5.8200
2004	222,700,749	26,573,592	249,274,341	33,831,636	215,442,705	5.8200

Note:

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

Source:

Pasco County Property Appraiser

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

Fiscal Year	City	Pasco County				Total County - Operating	School Board Operating	Pasco
		Operating	Library Bond	Parks Bond	Municipal Fire District			Capital Outlay
2013	5.3202	6.8623	-	-	1.5405	8.4028	5.8410	1.5000
2012	5.0000	6.3668	-	-	-	6.3668	6.1440	1.5000
2011	4.6250	6.3668	-	-	-	6.3668	6.2670	1.5000
2010	4.2260	6.3668	-	-	-	6.3668	5.8400	1.5000
2009	3.9000	5.4333	-	-	-	5.4333	5.7080	1.5000
2008	3.9000	5.4333	-	-	-	5.4333	5.5220	1.5000
2007	4.7000	5.9880	-	-	-	5.9880	5.6810	1.5000
2006	5.8200	6.6810	-	-	-	6.6810	6.0130	1.5000
2005	5.8200	7.4230	-	-	-	7.4230	6.0800	1.5000
2004	5.8200	8.2820	-	-	-	8.2820	6.3820	2.0000

Source:

Pasco County Tax Collector

County School Board			Other Taxing Districts				
School Bond	West Pasco Bond	Total School Board	SW Fla. Wtr. Management District	Florida Coastal River Basin	Mosquito Control	Total Other	Total
-	-	7.3410	0.3928		0.1630	0.5558	21.6198
-	-	7.6440	0.3928	-	0.1920	-	19.0108
-	-	7.7670	0.3770	0.1885	0.1989	0.9093	19.6681
-	-	7.3400	0.3866	0.1885	0.1567	0.8556	18.7884
-	-	7.2080	0.3866	0.1885	0.1567	0.8556	17.3969
-	0.1860	7.2080	0.3866	0.1885	0.1448	0.8556	17.3969
-	0.2280	7.4090	0.4220	0.2050	0.1599	0.7869	18.8839
-	0.2850	7.7980	0.4220	0.2350	0.1936	0.8506	21.1496
-	0.3640	7.9440	0.4220	0.2350	0.2213	0.8783	22.0653
-	0.4250	8.8070	0.4220	0.2350	0.2410	0.8980	23.8070

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Stores	\$ 10,920,570	1	3.79%	\$ 16,896,213	1	6.61%
Cappo Management XXV Inc.	6,505,876	2	2.26%			
NHC-FL 133 LLC	5,801,013	3	2.01%			
Ridge Road Center LLC	3,808,148	4	1.32%	3,494,500	6	1.37%
Port Richey 1031, LLC	3,571,886	5	1.24%	4,239,033	4	1.66%
Florida Power Corp	3,181,251	6	1.10%	4,895,694	2	1.91%
Haverty Furniture Company, Inc.	2,496,166	7	0.86%	3,165,230	7	1.24%
Miller Richard A & Joann	1,771,590	8	0.61%			
US 19 Property LLC	1,730,553	9	0.60%			
Treasure Coast Properties	1,712,870	10	0.59%			
Wood Motors South, Inc.			0.00%	4,622,220	3	1.81%
Suncoast Gateway Mobile Village, Inc.			0.00%	3,844,223	5	1.50%
Wal Den Greene Developers, Inc.			0.00%	2,806,724	8	1.10%
Verizon Communications, Inc.			0.00%	2,465,903	9	0.96%
Healthcare Property Investors, Inc.				2,438,605	10	0.95%
Total Principal Taxpayers	41,499,923		16.73%	48,868,345		19.11%
All Other Taxpayers	206,507,527		83.27%	206,821,247		80.89%
Total	\$ 248,007,450		100.00%	\$ 255,689,592		100.00%

Source:

Pasco County Property Appraiser's Office

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2013	\$ 1,319,449	\$ 1,250,148	94.75%
2012	1,287,230	1,248,882	97.02%
2011	1,226,248	1,191,246	97.15%
2010	1,284,988	1,224,287	95.28%
2009	1,401,632	1,349,679	96.29%
2008	1,591,944	1,540,732	96.78%
2007	1,767,417	1,714,714	97.02%
2006	1,750,200	1,702,966	97.30%
2005	1,488,113	1,446,049	97.17%
2004	1,253,877	1,227,202	97.87%

Note:

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

Source:

Pasco County Property Appraiser

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Schedules of Debt Capacity Information

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

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

Fiscal Year	Governmental Activities					Business-type Activities			Total	Percentage of Personal Income	Per Capita
	Revenue Bonds Series 2000A	Revenue Bonds Series 2005C	Revenue Note Series 2010	Promissory Note	Capital Leases	Revenue Bonds Series 1994	Revenue Bonds Series 2005D	Capital Leases			
2013	\$ -	\$ 820,000	\$ 146,154	\$ -	\$ 328,464	\$ -	\$ 2,770,000	\$ -	\$ 4,064,618	N/A	\$ 1,522
2012	-	915,000	164,438	4,756	376,229	-	3,020,000	-	4,480,423	N/A	1,689
2011	-	1,010,000	181,951	37,974	258,058	-	3,260,000	-	4,747,983	N/A	1,778
2010	-	1,100,000	200,358	65,057	276,978	-	3,490,000	31,390	5,163,783	N/A	1,642
2009	80,000	1,110,000	-	-	50,703	-	3,720,000	16,865	4,977,568	N/A	1,595
2008	155,000	1,120,000	-	-	91,356	-	3,940,000	33,170	5,339,526	N/A	1,565
2007	225,000	1,130,000	-	-	89,711	-	4,155,000	55,944	5,655,655	N/A	1,765
2006	295,000	1,135,000	-	-	123,091	-	4,355,000	18,556	5,926,647	N/A	1,848
2005	360,000	1,155,000	-	-	133,742	-	4,545,000	27,304	6,221,046	N/A	1,952
2004	1,475,000	-	-	-	151,031	1,710,000	-	34,820	3,370,851	N/A	1,064

Note:

N/A - Information not available.

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

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

City of Port Richey
 Schedule 12
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Pasco County School Board (1)	\$ 388,428,428	1.280%	\$ 4,971,884
City direct debt			1,294,618
Total direct and overlapping debt			\$ 6,266,502
Total direct and overlapping governmental activities debt per capita			\$ 2,346

Note:

(1) The City's share is calculated based on the ratio of the 2012 City Taxable Value of \$ 248,007,450 to the County's Taxable Value of \$ 19,239,063,689

Source:

Pasco County School Board CAFR Table 12

Schedules of Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2013	2,671	\$ 26,738	46.0	68,904	4.90%
2012	2,652	32,102	52.0	65,976	9.70%
2011	2,671	28,989	52.0	66,539	11.90%
2010	3,144	N/A	44.0	66,427	14.00%
2009	3,120	N/A	48.0	67,136	11.30%
2008	3,412	N/A	47.6	66,314	8.10%
2007	3,205	N/A	N/A	65,126	5.20%
2006	3,207	29,619	46.2	61,796	3.40%
2005	3,187	28,120	44.8	59,236	4.60%
2004	3,167	25,153	44.9	56,822	4.80%

Note:

N/A = Information not available.

Sources:

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

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

Employer	2013		2004	
	Employees	Rank	Employees	Rank
Wal Mart Management Corporation	370	1	535	1
Seaway Mold & Engineering	135	2	55	9
Sun Cruz	110	3	175	2
Red Lobster	72	4	95	3
Hooters Restaurant	70	5	76	5
Ocean Honda	65	6		
City of Port Richey	61	7	61	8
U. S. Post Office	56	8	60	7
Catches	55	9		
Golden Coral	50	10	94	4
Gulf Coast Manor			67	6
Roadhouse Grille			50	10
	<u>1,044</u>		<u>1,268</u>	

Schedules of Operating Information

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

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of September 30</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>	<u>2004</u>
General government										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Financial Administration	3.0	3.0	2.5	2.0	2.0	3.0	2.0	2.0	2.0	2.0
City Clerk / Administration	5.0	5.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
IT	2.0	-	-	-	-	-	-	-	-	-
Fire	7.0	6.5	6.5	6.0	6.0	6.0	6.0	6.5	6.5	6.5
Police	19.0	21.0	19.0	19.0	16.0	18.0	17.0	21.0	20.0	19.0
Public Works										
Parks/Horticulture	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Public Works/Roads	10.0	5.5	5.0	5.0	5.0	6.5	6.0	6.0	6.0	5.0
Water/Sewer	7.0	8.5	8.0	8.0	7.0	9.0	7.0	10.0	10.0	10.0
Administration/Billing	3.0	-	-	-	-	-	-	-	-	-
Building Permitting/Licensing										
Administration	1.0	1.5	1.5	1.0	1.0	1.0	2.0	2.0	1.0	1.0
Inspectors	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Code Enforcement	1.0	-	-	-	-	-	-	1.0	1.0	1.0
	<u>65.0</u>	<u>59.0</u>	<u>53.5</u>	<u>52.0</u>	<u>48.0</u>	<u>54.5</u>	<u>52.0</u>	<u>60.5</u>	<u>57.5</u>	<u>55.5</u>

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

<u>Function/Program</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>	<u>2004</u>
Fire										
Fire dept. responses	926	895	868	861	982	954	904	982	880	937
Water										
Avg. daily consumption (thousands of gallons)	0.800	0.800	0.656	0.742	0.722	0.722	0.783	0.813	N/A	0.815
Residential Units	2,004	2,155	2,221	2,146	4,695	4,694	4,796	4,873	4,846	4,846
Commercial Units	361	359	401	393	454	453	407	405	N/A	410
Sewer										
Number of Lift Stations	48	48	54	54	53	53	53	50	50	50
Number of residential	1,051	1,043	1,058	1,058	3,476	3,475	3,037	3,378	N/A	3,117
Number of commercial	260	261	260	254	454	453	262	261	N/A	266
Police										
Physical arrests	950	914	982	625	451	550	550	531	837	511
Traffic violations	5,354	5,634	6,890	5,680	5,101	6,947	3,351	2,392	2,717	1,913

N/A = Information not available

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

<u>Function/Program</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>	<u>2004</u>
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	20.96	20.96	19.01	19.01	19.01	19.01	19.01	19.01	19.01	19.01
Recreation										
Parks (acres)	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78
Water mains (miles)	46	46	46	46	46	46	46	46	46	46
Wastewater										
Sanitary sewers (miles)	30	30	30	30	30	30	30	30	30	30

Note

The Police Department is housed in City Hall.

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**OTHER REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

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

Honorable Mayor and City Council
City of Port Richey, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the City of Port Richey, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Port Richey, Florida's basic financial statements, and have issued our report thereon dated March 26, 2014.

Internal Control Over Financial Reporting

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

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

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

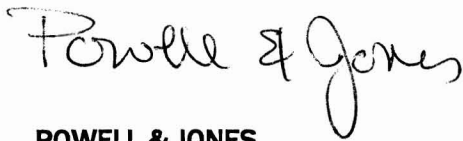
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Port Richey, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
March 26, 2014



MANAGEMENT LETTER

Honorable Mayor and City Council
City of Port Richey, Florida

We have audited the financial statements of the City of Port Richey, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 26, 2014. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDING

2013.01 – Community Redevelopment Agency

Payment of Salaries

For many years the City has maintained a Community Redevelopment Agency (CRA) as provided in Chapter 163, *Florida Statutes*. The Restated Community Redevelopment Plan dated June 23, 2009, Part 7.0, provides that the CRA may use funds to pay the City for salaries and wages of City employees who work on any CRA projects described in the Community Redevelopment Plan. During the current fiscal year the CRA paid approximately \$785,600 in salaries and benefits for City employees. We were advised that the allocations for these employees were developed in prior years and are not currently in written form. Section 7.0 of the Plan requires that the City “shall create and maintain records of the extent of each employee’s time spend on such work and reimbursement or payments to the City by the CRA shall be based upon such records.” We therefore recommend that the City develop such time records for the ensuing year and adjust payments by the CRA as appropriate.

FINANCIAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the City of Port Richey, Florida, for the fiscal year ended September 30, 2013.

Investment of Public Funds - The City complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the fiscal year ended September 30, 2013.

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

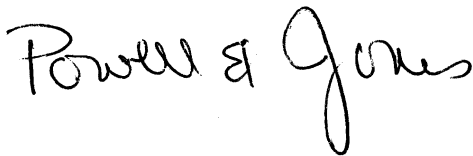
Financial Condition Assessment - Pursuant to Chapter 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures to the City's financial statements. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment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

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

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

CONCLUSION

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



POWELL & JONES
Certified Public Accountants
March 26, 2014

CITY OF PORT RICHEY

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



March 7, 2014

The Honorable David W. Martin, CPA
Florida Auditor General
Claude Denson Pepper Building
Local Government Audits/342
111 West Madison Street
Tallahassee Florida 32399

Dear Auditor General Martin:

The City's Auditors, Powell & Jones, Certified Public Accountants, have completed their audit of the Fiscal Year (FY) 2012-2013 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Port Richey. The City's Comprehensive Annual Financial Report includes the Independent Auditor's Report, Management's Discussion and Analysis, General Purpose Financial Statements, and Management Letter, with findings and recommendations.

City Staff appreciates the working relationship with the City's Auditor and are actively working together to resolve the one (1) Management Letter comment pursuant to Sections 10.554(1)(i), rules of the Auditor General. Please note that the City's 2012-2013 Management Letter has been provided as information to the City Council, City Management and is a matter of public record.

The City has addressed the one (1) Management Letter comment. The following steps have been taken to resolve the comment.

Condition: For many years the City has maintained a Community Redevelopment Agency (CRA) as provided in Chapter 163, Florida Statutes. The restated Community Redevelopment Plan dated June 23, 2009, Part 7.0 provides that the CRA may use funds to pay the City for salaries and wages of City employees who work on any CRA projects described in the Community Redevelopment Plan. During the current fiscal year the CRA paid approximately \$785,600 in salaries and benefits for City employees. We were advised that the allocations for these employees were developed in prior years and are not currently in written form. Section 7.0 of the Plan requires that the City "shall create and maintain records of the extent of each employee's time spent on such work and reimbursement or payments to the City by the CRA shall be based upon such records".

City Auditor Recommendation: That the City develop such time records for the ensuing year and adjust payments by the CRA as appropriate.

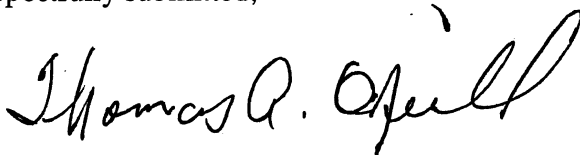
City Response/Action: When the restatement of the CRA Plan was approved in June 2009 the City of Port Richey reached out to other cities such as Tampa who have a CRA district for consultation on time records management. The City of Port Richey did use a written daily time log for each employee but needed to improve the system and overcome the difficulties and deficiencies of this records system. Other cities advised that they didn't use a daily log system but they had analyzed each job classification to determine what portion of the job duties and responsibilities qualified as CRA.

The City of Port Richey did determine that analysis of each job classification to determine the portion of the job duties and responsibilities qualified as CRA work as described in the CRA Plan would be an improved system and would meet the requirements of the CRA Plan. The City did perform an analysis of each job classification and as a result of this analysis each employee's cost was appropriated to the general ledger and budget accordingly. The City of Port Richey did not provide this analysis in a written and formalized format.

To further improve time records management and to comply with the CRA Plan requirements, the City of Port Richey is in the process of performing a new analysis of each job classification. The final product of this analysis will be a written document that will provide the description of work performed by each job classification and the methodology used to determination the portion of work that is to be reimbursed by the CRA. This process and document will provide a guideline for an annual review of each job classification.

Should you have any questions or require additional information regarding the City's response/action to the Auditor's management Comment, do not hesitate to contact me.

Respectfully submitted,



Thomas A. O'Neill
City Manager