



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF PUNTA GORDA, FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

PREPARED BY THE FINANCE DEPARTMENT

Kristin Simeone, CPA
Director of Finance

CITY COUNCIL

As of September 30, 2018

MAYOR	RACHEL B. KEESLING
VICE MAYOR	GARY WEIN
COUNCILMEMBER	JAHA F. CUMMINGS
COUNCILMEMBER	LYNNE R. MATTHEWS
COUNCILMEMBER	NANCY B. PRAFKE

CITY MANAGER

HOWARD KUNIK

CITY OF PUNTA GORDA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	I - V
List of Principal Officials	VI
Organizational Chart	VII
Certificate of Achievement for Excellence in Financial Reporting	VIII
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-21
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24-26
Governmental Funds	27-28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –	
General Fund	30
Community Redevelopment Agency Fund	31
P G I Canal Maintenance Special Revenue Fund	32
1% Local Option Sales Tax	33
Statement of Net Position – Proprietary Funds	34-35
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	36-37
Statement of Cash Flows – Proprietary Funds	38-39
Statement of Fiduciary Net Position – Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	41
Notes to the Financial Statements (an integral part of the basic financial statements)	42-99
REQUIRED SUPPLEMENTARY INFORMATION	
Employees' Pension Plans	
Schedule of Investment Returns	100
Schedule of Changes in Net Pension Liability and Related Ratios - General Employees	101
Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Police Officers	102
Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Firefighters ...	103
Schedule of Contributions	104
Schedule of Changes in Sponsor's Total Other PostEmployment Benefits (OPEB) Liability and Related Ratios	105

CITY OF PUNTA GORDA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS
 (CONTINUED)

	Page
SUPPLEMENTARY INFORMATION	
<i>COMBINING FINANCIAL STATEMENTS AND SCHEDULES</i>	
Nonmajor Governmental Funds	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual --	
Community Development Block Grant	108
Park Impact Fee	109
Transportation Impact Fee	110
Special Use Fund	111
Burnt Store Isles Canal Maintenance	112
Five Cent Gas Tax Fund	113
Six Cent Gas Tax Fund	114
Charlotte Harbor National Estuary Program Fund	115
Internal Service Funds	
Combining Statement of Net Position	116
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	117
Combining Statement of Cash Flows	118
 OTHER INFORMATION	
<i>STATISTICAL SECTION</i>	
Net Position by Component	119
Changes in Net Position	120-121
Fund Balances of Governmental Funds	122
Changes in Fund Balances of Governmental Funds	123
Just Value and Taxable Value of All Property	124
Direct and Overlapping Property Tax Rates	125
Principal Property Taxpayers	126
Property Tax Levies and Collections	127
Ratio of Outstanding Debt by Type	128
Ratio of General Bonded Debt Outstanding	129
Direct and Overlapping Governmental Activities Debt	130
Pledged-Revenues Coverage	131
Demographic and Economic Statistics	132
Principal Employers	133
Authorized Full-time Equivalent City Government Employees by Function/Program	134
Operating Indicators by Function/Program	135
Capital Assets Statistics by Function/Program	136
Schedule of Receipts and Expenditures of Funds Related to the Deepwater	
Horizon Oil Spill	137

CITY OF PUNTA GORDA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS
 (CONTINUED)

	Page
OTHER INFORMATION (continued)	
Management Letter	138-140
Comments on Management Letter	141
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	142-143
Report of Independent Accountant on Compliance With Local Government Investment Policies and Gulf Coast Audits, Requirements of Sections 218.415 and 288.8018, Florida Statutes..	144
Independent Auditor’s Report on Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill.....	145
Single Audit Report	146
Independent Auditor’s Report on Compliance for Each Major Federal Awards Program and on Internal Control Over Compliance Required by Uniform Guidance.....	147-148
Schedule of Findings & Questioned Costs – Federal Award Programs.....	149-150
Summary Schedule of Prior Audit Findings and Corrective Action Plan – Federal Award Programs	151
Schedule of Expenditures of Federal Awards.....	152
Notes to Schedule of Expenditures of Federal Awards	153

INTRODUCTORY SECTION

This section contains
the following subsections:

Letter of Transmittal

List of Elected
and Appointed Officials

City of Punta Gorda Organizational Chart

Certificate of Achievement
for Excellence in Financial Reporting



CITY OF PUNTA GORDA

FINANCE DEPARTMENT
326 WEST MARION AVENUE
PUNTA GORDA, FL 33950
(941) 575-3318
FAX: (941) 575-3386

April 30, 2019

To the Honorable Mayor, Members of the Council and Citizens of the City of Punta Gorda:

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Punta Gorda for the fiscal year ended September 30, 2018.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Punta Gorda's financial statements have been audited by Ashley Brown & Co., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Punta Gorda for the fiscal year ended September 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Punta Gorda is generally part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Punta Gorda, founded December 7, 1887, is the only incorporated city in Charlotte County and serves as the County Seat. The City currently occupies a land area of approximately 16 square miles and serves a population of approximately 18,811. The City is empowered to levy a property tax on properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The governing council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the City's Manager, Clerk and Attorney. The City's Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve two-year staggered terms. The mayor is appointed by the Council to serve a one-year term. All of the council members are elected by district.

This report includes all funds of the City. The City provides a full range of services which include police and fire protection; water, wastewater, sanitation and marina services; the maintenance of highways, streets, canals, and infrastructure; recreational activities and cultural events. In addition to general government activities, the City includes certain agencies and boards in the comprehensive annual financial report.

The annual budget serves as the foundation for the City's financial planning and control. All departments are required to submit requests for appropriation to the manager on or before March 1. The manager uses these requests as the starting point for developing a proposed budget. The manager uses budget workshops for the goal of presenting a proposed budget to the council for review in April. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. Department heads may make transfers of appropriations within a department. The City Manager may make transfers between departments within a fund. Transfers of appropriations between funds, however, require the special approval of the council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, CRA and PGI Canal Maintenance, this comparison is presented as part of the basic financial statements for the governmental funds. For Governmental Funds, other than the funds listed above, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. Project-length financial plans are adopted for all capital project funds and the 1% Local Option Sales Tax Fund. The Debt Service Fund is used for tracking and payment of all major debt incurred by the General Fund, CRA or PGI Canal Maintenance Fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Long-term financial planning

For major projects the City uses a five-year capital budget. This helps recognize when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance. Any or all of these methods may be utilized. Not as obvious, but just as important, is the increase in services with the costs associated with these services requested by the citizens, or mandated by external forces. Economic forecasts are performed during the year to avoid surprises due to service changes. As mentioned elsewhere, the City now utilizes a written Council approved strategic plan as well as a Long Range Financial Plan. These tools not only help guide the City staff in specific directions, but also help in the planning of the financial future of the City.

Major Initiatives

A major initiative with the future in mind is the City's adoption of a set of Goals and Strategic Objectives. These goals will assist the City as a guide toward a more planned future. They give the entire organization a shared vision, improved motivation, and serve as the basis for setting priorities.

Vision: *Punta Gorda is the model for small cities in the U.S. to live, work and play.*

Vision Elements:

- Punta Gorda will preserve and enhance its small town, self-sufficient community character.
- Punta Gorda will be an economically sustainable four season community and cultural hub of Charlotte County.
- Punta Gorda will continue to be a safe and secure community.
- Punta Gorda will be a place where residents and visitors recognize the significance and character of its waterfront amenities, natural resources, and vibrant downtown.
- Strong partnerships and collaboration between the City government and all sectors of the community will embody Punta Gorda's ability to sustain its small-town, self-sufficient character.
- Punta Gorda will have a financially sustainable city government.
- Punta Gorda will position itself as the best small town to live, work and visit.

Mission: *"To enhance Punta Gorda's identity as a vibrant waterfront community, unique in character and history, and one of the most desirable places to live, work and visit."*

Mission Elements include:

- Become a desired, waterfront destination
- Be a better place to live, work and play
- Deliver a high level of service
- Enhance quality of life
- Retain our unique character

Values Elements:

- Maintain a culture of community engagement, teamwork, partnerships, transparency, respect, customer service, and stewardship.
- Sustain pride in Punta Gorda's history and well-preserved historical areas and natural resources.
- Support and promote local businesses.
- Value a high level of openness, and the fair and equitable treatment of all residents.
- Ensure an ethical and accountable city government.

Strategic Plan Priorities:

A strategic plan provides a tool for more effective and economical operations and demonstrates to the public that careful consideration has been given to future development and direction of the organization. The Plan provides a realistic view of the expectations for the organization and community at-large.

City Council approved a strategic plan which set priorities. These priorities are delineated below.

- Financial/Economic Sustainability
- Infrastructure Sustainability
- Partnerships, Communication & Collaboration
- Strategic Communications Positioning
- Quality of Life

The plan helps us stay focused in our near term objectives and tasks, while still keeping our eye on the long range perspective of our actions. Our strategic plan is dynamic and can be adjusted or molded from time to time as needed. It is a working document that evolves as development takes place. In this way, it is a document by which we can measure our success and by which the community can evaluate our performance.

Other Economic Issues Affecting City Finances

It is the City's policy to have a minimum Unassigned General Fund Balance of 8.0%. Due to a decline in taxable property values for a number of years the City should consider setting aside a portion of additional savings achieved through the year for a fiscal stabilization reserve to meet unexpected immediate increase in service delivery costs or to maintain service levels in the event of a major storm or other unforeseen disaster that fundamentally alters the current tax base.

The policy change that affect the City's current and future financial statements is increase the above mentioned fund balance an additional 0.5% each year until it meets the GFOA recommended practice of two months operating or 16.67%.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2017. This was the thirty-second consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Punta Gorda's finances.

Respectfully submitted,



HOWARD KUNIK
CITY MANAGER

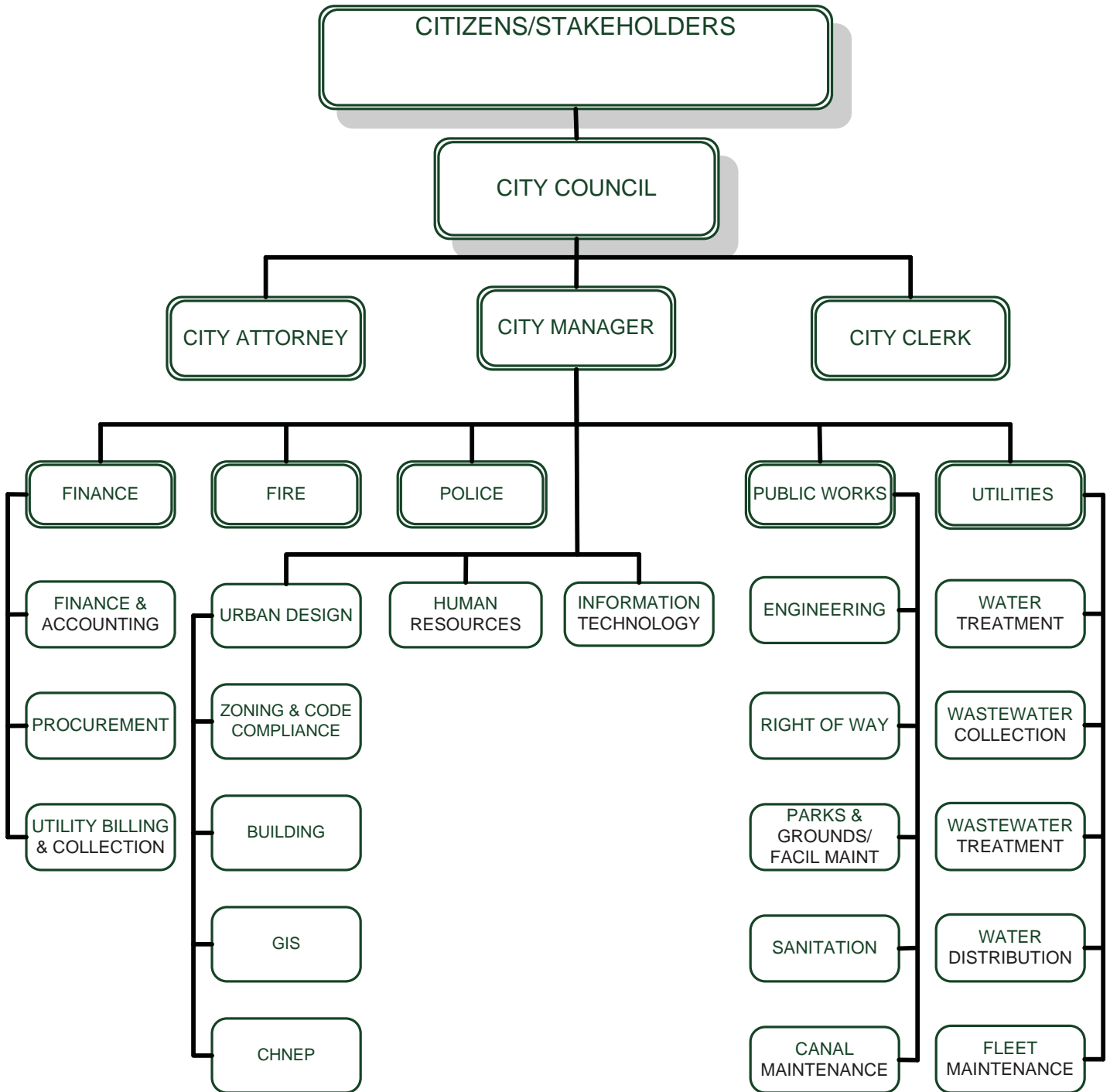


KRISTIN SIMEONE, CPA
DIRECTOR OF FINANCE

City of Punta Gorda, Florida
List of Principal Officials
As of September 30, 2018

<u>Title</u>	<u>Name</u>
Mayor	Rachel B. Keesling
Vice Mayor	Gary Wein
Councilmember	Jaha F. Cummings
Councilmember	Lynne R. Matthews
Councilmember	Nancy B. Prafke
City Manager	Howard Kunik
City Attorney	David M. Levin
City Clerk	Karen Smith
Chief of Police	Pamela Davis
Fire Operations Chief	Raymond A. Briggs
Director of Finance	Kristin Simeone
Director of Public Works	Richard C. Keeney
Director of Utilities	Thomas E. Jackson

CITY OF PUNTA GORDA
ORGANIZATION STRUCTURE



CERTIFICATE OF ACHIEVEMENT
FOR EXCELLENCE IN
FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Punta Gorda, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Punta Gorda has received a Certificate of Achievement for the last thirty-two consecutive years (fiscal years ended 1985 through 2017). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Punta Gorda
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

This section contains
the following subsections:

Report of Independent Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund
Statements and Schedules

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Punta Gorda, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Punta Gorda, Florida (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 opinions.

Opinions

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 as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Community Redevelopment Agency Fund, PGI Canal Maintenance Special Revenue Fund, and One Percent Local Option Sales Tax Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note IV, H to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended September 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Employee Pension Plans' Schedule of Investment Returns, Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Employer Contributions; and Schedule of Changes in the Sponsor's Total OPEB Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements

and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and schedules and the schedule of expenditures of federal awards 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 combining financial statements and schedules and the schedule of expenditures of federal awards 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 April 30, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.

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 the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
April 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Punta Gorda's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2018, by \$134.2 million (net position). Of this amount, \$12.4 million unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2.3 million.
- As of September 30, 2018 the City's governmental funds reported combined ending net position of \$60.0 million. This is a decrease of \$0.5 million. The unrestricted net position is a deficit balance of \$3.2 million.
- As of September 30, 2018 the business-type activities reported combined ending net position of \$74.2 million. This is an increase of \$2.8 million. The unrestricted net position is \$15.6 million
- The City's total long-term liabilities increased by \$17.6 million during the current fiscal year.
- Total revenues decreased \$3.0 million in comparison to prior year.
- Total expenses increased \$1.4 million in comparison to prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

The Statement of Net Position (page 22) and **The Statement of Activities** (page 23) provide information about the activities of the City as a whole and present a longer term view of the City's finances. The statements separate governmental from business-type activities, but both are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The **Fund Financial Statements**, which report by individual fund, begin on page 24. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore you will find the reconciliation on page 29 that converts this data to an economic resources measurement focus and the accrual basis of accounting for use in the Entity-wide Financial Statements. The Fund Financial Statements present information in more detail than in the Entity-wide Financial Statements. Lesser funds, such as Fair Share Impact Fees, Canal Maintenance Districts and Special Use Fund are combined in an "other funds" column. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

THE ENTITY-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

Government-wide Financial Statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. The statements separate governmental from business-type activities. For purposes of these statements, both types are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during fiscal year 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (uncollected taxes, earned but unused vacation leave.)

Both of these financial statements distinguish the primary types of functions of the City as defined below:

- Governmental activities—Most of the City's basic services are reported here, including the police, fire, public works, community development, parks, and general administration. Major revenues supporting these activities are ad-valorem taxes, sales and gas taxes, franchise fees, utility and communications service taxes, intergovernmental revenues, grants, fees and investments.
- Business-type activities—The City's Utilities, Sanitation, Building and Marina services are reported here. These services are supported primarily from user fees. The debt service is supported both by user fees and impact fees.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories:

- Governmental funds account for most, if not all, of the City's tax supported activities. These include the General fund, the CRA fund, 1% Sales Tax fund, the Capital Projects fund, the Debt Service fund, the Charlotte Harbor National Estuary Program (CHNEP) fund, the Special Use fund, the PGI and BSI Canal Maintenance District funds, the two Gas Tax funds, and the Fair Share Impact Fee funds. These funds focus on how money flows into and out of the funds, and the balances left at year end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash (usually 60 day focus). The two criteria used are that the revenue is measurable and available. Examples of difference from economic focus are that financing and grants are considered current revenue, and purchases of

capital are considered expenditures whereas depreciation is not since there is no outlay of cash. In a highly regulatory environment, fund accounting serves a very important purpose in that funds received for specific purposes are identified as such and can readily be audited.

- Proprietary funds are used to account for the business-type activities of the government. There are two types: enterprise funds and internal service funds. The City's enterprise funds are Utilities, Sanitation, Building and Marina; the internal service fund is Information Technology Services. All proprietary funds use full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue source for proprietary funds.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The City's three pension funds are fiduciary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes can be found beginning on page 42.

Required Supplementary Information

Generally Accepted Accounting Principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called Required Supplementary Information (RSI) and includes this analysis, the MD&A, budgetary comparisons, and trend data on pension funding.

THE CITY AS A WHOLE

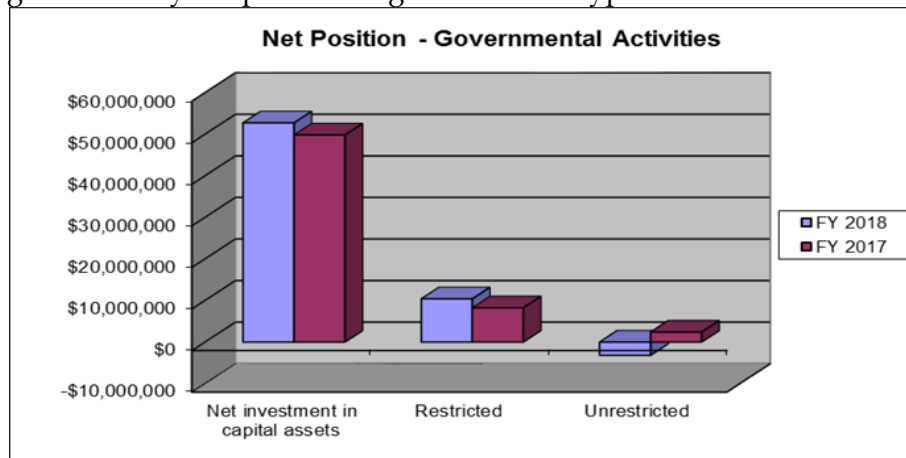
The City's combined net position as of September 30, 2018 was \$134.2 million (Table 1). The City's combined revenues, including contributions, grants, taxes and charges for services were \$54.6 million. Total city-wide expenses were \$43.4 million. The increase to city-wide net position was \$11.2 million (Table 2). This was offset by the prior period adjustment \$8.9 million for implementation of GASB Statement No. 75 "Accounting for Postemployment Benefits Other than Pensions (OPEB)" (Table 2). This resulted in a net overall increase to city-wide net position of \$2.3 million. Below in Table 1 is a condensed Statement of Net Position, in thousands, for the governmental activities and the business-type activities.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 23,017	\$ 19,937	\$ 24,999	\$ 22,661	\$ 48,016	\$ 42,598
Capital assets	76,466	65,320	63,906	57,963	140,372	123,283
Total assets	99,483	85,257	88,905	80,624	188,388	165,881
Deferred Outflows Pensions/OPEB	1,580	2,141	1,032	1,056	2,612	3,197
Long-term liabilities	(35,583)	(23,400)	(12,846)	(7,426)	(48,429)	(30,826)
Other liabilities	(2,725)	(1,794)	(2,126)	(2,596)	(4,851)	(4,390)
Total liabilities	(38,308)	(25,194)	(14,972)	(10,022)	(53,280)	(35,216)
Deferred Inflows Pensions/OPEB	(2,787)	(1,744)	(713)	(224)	(3,500)	(1,968)
Net Position:						
Net investment in						
capital assets	52,727	49,815	57,907	54,274	110,634	104,089
Restricted	10,409	8,245	808	382	11,217	8,627
Unrestricted	(3,168)	2,400	15,537	16,778	12,369	19,178
Total net position	\$ 59,968	\$ 60,460	\$ 74,252	\$ 71,434	\$ 134,220	\$ 131,894

The largest portion of the City's net position (82.4%) reflects its investment in capital assets (land, buildings, infrastructure and equipment) less outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. Restricted assets (representing 8.4% of total net position) are subject to external restrictions on how they may be used. The remaining 9.2% balance of unrestricted net position, \$12.4 million, may be used to meet the city's ongoing obligations to citizens and creditors. It is important to recognize that this resource may be planned to repay the outstanding debt on capital assets. The governmental activities net position decreased by \$0.5 million or 0.8%. Last fiscal year there was a \$7.2 million increase in net position. The analysis of revenues and expenses for governmental activities can be found in this MD&A on pages 10-12. The business-type activities net position increased \$2.8 million or 3.9%. The last fiscal year increase was \$6.5 million. The analysis of revenues and expenses for business-type activities can be found in this MD&A on pages 12-14. The City's overall financial position increased by \$2.3 million or 1.8%. The prior year increase was \$13.7 million.

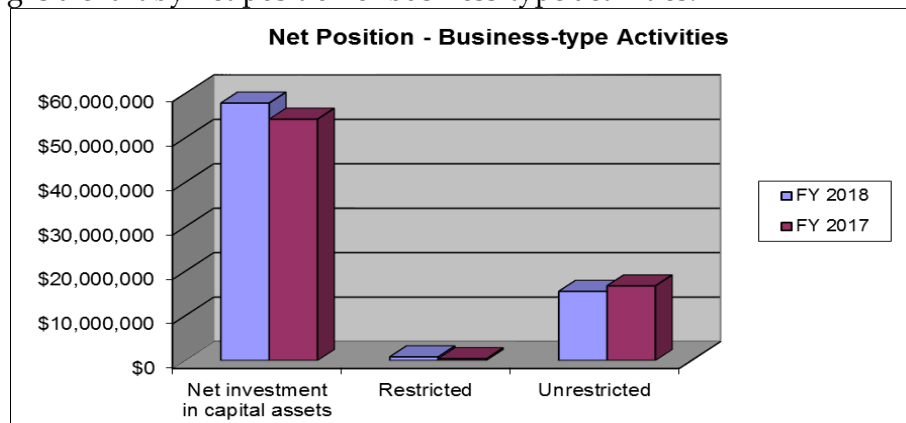
The following is a chart by net position of governmental-type activities.



The increase is due mainly to the following significant changes in assets & liabilities:

- Current and other assets increased \$3.1 million - primarily cash & prepaids with a decrease in due from other governments
- Seawall Construction/Replacement \$11.0 million
- Drainage Projects, \$0.6 million
- Parks and Pathway projects, \$1.8 million
- Other capital improvement projects and asset purchases, \$1.1 million
- Accumulated depreciation, net of disposals, \$1.9 million
- Capital asset disposals, \$1.5 million
- Net pension liabilities decreased \$1.5 million
- Net OPEB liabilities increased \$5.5 million (including a \$5.7 million prior period adjustment)
- Principal increase on long-term liabilities, \$8.2 million
- Other liabilities increased \$0.9 million
- Benefits payable decreased \$0.1 million
- Deferred Outflows Pension/OPEB activity decreased \$0.5 million while Deferred inflows from Pension/OPEB activity increased \$1.0 million

The following is a chart by net position of business-type activities.



The overall increase in net position is due mainly to the following significant changes in assets & liabilities:

- Current and other assets increased \$2.3 million - primarily cash
- Water plant expansion projects, \$3.7 million
- Water mains, gravity sewer, force main, and lift station projects, \$2.1 million (including \$1.4 million in contributed infrastructure)

- Advanced metering infrastructure, \$1.5 million
- Water and wastewater vehicles and plant equipment, \$0.5 million
- Sanitation trucks and receptacles \$1.5 million
- Accumulated depreciation, net of disposals, \$3.1 million
- Capital asset disposals, \$0.3 million
- Net OPEB liabilities increased \$3.1 million (including a \$3.2 million prior period adjustment)
- Principal increase on long-term liabilities, \$2.3 million
- Accounts/retainage payables and accrued liabilities decreased \$0.5 million
- Deferred Outflows Pension/OPEB activity decreased \$0.02 million while Deferred inflows from Pension/OPEB activity increased \$0.5 million.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,668	\$ 5,604	\$ 22,773	\$ 22,789	\$ 28,441	\$ 28,393
Operating grants and contributions	1,675	1,491	35	6	1,710	1,497
Capital grants and contributions	1,723	3,116	3,044	2,619	4,767	5,735
General revenues:						
Property taxes	8,899	8,288	-	-	8,899	8,288
Other taxes	9,065	8,779	-	-	9,065	8,779
Other	1,130	4,500	570	356	1,700	4,856
Total revenues	<u>28,160</u>	<u>31,778</u>	<u>26,422</u>	<u>25,770</u>	<u>54,582</u>	<u>57,548</u>
Expenses:						
General government	4,636	3,581	-	-	4,636	3,581
Public safety	9,816	9,930	-	-	9,816	9,930
Transportation	3,398	3,242	-	-	3,398	3,242
Economic environment	475	762	-	-	475	762
Recreation	4,250	5,172	-	-	4,250	5,172
Interest on long-term debt	402	388	-	-	402	388
Water and wastewater	-	-	15,582	14,483	15,582	14,483
Sanitation/refuse	-	-	3,455	3,241	3,455	3,241
Building Fund	-	-	920	848	920	848
Marina	-	-	458	365	458	365
Total expenses	<u>22,977</u>	<u>23,075</u>	<u>20,415</u>	<u>18,937</u>	<u>43,392</u>	<u>42,012</u>
Increase (decrease) in net position	5,183	8,703	6,007	6,833	11,190	15,536
Net position-beginning	60,460	53,223	71,434	64,928	131,894	118,151
Prior Period Adjustments	(5,675)	(1,466)	(3,189)	(327)	(8,864)	(1,793)
Net position-ending	<u>\$ 59,968</u>	<u>\$ 60,460</u>	<u>\$ 74,252</u>	<u>\$ 71,434</u>	<u>\$ 134,220</u>	<u>\$ 131,894</u>

The analysis of Table 2 states the overall Total Primary Government revenues decreased \$3.0 million or 5.2% from the prior year. The Governmental Activities revenues decreased \$3.6 million or 11.4%. The Business-type Activities revenues increased \$0.6 million or 2.5%.

The Total Primary Government expenses increased \$1.4 million or 3.3% from the prior year. The Governmental Activities expenses decreased by \$0.1 million or 0.4%. The expenses in Business-type Activities increased \$1.5 million or 7.8%.

The analysis of revenues and expenses can be found in this MD&A: Governmental Activities on pages 10-12 and Business-type Activities on pages 12-14.

Major Fund Changes in Net Position or Fund Balance

The General Fund balance at September 30, 2018 consisted of \$3.4 million for unassigned fund balance; \$2.3 million was assigned for subsequent year’s budget, and \$0.1 million was for non-spendable inventories and restricted funds for public safety. This is a \$0.5 million increase in fund balance from September 30, 2017. The City Council’s financial policy on fund balance minimum is 8.0% of annual expenditures. A more detailed analysis of revenues and expenditures can be found on pages 14-16 of the MD&A.

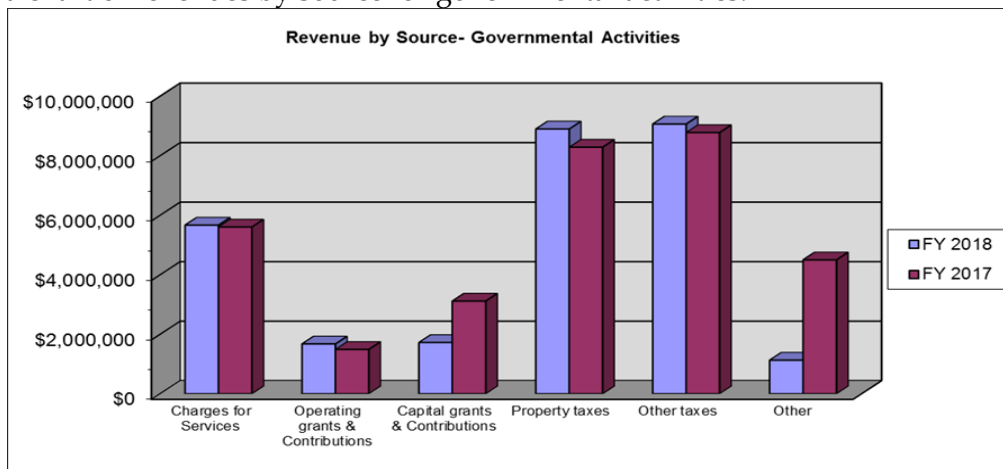
The Community Redevelopment Agency Fund balance increased \$0.3 million. Revenues increased \$136 thousand over the prior year in TIF (tax increment financing) revenues and expenditures decreased \$275 thousand from FY 2017 primarily due to leak repairs needed in Herald Ct Centre parking garage in FY 2017 resulting in the overall fund balance increase.

The PGI Canal Maintenance Fund balance decreased \$0.7 million. Expenditures increased \$10.3 million due to Hurricane Irma repairs which were offset by a \$9.2 million transfer of financing proceeds from the General Fund. Therefore the fund balance decreased by \$1.1 million when compared to FY 2017’s increase of \$0.4 million.

The Water and Wastewater Utility Fund net position increased \$3.3 million net of a \$2.4 million prior period adjustment to establish OPEB Liability. Deferred inflows increased by \$0.4 million due to the implementation of GASB Statement No. 75 for OPEB. Capital assets net of accumulated depreciation had a net increase of \$4.7 million. Current and receivable assets, mainly cash from water and sewer impact fee revenue, grant revenue for reverse osmosis project, and a minimal increase operating expenses increased \$3.3 million. Net pension liability increased \$0.1 million. Current year revenues were used to pay debt reducing liabilities by \$0.3 million, although an additional \$2.6 million of Utility Notes were received to partially fund the reverse osmosis project. Benefits payable decreased \$26 thousand, accounts payable and retainage payable decreased \$0.3 million.

Governmental Activities

Below is a chart of revenues by source for governmental activities.



The following details the revenue variances between fiscal years 2017 and 2018.

Charges for services increased \$64 thousand, 1.1%, when compared to FY 2017.

- Various charges for services saw slight increases, with the majority of the increase in permit activities of \$59 thousand.

Operating grants and contributions increased by \$184 thousand.

- Increase in CHNEP operating grants and contributions of \$215 thousand.
- Decrease in contributions of \$103 thousand for Gilchrist Playground in FY 2017.
- Increase in Marine Advisory Grant \$37 thousand.
- Increase in other operating grants and contributions of \$35 thousand.

Capital grants & contributions decreased by \$1.4 million due to the following:

- Increase in FEMA & State disaster grants of \$0.4 million.
- Decrease in FDOT LAP, SHIP & WCIND grants of \$1.9 million.
- Increase in CRA TIF (tax increment financing) revenue, \$0.1 million.

Property tax revenues increased by \$610 thousand. Taxes levied increased by \$648 thousand in FY 2018, and the percentage of levy collected decrease by 0.16%.

Other taxes increased by \$286 thousand.

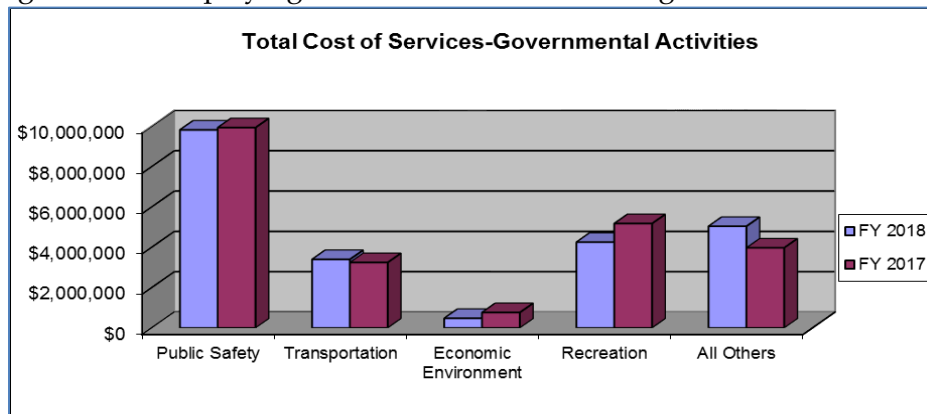
- Utility and Gas taxes increased by \$29 thousand
- Sales taxes had an increase of \$257 thousand

Other revenues decreased \$3.4 million as a result of a \$3.5 million one-time sale of land in FY 2017, \$0.2 million increase in investment earnings and a decrease of \$0.1 million in other miscellaneous revenues.

The cost of all governmental activities this year, including allocations, was \$25.8 million as compared to \$25.8 million in FY 2017. As shown in the Statement of Activities on page 23, the program expenses net of indirect expense allocations (\$2.8 million) were paid through:

- \$5.7 million in charges for services; consisting of \$3.5 million canal maintenance districts assessments and \$1.9 million fees for general government services
- \$1.7 million in operating grants and contributions
- \$1.7 million in capital grants and contributions
- \$19.1 million in general revenues (primarily taxes)

The following is a chart displaying the total cost of services of governmental activities.



- Public safety costs decreased by \$114 thousand, mainly as a result of the initial recording of \$243 thousand net deferred charges from OPEB related activities in FY 2018 and the

decrease in net pension related costs of \$475 thousand. Overtime decreased by \$82 thousand due primarily because of Hurricane Irma in FY 2017. Other Public Safety Employee wages and benefits increased by \$89 thousand or 1.2%. Other public safety expenses increased by \$111 thousand or 8.0%.

- Transportation costs increased by \$156 thousand in FY 2018, mainly attributed to the recording of net deferred charges related to pension activities in FY 2018, which resulted in an increase of \$41 thousand in FY 2018 and an increase in net deferred charges related to OPEB in FY 2018 of \$93 thousand. There was an increase in depreciation expense of \$33 thousand, a decrease in wages and benefits of \$8 thousand, and a decrease of \$3 thousand in other expenses from the prior year.
- Economic environment costs decreased by \$287 thousand. Repair and maintenance at the Herald Court Centre decreased by \$268 thousand related to resealing of the parking garage in FY 2017 that did not reoccur in FY 2018. Other economic environment costs decreased by \$19 thousand.
- Recreation costs decreased by \$922 thousand mainly due to a decrease in normal repair and maintenance in the Canal Maintenance districts while completing seawall replacements from damages that occurred from Hurricane Irma.
- All Others increased \$1.1 million mainly attributable site preparation and building enhancements contribution for County library \$0.4 million, contractual services related to bond counsel, financial advisor, pay & classification study, and lot mowing services \$0.3 million, personnel expenditure increases from adding a communications manager and other employee benefit changes \$0.2 million, and other general government operating expenses increased \$0.2 million.

Table 3 presents the cost of each of the City’s four largest programs as well as each program’s net cost (total cost less revenue, excluding taxes, generated by the activities). The net cost represents the portion of each program that is supported by various taxes.

Table 3
Governmental Activities
(in Thousands)

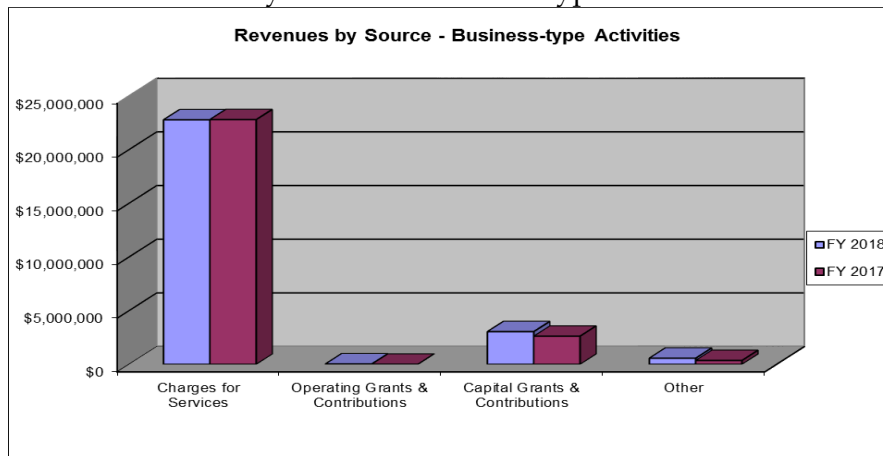
	Total Cost of Services (less indirect expense allocation)		Net Cost of Services	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Public Safety	\$ 9,816	\$ 9,930	\$ (9,754)	\$ (9,778)
Transportation	3,398	3,242	(3,062)	(2,944)
Economic Environment	475	762	652	226
Recreation	4,250	5,172	350	(807)
All Others	5,038	3,969	(2,097)	438
Totals	<u>\$ 22,977</u>	<u>\$ 23,075</u>	<u>\$ (13,911)</u>	<u>\$ (12,865)</u>

Business-type Activities

Revenues of the City’s Business-type activities (see Table 2) totaled \$26.4 million. Operating expenses were \$20.4 million, showing an increase in net position of \$6.0 million or 9.2%. This was offset by the prior period adjustment \$3.2 million for implementation of GASB Statement No. 75 “Accounting for Postemployment Benefits Other than Pensions (OPEB)”. This resulted in a net overall increase to net position of \$2.8 million.

The analysis of revenues and expenses disclosed that revenues increased 2.5% and expenses increased 7.8% from the prior fiscal year.

Following is a chart of revenues by source for business-type activities.



Charges for services reported in business-type activities decreased \$16 thousand, or 0.1%, in comparison to the prior year. Water & Wastewater Utility experienced a decrease in charges for services of \$234 thousand mainly due to decreased consumption. Sanitation’s charges for services increased \$174 thousand in refuse collection due to increased recycling rate. Building’s charges for services increased \$59 thousand from increase in permit activity. The Laishley Park Marina charges for services decreased \$15 thousand. This was due to damaged slips from Hurricane Irma in September 2017 that were unavailable for rental in the first part of FY 2018.

The following chart shows the comparison of some specific user fee revenues.

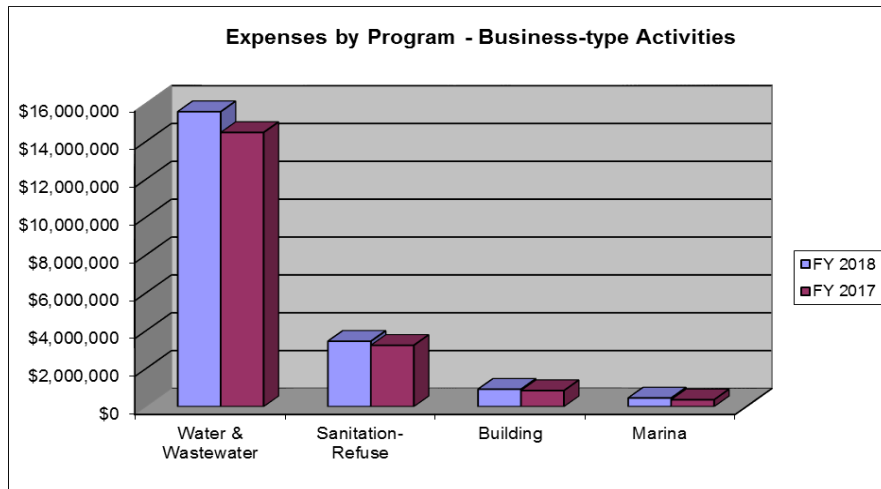
	Revenues (in thousands)		From 2017 to 2018
	2018	2017	% incr (decr)
Water Billings	\$10,095	\$10,467	(3.6%)
Wastewater Billings	\$7,388	\$ 7,303	1.2%
Refuse Collection	\$3,532	\$ 3,357	5.2%
Licenses, Permits, & Special Assessments	\$1,078	\$ 1,019	5.8%

Operating grants and contributions increased by \$30 thousand, or 518.9%. Sanitation had \$23 revenue in FY 2018 from FEMA and state reimbursement for force account labor of debris removal from Hurricane Irma. The operating grants for the pump out boat increased \$7 thousand.

Capital grants and contributions increased \$424 thousand, or 16.2%. There was an increase of \$1.4 million in developer’s contributed infrastructure in FY 2018 since there were none in FY 2017. Water and Sewer Impact fees decreased \$525 thousand from the prior year due to large development (Alligator Park) in FY 2017. The Reverse Osmosis (RO) plant in Utilities has two approved capital grants. Total grant revenues for this project were \$495 thousand less than FY 2017.

The other category increased \$214 thousand due to increase of \$201 thousand in interest income and \$13 thousand increase in other miscellaneous revenues.

Following is a chart of expenses by program for business-type activities.



The Water & Wastewater Utility expenses increased \$1.1 million, or 7.6%, in comparison to the prior year. Personnel expenses increased \$476 thousand. Recording net deferred charges and expenses from pension and OPEB related activities in FY 2018 is the majority of the increase. Contractual services increased \$196 thousand due to studies, monitoring, and inspections that did not result in a capital project. Depreciation expense increased \$178 thousand, administrative charges increased \$64 thousand, and utilities increased \$78 thousand. Materials & supplies increased \$110 thousand as a result of increased chemical costs.

The Sanitation expenses increased by \$214 thousand, or 6.6%. Contractual Services increased \$114 thousand due to recycling charges increase as per contract. Fuel expenses increased \$27 thousand and administrative charges increased \$11 thousand. Depreciation increased \$78 thousand as new packers had a full year of depreciation and other equipment became fully depreciated. Various other expenses decreased \$16 thousand.

The Building Fund's expenses increased by \$73 thousand, or 8.6%. Personnel expenses increased \$67 thousand due to addition of a building inspector. Various other operating expenses increased by \$6 thousand.

The Laishley Park Marina expenses increased \$93 thousand, or 25.6%. An increase \$79 thousand was for repairs to slips from Hurricane Irma. Various other expenses increased \$14 thousand.

THE CITY'S FUNDS

General Fund Budgetary Highlights

The following is a brief review of the budgeting changes from the original budget to the final budget for the General Fund. The final expenditure budget increased \$1.1 million or 5.8% from the original budget, which can be briefly summarized as follows:

- Supplemental appropriations: Police vessel (grant funded), \$129 thousand; police vehicle, \$23 thousand; addition of (3) police school resource officers (SROs), \$65 thousand; planning studies \$129 thousand; land acquisition, \$26 thousand and various other operating expenditures, \$21 thousand
- Purchase order rollovers from prior year for vehicle and equipment in public works and fire, \$206 thousand; various other operating expenditures, \$9 thousand
- Re-appropriations from prior year for police programs and vehicle replacements, \$95 thousand; fire programs and equipment, \$21 thousand; landscaping and lot mowing, \$214 thousand; building repairs, \$56 thousand; Fresh Market garden project, \$37 thousand;

replacement lights and holiday decorations, \$21 thousand; and various other operating expenditures, \$34 thousand

The final revenue budget (including transfers) increased by \$0.3 million or 1.7%, from the original budget, which can be briefly summarized as follows:

- Electric utility tax revenue increase of \$39 thousand as a result of increased consumer usage
- Half cent sales tax revenue increase of \$65 thousand as a result of increased consumer spending
- Police department grant awards and contributions of \$134 thousand
- Insurance recoveries related to repairs and accidents, \$64 thousand
- Transfer from Special Use Fund, \$20 thousand
- Other miscellaneous revenues increase of \$19 thousand

In addition, there was a budget increase of \$9 million financing loan proceeds with a corresponding budget increase to transfer to PGI Canal Maintenance District Fund for financing of Hurricane Irma seawall repairs in the district.

Variances between the General Fund's final amended budget and actual amounts are highlighted as follows:

Revenues:

- Ad Valorem Taxes were over budget \$52 thousand due to tax sale receipts.
- FPL Utility Taxes and FPL Franchise fees were over budget \$121 thousand due to an increase in customer usage.
- Sales Taxes were over budget \$61 thousand due to better than projected economic conditions.
- Interest earnings were over budget \$61 thousand due to increasing interest rates.
- Fines, fees, other miscellaneous revenues that were under budget \$45 thousand were more than offset by other various revenues that were over budget \$50 thousand.

Expenditures:

- General government expenditures were under budget by \$0.6 million. Personnel expenditures were \$77 thousand under budget due to fewer claims for unemployment and turnover changes. Election expenses were under budget \$25 thousand as there was no election. Lot Mowing was \$135 thousand under budget primarily due to a decrease in the amount of lots being mowed. Legal services were under budget \$82 thousand due fewer needs by boards and City. Public works administration & engineering replacement vehicles were under budget \$55 thousand because they were on order. Planning studies were under budget \$97 thousand as they were not completed at fiscal yearend. Fire General Liability Insurance was under budget by \$21 thousand mainly due to less than anticipated increases in flood policies. Facilities Maintenance operating expenditures were under budget \$44 thousand in repairs & maintenance and contractual services. All other operating expenditures in all general government department/divisions were under budget \$64 thousand due to continued efforts to contain costs.
- Public Safety police operating expenditures were under budget by \$416 thousand. Personnel expenditures were over budget by \$312 thousand, mainly due to turnover/retirements and workers compensation. Law Enforcement Trust Funds were under budget, \$19 thousand, police capital expenditures were under budget by \$64

thousand and were re-appropriated to FY 2019. Other operating accounts were under budget by \$21 thousand.

- Public Safety fire was under budget by \$137 thousand. Personnel expenditures were over budget by \$19 thousand, mainly due to increase in fire pension. Operating expenditures were under budget \$98 thousand, of which \$77 was re-appropriated to FY 2019 for R&M for apparatus and building, supplies, and body armor. Fire capital expenditures were under budget by \$58 thousand and were re-appropriated in FY 2019.
- Public Safety code operating expenditures were under budget \$13 thousand. Distressed property maintenance was under \$5 thousand. Various personnel and other operating expenditures were under budget \$8 thousand.
- Transportation - Right of Way expenditures were \$365 thousand under budget. Right of Way personnel expenditures were \$11 thousand over budget and equipment expenditures were \$375 thousand under budget, of which \$320,000 was in purchase orders and carried over into FY 2019.
- Recreation - Parks and Grounds expenditures were \$233 thousand under budget. Expenditures under budget are: Personnel expenditures, \$7 thousand; Contractual services, \$189 thousand, of which \$91 thousand was re-appropriated for trees; agricultural & department supplies, \$37 thousand of which \$25 thousand was re-appropriated to FY 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of September 30, 2018 reflect an investment of \$140.4 million, net of accumulated depreciation.

The following table provides a summary of net capital assets by category for both Governmental and Business-type activities.

Table 4
Capital Assets at Year End
(net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 16,393	\$ 16,169	\$ 5,403	\$ 5,403	\$ 21,796	\$ 21,572
Buildings	16,886	17,541	4,344	2,991	21,230	20,532
Improvements						
other than buildings	6,841	6,518	3,533	3,881	10,374	10,399
Vehicles and equipment	3,655	3,675	2,940	1,629	6,595	5,304
Infrastructure / System	19,534	17,898	33,901	34,104	53,435	52,002
Construction						
work in progress	<u>13,157</u>	<u>3,519</u>	<u>13,785</u>	<u>9,955</u>	<u>26,942</u>	<u>13,474</u>
Total Capital Assets	<u>\$ 76,466</u>	<u>\$ 65,320</u>	<u>\$ 63,906</u>	<u>\$ 57,963</u>	<u>\$ 140,372</u>	<u>\$ 123,283</u>

Significant changes to assets this year include:

- Pumps and mixers for Wastewater Treatment, \$99 thousand
- Front end loader for Water Distribution, \$133 thousand
- Winch truck for Wastewater Treatment, \$112 thousand

- (4) Packers for Sanitation, \$1 million
- Pickup Truck for Building, \$19 thousand
- Land purchases, \$27 thousand
- Tractor with boom mower for Right of Way, \$122 thousand
- Heavy duty pickup Truck for Right of Way, \$54 thousand
- Message sign for Right of Way, \$15 thousand
- Mower for Parks and Grounds, \$12 thousand
- Police boat with motor and trailer, \$127 thousand
- (5) Police vehicles, \$232 thousand
- (10) Tasers for Police Department, \$13 thousand
- (2) Fire command staff vehicles, \$60 thousand
- (2) pickup trucks for Canal Maintenance, \$39 thousand
- Seawall replacements in PGI Canal Maint District, \$11 million
- Navigational marker system in PGI Canal Maint District, \$91 thousand
- Camera security system for Herald Court Centre, \$60 thousand
- Drainage improvement projects, \$645 thousand
- Harborwalk projects, \$1.5 million
- Fiber optic cable for Marina, \$25 thousand
- Computers, laptops, servers, \$117 thousand
- Water plant expansion (Reverse Osmosis), \$2.8 million
- Raw water pump station, \$830 thousand
- Advanced metering infrastructure, \$1.5 million
- Water & wastewater infrastructure (developer contributed), \$1.4 million
- Water main upgrades, \$167 thousand
- Wastewater gravity sewer, force main, and lift station rehabs, \$354 thousand
- Wastewater plant improvements, \$335 thousand

Debt

As of September 30, 2018 the City had \$23.7 million of revenue note debt in the Governmental Activities. This is a net increase of \$8.2 million as compared to the prior year. A new non-revolving line of credit of \$24 million was issued in FY 2018. Draws of \$9.2 million were outstanding at September 30th. Principal payments of \$1 million on previous debt were made. The business-type activities note debt was \$6.0 million. This is an increase of \$2.3 million as compared to the prior year. Draws on the Utilities SRF loan for the R.O. project were \$2.6 million and principal payments on the previous SRF loan were \$0.3 million. There were no capital leases at year end.

For additional information regarding capital assets and debt refer to footnote IV. D (pages 56-57) and footnote IV. E (59-61).

ECONOMIC OUTLOOK

National and state economies are key factors in assessing the City's future fiscal picture. Changes in the national, state and local economies can affect both revenues and expenditures, due to the impact on sales tax receipts and the costs and demand of providing city services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that Punta Gorda and the Southwest Florida region as a whole often behave differently, displaying economic trends and reflecting experience that may lag or precede observed changes elsewhere.

National Economic Outlook

The April 2018 economic forecast from the Congressional Budget Office (CBO) includes the following key points:

- Outlays will remain near 21% of GDP for the next three years, which is higher than the average of 20% over the past 50 years. By 2028, outlays would rise to 23.3% of GDP.
- Debt held by the public will rise from 78% of GDP (\$16 trillion) by the end of 2018 to 96% of GDP (\$29 trillion) by 2027. That percentage would be the largest since 1946 and well above twice the average over the past five decades. Such high and rising debt will have serious consequences for the budget and nation:
 - ✓ Federal spending on interest payments on that debt would increase substantially, especially because interest rates are projected to rise over the next few years.
 - ✓ Lawmakers would have less flexibility to use tax and spending policies to respond to unexpected challenges.
 - ✓ There would be greater risk of a fiscal crisis in the nation since investors would become unwilling to finance the government's borrowing unless they were compensated with high interest rates, thereby pushing interest rates on federal debt even higher.
- Spurred by fiscal stimulus, GDP will expand at to 3.3% through 2018, 2.4% in 2019 and average 1.9% per year through 2028.
- The projected growth will create excess demand in the economy, pushing the unemployment rate below the natural. Unemployment rate was 3.7% as of September 2018, and expected to hover between 3.3% and 4.8% through 2028.
- By 2020, excess demand will push consumer price inflation slightly above the Federal Reserve's target of 2%. Inflation will rise at a modest pace over the next few years. This will rise to 1.8% in 2018 and to 2% in 2019. It will remain on average 2% through the 2028.
- As the slack in the economy continues to diminish, the Federal Reserve will continue to reduce its support of economic growth. The federal funds rate is expected to rise gradually over the next few years, reaching 1.1% by the end of 2017, 1.6% by the end of 2018 and 3.1% in the latter part of the projection period.

Florida/Southwest Florida Regional Economic Outlook

The Florida Economic Estimating Conference met on January 16, 2018, to revise the forecast for the state's economy. The latest forecast was slightly weaker in several key respects, but generally shows little change from the assumptions made in July for the short term. Overall, Florida growth rates are returning to levels that are more typical and continue to show progress. The drags—particularly construction—are more persistent than past events, but the strength in tourism is largely compensating for this. In the various forecasts, normalcy was largely achieved by the end of Fiscal Year 2016-17 as most measures of the Florida economy had returned to or surpassed their prior peaks by the close of the fiscal year.

One of the main factors used to measure the economic health of an individual state is personal income growth. The forecast expects personal income growth to accelerate to 4.3 percent in Fiscal Year 2017-18 and to 5.5 percent in Fiscal Year 2018-19, and then grow over the long term at annual growth rates ranging between 4.2 percent and 5.4 percent.

Two key measures of employment are job growth and the unemployment rate. The job market in Florida continues to grow at modest rates. The forecast expects total non-farm employment to grow 2.5 percent in Fiscal Year 2017-18, with more modest rates of growth throughout the long run.

Florida's unemployment rate continues to drift downward and is now below the "full employment" unemployment rate (assumed to be about 4 percent). The state's actual unemployment rate in

September 2018 was 3.3 percent which is lower than the nation's unemployment rate of 3.7 percent. The forecast expects the downward trend to continue.

Overall, the housing market continues to trudge forward, although slowing from the stronger growth over the past few years. For the third quarter of 2017, single-family building permits were 8.2 percent higher than the same period last year, while multi-family building permits were 7.9 percent higher. Combined, total private housing starts are expected to increase 10.8 percent in Fiscal Year 2017-18 before easing to a rate of 8.6 percent in Fiscal Year 2018-19 and to much more modest growth rates in the rest of the forecast. Total private housing starts are still well below the peak Fiscal Year 2004-05 level of 272,000 units; they do not recover to their previous peak level at any time during the ten-year forecast period. Total construction expenditures (including nonresidential and public, as well as residential) continue to grow throughout the entire forecast period, with 11.8 percent growth in Fiscal Year 2017-18 and 8.0 percent in Fiscal Year 2018-19 before gradually settling in the 4.3 to 4.7 percent range towards the end of the period. Helped by the nonresidential component, total construction expenditures return to peak levels by Fiscal Year 2019-20, although the private residential component does not return to peak levels until Fiscal Year 2021-22. In a related measure, the construction employment sector does not get back to its peak level at any time during the ten-year forecast period.

Florida tourism is a major component of the state's economy and continues to show its strength. Preliminary estimates indicate that 29.2 million visitors came to Florida during the third quarter of 2017 for an increase of 3.5 percent over the same period in 2016. The forecast for Fiscal Year 2017-18 expects this trend to continue with a projected overall growth rate of 4.7 percent, in spite of a reduction in the number of overseas visitors compared to the prior year. After an acceleration to 5.1 percent in Fiscal Year 2018-19, the expected growth in total visitors stabilizes at growth rates ranging between 3.3 percent 3.6 percent annually over the rest of the long run forecast.

Southwest Florida's regional economy continues to show signs of growth. Positive signs include a six percent increase in single-family home sales from May 2017 to May 2018; a 43% increase in single-family building permits from May 2017 to May 2018; and a 3% increase in tourist tax revenues for April 2018 over April 2017. In May 2018, single-family home sales median home prices showed increases over May 2017 in all three coastal counties. Taxable sales for the five-county region exceeded \$2.3 billion in March 2018, up 7% from March 2017. The seasonally-adjusted unemployment rate declined to 3.4% in May 2018, down from 4.1% a year ago and lower than the 3.8% figure for the state and nation.

By the end of March 2018, Southwest Florida's industry workforce diversification index ranked ninth in the state (out of twenty four), while the state had an index that ranked the twenty first in the nation. The index measures the degree to which a region's workforce is concentrated in few industries or dispersed into many.

Charlotte County Economic Highlights

Charlotte County has undertaken a number of initiatives to enhance its business opportunity environment. Some of the more pertinent initiatives and statistics are:

- Charlotte County continues to notice solid growth in population, from 172,720 one year ago to an estimate of 175,311 representing a 1.5% increase. The County ranks second in the state for its population age 65 and older, according to 2017 population estimates from the University of Florida, Bureau of Economic Business Research. By 2030, it's expected the County's population aged 55 and older will be 57%.
- For the sixth consecutive year, the taxable property value in the County has increased, up 8.2% from the previous year. Of that amount, new construction accounted for 1.9%.
- Unemployment was 3.5% in September 2018. One year ago, the unemployment rate in the County was 4.6%.

- The median sales price of an existing single family home in the County was \$225,000 in May 2018, an increase of \$8,487 from the previous year.
- The County's taxable sales rose to \$258.2 million in March 2018, up 5% from one year prior.
- The Punta Gorda Airport and Enterprise Charlotte Airport Park (ECAP) continue to represent major economic drivers in the area. Allegiant's service area from Punta Gorda flies to 40 nonstop destinations. The airport is home to a fleet of A320 planes, 400 general aviation aircraft and helicopters, 18 non-airline aviation entities and nearly 500 on-airport full-time employees. Passenger activity at the airport since calendar year 2010 has risen in significant numbers, as shown below:

Year	Passenger Count	Year	Passenger Count	Year	Passenger Count
2010	182,423	2013	333,611	2016	1,118,303
2011	291,626	2014	628,075	2017	1,293,337
2012	219,357	2015	836,472		

Commissioned by the Airport Authority, an economic impact study conducted by Volaire Aviation Consulting indicates that the Punta Gorda Airport has an economic impact of \$208.3 million in Charlotte County and \$353.2 million regionally. The study points out that each new route creates over 50 new jobs and \$1.6 labor income in the County. The extension of Piper Road to US 17, (also within ECAP), is currently under construction and when completed could ultimately lead to 1,400 new jobs involving 100 acres of industrial-zoned property and 500,000 square feet of tax base from potential new industrial development. Two new businesses (pallet company and boat building) are anticipated in the near future which will add 44 jobs to the local economy.

- Sunseeker Resort is an estimated \$770 million project in the Charlotte Harbor Community Redevelopment Area bordering the harbor on the north side of the US 41 South Bridge. Current plans call for over 800 condominium units, 277 hotel rooms, along with multiple bars, restaurants and shops lining a public one-mile riverwalk along the waterfront. Demolition is underway.
- Tuckers Grade - a planned mixed-use development at the I-75 and Tuckers Grade interchange to include 1,689 residential units, 400 hotel rooms, and 480,000 commercial retail space. The proposed project plans to attract nearby residents and the traveling public.
- Babcock Ranch, a planned new town situated on 18,000 acres bordering Charlotte County and Lee County, broke ground in June 2016. When completed the development will house 19,500 residential units with an anticipated 50,000 population; six million square feet of commercial space; 75 mega-watt solar facility; and 50 miles of trails. The development is also planning a partnership with Florida Gulf Coast University to house higher educational programs. To-date, 144 single-family permits have been submitted since August 2016, and development of town center is well underway.
- Murdock Village redevelopment continues to be a future major economic driver in County development opportunities. In November 2016, a Private Equity Group signed a contract with Charlotte County to purchase 452 acres for a mixed-use development consisting of over 2,400 single and multi-family residential units, commercial uses and a 150-room hotel. In addition, Project Hills, a developer of sports and entertainment venues, submitted plans for a phased construction water park, hotels and other amenities on 160 acres. These plans are still in the developmental stage.

Punta Gorda Economic Highlights

Projections show a FY 2019 population of 19,285 up from the 2010 Census of 16,641.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2019) increased Citywide by 7.5% from the final previous fiscal year, including \$60.1 million of new construction, annexation, and

changes in exemption. This is the sixth straight year experiencing an increase in values after six straight years of declines in taxable value Citywide.

- New single-family housing unit building permit trends since FY 2005 are shown below. Activity from FY 2010 through July of FY 2018 demonstrates a positive trend in new residential construction from FY 2009.

Year	Units Permitted
FY 2005	467
FY 2006	241
FY 2007	190
FY 2008	98
FY 2009	12

Year	Units Permitted
FY 2010	37
FY 2011	30
FY 2012	56
FY 2013	88
FY 2014	100

Year	Units Permitted
FY 2015	125
FY 2016	113
FY 2017	124
FY 2018	120 (thru July)

- New multi-family housing unit residential construction has also demonstrated a positive trend starting in FY 2012.

Year	Units Permitted
FY 2012	4
FY 2013	4
FY 2014	0
FY 2015	86

Year	Units Permitted
FY 2016	90
FY 2017	4
FY 2018	16

- Marriott Springhill Suites - A 104-room hotel has been constructed at the northeast corner of Marketplace property (US 41 and Harborside). The hotel will assist the Charlotte County Event & Conference Center in enhancing attraction for larger conference and event venues.
- Former IMPAC Campus - City Council approved a rezoning of the four plus acres for a mixed-use planned development to include conversion of one building to a 25-room hotel, relocation of the Military Heritage Museum in another building, 3,500 square feet of office space, and auditorium for guests at Fishermen’s Village.
- LOOP development update - Goodkin Consulting (GC) was hired by the property owner to conduct a market analysis concerning development possibilities for Village Center, a proposed 171-acre mixed-use residential and commercial development. The site is at the intersection of Jones Loop Road and I-75 in Punta Gorda. The report’s findings, published in August 2015, are highlighted below:
 - ✓ Residential component - 290 residential units of which 128 are single family detached, 90 single family semi attached and 72 townhome attached.
 - ✓ Retail component - 540,000 square feet of which 300,000 is an outlet mall and 240,000 a village center.
 - ✓ Office component - 150,000 square feet consisting of 80,000 in village center with office over retail, and 70,000 of two or three single users.
 - ✓ Hotel component - dual branded with 200 rooms.

Terracap, the LOOP property owner uses this data in its marketing effort to attract developers to invest in the site. The first such development is an Aldi Market, currently under construction.

- Aqui Esta development - a 100+ acre parcel of undeveloped property along Aqui Esta that City Council approved for a multi-family residential development to include private docking facilities for 49 slips. An actual construction timeframe has not been formalized.
- The City’s business development strategy to enhance business and economic development was highlighted in the aforementioned Strategic Plan accomplishments and priorities.

BASIC FINANCIAL STATEMENTS

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$20,607,954	\$ 9,264,207	\$ 29,872,161
Receivables (net of allowance for uncollectibles)	687,351	1,239,719	1,927,070
Due from other governments	1,107,940	40,302	1,148,242
Internal balances	41,454	(41,454)	-
Inventories	75,964	83,963	159,927
Prepays	450,179	169,947	620,126
Restricted assets:			
Cash and cash equivalents	45,757	14,242,472	14,288,229
Capital assets (net of accumulated depreciation):			
Land	16,393,185	5,403,346	21,796,531
Buildings	16,886,391	4,343,480	21,229,871
Improvements other than buildings	6,840,518	3,533,077	10,373,595
Vehicles and equipment	3,654,678	2,939,578	6,594,256
Infrastructure/System	19,534,425	33,901,237	53,435,662
Construction in progress	13,157,339	13,785,010	26,942,349
Total assets	<u>99,483,135</u>	<u>88,904,884</u>	<u>188,388,019</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions/OPEB	<u>1,579,680</u>	<u>1,031,785</u>	<u>2,611,465</u>
LIABILITIES			
Accounts payable and other current liabilities	2,403,154	2,047,022	4,450,176
Unearned revenue	321,816	-	321,816
Liabilities payable from restricted assets	-	78,467	78,467
Long-term liabilities:			
Due within one year	10,335,845	395,857	10,731,702
Due in more than one year	14,112,617	5,964,850	20,077,467
Pensions/OPEB payable	11,134,317	6,485,434	17,619,751
Total liabilities	<u>38,307,749</u>	<u>14,971,630</u>	<u>53,279,379</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions/OPEB	<u>2,787,341</u>	<u>713,195</u>	<u>3,500,536</u>
NET POSITION			
Net investment in capital assets	52,726,536	57,907,294	110,633,830
Restricted for:			
Highways and streets	1,022,094	-	1,022,094
Capital projects	6,060,426	-	6,060,426
Debt service	-	807,509	807,509
CRA District	1,525,294	-	1,525,294
Recreation	1,669,326	-	1,669,326
Public Safety	45,601	-	45,601
Other Purposes	85,928	-	85,928
Unrestricted	<u>(3,167,480)</u>	<u>15,537,041</u>	<u>12,369,561</u>
Total net position	<u>\$59,967,725</u>	<u>\$ 74,251,844</u>	<u>\$134,219,569</u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions/Programs</u>					
Governmental Activities:					
General government	\$ 7,773,313	\$ (3,136,987)	\$ 1,905,119	\$ 594,078	\$ 442,263
Public Safety	9,815,931	-	45,945	15,946	-
Transportation	3,329,832	67,785	268,664	-	67,581
Economic environment	460,915	14,000	-	2,895	1,124,073
Recreation	4,028,852	220,943	3,448,788	1,061,822	89,095
Interest on long-term debt	402,358	-	-	-	-
Total Governmental Activities	25,811,201	(2,834,259)	5,668,516	1,674,741	1,723,012
Business-type Activities:					
Water and wastewater	13,244,047	2,337,640	17,749,168	-	3,043,715
Sanitation/refuse	3,081,749	373,287	3,550,236	22,899	-
Building Fund	831,363	89,495	1,077,971	-	-
Marina Fund	424,123	33,837	395,513	12,479	-
Total Business-type Activities	17,581,282	2,834,259	22,772,888	35,378	3,043,715
Total Functions/Programs	\$ 43,392,483	\$ -	\$ 28,441,404	\$ 1,710,119	\$ 4,766,727

General Revenues:
Property taxes
Utility taxes and gas taxes
Sales Taxes
Investment earnings
Miscellaneous revenue
Total general revenues
Change in net position
Net Position - Beginning as Restated
Net Position - Ending

See Accompanying Notes.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,694,866)	\$ -	\$ (1,694,866)
(9,754,040)	-	(9,754,040)
(3,061,372)	-	(3,061,372)
652,053	-	652,053
349,910	-	349,910
(402,358)	-	(402,358)
(13,910,673)	-	(13,910,673)
-	5,211,196	5,211,196
-	118,099	118,099
-	157,113	157,113
-	(49,968)	(49,968)
-	5,436,440	5,436,440
(13,910,673)	5,436,440	(8,474,233)
8,898,730	-	8,898,730
4,353,742	-	4,353,742
4,711,876	-	4,711,876
355,383	352,616	707,999
774,346	217,682	992,028
19,094,077	570,298	19,664,375
5,183,404	6,006,738	11,190,142
54,784,321	68,245,106	123,029,427
\$ 59,967,725	\$ 74,251,844	\$ 134,219,569

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

ASSETS	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund
Cash and cash equivalents	\$ 5,216,692	\$ -	\$ 1,549,682	\$ 2,146,274
Accounts receivable (net of allowance of \$38,236)	570,982	-	9,116	2,997
Restricted cash and equivalents	45,757	-	-	-
Due from other funds	280,428	-	-	-
Due from other governments	213,721	-	-	30,812
Inventories	75,964	-	-	-
Prepaid items	4,768	-	-	4,398
 Total assets	 <u>\$ 6,408,312</u>	 <u>\$ -</u>	 <u>\$ 1,558,798</u>	 <u>\$ 2,184,481</u>

See Accompanying Notes.

<u>Capital Project Fund</u>	<u>1% Local Option Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,112,628	\$ 4,609,518	\$ 5,696,722	\$ 20,331,516
10,160	682	92,041	685,978
-	-	-	45,757
-	-	-	280,428
21,419	187,788	654,200	1,107,940
-	-	-	75,964
440,525	-	488	450,179
<u>\$ 1,584,732</u>	<u>\$ 4,797,988</u>	<u>\$ 6,443,451</u>	<u>\$ 22,977,762</u>

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018
(Continued)

LIABILITIES AND FUND BALANCES	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund
Accounts payable	\$ 270,045	\$ -	\$ 7,817	\$ 908,792
Retainage payable	-	-	-	473,967
Accrued liabilities	187,354	-	-	11,188
Due to other funds	-	-	-	-
Due to other governments	4,785	-	-	-
Unearned revenue	114,714	-	25,687	-
Total liabilities	<u>576,898</u>	<u>-</u>	<u>33,504</u>	<u>1,393,947</u>
Fund balances				
Nonspendable:				
Inventories and prepaids	80,732	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Police programs	45,601	-	-	-
Transportation	-	-	-	-
Recreation	-	-	-	790,534
CRA district	-	-	1,525,294	-
Capital projects	-	-	-	-
Other purposes	196	-	-	-
Committed for:				
Damages and one-time expenditures	-	-	-	-
Assigned to:				
Subsequent year's budget	2,270,590	-	-	-
Unassigned	3,434,295	-	-	-
Total fund balances	<u>5,831,414</u>	<u>-</u>	<u>1,525,294</u>	<u>790,534</u>
Total liabilities and fund balances	<u>\$ 6,408,312</u>	<u>\$ - 0 -</u>	<u>\$ 1,558,798</u>	<u>\$ 2,184,481</u>

See Accompanying Notes.

Capital Project Fund	1% Local Option Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ 121,972	\$ 135,736	\$ 156,571	\$ 1,600,933
34,954	29,632	4,349	542,902
-	-	3,622	202,164
-	-	280,428	280,428
-	-	-	4,785
-	-	181,415	321,816
<u>156,926</u>	<u>165,368</u>	<u>626,385</u>	<u>2,953,028</u>
-	-	-	80,732
-	-	5,000	5,000
-	-	-	45,601
-	-	1,022,094	1,022,094
-	-	878,792	1,669,326
-	-	-	1,525,294
1,427,806	4,632,620	-	6,060,426
-	-	-	196
-	-	3,911,180	3,911,180
-	-	-	2,270,590
-	-	-	3,434,295
<u>1,427,806</u>	<u>4,632,620</u>	<u>5,817,066</u>	<u>20,024,734</u>
<u>\$ 1,584,732</u>	<u>\$ 4,797,988</u>	<u>\$ 6,443,451</u>	



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CITY OF PUNTA GORDA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2018
(Continued)

Total fund balance - governmental funds (page 25) \$ 20,024,734

Amounts reported for governmental activities in the statement of net position (page 22) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Total Capital Assets \$76,466,536 less amount included in internal services \$604,128	75,862,408
Deferred outflows of resources related to pension liability are not recognized in the governmental funds: however, they are recorded in the statement of net position under full accrual accounting. Total \$1,579,680 less Internal Service Fund \$33,108	1,546,572
Internal service funds are used by management to charge the costs of information technology systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	523,764
Cumulative effect of business type portion of internal services	41,454
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Total debt and long-term liabilities \$24,448,462 less amount included in internal services \$16,077.	(24,432,385)
Pension plans when unfunded are a liability on the statement of net position but are not a financial use. Total Pension Plans payable \$5,543,994 less amount included in internal services \$107,329.	(5,436,665)
Other Post Employment Benefit plans when unfunded are a liability on the statement but are not a financial use. Total OPEB Plans payable \$5,590,323 less amount included in internal services \$188,438. Plus Actuarial Fees non-current \$4,950.	(5,406,835)
Deferred inflows of resources related to pension liability are not recognized in the governmental funds: however, they are recorded in the statement of net position under full accrual accounting. Total \$2,787,341 less Internal Service Fund \$32,019.	(2,755,322)
Net position of governmental activities (page 22)	<u>\$ 59,967,725</u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2018

	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund
Revenues				
Taxes	\$ 12,272,828	\$ -	\$ -	\$ -
Permits, fees and special assessments	1,578,826	-	-	2,874,153
Intergovernmental revenues	2,355,311	-	1,124,073	58,365
Charges for services	414,352	-	-	-
Judgments, fines and forfeits	49,974	-	-	-
Miscellaneous	3,719,050	-	332,756	30,929
Total revenues	20,390,341	-	1,456,829	2,963,447
Expenditures				
Current				
General government	5,664,276	-	-	-
Public safety	9,789,721	-	-	-
Transportation	1,244,044	-	-	-
Economic environment	-	-	216,863	-
Recreation	1,391,103	-	-	1,717,475
Capital outlay	-	-	59,609	11,135,420
Debt service				
Principal retirement	-	1,015,000	-	-
Interest and fiscal charges	-	402,358	-	-
Total expenditures	18,089,144	1,417,358	276,472	12,852,895
Excess expenditures (over) under revenues	2,301,197	(1,417,358)	1,180,357	(9,889,448)

See Accompanying Notes.

Capital Project Fund	1% Local Option Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 12,272,828
-	-	-	4,452,979
63,153	3,023,012	2,204,194	8,828,108
-	-	-	414,352
-	-	-	49,974
10,160	64,172	1,172,134	5,329,201
<u>73,313</u>	<u>3,087,184</u>	<u>3,376,328</u>	<u>31,347,442</u>
-	-	162,800	5,827,076
-	-	-	9,789,721
-	-	1,431,001	2,675,045
282,110	4,491	-	503,464
-	-	1,138,314	4,246,892
1,173,660	1,563,354	44,785	13,976,828
-	-	-	1,015,000
-	-	-	402,358
<u>1,455,770</u>	<u>1,567,845</u>	<u>2,776,900</u>	<u>38,436,384</u>
<u>(1,382,457)</u>	<u>1,519,339</u>	<u>599,428</u>	<u>(7,088,942)</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2018
(Continued)

	<u>General</u>	<u>Debt Service Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>P G I Canal Maintenance Fund</u>
Expenditures (continued)				
Excess expenditures (over) under revenues	<u>2,301,197</u>	<u>(1,417,358)</u>	<u>1,180,357</u>	<u>(9,889,448)</u>
Other financing sources (uses)				
Transfers in	329,335	1,417,358	570,342	9,180,900
Transfers out	(11,400,452)	-	(1,417,358)	-
Loan proceeds	<u>9,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,821,117)</u>	<u>1,417,358</u>	<u>(847,016)</u>	<u>9,180,900</u>
Net change in fund balances	480,080	-	333,341	(708,548)
Fund balances, October 1, 2017	<u>5,351,334</u>	<u>-</u>	<u>1,191,953</u>	<u>1,499,082</u>
Fund balances, September 30, 2018	<u>\$ 5,831,414</u>	<u>\$ - 0 -</u>	<u>\$1,525,294</u>	<u>\$ 790,534</u>

See Accompanying Notes.

<u>Capital Project Fund</u>	<u>1% Local Option Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>(1,382,457)</u>	<u>1,519,339</u>	<u>599,428</u>	<u>(7,088,942)</u>
1,859,979	-	459,210	13,817,124
-	(90,000)	(909,314)	(13,817,124)
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,250,000</u>
<u>1,859,979</u>	<u>(90,000)</u>	<u>(450,104)</u>	<u>9,250,000</u>
477,522	1,429,339	149,324	2,161,058
<u>950,284</u>	<u>3,203,281</u>	<u>5,667,742</u>	<u>17,863,676</u>
<u>\$ 1,427,806</u>	<u>\$ 4,632,620</u>	<u>\$ 5,817,066</u>	<u>\$20,024,734</u>

CITY OF PUNTA GORDA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

Net change in fund balances -- total governmental funds (page 28) \$ 2,161,058

Amounts reported for governmental activities in the statement of activities (page 23) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and capital asset adjustments were under capital outlays in the current period. Expensed items decrease net position in the statement of activities, but are not financial uses in governmental funds.	11,206,725
Loan Proceeds from Issuance of a Line of Credit	(9,250,000)
Repayment of the principal of long-term debt \$1,015,000 consumes the current financial resources of governmental funds. This transaction has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and accrued interest.	1,015,000
Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, ie Compensated absences \$112,138.	112,138
Internal service funds are used by management to charge the costs of information technology systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(83,500)
Changes in net pension obligations are only reported in the Statement of Activities.	507,425
Changes in net OPEB obligations are only reported in the Statement of Activities.	<u>(485,442)</u>
Change in net position of governmental activities (page 23)	<u><u>\$ 5,183,404</u></u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 12,138,300	\$ 12,177,460	\$ 12,272,828	\$ 95,368
Permits, fees and special assessments	1,484,940	1,484,940	1,578,826	93,886
Intergovernmental revenue	2,195,520	2,389,020	2,355,311	(33,709)
Charges for services	394,500	394,500	414,352	19,852
Judgments, fines and forfeits	61,120	61,120	49,974	(11,146)
Miscellaneous	3,494,657	3,583,348	3,719,050	135,702
Total revenues	<u>19,769,037</u>	<u>20,090,388</u>	<u>20,390,341</u>	<u>299,953</u>
Expenditures				
Current				
General government	5,824,013	6,263,289	5,664,276	599,013
Public safety	9,928,167	10,355,839	9,789,721	566,118
Transportation	1,548,578	1,609,416	1,244,044	365,372
Recreation	1,465,069	1,624,050	1,391,103	232,947
Total expenditures	<u>18,765,827</u>	<u>19,852,594</u>	<u>18,089,144</u>	<u>1,763,450</u>
Excess revenues over (under) expenditures	<u>1,003,210</u>	<u>237,794</u>	<u>2,301,197</u>	<u>2,063,403</u>
Other financing sources (uses)				
Transfers in	309,335	329,335	329,335	-
Transfers out	(2,224,000)	(11,474,000)	(11,400,452)	73,548
Loan Proceeds	-	9,250,000	9,250,000	-
Total other financing uses	<u>(1,914,665)</u>	<u>(1,894,665)</u>	<u>(1,821,117)</u>	<u>73,548</u>
Net change in fund balances	<u>\$ (911,455)</u>	<u>\$ (1,656,871)</u>	480,080	<u>\$ 2,136,951</u>
Fund balances, October 1, 2017			<u>5,351,334</u>	
Fund balances, September 30, 2018			<u>\$ 5,831,414</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
COMMUNITY REDEVELOPEMENT AGENCY FUND
For the Fiscal Year Ended September 30, 2018

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues	\$ 1,133,253	\$ 1,133,253	\$ 1,124,073	\$ (9,180)
Miscellaneous	<u>376,362</u>	<u>376,362</u>	<u>332,756</u>	<u>(43,606)</u>
Total revenues	<u>1,509,615</u>	<u>1,509,615</u>	<u>1,456,829</u>	<u>(52,786)</u>
Expenditures				
Economic environment	333,610	414,611	216,863	197,748
Capital outlay	<u>-</u>	<u>137,066</u>	<u>59,609</u>	<u>77,457</u>
Total expenditures	<u>333,610</u>	<u>551,677</u>	<u>276,472</u>	<u>275,205</u>
Excess revenues over expenditures	<u>1,176,005</u>	<u>957,938</u>	<u>1,180,357</u>	<u>222,419</u>
Other financing sources (uses)				
Transfers in	575,000	575,000	570,342	(4,658)
Transfers out	<u>(1,379,440)</u>	<u>(1,417,358)</u>	<u>(1,417,358)</u>	<u>-</u>
Total other financing uses	<u>(804,440)</u>	<u>(842,358)</u>	<u>(847,016)</u>	<u>(4,658)</u>
Net change in fund balances	<u>\$ 371,565</u>	<u>\$ 115,580</u>	333,341	<u>\$ 217,761</u>
Fund balances, October 1, 2017			<u>1,191,953</u>	
Fund balances, September 30, 2018			<u>\$ 1,525,294</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
P G I CANAL MAINTENANCE SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ -	\$ 58,365	\$ 58,365	\$ -
Miscellaneous				
Interest	9,900	9,900	24,482	14,582
Service assessments	2,861,750	2,861,750	2,874,153	12,403
Other	500	500	6,447	5,947
Total revenues	<u>2,872,150</u>	<u>2,930,515</u>	<u>2,963,447</u>	<u>32,932</u>
Expenditures				
Current				
Recreation	2,723,975	3,175,463	1,717,475	1,457,988
Capital Outlay	2,500	33,000,335	11,135,420	21,864,915
Total expenditures	<u>2,726,475</u>	<u>36,175,798</u>	<u>12,852,895</u>	<u>23,322,903</u>
Revenues over/(under) expenditures	<u>145,675</u>	<u>(33,245,283)</u>	<u>(9,889,448)</u>	<u>23,355,835</u>
Other financing sources (uses)				
Transfers in	-	9,250,000	9,180,900	(69,100)
Total other financing uses	<u>-</u>	<u>9,250,000</u>	<u>9,180,900</u>	<u>(69,100)</u>
Net change in fund balance	<u>\$ 145,675</u>	<u>\$ (23,995,283)</u>	<u>(708,548)</u>	<u>\$ 23,286,735</u>
Fund balances, October 1, 2017			<u>1,499,082</u>	
Fund balances, September 30, 2018			<u>\$ 790,534</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
1% LOCAL OPTION SALES TAX FUND
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 2,800,000	\$ 2,870,000	\$ 3,023,012	\$ 153,012
Miscellaneous	-	-	64,172	64,172
Total revenues	<u>2,800,000</u>	<u>2,870,000</u>	<u>3,087,184</u>	<u>217,184</u>
Expenditures				
Current				
Economic Environment	-	4,491	4,491	-
Capital Outlay	<u>3,584,745</u>	<u>5,941,457</u>	<u>1,563,354</u>	<u>4,378,103</u>
Total expenditures	<u>3,584,745</u>	<u>5,945,948</u>	<u>1,567,845</u>	<u>4,378,103</u>
Revenues over/(under) expenditures	<u>(784,745)</u>	<u>(3,075,948)</u>	<u>1,519,339</u>	<u>4,595,287</u>
Other financing sources (uses)				
Transfers out	<u>(90,000)</u>	<u>(109,466)</u>	<u>(90,000)</u>	<u>19,466</u>
Total other financing uses	<u>(90,000)</u>	<u>(109,466)</u>	<u>(90,000)</u>	<u>19,466</u>
Net change in fund balance	<u>\$ (874,745)</u>	<u>\$ (3,185,414)</u>	1,429,339	<u>\$ 4,614,753</u>
Fund balances, October 1, 2017			<u>3,203,281</u>	
Fund balances, September 30, 2018			<u>\$ 4,632,620</u>	

See Accompanying Notes.



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CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

ASSETS	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,190,795	\$1,178,908
Accounts and refund receivable (net of allowance of \$276,983)	963,915	260,259
Due from other governments	16,774	22,899
Inventories	83,963	-
Prepaid items	7,356	2,326
Restricted cash and cash equivalents	14,195,283	-
Total current assets	21,458,086	1,464,392
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	62,229,431	1,627,238
Prepaid rent	139,944	-
Total noncurrent assets	62,369,375	1,627,238
Total assets	\$83,827,461	\$3,091,630
DEFERRED OUTFLOWS		
Deferred outflows related to pensions/OPEB	\$ 736,242	\$ 173,442

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
<u>Building Fund</u>	<u>Marina Fund</u>	<u>Total</u>	<u>Funds</u>
\$1,538,483	\$ 356,021	\$ 9,264,207	\$ 276,438
192	15,353	1,239,719	1,373
-	629	40,302	-
-	-	83,963	-
-	20,321	30,003	-
<u>22,265</u>	<u>24,924</u>	<u>14,242,472</u>	<u>-</u>
<u>1,560,940</u>	<u>417,248</u>	<u>24,900,666</u>	<u>277,811</u>
44,193	4,866	63,905,728	604,128
<u>-</u>	<u>-</u>	<u>139,944</u>	<u>-</u>
<u>44,193</u>	<u>4,866</u>	<u>64,045,672</u>	<u>604,128</u>
<u>\$1,605,133</u>	<u>\$ 422,114</u>	<u>\$88,946,338</u>	<u>\$ 881,939</u>
<u>\$ 122,101</u>	<u>\$ -</u>	<u>\$ 1,031,785</u>	<u>\$ 33,108</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018
(Continued)

	Business-type Activities	
	Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
	<u> </u>	<u> </u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Payable from current assets		
Accounts payable	\$ 1,464,788	\$ 112,124
Retainage payable	232,379	-
Notes payable	30,678	-
Current portion of revenue notes payable	328,952	-
Accumulated unused compensated absences	28,633	5,747
Accrued liabilities	141,295	14,043
Total payable from current assets	<u>2,226,725</u>	<u>131,914</u>
Payable from restricted assets		
Customer deposits	31,278	-
Total payable from restricted assets	<u>31,278</u>	<u>-</u>
Total current liabilities	<u>2,258,003</u>	<u>131,914</u>
NONCURRENT LIABILITIES		
Revenue notes payable	5,638,804	-
Accrued compensated absences	257,699	51,726
Pension/OPEB benefits payable	4,710,787	1,096,166
Total noncurrent liabilities	<u>10,607,290</u>	<u>1,147,892</u>
Total liabilities	<u>12,865,293</u>	<u>1,279,806</u>
DEFERRED INFLOWS		
Deferred inflows related to pensions/OPEB	<u>\$ 517,561</u>	<u>\$ 120,509</u>
NET POSITION		
Net investment in capital assets	56,261,675	1,627,238
Restricted for debt service	807,509	-
Unrestricted	<u>14,111,665</u>	<u>237,519</u>
Total net position	<u>\$71,180,849</u>	<u>\$1,864,757</u>
Cumulative adjustment for internal service fund activities		
Net position of business-type activities		

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
<u>Building Fund</u>	<u>Marina Fund</u>	<u>Total</u>	<u>Funds</u>
\$ 49,468	\$ 23,885	\$ 1,650,265	\$ 39,573
-	-	232,379	-
-	-	30,678	-
-	-	328,952	-
1,847	-	36,227	1,608
9,040	-	164,378	7,847
<u>60,355</u>	<u>23,885</u>	<u>2,442,879</u>	<u>49,028</u>
<u>22,265</u>	<u>24,924</u>	<u>78,467</u>	<u>-</u>
<u>22,265</u>	<u>24,924</u>	<u>78,467</u>	<u>-</u>
<u>82,620</u>	<u>48,809</u>	<u>2,521,346</u>	<u>49,028</u>
-	-	5,638,804	-
16,621	-	326,046	14,469
678,481	-	6,485,434	295,767
<u>695,102</u>	<u>-</u>	<u>12,450,284</u>	<u>310,236</u>
<u>777,722</u>	<u>48,809</u>	<u>14,971,630</u>	<u>359,264</u>
<u>\$ 75,125</u>	<u>\$ -</u>	<u>\$ 713,195</u>	<u>\$ 32,019</u>
44,193	4,866	57,937,972	604,128
-	-	807,509	-
<u>830,194</u>	<u>368,439</u>	<u>15,547,817</u>	<u>(80,364)</u>
<u>\$ 874,387</u>	<u>\$ 373,305</u>	<u>74,293,298</u>	<u>\$ 523,764</u>
		<u>(41,454)</u>	
		<u>\$74,251,844</u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

	Business-type Activities	
	Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Operating revenue		
Charges for services	\$ 17,749,168	\$ 3,532,147
Licenses and permits	-	18,089
Miscellaneous	99,853	13,623
	<u>17,849,021</u>	<u>3,563,859</u>
 Total operating revenues		
Operating expenses		
Personnel services	6,022,402	1,279,635
Contractual services	717,844	1,189,762
Materials and supplies	1,478,702	143,803
Utilities	758,538	778
Depreciation	3,194,962	231,886
Insurance	289,840	25,107
Administrative charges	2,573,410	387,507
Repairs and maintenance	405,111	193,475
Travel and training	26,338	1,013
Rent	64,740	1,545
	<u>15,531,887</u>	<u>3,454,511</u>
 Total operating expenses		
Operating income	<u>2,317,134</u>	<u>109,348</u>
 Nonoperating revenues (expenses)		
Interest income	304,602	25,894
Insurance proceeds	17,950	-
Intergovernmental	-	22,899
Interest expense and fiscal charges	(41,083)	-
Gain (loss) on disposition of capital assets	29,041	5,700
	<u>310,510</u>	<u>54,493</u>
 Total nonoperating revenues (expenses)		
 Income (loss) before transfers and contributions	<u>2,627,644</u>	<u>163,841</u>
 Totals carried forward	<u>2,627,644</u>	<u>163,841</u>

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 43,866	\$ 395,513	\$ 21,720,694	\$ 1,272,896
1,034,105	-	1,052,194	-
21,613	29,459	164,548	1,453
<u>1,099,584</u>	<u>424,972</u>	<u>22,937,436</u>	<u>1,274,349</u>
737,775	-	8,039,812	471,670
1,243	167,648	2,076,497	458,090
10,824	11,072	1,644,401	11,535
2,206	63,487	825,009	8,262
12,805	9,726	3,449,379	204,460
5,798	9,032	329,777	10,886
139,205	54,637	3,154,759	-
4,141	124,532	727,259	48,978
2,644	-	29,995	19,499
2,379	17,057	85,721	86,207
<u>919,020</u>	<u>457,191</u>	<u>20,362,609</u>	<u>1,319,587</u>
<u>180,564</u>	<u>(32,219)</u>	<u>2,574,827</u>	<u>(45,238)</u>
22,120	-	352,616	-
440	-	18,390	-
-	12,479	35,378	-
-	-	(41,083)	-
<u>-</u>	<u>-</u>	<u>34,741</u>	<u>(3,523)</u>
<u>22,560</u>	<u>12,479</u>	<u>400,042</u>	<u>(3,523)</u>
<u>203,124</u>	<u>(19,740)</u>	<u>2,974,869</u>	<u>(48,761)</u>
<u>203,124</u>	<u>(19,740)</u>	<u>2,974,869</u>	<u>(48,761)</u>

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018
(Continued)

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Totals brought forward	\$ 2,627,644	\$ 163,841
Contributions	3,043,715	-
Change in net position	5,671,359	163,841
Prior period adjustment	(2,359,513)	(542,050)
Total net position - beginning	67,869,003	2,242,966
Total net position - ending	\$ 71,180,849	\$ 1,864,757

Adjustment to reflect the consolidation of internal service fund
activities related to enterprise funds
Change in net position of business-type activities (page 23)

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
<u>Building Fund</u>	<u>Marina Fund</u>	<u>Total</u>	
<u>\$ 203,124</u>	<u>\$ (19,740)</u>	<u>\$ 2,974,869</u>	<u>\$ (48,761)</u>
<u>-</u>	<u>-</u>	<u>3,043,715</u>	<u>-</u>
203,124	(19,740)	6,018,584	(48,761)
(286,968)	-		(191,312)
<u>958,231</u>	<u>393,045</u>		<u>763,837</u>
<u>\$ 874,387</u>	<u>\$ 373,305</u>		<u>\$ 523,764</u>
		<u>(11,846)</u>	
		<u>\$ 6,006,738</u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 17,636,355	\$ 3,481,285
Cash payments to suppliers for goods and services	(6,348,266)	(2,073,926)
Cash payments to employees for services	(5,595,699)	(1,261,606)
Other receipts	89,211	31,712
	5,781,601	177,465
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property, plant and equipment	(6,760,107)	(1,463,246)
Sale of property, plant and equipment	29,041	5,700
Principal paid on debt	(318,151)	-
Interest and fiscal charges paid	(42,422)	-
New debt	2,596,604	-
Contributions	1,599,179	-
Intergovernmental	254,901	-
Insurance proceeds	17,950	-
	(2,623,005)	(1,457,546)
Net cash used in capital and related financing activities		
	3,158,596	(1,280,081)
Totals carried forward		

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 1,080,585	\$ 396,892	\$ 22,595,117	\$ 1,272,896
(166,227)	(449,933)	(9,038,352)	(625,626)
(704,328)	-	(7,561,633)	(454,481)
21,613	29,459	171,995	1,955
<u>231,643</u>	<u>(23,582)</u>	<u>6,167,127</u>	<u>194,744</u>
(18,579)	-	(8,241,932)	(194,854)
-	-	34,741	418
-	-	(318,151)	-
-	-	(42,422)	-
-	-	2,596,604	-
-	-	1,599,179	-
-	12,582	267,483	-
440	-	18,390	-
<u>(18,139)</u>	<u>12,582</u>	<u>(4,086,108)</u>	<u>(194,436)</u>
<u>213,504</u>	<u>(11,000)</u>	<u>2,081,019</u>	<u>308</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018
(Continued)

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Totals brought forward	\$ 3,158,596	\$ (1,280,081)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	304,602	25,894
Net cash provided by investing activities	304,602	25,894
Net increase (decrease) in cash and cash equivalents	3,463,198	(1,254,187)
Balances - beginning of the year	16,922,880	2,433,095
Balances - end of year	\$ 20,386,078	\$ 1,178,908
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,317,134	\$ 109,348
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,194,962	231,886
Net (increase) decrease in:		
Receivables	(106,875)	(50,862)
Inventories	2,135	-
Prepays	14,977	(2,326)
Net increase (decrease) in:		
Accounts payable	(50,855)	(128,610)
Accrued liabilities	(26,850)	(6,835)
Customer deposits	(1,735)	-
Change in net pension/OPEB liability	88,360	(82,215)
Change in deferred outflows related to pensions/OPEB	(13,586)	29,769
Change in deferred inflows related to pensions/OPEB	363,934	77,310
Net cash provided by (used in) operating activities	\$ 5,781,601	\$ 177,465
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Disposal of fully depreciated capital assets	\$ 319,817	\$ 3,643

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 213,504	\$ (11,000)	\$ 2,081,019	\$ 308
<u>22,120</u>	<u>-</u>	<u>352,616</u>	<u>-</u>
<u>22,120</u>	<u>-</u>	<u>352,616</u>	<u>-</u>
235,624	(11,000)	2,433,635	308
<u>1,325,124</u>	<u>391,945</u>	<u>21,073,044</u>	<u>276,130</u>
<u>\$ 1,560,748</u>	<u>\$ 380,945</u>	<u>\$ 23,506,679</u>	<u>\$ 276,438</u>
\$ 180,564	\$ (32,219)	\$ 2,574,827	\$ (45,238)
12,805	9,726	3,449,379	204,460
63	(1,181)	(158,855)	501
-	-	2,135	-
-	(4,113)	8,538	-
2,213	1,645	(175,607)	17,832
(6,017)	-	(39,702)	2,376
2,551	2,560	3,376	-
(16,044)	-	(9,899)	(13,847)
8,051	-	24,234	4,672
<u>47,457</u>	<u>-</u>	<u>488,701</u>	<u>23,988</u>
<u>\$ 231,643</u>	<u>\$ (23,582)</u>	<u>\$ 6,167,127</u>	<u>\$ 194,744</u>
\$ 12,173	\$ -	\$ 335,633	\$ 685,675

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2018

	Pension Funds
ASSETS	
Cash and cash equivalents	\$ 786,102
Receivables: Investment income	140,688
Investments, at fair value	
U.S. Bonds and Bills	9,769,954
Federal Agency Guaranteed Securities	948,997
Corporate Bonds	6,874,030
Stocks	6,639,547
Mutual Funds	
Fixed Income	8,402,982
Equity	37,987,333
Pooled/Common/Commingled Funds:	
Real Estate	7,237,258
Total investments at fair value	77,860,101
Total assets	78,786,891
LIABILITIES	
Payables	
Refunds of Member Contributions	39,617
Investment & Admin Expenses	40,644
Benefit payments	1,346
Total liabilities	81,607
NET POSITION RESTRICTED FOR PENSIONS	\$ 78,705,284

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year September 30, 2018

	Pension Funds
ADDITIONS	
Contributions	
Employer	\$ 2,561,306
Plan members	693,769
Buy-Back	120,000
State	362,905
Total contributions	3,737,980
Investment earnings	
Net appreciation in fair value of investments	4,319,449
Interest and dividends	2,626,492
Less investment expense ¹	(246,677)
Net investment income	6,699,264
Total additions	10,437,244
DEDUCTIONS	
Benefit payments, including	
refunds of member contributions	3,488,160
Lump sum DROP and share distributions	1,797,924
Administrative expense	149,795
Total deductions	5,435,879
Net increase in net position	5,001,365
Net position restricted for pensions	
Beginning of year	73,703,919
End of year	\$ 78,705,284

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

I. Organization and Summary of Significant Accounting Policies

Organization

The City of Punta Gorda, Florida (the City) was created by authority granted under the laws of Florida 5085 (1901). The City operates under a form of government which is comprised of an elected City Council (five members), of which one of those members serves as Mayor. The City provides the following services: public safety, sanitation, right of way maintenance, parks and grounds maintenance, streets and roads, canal maintenance, planning and zoning, water and wastewater services, and general administrative services.

The City has adopted Statement of Governmental Accounting Standards Board Number 14, "Financial Reporting Entity" (GASB 14). This statement requires the financial statements of the City (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable.

Under criteria established by GASB 14 component units are to be either blended with the primary government or presented discretely. For a component unit to be blended it must meet one or both of the following two situations: (1) The board of the component unit is "substantively the same" as that of the primary government or (2) The component unit serves the primary government exclusively, or almost exclusively. The Community Redevelopment Agency meets both of these criteria in that the CRA board is the five City Council members plus an additional two at large members, and the CRA exists for the exclusive benefit of the primary government. The Punta Gorda Isles (PGI) and Burnt Store Isles (BSI) Canal Maintenance Assessment Districts are blended since they meet the necessary criteria in that these districts are "to be governed by a board of five members, who shall be the members of the City Council of the City of Punta Gorda". Also, the districts exist to maintain the City owned seawalls, and maintain navigability of canals within the city limits. This maintenance is almost exclusively for the benefit of the City. The pension plans of the City are reported as Fiduciary Funds. All changes in the pension plans must be approved by the City Council, and the pension plans were created for the exclusive benefit of the City.

The legal authority for the CRA is City ordinance #989-90. The legal authority for PGI and BSI is City ordinances #549-79 and #825-86 respectively. The legal authority for the General Employee, Police and Firefighters' Pension Funds is City ordinances #910-88, #836-86 and #837-86 respectively.

Separate Financial Statements are not prepared for the component units.

The following is a summary of the more significant accounting policies used in the preparation of these financial statements.

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

I. Organization and Summary of Significant Accounting Policies, Continued

A. Government-wide and fund financial statements

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrated the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

I. Organization and Summary of Significant Accounting Policies, Continued

B. Measurement focus, basis of accounting, and financial statement presentation, continued

The Debt Service Fund accounts for the accumulation of funds from specific revenue sources related to a specific debt. The CRA Fund transfers tax increment financing to make debt payments on Herald Court Centre loan.

The Community Redevelopment Agency (CRA) Fund accounts for the resources received from the City and County tax increment financing to revitalize the downtown Punta Gorda area and lease proceeds that support CRA capital projects.

The P G I Canal Maintenance Fund accounts for assessments to properties in the P G I Canal Maintenance district to be utilized for the repair and upkeep of City-owned seawalls and maintain navigability of canals located in Punta Gorda Isles subdivision.

The Capital Projects Fund accounts for major projects or equipment purchases using various funding sources such as grants, 1% Local Option Sales Tax, and transfers from the General Fund or special revenue funds. This fund uses a project length budget.

The 1% Local Option Sales Tax Fund accounts for projects paid for by the taxpayer approved additional 1% sales tax revenues. This fund uses a project length budget.

The City reports the following major proprietary funds:

The Water and Wastewater Utility accounts for the activities of providing customers with potable water and wastewater disposal services.

The Sanitation/Refuse accounts for the collection and disposal of solid waste.

The Building Fund accounts for collection of building related permits and fees.

The Marina Fund accounts for the management and revenues of the City's marina located in Lashley Park.

Additionally, the City reports the following funds:

Internal service fund accounting for information technology services provided to other departments or agencies of the City.

The Fiduciary Funds represent the Pension Trust Funds which account for the activities of the City's retirement system, which accumulate resources for pension benefit payments made to qualified general and public safety employees.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

I. Organization and Summary of Significant Accounting Policies, Continued

B. Measurement focus, basis of accounting, and financial statement presentation, continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses 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 Water and Wastewater Utility Enterprise Fund, Sanitation/Refuse Enterprise Fund, and the City's Internal Services fund are charges to customers for sales and services. The Building Fund's revenues are permits and fees collected which are directly related to the building activity in the City. The predominant revenue source for the Marina Fund is slip rental. The Water and Wastewater Utility also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash on deposit with financial institutions, and funds on deposit in the Local Government Surplus Funds Trust Fund Investment Pool administered by the Florida State Board of Administration. The City maintains pooled cash for substantially all City funds except for restricted cash and investments held with trustees. Equity in pooled cash is an accounting and investment tool employed by the City by which the City is able to invest large amounts of idle cash for short periods of time thereby maximizing earning potential. The pooled cash is included with cash and cash equivalents. Interest income is allocated based upon the proportionate balance of each fund's equity in pooled cash and investments. For the purposes of the statement of cash flows, the City considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

GASB Statement No. 79, an amendment to GASB Statement No. 31 and GASB Statement No. 40 calls for investment reporting at fair value at Balance Sheet date. Since the difference between fair value and cost is minimal at Balance Sheet date, investments are stated at cost, or amortized cost, which approximates fair value. Investments held by the City's Pension Trust Funds are carried at fair value.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

I. Organization and Summary of Significant Accounting Policies, Continued

D. Accounts receivable and accrued revenues

Accounts receivable in the Water and Wastewater Utility Enterprise Fund do not include amounts for unbilled services for usage due to the immateriality of amount at September 30, 2018.

E. Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

F. Inventories

Inventories consisting primarily of expendable supplies held for consumption are stated at average cost. For its governmental fund type inventories, the City utilizes the consumption method of accounting, which provides that expenditures are recognized when inventory is used. Inventories in the Enterprise Fund are valued at the lower of cost (average cost method) or market.

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than buildings	10-40
Public domain infrastructure	20-50
System infrastructure	10-40
Machinery and equipment	5-20

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

I. Organization and Summary of Significant Accounting Policies, Continued

H. Accumulated compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation from City service if they meet certain criteria. The accumulated compensated absences are accrued when incurred and are reported as long-term liabilities in the Statement of Net Position.

The pay or salary rates in effect at the balance sheet date were used in the accrual calculation.

These compensated absences are paid out of the various funds that have payroll, and their accumulated liabilities.

I. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Principal payments of long-term debt are reported as debt service expenditures.

J. Fund equity

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Amounts that are restricted to specific purposes by constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations are restricted fund balances. Committed fund balances are amounts that can only be used for specific purposes as formally imposed by the City Council through a resolution. Assigned fund balances are for an intended use as established by the City Council. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. When both restricted and unrestricted fund balance is available for the same purpose, restricted funds will be used first. Also, unrestricted fund balance order for expenditures of the same purpose will be committed, assigned, and unassigned.

The City has established an unassigned fund balance minimum for the General Fund of 7.5% of total General Fund expenditures. Also the City Council established a \$3.1 million minimum for the Utilities Fund.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

I. Organization and Summary of Significant Accounting Policies, Continued

K. Intragovernmental allocation of administrative expenses

The General Fund incurs certain administrative expenses for other funds including accounting, legal, personnel administration and other services. The funds that receive these services were charged \$3,136,987 for fiscal year 2018. For the government-wide financial statements these “Indirect Expenses” have been backed out to avoid double counting.

L. New accounting standards

Beginning with fiscal year 2013, the City implemented GASB Statement No. 63; *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements. This statement requires a Statement of Net Position (rather than net assets) format which segregates deferred inflows and deferred outflows from assets and liabilities respectively. Specific Items required to be broken out as deferred inflows or deferred outflows are discussed in GASB Statements 53 and 60. These items are Derivative Investments and Service Concession Arrangements respectively. None of these items affect the City at this time. The other portion of GASB Statement 63 is nomenclature. Statement No. 64; *Derivative Instruments: Application of Hedge Accounting Termination Provisions* is not applicable to the City of Punta Gorda. Fiscal year 2014, the City implemented GASB No. 67 which amended No. 25, and fiscal year 2015 the City implemented GASB 68 which amended No. 27. In fiscal year 2017, the City implemented GASB Statements 71, 73, 78 and 82. These statements amended or clarified GASB statements 67 and 68. These changes affect how pension plans are reported. GASB statement number 79, “Certain External Investment and Pool Participants” and GASB 72, “Fair Value Measurement and Application” were also implemented in fiscal year 2017. In fiscal year 2018 GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions” and Statement No. 85, “Omnibus 2017” were implemented.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including noncurrent liabilities, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$24,432,385 difference are as follows:

Noncurrent liabilities	\$24,448,462
Less: Internal Service Fund accumulated unused compensated absences included in Internal Service Fund consolidation	(16,077)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - government-wide activities - Noncurrent liabilities	\$24,432,385

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

II. Reconciliation of government-wide and fund financial statements, Continued

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” Expensed items decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial uses. In the governmental funds, the proceeds from the sale of capital assets increase financial resources. However, in the statement of activities, all gains and losses resulting from sales, disposals and trade-in of capital assets are reported. The details of this \$11,206,725 difference are as follows:

Capital outlay	\$ 13,976,828
Depreciation expense	(3,162,490)
Net effect of misc. capital transactions (disposal, sale, trade-in of assets)	<u>392,387</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ 11,206,725</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,015,000 difference are as follows:

Principal repayments:	
Capital Improvement revenue notes	<u>\$ 1,015,000</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ 1,015,000</u></u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

III. Stewardship, compliance, and accountability

A. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. All encumbrances lapse at year-end. There were no outstanding encumbrances at September 30, 2018.

B. Budgets and budgetary accounting

The City follows these procedures in establishing the budgetary data presented in the financial statements:

1. On or before the fifteenth day of August, the City Manager submits to the City Council a proposed operating budget for the fiscal year then commencing. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. On or before September 30th, the budget is legally enacted for the General, most Special Revenue, Enterprise and Internal Service Funds through passage of a resolution. Project-length financial plans are adopted for all Capital Projects Funds.
4. Budget amounts are presented as originally adopted or as amended by the City Council. Unused appropriations lapse at year-end. Any revisions altering the budgeted amounts of total expenditures of any fund must be approved by the City Council. The City Manager can amend the budget within existing appropriations by fund. Supplemental appropriations approved by Council for the fiscal year ended September 30, 2018 totaled \$36,548,465. This included \$33,975,131 for Hurricane Irma seawall repairs.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

C. Interfund transactions

Exchanges of equal or almost equal value between funds of the primary government are treated as interfund services provided and used. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as transfers in or out.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds

A. Cash and Investments

Deposits - The City's deposits policy allows deposits to be held in demand deposit and money market accounts. Florida Statutes require all depositories used by the City to be qualified financial institutions. All depositories used by the City are institutions designated as qualified depositories by the State Treasurer.

At September 30, 2018 the carrying amounts of the City's deposits were \$8,204,581 and the bank balances were \$8,738,122. The City's deposits are comprised of cash held in a financial institution. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280).

Under this Act, financial institutions qualified as public depositories place with the State Board of Administration securities which have a fair value equal to 50% of the average daily balances for each month of all public deposits in excess of any applicable deposit insurance. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

At September 30, 2018, petty cash for all funds was \$1,740.

Investments - Florida Statutes, the City's Investment Policy and various bond covenants authorize investments in money market accounts, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund Investment Pool administered by the Florida State Board of Administration, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. Certificates of deposit, savings accounts and bank balances whose value exceeds the amount of federal depository insurance are collateralized pursuant to the Florida Security for Public Deposits Act of the State of Florida. All financial institutions used by the City are institutions designated as qualified depositories by the State Treasurer.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

A. Cash and Investments, continued

Interest Rate Risk, Credit Risk, Concentration of credit risk and Custodial Credit Risk.
The City holds no investments at this time.

The Local Government Surplus Funds Trust Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operations procedures consistent with the requirements for a 2a-7 fund.

Since 2a-7 like pools are similar to money market funds where shares are owned in the fund rather than the actual underlying investments, disclosures for foreign currency risk, custodial credit risk and concentration of credit risk are not applicable. For credit quality risk the State Pool is not rated by a nationally recognized statistical rating agency. The pool funds are reported by the City as cash equivalents.

Additionally, to comply with GASB Statement No. 79 requirements, Florida PRIME is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate as a qualifying external investment pool. Thus, this pool operates essentially as a money market fund. Florida PRIME has a Standard & Poor's rating of AAAM at September 30, 2018 and is measured at amortized cost. There are currently no limitations as to the frequency of redemptions; however, Florida PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and Florida PRIME's responsibilities should such an event occur is described in Section 218.409(8)(a), Florida Statutes. GASB Statement No. 79 amends GASB Statement No. 31, and the value of the pool is at amortized cost. The amount of the investment was \$35,954,070.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

B. Restricted Assets – All Funds

Restricted assets of the Enterprise Funds were comprised of the following at September 30, 2018:

<u>Water and Wastewater Utility Fund, Building Fund, Marina Fund</u>	<u>Cash and Cash Equivalents</u>
Water System Capacity Escrow Account - reserved to pay for future expansion of the water treatment system	\$ 1,658,885
Wastewater System Capacity Escrow Account - reserved to pay for future expansion of the sewage treatment system	920,395
State Revolving Loan Fund Reserve - maintained at the level required by the loan documents	807,509
Water, Building and Marina Deposit Escrow Accounts - escrow accounts established for maintaining customer deposits for utility service and building permits	81,467
Utilities Construction Account - reserved for payment of the costs of new projects and major repairs of existing assets	9,225,036
Utilities Renewal and Replacement Fund	1,500,000
Special Assessments - District #4 - established to account for assessments levied for utility expansion	49,180
	\$ 14,242,472

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

B. Restricted Assets – All Funds, continued

Restricted assets of the General Fund was comprised of the following at September 30, 2018:

Cash and Cash Equivalents	
Law enforcement activities	\$ 45,601
Other purposes	196
	<u>\$ 45,797</u>

C. Interfund Asset/Liabilities/Transfers

	<u>Asset</u>	<u>Liability</u>
General Fund	\$ 280,428	\$ -
Burnt Store Isles Maintenance	-	276,442
Community Development Block Grant	-	3,986
Governmental funds consolidation	(280,428)	(280,428)
Cumulative effect of internal service funds	<u>41,454</u>	<u>41,454</u>
Statement of Net Position	<u>\$ 41,454</u>	<u>\$ 41,454</u>

The \$3,986 CDBG Liability is a short-term cash flow loan from the General Fund.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

C. Interfund Asset/Liabilities/Transfers, continued

The interfund transfer from General Fund to CRA is the amount of incremental tax revenue received in the district. The transfer from the General Fund to the Additional Five Cent Gas Tax Fund was for the paving program. The transfer from the General Fund to the Capital Project Fund was for public works capital projects. The transfer from the General Fund to PGI Canal Maintenance Fund is the amount of funds drawn on a line of credit towards Hurricane Irma seawall repairs while awaiting federal and state reimbursements. The transfer from the CRA Fund to the Debt Fund was for debt service on Herald Court Centre (parking garage). The transfer from the 1% Sales Tax Fund to the General Fund is for capital project management. The Nonmajor Governmental transfers out are impact fees transferred to Capital Project Fund and transfers from Special Use Fund to the General Fund and the Capital Projects Fund for contributions to Pickleplex, County Library enhancements and Buckley's Pass dredging project.

For government-wide statement reporting purposes all transfers between major and nonmajor governmental funds have been eliminated.

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds		
General Fund	\$ 329,335	\$ 11,400,452
Debt Service Fund	1,417,358	-
1% Sales Tax	-	90,000
Community Redevelopment	570,342	1,417,358
Capital Projects Fund	1,859,979	-
PGI Canal Maintenance Fund	9,180,900	-
Nonmajor Governmental funds	459,210	909,314
Net Governmental Funds	<u>\$ 13,817,124</u>	<u>\$ 13,817,124</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

D. Capital assets

Capital assets activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Reclass/ Increases	Reclass/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,168,273	\$ 224,912	\$ -	\$ 16,393,185
Construction in progress	3,519,421	14,294,348	(4,656,430)	13,157,339
Total capital assets, not being depreciated	<u>19,687,694</u>	<u>14,519,260</u>	<u>(4,656,430)</u>	<u>29,550,524</u>
Capital assets, being depreciated:				
Buildings	25,056,974	3,190	(3,682)	25,056,482
Improvements other than buildings	11,996,296	952,672	-	12,948,968
Infrastructure	81,027,343	2,676,676	-	83,704,019
Vehicles and equipment	13,501,324	1,028,091	(1,454,026)	13,075,389
Total capital assets, being depreciated	<u>131,581,937</u>	<u>4,660,629</u>	<u>(1,457,708)</u>	<u>134,784,858</u>
Less accumulated depreciation for:				
Buildings	(7,516,390)	(655,407)	1,706	(8,170,091)
Improvements other than buildings	(5,477,908)	(630,541)	-	(6,108,449)
Infrastructure	(63,128,934)	(1,040,660)	-	(64,169,594)
Vehicles and equipment	(9,826,453)	(1,040,341)	1,446,083	(9,420,711)
Total accumulated depreciation	<u>(85,949,685)</u>	<u>(3,366,949)</u>	<u>1,447,789</u>	<u>(87,868,845)</u>
Total capital assets, being depreciated, net	<u>45,632,252</u>	<u>1,293,680</u>	<u>(9,919)</u>	<u>46,916,013</u>
Governmental activities capital assets, net	<u>\$ 65,319,946</u>	<u>\$ 15,812,940</u>	<u>\$ (4,666,349)</u>	<u>\$ 76,466,537</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

D. Capital assets, continued

	Beginning Balance	Reclass/ Increases	Reclass/ Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,403,346	\$ -	\$ -	\$ 5,403,346
Construction in progress	9,954,393	6,156,767	(2,326,150)	13,785,010
Total capital assets, not being depreciated	<u>15,357,739</u>	<u>6,156,767</u>	<u>(2,326,150)</u>	<u>19,188,356</u>
Capital assets, being depreciated:				
Buildings	26,060,851	1,682,510	-	27,743,361
Improvements other than buildings	18,362,640	17,000	-	18,379,640
System Infrastructure	84,768,856	1,900,379	-	86,669,235
Vehicles and equipment	8,179,663	1,962,036	(335,633)	9,806,066
Total capital assets, being depreciated	<u>137,372,010</u>	<u>5,561,925</u>	<u>(335,633)</u>	<u>142,598,302</u>
Less accumulated depreciation for:				
Buildings	(23,069,840)	(330,041)	-	(23,399,881)
Improvements other than buildings	(14,481,897)	(364,666)	-	(14,846,563)
System Infrastructure	(50,665,105)	(2,102,893)	-	(52,767,998)
Vehicles and equipment	(6,550,343)	(651,778)	335,633	(6,866,488)
Total accumulated depreciation	<u>(94,767,185)</u>	<u>(3,449,378)</u>	<u>335,633</u>	<u>(97,880,930)</u>
Total capital assets, being depreciated, net	<u>42,604,825</u>	<u>2,112,547</u>	<u>-</u>	<u>44,717,372</u>
Business-type activities capital assets, net	<u>\$ 57,962,564</u>	<u>\$ 8,269,314</u>	<u>\$ (2,326,150)</u>	<u>\$ 63,905,728</u>

Depreciation expense was charged to programs of the City as follows:

Governmental activities:	
General government	\$ 1,480,691
Public safety	649,474
Transportation	781,270
Recreation	251,055
Internal service funds	204,460
Total depreciation expense -- governmental activities	<u>\$ 3,366,950</u>
Business-type activities:	
Public utilities	\$ 3,194,962
Sanitation/refuse collection	231,886
Building	12,805
Marina	9,726
Total depreciation expense -- business-type activities	<u>\$ 3,449,379</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

E. Long-Term Debt

The following is a summary of changes in bonded and other indebtedness of the City for the year ended September 30, 2018:

	Governmental Activities - Long-Term Debt				Total
	Capital Improvement Revenue Notes	Pension Benefits Payable	OPEB Benefits Payable	Compensated Absences	
Debt payable at October 1, 2017 (restated)	\$15,505,000	\$7,075,511	\$5,675,586	\$ 819,458	\$29,075,555
Debt issued	9,250,000	-	-	-	9,250,000
Debt retired	(1,015,000)	-	-	-	(1,015,000)
Additions	-	2,076,303	484,940	16,181	2,577,424
Deductions	-	(3,607,820)	(570,203)	(127,177)	(4,305,200)
September 30, 2018 (net)	\$23,740,000	\$5,543,994	\$5,590,323	\$ 708,462	\$35,582,779

Internal service funds predominantly service the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$16,077 of compensated absences, \$107,329 of pension benefits payable and \$188,438 of OPEB balances for internal service funds are included in the above amounts.

Business-type Activities
Long-Term Debt

Water and Wastewater Utility Revenue Notes	Water and Wastewater Utility Notes	Pension Benefits Payable	OPEB Benefits Payable	Compensated Absences	Total
\$ 3,689,303	\$ 30,678	\$ 3,306,802	\$ 3,188,532	\$ 398,487	\$ 10,613,802
2,596,604	-	-	-	-	2,596,604
(318,151)	-	-	-	-	(318,151)
-	-	1,716,265	269,560	3,053	1,988,878
-	-	(1,678,264)	(317,461)	(39,267)	(2,034,992)
<u>\$ 5,967,756</u>	<u>\$ 30,678</u>	<u>\$ 3,344,803</u>	<u>\$ 3,140,631</u>	<u>\$ 362,273</u>	<u>\$ 12,846,141</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Bonds, notes, capital leases and accrued compensated absences payable at September 30, 2018 are comprised of the following:

Governmental Activities

Revenue Notes

<p>\$20,030,000 Revenue Note, this note was used to pay off a number of previous loans at a more favorable rate and period. The note was issued on November 16, 2012, to be repaid with non-ad valorem revenue through a covenant to budget and appropriate. Interest is payable semi-annually at 2.43% annual interest. Principal is payable annually beginning on January 1, 2013 with Final maturity on January 1, 2028.</p>	<p>14,490,000</p>
<p>\$24,000,000 Line of Credit, this non-revolving line of credit was issued to fund the seawall repairs needed as a result of Hurricane Irma. The line of credit was issued on May 9, 2018, to be repaid from FEMA & State Disaster reimbursements expected in FY 2019 and PGI Canal Maintenance District assessments. Interest is payable semi-annually at 79% of LIBOR plus 84 basis points. As of September 30, 2018 the outstanding balance is \$9,250,000.00.</p>	<p><u>\$ 9,250,000</u></p>
Total revenue notes payable	23,740,000
Less current maturities	<u>(10,335,000)</u>
Noncurrent portion, revenue notes payable	<u><u>\$ 13,405,000</u></u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Business-type Activities

Water and Wastewater Utility Revenue Notes

\$5,193,111 Revenue Notes, two notes were combined after project completion; these notes were issued on March 15, 2000 and are to be repaid by the Water and Wastewater Utility Fund, payable to a State of Florida agency; collateralized by specific revenues pledged for repayment of this loan after payment for operations and maintenance expense as well as senior obligations. Interest is payable semi-annually at 3.36% per annum. Principal is payable semi-annually. Both principal and interest payments commenced on February 15, 2002 with final maturity scheduled for August 15, 2021. The debt proceeds were used to build Aquifer Storage and Retrieval wells and pumps at the Water Treatment Plant. \$ 1,020,739

\$4,947,017 Revenue Note for the construction of a Groundwater Reverse Osmosis Water Treatment Plant. State Revolving Fund Loan Agreement DW080310 authorizing a loan amount of \$28,250,289 excluding capitalized interest. The \$4,947,017 represents the first three draws. The Interest is payable semi-annually at a rate to be determined. Principal is payable semi-annually. Both principal and interest payments will commence July 15, 2020 and semi-annually thereafter on January 15 and July 15 of each year until all amounts due have been fully paid. 4,947,017

Total revenue notes payable	5,967,756
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Less current maturities	(328,952)
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Noncurrent portion, revenue notes payable	\$ 5,638,804
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Water and Wastewater Utility Notes Payable

Noninterest-bearing advance from a local governmental agency, payable upon collection of specified sewer impact fees anticipated to be collected in the future. \$ 30,678

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

The annual requirements to amortize all debts outstanding as of September 30, 2018 are as follows:

Year Ending September 30	Governmental Activities Long-Term Debt		Business-type Activities Long-Term Debt		
	Capital Improvement Revenue Notes		Water and Wastewater Utility Revenue Notes		Water and Wastewater Utility Notes
	Principal	Interest	Principal	Interest	
2019	\$ 10,335,000	\$ 338,924	\$ 328,952	\$ 31,620	\$ 30,678
2020	1,160,000	311,648	340,120	20,453	-
2021	1,235,000	282,548	475,342	8,905	-
2022	1,315,000	251,566	247,350	-	-
2023	1,395,000	218,640	247,350	-	-
2024-2028	8,300,000	526,703	1,236,750	-	-
2029-2033	-	-	1,236,750	-	-
2034-2038	-	-	1,855,142	-	-
2039-2043	-	-	-	-	-
Total	\$ 23,740,000	\$ 1,930,029	\$ 5,967,756	\$ 60,978	\$ 30,678

	Compensated Absences		Pensions Payable	OPEB Payable	Totals
	Current Portion	Noncurrent Portion			
Governmental Activities	\$ 70,845	\$ 637,612	\$ 5,543,994	\$ 5,590,323	\$ 11,842,774
Business-type Activities	36,227	326,046	3,344,803	3,140,631	\$ 6,847,707
	\$ 107,072	\$ 963,658	\$ 8,888,797	\$ 8,730,954	\$ 18,690,481

The amounts included in governmental activities for internal service funds are \$1,608 current portion of compensated absences, \$14,469 noncurrent portion compensated absences and \$107,329 pension benefits payable and \$188,438 of OPEB benefits payable.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

F. Property Taxes

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Charlotte County, Florida, Tax Collector's office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services for the fiscal year ended September 30, 2018 was \$3.1969 per \$1,000 of assessed taxable property value. Property tax revenues are recognized currently in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds thus collected are remitted to the City. There were no delinquent or uncollected property taxes at year-end.

No accruals for property tax levy becoming due in November 2018 are included in the accompanying general purpose financial statements since such taxes do not meet the criteria of (NCGA) Interpretation No. 3 and GASB Interpretation No. 5. The property tax calendar is as follows:

July 1	Assessment roll validated
September 30	Millage ordinance approved
October 1	Beginning of fiscal year for which tax is to be levied
November 1	Tax bills rendered and due
November 1 - March 31	Property taxes due with various discount rates
April 1	Taxes delinquent
June 1	Tax certificates sold by County

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems

The City has three defined benefit pension plans which cover substantially all full-time employees. They are the General Employees' Pension Plan, Municipal Police Officers' Pension Plan and Municipal Firefighters' Pension Plan, all of which are single-employer, contributory plans. Benefit provisions and employer and employee obligations to contribute to the plans are established by State Statutes and City Ordinances. The City accounts for the plans as pension trust funds, and are included as part of the City's reporting entity. Stand-alone financial reports are not issued.

The City also has 3 former employees participating in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:
www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Descriptions

(a) General Employees' Pension Plan

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- 1) Two City Council appointees,
- 2) Two members of the system elected by a majority of the other covered General Employees, and
- 3) A fifth member elected by the other four and appointed by Council.

The Plan is closed as of July 27, 2011.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Plan Membership as of October 1, 2017:

Inactive plan members or beneficiaries currently receiving benefits	135
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	<u>87</u>
	<u>237</u>

Current membership as of September 30, 2018 is comprised of the following:

Retirees receiving benefits	109
Vested terminated employees	12
Beneficiaries	6
DROP	27
Active employees	
Fully-vested	80
Nonvested	0

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Age 60 and 5 years of credited service.

Benefit Amount: 3.00% of average final compensation times credited service.

Early Retirement:

Eligibility: Age 55 and 5 years of credited service.

Benefit Amount: Accrued benefit, deferred to age 60 or payable immediately and reduced 1/15th per year prior to age 60.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Vesting (Termination):

Less than 5 years of credited service: Refund of member contributions.

5 years or more: Accrued benefit payable at age 60, or reduced benefit payable at age 55, or refund of member contributions.

Disability:

Eligibility: Totally and permanently disabled, as determined by the Board. Members are covered after ten (10) years of credited service.

Benefit Amount: 3.00% of average final compensation times credited service, but not less than 60% of average final compensation for service related disabilities. Benefits are payable for life.

Pre-Retirement Death Benefits:

Less than 10 years of credited service: Prior to eligibility for early or normal retirement refund of member contributions. After becoming eligible for retirement, accrued benefit, payable for 10 years.

At least 10 years of credited service: Beneficiary receives the accrued benefit payable for 10 years when the member would have been eligible for normal or early (reduced) retirement.

Contributions

Employee: 8.10% of total pay. When a member's accrued benefit is 100% of AFC, the Member may elect to continue making member contributions and accrue a higher AFC or to discontinue member contributions and freeze his benefit.

City: Remaining amount necessary for payment of normal (current year's) cost and amortization of the accrued past liability, as provided in Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation
Domestic Equity	40.00%
International Equity	15.00%
Fixed Income (Core)	35.00%
Real Estate	10.00%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the pension plan's fiduciary net position.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Rate of Return:

For the year ended September 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.24 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of normal or early retirement requirements.

Participation: Not to exceed 84 months.

Rate of Return: At member's election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.50% per annum compounded monthly.

Members may elect to change form of return one time.

The DROP balance as of September 30, 2018 is \$2,230,551.

Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Net Pension Liability was measured as of September 30, 2018.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$	52,979,258
Plan Fiduciary Net Position		(46,109,487)
Sponsor's Net Pension Liability	\$	6,869,771
Plan Fiduciary Net Position as a percentage of Total Pension Liability		87.03%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rates Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rates Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female-100% RP2000 Disabled Female set forward two years.

Male-100% RP2000 Disable Male setback four years.

The most recent actuarial experience study used to review the other significant assumptions was dated June 9, 2014.

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

For 2018 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation

Best estimates of arithmetic real rates of return for each major asset class included in the Pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Fixed Income (Core)	2.50%
Real Estate	4.50%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances at September 30, 2017	\$ 50,743,504	\$ 43,771,446	\$ 6,972,058
Changes for a Year:			
Service Cost	810,496	-	810,496
Interest	3,612,714	-	3,612,714
Differences between Expected and Actual Experience	(129,908)	-	(129,908)
Changes of assumptions	1,269,378	-	1,269,378
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,733,431	(1,733,431)
Contributions - Employee	-	364,789	(364,789)
Contributions - Buy Back	120,000	120,000	-
Net Investment Income	-	3,637,775	(3,637,775)
Benefit Payments, including Refunds of Employee Contributions	(3,446,926)	(3,446,926)	-
Administrative Expense	-	(71,028)	71,028
Net Changes	<u>2,235,754</u>	<u>2,338,041</u>	<u>(102,287)</u>
Balances at September 30, 2018	<u>\$ 52,979,258</u>	<u>\$ 46,109,487</u>	<u>\$ 6,869,771</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability	\$ 12,503,028	\$ 6,869,771	\$ 2,098,311

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$2,057,852.

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 128,882	\$ 237,173
Changes of assumptions	1,990,263	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	555,491
Employer contributions subsequent to the measurement date	-	-
Total	\$ 2,119,145	\$ 792,664

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2018.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:			
2019	\$	1,330,579	
2020	\$	451,062	
2021	\$	(352,868)	
2022	\$	(102,292)	
2023	\$	-	
Thereafter	\$	-	

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Valuation Date: 10/01/2018

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. The contributions are developed using an interest load based upon timing and the payroll growth assumption.

Mortality: *Healthy lives:* Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 50% Annuitant White Collar/50% Annuitant Blue Collar, Scale BB.
Disabled Lives: Female: 100% RP2000 Disabled Female set forward two years.
Male: 100% RP2000 Disabled Male setback four years.
The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2015 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Termination Rates: See service based table below. These rates were adopted based on the June 9, 2014 experience study.

Disability Rates: See table below (assumes none are line-of-duty).

Retirement Age: See table below. These rates were adopted based on the June 9, 2014 experience study.

Early Retirement: See table below. These rates were adopted based on the June 9, 2014 experience study.

Interest Rate: 7.50% net of fees through 2023 and 7.25% thereafter. We believe this assumption is reasonable based on the asset allocation and long term expected returns.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Salary Increases: See the service based table on the following page. Final salary in year of retirement is increased to account for additional non-regular compensation (determined individually). This assumption was adopted based on results of the June 9, 2014 experience study.

Payroll Increase: None.

Asset Valuation Method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Retiring During the Year
20	0.14%	
30	0.18%	
40	0.30%	
50	1.00%	
55-56	1.55%	10.0%
57-59	1.95%	2.5%
60		50.0%
60-64		25.0%
65+		100.0%

Service	Expected Salary Increase	Expected Termination Rate
0	6.0%	18.0%
1	5.5%	10.0%
2	4.5%	9.0%
3	4.5%	8.0%
4	4.0%	7.0%
5-9	4.0%	3.0%
10-14	4.0%	2.0%
15-19	4.0%	2.0%
20+	4.0%	1.0%

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- 1) Two City Council appointees,
- 2) Two members of the system elected by a majority of the other covered Police Officers, and
- 3) A fifth member elected by the other four Members.

Plan Membership as of October 1, 2017:

Inactive plan members or beneficiaries currently receiving benefits	28
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>30</u>
	<u>69</u>

Current membership as of September 30, 2018 is comprised of the following:

Retirees receiving benefits	26
Vested terminated employees	9
Beneficiaries	2
Disability benefits	4
DROP	0
Active employees	
Fully-vested	18
Nonvested	18

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Members hired before December 18, 2013: Earlier of age 45 and the completion of 20 years of credited service, or age 55.

Members Hired on and after December 18, 2013: Earlier of age 55 and the completion of 10 years of credited service or 25 years of credited service regardless of age.

Benefit Amount: Members hired before December 18, 2013: 3.50% of average final compensation times credited service.

Members hired on and after December 18, 2013: 3.00% of average final compensation times credited service.

Early Retirement:

Eligibility: Age 45 and 10 years of credited service.

Benefit Amount: Accrued benefit, reduced 3.00% per year early.

Vesting (Termination):

Less than 5 years: Refund of member contributions.

5 years or more: Accrued benefit payable at age 45 or later, on a reduced basis if to commence prior to normal retirement date or refund of member contributions.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Disability:

Eligibility: a) 10 years of service for non-service related; coverage from date of hire for service-incurred.

b) Total and permanent disability prior to normal retirement date.

Benefit amount: 3.50% of average final compensation (AFC) times credited service, but not less than 60% of AFC for service-incurred disabilities.

Pre-Retirement Death Benefits:

Service-Incurred with Spouse or Dependent Child: To Spouse: 60% of Member's Average Final Compensation (AFC). To each Child (if no spouse): 15% of Member's AFC. Overall maximum benefit to children is 60% of AFC.

Non-Service-Incurred or No Spouse or Children: Value of accrued pension benefit paid to designated beneficiary.

Chapter 185 Share Plan:

Details to be negotiated.

Contributions

Employee: 8.00% of total pay.

Premium Tax: 0.85% tax on premiums for casualty insurance policies.

City: Remaining amount necessary for payment of normal (current year's) cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation
Domestic Equity	45.00%
International Equity	15.00%
Fixed Income (Core)	27.50%
Global Fixed Income	5.00%
Real Estate	7.50%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the pension plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.54 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Deferred Retirement Option Program

Eligibility: Satisfaction of normal or early retirement requirements (earlier of age 55, or age 45 with 20 years of credited service).

Participation: Not to exceed 60 months.

Rate of Return: At member's election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.50% per annum compounded monthly.

The DROP balance as of September 30, 2018 is \$0.00.

Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Net Pension Liability was measured as of September 30, 2018.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 19,180,537
Plan Fiduciary Net Position	(17,921,812)
Sponsor's Net Pension Liability	\$ 1,258,725
Plan Fiduciary Net Position as a percentage of Total Pension Liability	93.44%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	6.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives Inactives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Mortality Rate Healthy Lives Active:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The other significant assumptions are based upon the most recent actuarial experience study dated July 22nd, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2018 the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45.00%	7.50%
International Equity	15.00%	8.50%
Fixed Income (Core)	27.50%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate	7.50%	4.50%
Total	<u>100.00%</u>	

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Discount Rate:

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2017	\$ 18,628,510	\$ 16,611,370	\$ 2,017,140
Changes for a Year:			
Service Cost	593,416	-	593,416
Interest	1,448,738	-	1,448,738
Changes in Excess State Money	-	-	-
Share Plan Allocation	2,156	-	2,156
Differences between Expected and Actual Experience	(435,224)	-	(435,224)
Contributions-Buy Back	-	-	-
Contributions - Employer	-	449,219	(449,219)
Contributions - State	-	204,311	(204,311)
Contributions - Employee	-	177,160	(177,160)
Net Investment Income	-	1,589,295	(1,589,295)
Benefit Payments, including Refunds of Employee Contributions	(1,057,059)	(1,057,059)	-
Administrative Expense	-	(52,484)	52,484
Net Changes	552,027	1,310,442	(758,415)
Balances at September 30, 2018	<u>\$ 19,180,537</u>	<u>\$ 17,921,812</u>	<u>\$ 1,258,725</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 3,431,665	\$ 1,258,725	\$ (558,750)

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$473,683.

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 25,726	\$ 325,596
Changes of assumptions	94,497	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	280,337
Employer contributions subsequent to the measurement date	-	-
Total	<u><u>\$ 120,223</u></u>	<u><u>\$ 605,933</u></u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2018.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2019	\$ 33,573
2020	\$ (296,812)
2021	\$ (159,927)
2022	\$ (62,544)
2023	\$ -
Thereafter	\$ -

Valuation Date: 10/01/2018
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Methods and assumptions used to determine contribution rates:

Funding Method:	Frozen entry age actuarial cost method.
Mortality:	<i>Healthy Lives</i> : Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB. <i>Disabled Lives</i> : Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projections scale. The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most outlined in the July 1, 2015 FRS actuarial report. We feel this assumption sufficiently accommodates future mortality improvements.
Termination Rates:	See table below. This assumption was adopted as a result of the July 22, 2010 experience study.
Disability Rates:	See table below. It is assumed that 75% of disablements and active member deaths are service related.
Retirement Age:	Earlier of age 46 and the completion of 21 years of service, or age 56. Also, any member who has reached normal retirement is assumed to continue employment for one additional year. This assumption was adopted as a result of the July 22, 2010 experience study.
Early Retirement:	Commencing upon a member's eligibility for early retirement, members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Interest Rate:	7.75% per year, compounded annually, net of investment related expenses. We feel this is reasonable based on asset allocation and long term expectations.
Salary Increases:	6.0% per year up to the assumed retirement age. Final salary in year of retirement is increased individually to account for additional non-regular compensation
Payroll Growth:	2.96% per year.
Asset Valuation Method:	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Termination and Disability Rate Table:	Age	% Terminating During the Year	% Becoming Disabled During the Year
	20	12.4%	0.03%
	30	10.5%	0.04%
	40	5.7%	0.07%
	50	1.5%	0.18%

(c) Municipal Firefighters' Pension Plan

Plan Description:

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a) Two City Council appointees,
- b) Two members of the system elected by a majority of the other covered Firefighters, and
- c) A fifth member elected by the other four and appointed by Council.

All Firefighters as of the effective date, and all future new Firefighters, shall become members of this system as a condition of employment.

Plan Membership as of October 1, 2017:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>25</u>
	<u>48</u>

Current membership as of September 30, 2018 is comprised of the following:

Retirees receiving benefits	13
Vested terminated employees	4
Beneficiaries	0
Disability benefits	5
DROP	2
Active employees	
Fully-vested	19
Nonvested	6

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of age 55 or the completion of 25 years of credited service.

Benefit Amount: 3.50% of average final compensation times credited service for members hired before 10/1/2012.

3.00% of average final compensation times credited service for members hired on and after 10/01/2012.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Early Retirement:

Eligibility: Age 45 and 10 years of credited service.

Benefit Amount: Accrued benefit, reduced 3.00% per year early.

Vesting (Termination):

Less than 5 years of Credited Service: Refund of member contributions.

5 years or more: Accrued benefit payable at age 45 or later, on an actuarially reduced basis if to commence prior to normal retirement date or Refund of member contributions.

Disability:

Eligibility: a) 10 years of service for non-service related; coverage from date of hire for service-incurred.

b) Total and permanent disability prior to normal retirement date.

Benefit Amount: 3.50% (3.00% if hired on or after 10/1/2012) of average final compensation (AFC) times credited service, but not less than 60% of AFC for service related disabilities, or 25% of AFC for non-service related disabilities.

Death Benefits:

Pre-Retirement Service-Incurred with Spouse or Dependent Child:

To Spouse: 60% of member's average final compensation (AFC).

To each Child (if no Spouse): 15% of Member's AFC. Overall maximum benefit to children is 60% of AFC.

Pre-Retirement Non-Service-Incurred or no Spouse or Children: Value of accrued pension benefit paid to designated beneficiary.

Chapter 175 Share Plan:

Allocation: Each year premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of \$209,406 will be allocated to individual Member Share accounts based on full years of credited service with the City.

Contributions

Employee: 8.00% of total pay for members hired on or after 10/01/2012. For members hired prior to 10/01/2012: 9.00% for the fiscal year ending 09/30/2014, 9.50% for each fiscal year thereafter.

Premium Tax: 1.85% tax on premiums for insurance policies.

City: Remaining amount necessary for payment of normal (current year's) costs and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2017:

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Asset Class	Target Allocation
Domestic Equity	50.00%
International Equity	15.00%
Fixed Income (Core)	20.00%
Global Fixed Income	5.00%
Real Estate	10.00%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the pension plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.08 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: 25 years of credited service with the City or normal retirement age.

Participation: Not to exceed 60 months.

The DROP balance as of September 30, 2018 is \$231,502.

Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Net Pension Liability was measured as of September 30, 2018.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 15,434,286
Plan Fiduciary Net Position	(14,673,985)
Sponsor's Net Pension Liability	\$ 760,301
Plan Fiduciary Net Position as a percentage of Total Pension Liability	95.07%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions:

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Inflation	2.50%
Salary Increases	6.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study was dated July 23rd, 2010, for the period 1987-2009. Other than the mortality tables, no assumption changes were adopted as a result of this study.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2018 the inflation rate assumption of the investment advisor was 2.50%

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.00%	7.50%
International Equity	15.00%	8.50%
Fixed Income (Core)	20.00%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate	10.00%	4.50%
Total	100.00%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.75 percent. The projection of cash flows used to determine the Discount Rate assumed that plan Member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2017	\$ 14,507,447	\$ 13,321,103	\$ 1,186,344
Changes for a Year:			
Service Cost	461,830	-	461,830
Interest	1,128,827	-	1,128,827
Share Plan Allocation	-	-	-
Differences between Expected and Actual Experience	118,281	-	118,281
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	378,656	(378,656)
Contributions - State	-	158,594	(158,594)
Contributions - Employee	-	151,820	(151,820)
Net Investment Income	-	1,472,194	(1,472,194)
Benefit Payments, including Refunds of Employee Contributions	(782,099)	(782,099)	-
Administrative Expense	-	(26,283)	26,283
Net Changes	926,839	1,352,882	(426,043)
Balances at September 30, 2018	\$ 15,434,286	\$ 14,673,985	\$ 760,301

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 2,640,670	\$ 760,301	\$ (803,209)

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

For the year ended September 30, 2018, the Sponsor will recognize a Pension Expense of \$217,277.

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 162,994	\$ 493,513
Changes of assumptions	209,104	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	698,653
Employer contributions subsequent to the measurement date	-	-
Total	\$ 372,098	\$ 1,192,166

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2018.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2019	\$ (210,962)
2020	\$ (379,494)
2021	\$ (196,260)
2022	\$ (53,066)
2023	\$ 19,714
Thereafter	\$ -

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Valuation Date: 10/01/2018

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

Methods and assumptions used to determine contribution rates:

Mortality: *Healthy Lives:* Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: Rp2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.
Disabled Lives: Female 60% RP2000 Disabled Female Set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale. The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the mortality assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2015 FRS actuarial valuation report. We feel this 75% of active deaths are assumed to occur in the line of duty.

Termination Rates: See table below. This assumption was developed from those used by other plans containing Florida Municipal Firefighters.

Disability Rates: See table below. It is assumed that 75% of disablements are service related. This assumption was developed from those used by other plans containing Florida Municipal Firefighters.

Retirement Age: Earlier of age 55 or the completion of 25 years of service. Also, any member who has reached normal retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on the plan provisions.

Early Retirement: Commencing upon a member's eligibility for early retirement (age 45 with 10 years of credited service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.

Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.

Salary Increases: 6.0% per year up to the assumed retirement age. Final salary in year of retirement is increased 20% (changed to individual amount with Impact Statement) to account for additional non-regular compensation.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Payroll Growth: 2.62% per year, in compliance with Part VII of Chapter 112, Florida Statutes.

Asset Valuation Method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

Termination and Disability Rate Table:	Age	% Terminating During the Year	% Becoming Disabled During the Year
	20	6.0%	0.03%
	30	5.0%	0.04%
	40	2.6%	0.07%
	50	0.8%	0.18%

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(d) Florida Retirement System (FRS)

Plan Description:

The Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

The City had three employees that had been covered by the Florida Retirement System. All of the three employees have retired and the City hasn't any Net Pension Obligation going forward. The City does not anticipate that it will ever have any other employees under this plan.

As a result the Sponsor will recognize a Net Pension Obligation of \$0, Deferred Outflows of resources of \$0, a Deferred Inflows of Resources of \$0 and a net revenue of \$107,087 in the current year.

Annual Pension Costs and Net Pension Obligations

The City has no net pension obligations as all actuarially determined amounts are contributed each year. The City's annual pension costs for the General Employees' pension plan was \$1,733,431, Municipal Police Officers' pension plan \$449,219, Municipal Firefighters' pension plan \$327,844, FRS Pension Plan \$0 and HIS Plan \$0 for fiscal year ended September 30, 2018.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

	General Employees' Pension Plan	Municipal Police Officers' Pension Plan	Municipal Firefighters' Pension Plan	Total
ASSETS				
Cash and cash equivalents	\$ 327,336	\$ 267,480	\$ 191,286	\$ 786,102
Receivables: Investment income	104,731	32,982	2,975	140,688
Member Contributions in Transit	-	-	-	-
Investments, at fair value				
U.S. Bonds and Bills	7,514,637	2,255,317	-	9,769,954
Federal Agency Guaranteed Securities	584,566	364,431	-	948,997
Corporate Bonds	5,154,603	1,719,427	-	6,874,030
Stocks	2,685,583	2,079,653	1,874,311	6,639,547
Mutual Funds				
Fixed Income	4,100,327	829,166	3,473,489	8,402,982
Equity	21,029,462	9,109,370	7,848,501	37,987,333
Pooled/Common/Commingled Funds: Real Estate	4,636,103	1,317,732	1,283,423	7,237,258
Total investments at fair value	45,705,281	17,675,096	14,479,724	77,860,101
Total assets	46,137,348	17,975,558	14,673,985	78,786,891
LIABILITIES				
Payables				
Refunds of Member Contributions	-	39,617	-	39,617
Investment & Admin Expenses	26,515	14,129	-	40,644
Benefit payments	1,346	-	-	1,346
Total liabilities	27,861	53,746	-	81,607
NET POSITION RESTRICTED FOR PENSIONS	\$46,109,487	\$17,921,812	\$14,673,985	\$78,705,284

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

Pension activity for the year ended September 30, 2018 was as follows:

	General Employees' Pension Plan	Municipal Police Officers' Pension Plan	Municipal Firefighters' Pension Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 1,733,431	\$ 449,219	\$ 378,656	\$ 2,561,306
Plan Members	364,789	177,160	151,820	693,769
Buy-Back	120,000	-	-	120,000
State	-	204,311	158,594	362,905
Total contributions	<u>2,218,220</u>	<u>830,690</u>	<u>689,070</u>	<u>3,737,980</u>
Investment income				
Net depreciation in fair value of investments	2,520,513	1,267,996	530,940	4,319,449
Interest and dividends	1,264,264	380,163	982,065	2,626,492
Less investment expense ¹	<u>(147,002)</u>	<u>(58,864)</u>	<u>(40,811)</u>	<u>(246,677)</u>
Net investment income (loss)	<u>3,637,775</u>	<u>1,589,295</u>	<u>1,472,194</u>	<u>6,699,264</u>
Total additions	<u>5,855,995</u>	<u>2,419,985</u>	<u>2,161,264</u>	<u>10,437,244</u>
DEDUCTIONS				
Benefit payments, including				
refunds of member contributions	1,999,614	855,554	557,091	3,412,259
Lump sum DROP and share distributions	1,411,028	161,888	225,008	1,797,924
Refunds of Member Contributions	36,284	39,617	-	75,901
Administrative expense	<u>71,028</u>	<u>52,484</u>	<u>26,283</u>	<u>149,795</u>
Total deductions	<u>3,517,954</u>	<u>1,109,543</u>	<u>808,382</u>	<u>5,435,879</u>
Net increase (decrease) in net position	2,338,041	1,310,442	1,352,882	5,001,365
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of year	<u>43,771,446</u>	<u>16,611,370</u>	<u>13,321,103</u>	<u>73,703,919</u>
End of year	<u>\$ 46,109,487</u>	<u>\$ 17,921,812</u>	<u>\$ 14,673,985</u>	<u>\$78,705,284</u>

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

Below is a summary of the pension plans.

	<u>Fiduciary</u> <u>Net Position</u>	<u>Pension</u> <u>Liabilities</u>	<u>Net Pension</u> <u>Liability</u>	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Pension</u> <u>Expense</u>
General Employees Pension	\$ 46,109,487	\$ 52,979,258	\$ 6,869,771	\$ 2,119,145	\$ 792,664	\$ 2,057,852
Police Pension	17,921,812	19,180,537	1,258,725	120,223	605,933	473,683
Firefighters Pension	14,673,985	15,434,286	760,301	372,097	1,192,166	217,277
Florida Retirement System and HIS Pensions	-	-	-			(107,087)
Total	<u>\$ 78,705,284</u>	<u>\$ 87,594,081</u>	<u>\$ 8,888,797</u>	<u>\$ 2,611,465</u>	<u>\$ 2,590,763</u>	<u>\$ 2,641,725</u>

Defined Contribution Pension Plan

August 2011 the City closed the General Employees' Defined Benefit Plan to new entrants. As a replacement the City created a Defined Contribution Plan for new employees as well as current employees who had not joined the Defined Benefit Plan.

The Defined Contribution Plan is self directed by the employee regarding investment choices. The Plan is managed by ICMA, a large investment company used exclusively by Governmental entities.

Plan specifics are as follows:

- Vesting: 0 to 5 years 0%
5+ years 100%
- Contributions:
 - City match is 100% of employees' contribution up to 5% of includable wages
 - City match is 50% of employees' contribution from 5% to 10% of includable wages
 - Maximum City Match 7.5% of includable wages

Total Balance in the Plan as of September 30, 2018 is \$956,787, which includes City and Employee Contributions as well as earnings for the year. The amount of forfeitures in FY 2018 were \$22,957. The amount of the City contribution in FY 2018 was \$155,095, resulting in net pension expense of \$132,138. Twelve members are vested with a total account balance of \$333,403. This is included in the amount above. The total number of Plan members was fifty-seven as of September 30, 2018.

H. Other Postemployment Benefits (OPEB)

Plan Description:

The City of Punta Gorda's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical and life insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

H. Other Postemployment Benefits (OPEB), continued

an OPEB plan administered through a trust.

Employees Covered by Benefit Terms.

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	281
	298

Benefits Provided:

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents.

Total OPEB Liability.

The measurement date is September 30, 2018. The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018. The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Total OPEB Liability was measured as of September 30, 2018.

Note – The Sponsor's Total OPEB Liability for the City's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.64%. The Total OPEB Liability was "rolled-back" from September 30, 2018 at 3.64%, this producing no experience gain or loss for the period from October 1, 2017 to September 30, 2018.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2018 using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies By Service.
Discount Rate	4.18%
Initial Trend Rate	8.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

Mortality:

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2017 Florida Retirement System (FRS) valuation report.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

H. Other Postemployment Benefits (OPEB), continued

Active Lives

For female lives, 100% of the Combined Health White-Collar table was used. For male (non-special risk) lives, a 50% combined Healthy White-Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives, a 10% Combined Healthy White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Inactive Healthy Lives

For female lives, 100% of the Annuitant White-Collar table was used. For male (non-special risk) lives, a 50% Annuitant White-Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Disabled Lives

For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% Disabled Female table, 40% Annuitant White-Collar table with no setback blend was used. For male (non-special risk) lives, 100% of the Disabled Male table was used, set back four years. For Male special risk lives, a 60% Disabled Male table, 40% Annuitant White-Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvements.

Discount Rate:

Given the City's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 4.18%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligations bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

H. Other Postemployment Benefits (OPEB), continued

Change in Total OPEB Liability	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2017	<u>\$ 8,864,118</u>
Changes for the Year:	
Service Cost	667,471
Interest	345,039
Differences between Expected and Actual Experience	-
Changes of assumptions	(1,039,741)
Changes of benefit terms	-
Contributions - Employer	-
Benefit Payments	(105,933)
Other Changes	<u>-</u>
Net Changes	<u>(133,164)</u>
Reporting Period Ending September 30, 2018	<u><u>\$ 8,730,954</u></u>

Changes in assumptions reflect a change in the discount rate from 3.64% for the reporting period ended September 30, 2017, to 4.18% for the reporting period ended September 30, 2018.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018

IV. Detailed notes on all funds, Continued

H. Other Postemployment Benefits (OPEB), continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Total OPEB Liability (Asset)	\$ 10,787,084	\$ 8,730,954	\$ 7,161,316

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% - 7.00%	Healthcare Cost Trend Rates 4.00% - 8.00%	1% Increase 5.00% - 9.00%
Total OPEB Liability (Asset)	\$ 7,089,635	\$ 8,730,954	\$ 10,900,754

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

H. Other Postemployment Benefits (OPEB), continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB

For the year ended September 30, 2018, the Sponsor will recognize OPEB Expense of \$890,542. On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of assumptions	-	909,773
Total	\$ -	\$ 909,773

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

Year ended September 30:	
2019	\$ (129,968)
2020	\$ (129,968)
2021	\$ (129,968)
2022	\$ (129,968)
2023	\$ (129,968)
Thereafter	\$ (259,933)

I. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed expenses might constitute a contingent liability of the City. The City does not believe any such contingent liabilities are material.

The City is contingently liable with respect to litigation incidental to the ordinary course of its operations. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits will not have a material adverse effect on the financial position of the City.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

J. Risk Management

The City is a member of a local government liability risk pool.

The pool administers insurance activities relating to property, general, automobile, public officials' liability, workers' compensation, and auto physical damage. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses, operating expenses and reinsurance costs (premiums).

To reduce its exposure to large losses on all types of insured events the pool uses reinsurance policies purchased from third-party carriers.

The City is a member of Public Risk Management (PRM) for the City's employee health plan. It is a self-funded HMO/PPO plan using the Blue Cross Blue Shield of Florida network, administered by Blue Cross Blue Shield of Florida. The fund is fully funded annually. The premiums for this coverage are paid by the various departments on a per employee coverage basis.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

K. Miscellaneous Revenue – Governmental Fund Types

At September 30, 2018, miscellaneous revenue consisted of the following:

<u>General Fund</u>	
Interest	\$ 130,882
Administrative Charges	3,136,987
Other	451,181
	<u>3,719,050</u>
<u>Community Redevelopment Agency</u>	
Interest	26,945
Other	305,811
	<u>332,756</u>
<u>P G I Canal Maintenance Fund</u>	
Interest	24,482
Other	6,447
	<u>30,929</u>
<u>Capital Project Fund</u>	
Contributions from Private Sources	9,000
Other	1,160
	<u>10,160</u>
<u>1% Local Option Sales Tax</u>	
Interest	62,990
Other	1,182
	<u>64,172</u>
<u>Other Governmental Funds</u>	
Interest	110,085
Service Assessments	574,635
Impact Fees	156,676
Other	330,738
	<u>1,172,134</u>
	<u>\$ 5,329,201</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

IV. Detailed notes on all funds, Continued

L. Prior Period Adjustments

During the year ended September 30, 2018, the City of Punta Gorda implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Previously the City had not reported a liability for Other Postemployment Benefits because former employees continuing benefits were not specifically subsidized by the City.

The prior period adjustment resulted in the increase in OPEB Liability and a decrease in Net Position. The following table shows the net effect of the misstatement.

	OPEB Liability	Net Position
Governmental Activities	\$ 5,675,586	\$ 5,675,586
Beginning Net Position		60,459,910
Beginning Net Position as Restated		\$ 54,784,324
Business Type Activities		
Water & Wastewater Utility	\$ 2,359,514	\$ 2,359,514
Sanitation/Refuse Fund	542,050	542,050
Building Fund	286,968	286,968
Total Business Type Activities	3,188,532	3,188,532
Beginning Net Position		71,433,638
Beginning Net Position as Restated		\$ 68,245,106

REQUIRED SUPPLEMENTARY INFORMATION

Trend Information for Pension Plans

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF INVESTMENT RETURNS
Last 8 Fiscal Years

Municipal General Employees' Pension

Year ended September 30:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Money-Weighted Rate of Return								
Net of Investment Expense	8.24%	10.41%	7.07%	0.56%	9.33%	13.68%	19.33%	-1.14%

Municipal Police Officers' Pension

Year ended September 30:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Money-Weighted Rate of Return								
Net of Investment Expense	9.54%	10.94%	7.83%	-1.39%	9.74%	12.92%	15.65%	-2.59%

Municipal Firefighters' Pension

Year ended September 30:	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Money-Weighted Rate of Return								
Net of Investment Expense	11.08%	14.04%	9.22%	0.00%	8.50%	14.74%	16.63%	-1.45%

This information is required for 10 years, additional years' information will be provided once it is available.

**CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Municipal General Employees' Pension

	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability					
Service Cost	\$ 810,496	\$ 779,310	\$ 824,917	\$ 936,664	\$ 1,073,877
Interest	3,612,714	3,518,739	3,370,301	3,249,754	3,082,449
Share Plan Allocation	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-
Differences between Expected and Actual Experience	(129,908)	257,764	(602,266)	(688,753)	-
Changes of assumptions	1,269,378	1,280,668	2,014,707	-	-
Contributions - Buy Back	120,000	30,496	-	15,736	-
Benefit Payments, including Refunds of Employee Contributions	(3,446,926)	(2,521,363)	(1,745,206)	(1,947,218)	(1,773,467)
Net Change in Total Pension Liability	2,235,754	3,345,614	3,862,453	1,566,183	2,382,859
Total Pension Liability - Beginning	50,743,504	47,397,890	43,535,437	41,969,254	39,586,395
Total Pension Liability - Ending (a)	<u>\$ 52,979,258</u>	<u>\$ 50,743,504</u>	<u>\$ 47,397,890</u>	<u>\$ 43,535,437</u>	<u>\$ 41,969,254</u>
Plan Fiduciary Net Position					
Contributions - Employer	1,733,431	1,712,254	1,675,103	1,891,929	1,956,900
Contributions - Employee	364,789	375,985	412,586	429,302	478,707
Contributions - Buy Back	120,000	30,496	-	15,736	-
Net Investment income	3,637,775	4,235,468	2,683,966	209,246	3,082,886
Benefit Payments, Including Refunds of Employee Contributions	(3,446,926)	(2,521,363)	(1,745,206)	(1,947,218)	(1,773,467)
Administrative Expense	(71,028)	(61,037)	(71,349)	(42,525)	(32,788)
Net Change in Plan Fiduciary Net Position	2,338,041	3,771,803	2,955,100	556,470	3,712,238
Plan Fiduciary Net Position - Beginning	43,771,446	39,999,643	37,044,543	36,488,073	32,775,835
Plan Fiduciary Net Position - Ending (b)	<u>\$ 46,109,487</u>	<u>\$ 43,771,446</u>	<u>\$ 39,999,643</u>	<u>\$ 37,044,543</u>	<u>\$ 36,488,073</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,869,771</u>	<u>\$ 6,972,058</u>	<u>\$ 7,398,247</u>	<u>\$ 6,490,894</u>	<u>\$ 5,481,181</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.03%	86.26%	84.39%	85.09%	86.94%
Covered Payroll ¹	\$ 4,503,565	\$ 4,641,783	\$ 5,093,648	\$ 6,865,470	\$ 5,909,963
Net Pension Liability as a Percentage of Covered Payroll	152.54%	150.20%	145.24%	94.54%	92.74%

Notes to Schedule:

¹The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement Period which includes DROP payroll. The reported Covered Payroll number for the fiscal year 2014 was based on Pensionable Salary.

Changes of Assumptions:

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.25% to 7.00%.

For measurement date 09/30/2017, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report. Additionally, the interest rate assumption was changed from 7.50% net of fees through 2023 and 7.25% thereafter to 7.25% net of fees through 2023 and 7.00% thereafter.

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed Rates of mortality were changed to the assumptions used by the Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed Rates of mortality were changed to the assumptions used by the Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

The interest rate assumption was changed from 7.75% net of fees through 2023 and 7.25% thereafter to 7.50% net of fees through 2023 and 7.25% thereafter.

This information is required for 10 years, additional years' information will be provided once it is available.

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Municipal Police Officers' Pension	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability					
Service Cost	\$ 593,416	\$ 636,723	\$ 555,746	\$ 570,363	\$ 526,910
Interest	1,448,738	1,360,108	1,263,445	1,286,569	1,210,004
Change in Excess State Money	-	(134)	-	-	-
Share Plan Allocation	2,156	-	-	-	-
Differences between Expected and Actual Experience	(435,224)	51,450	(141,785)	(802,974)	-
Changes of assumptions	-	-	377,986	164,476	-
Contributions-Buy Back	-	34,736	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,057,059)	(735,142)	(1,043,059)	(923,770)	(722,843)
Net Change in Total Pension Liability	552,027	1,347,741	1,012,333	294,664	1,014,071
Total Pension Liability - Beginning	18,628,510	17,280,769	16,268,436	15,973,772	14,959,701
Total Pension Liability - Ending (a)	<u>\$ 19,180,537</u>	<u>\$ 18,628,510</u>	<u>\$ 17,280,769</u>	<u>\$ 16,268,436</u>	<u>\$ 15,973,772</u>
Plan Fiduciary Net Position					
Contributions - Employer	449,219	356,145	409,363	513,912	548,795
Contributions - State	204,311	194,170	189,149	174,722	173,165
Contributions - Employee	177,160	185,399	175,660	159,694	147,103
Contributions-Buy Back	-	34,736	-	-	-
Net Investment income	1,589,295	1,646,451	1,108,041	(205,046)	1,265,663
Benefit Payments, including Refunds of Employee Contributions	(1,057,059)	(735,142)	(1,043,059)	(923,770)	(722,843)
Administrative Expense	(52,484)	(28,996)	(21,570)	(23,002)	(14,496)
Net Change in Plan Fiduciary Net Position	1,310,442	1,652,763	817,584	(303,490)	1,397,387
Plan Fiduciary Net Position - Beginning	16,611,370	14,958,607	14,141,023	14,444,513	13,047,126
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,921,812</u>	<u>\$ 16,611,370</u>	<u>\$ 14,958,607</u>	<u>\$ 14,141,023</u>	<u>\$ 14,444,513</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,258,725</u>	<u>\$ 2,017,140</u>	<u>\$ 2,322,162</u>	<u>\$ 2,127,413</u>	<u>\$ 1,529,259</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.44%	89.17%	86.56%	86.92%	90.43%
Covered Payroll ¹	\$ 2,214,507	\$ 2,317,484	\$ 2,195,754	\$ 2,171,581	\$ 1,838,786 *
Net Pension Liability as a Percentage of Covered Payroll	56.84%	87.04%	105.76%	97.97%	83.17%

Notes to Schedule:

¹The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Changes of Assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

This information is required for 10 years, additional years information will be provided once it is available.

**CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Municipal Firefighters' Pension	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability					
Service Cost	\$ 461,830	\$ 455,334	\$ 411,823	\$ 353,613	\$ 433,718
Interest	1,128,827	1,065,754	997,747	1,018,193	949,706
Share Plan Allocation	-	-	15,001	37,775	38,240
Changes of benefit terms	-	-	-	-	-
Differences between Expected and Actual Experience	118,281	96,635	(169,539)	(1,226,224)	-
Changes of assumptions	-	-	202,057	324,227	-
Benefit Payments, including Refunds of Employee Contributions	(782,099)	(838,640)	(407,546)	(430,563)	(540,379)
Net Change in Total Pension Liability	926,839	779,083	1,049,543	77,021	881,285
Total Pension Liability - Beginning	14,507,447	13,728,364	12,678,821	12,601,800	11,720,515
Total Pension Liability - Ending (a)	<u>\$ 15,434,286</u>	<u>\$ 14,507,447</u>	<u>\$ 13,728,364</u>	<u>\$ 12,678,821</u>	<u>\$ 12,601,800</u>
Plan Fiduciary Net Position					
Contributions - Employer	378,656	284,402	238,589	399,158	460,347
Contributions - State	158,594	197,070	224,407	247,181	247,646
Contributions - Employee	151,820	161,260	157,379	146,058	140,886
Net Investment income	1,472,194	1,655,621	1,000,732	(311)	799,801
Benefit Payments, Including Refunds of Employee Contributions	(782,099)	(838,640)	(407,546)	(430,563)	(540,379)
Administrative Expense	(26,283)	(22,956)	(25,679)	(27,006)	(39,889)
Net Change in Plan Fiduciary Net Position	1,352,882	1,436,757	1,187,882	334,517	1,068,412
Plan Fiduciary Net Position - Beginning	13,321,103	11,884,346	10,696,464	10,361,947	9,293,535
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,673,985</u>	<u>\$ 13,321,103</u>	<u>\$ 11,884,346</u>	<u>\$ 10,696,464</u>	<u>\$ 10,361,947</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 760,301</u>	<u>\$ 1,186,344</u>	<u>\$ 1,844,018</u>	<u>\$ 1,982,357</u>	<u>\$ 2,239,853</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.07%	91.82%	86.57%	84.36%	82.23%
Covered Payroll ¹	\$ 1,702,646	\$ 1,752,641	\$ 1,700,238	\$ 1,686,074	\$ 1,575,575
Net Pension Liability as a Percentage of Covered Payroll	44.65%	67.69%	108.46%	117.57%	142.16%

Notes to Schedule:

¹ The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll. The reported Covered Payroll number for the fiscal year 2014 was based on Pensionable Salary.

Changes of Assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For the year ending 09/30/2015 the investment rate of return has been lowered from 8.00% to 7.75% per year, net of investment related expenses.

This information is required for 10 years, additional years' information will be provided once it is available.

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CONTRIBUTIONS

Municipal General Employees' Pension

	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	\$ 1,569,292	\$ 1,452,020	\$ 1,674,763	\$ 1,886,773	\$ 1,678,429
Contributions in relation to the Actuarially Determined Contributions	1,733,431	1,712,254	1,675,103	1,891,929	1,956,900
Contribution Deficiency (Excess)	<u>\$ (164,139)</u>	<u>\$ (260,234)</u>	<u>\$ (340)</u>	<u>\$ (5,156)</u>	<u>\$ (278,471)</u>
Covered Payroll ¹	\$ 4,503,565	\$ 4,641,783	\$ 5,093,648	\$ 6,865,470	\$ 5,909,963
Contributions as a percentage of Covered Payroll	38.49%	36.89%	32.89%	27.56%	33.11%

¹The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

This information is required for 10 years, additional years' information will be provided once it is available.

Municipal Police Officers' Pension

	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	\$ 638,368	\$ 531,593	\$ 576,560	\$ 688,345	\$ 704,255
Contributions in relation to the Actuarially Determined Contributions	651,374	550,315	598,512	688,634	721,959
Contribution Deficiency (Excess)	<u>\$ (13,006)</u>	<u>\$ (18,722)</u>	<u>\$ (21,952)</u>	<u>\$ (289)</u>	<u>\$ (17,704)</u>
Covered Payroll ¹	\$ 2,214,507	\$ 2,317,484	\$ 2,195,754	\$ 2,171,581	\$ 1,838,786
Contributions as a percentage of Covered Payroll	29.41%	23.75%	27.26%	31.71%	39.26%

¹ The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP Payroll.

This information is required for 10 years, additional years' information will be provided once it is available.

Municipal Firefighters' Pension

	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	\$ 537,250	\$ 481,012	\$ 447,995	\$ 608,564	\$ 609,088
Contributions in relation to the Actuarially Determined Contributions	537,250	481,472	447,995	608,564	669,753
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (460)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,665)</u>
Covered Payroll ¹	\$ 1,702,646	\$ 1,752,641	\$ 1,700,238	\$ 1,686,074	\$ 1,575,575 *
Contributions as a percentage of Covered Payroll	31.55%	27.47%	26.35%	36.09%	42.51%

¹ The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP Payroll.

This information is required for 10 years, additional years' information will be provided once it is available.

CITY OF PUNTA GORDA, FLORIDA
 SCHEDULE OF CHANGES IN THE SPONSOR'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	09/30/2018
Total OPEB Liability	
Service Cost	\$ 667,471
Interest	345,039
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(1,039,741)
Benefit Payments	(105,933)
Net Change in Total OPEB Liability	(133,164)
Total OPEB Liability - Beginning	8,864,118
Total OPEB Liability - Ending	\$ 8,730,954
Covered Payroll	\$ 15,059,907
Sponsor's Total OPEB Liability as a Percentage of Covered Covered Payroll	57.97%

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2018	4.18%
FY 2017	3.64%

This information is required for 10 years, additional years' information will be provided once it is available.



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CITY OF PUNTA GORDA, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CDBG Revitalization Project Fund – This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing within the government as well as other legal uses.

Impact Fees – Used to account for the receipt and disbursement of impact fees for Parks and Transportation.

Special Use Fund – This fund is used to track insurance, grants and other revenues received due to hurricanes and damaged property, with offsetting related repairs and other one-time expenditures.

Burnt Store Isles Canal Maintenance Assessment District – Accounts for funds to be utilized for the repair and upkeep of City-owned seawalls and maintain navigability of canals located in the Burnt Store Isles subdivision.

Five Cent Gas Tax – Legislation allows this tax to be used for road capital.

Six Cent Gas Tax – Legislation allows this tax to be used for transportation expenditures. These allowed uses include street sweeping, street lights, traffic lights, bridge maintenance and sidewalk repairs.

The Charlotte Harbor National Estuary Program – Accounts for revenues and expenditures attributable for the maintenance of the Charlotte Harbor estuary.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Gilchrist Intention – This fund accounts for assets donated by Albert W. Gilchrist, the interest on which shall be spent on right-of-way beautification.

CITY OF PUNTA GORDA, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2018

	Special Revenue Funds			Special Use Fund
	CDBG Fund	Impact Fees Parks	Impact Fees Transportation	
ASSETS:				
Cash and cash equivalents	\$ -	\$ 125,448	\$ 275,660	\$ 3,456,899
Accounts receivable	-	-	-	89,270
Due from other governments	2,895	-	-	370,110
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 2,895	\$ 125,448	\$ 275,660	\$ 3,916,279
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 750
Retainage payable	-	-	-	4,349
Accrued liabilities	-	-	-	-
Due to other funds	3,986	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	3,986	-	-	5,099
Fund Balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted for:				
Transportation	-	-	275,660	-
Recreation	(1,091)	125,448	-	-
Committed for:				
Damages or one-time expenditures	-	-	-	3,911,180
Total Fund Balances	(1,091)	125,448	275,660	3,911,180
Total Liabilities and Fund Balances	\$ 2,895	\$ 125,448	\$ 275,660	\$ 3,916,279

BSI Canal Maintenance	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental
	Five Cent Gas Tax	Six Cent Gas Tax	Char Hbr Natl Estuary Program	Gilchrist Intention Fund	
\$ 732,513	\$ 159,022	\$ 604,077	\$ 337,830	\$ 5,273	\$ 5,696,722
68	-	2,265	438	-	92,041
6,160	23,064	74,902	177,069	-	654,200
-	-	-	-	-	-
488	-	-	-	-	488
<u>\$ 739,229</u>	<u>\$ 182,086</u>	<u>\$ 681,244</u>	<u>\$ 515,337</u>	<u>\$ 5,273</u>	<u>\$ 6,443,451</u>
\$ 1,377	\$ 26,653	\$ 90,516	\$ 37,275	\$ -	\$ 156,571
-	-	-	-	-	4,349
-	-	-	3,622	-	3,622
276,442	-	-	-	-	280,428
-	-	-	181,415	-	181,415
<u>277,819</u>	<u>26,653</u>	<u>90,516</u>	<u>222,312</u>	<u>-</u>	<u>626,385</u>
-	-	-	-	5,000	5,000
-	155,433	590,728	-	273	1,022,094
461,410	-	-	293,025	-	878,792
-	-	-	-	-	3,911,180
<u>461,410</u>	<u>155,433</u>	<u>590,728</u>	<u>293,025</u>	<u>5,273</u>	<u>5,817,066</u>
<u>\$ 739,229</u>	<u>\$ 182,086</u>	<u>\$ 681,244</u>	<u>\$ 515,337</u>	<u>\$ 5,273</u>	<u>\$ 6,443,451</u>

CITY OF PUNTA GORDA, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2018

	Special Revenue Funds			Special Use Fund
	CDBG Fund	Impact Fees Parks	Impact Fees Transportation	
Revenues:				
Intergovernmental	\$ 2,895	\$ -	\$ -	\$ 370,110
Miscellaneous	-	91,954	69,374	77,677
Total revenues	<u>2,895</u>	<u>91,954</u>	<u>69,374</u>	<u>447,787</u>
Expenditures:				
Current:				
General Government	-	-	-	162,800
Transportation	-	-	-	-
Economic environment	-	-	-	-
Recreation	1,330	-	-	165,887
Capital Outlay	-	-	-	-
Total expenditures	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>328,687</u>
Excess (deficiency) of revenue over expenditures	<u>1,565</u>	<u>91,954</u>	<u>69,374</u>	<u>119,100</u>
Other Financing Sources (Uses):				
Transfers in	210	-	-	-
Transfers out	-	(289,947)	(7,632)	(611,735)
Total other financing sources (uses)	<u>210</u>	<u>(289,947)</u>	<u>(7,632)</u>	<u>(611,735)</u>
Net change in fund balances	1,775	(197,993)	61,742	(492,635)
Fund Balances, October 1, 2017	<u>(2,866)</u>	<u>323,441</u>	<u>213,918</u>	<u>4,403,815</u>
Fund Balances, September 30, 2018	<u>\$ (1,091)</u>	<u>\$ 125,448</u>	<u>\$ 275,660</u>	<u>\$ 3,911,180</u>

<u>BSI Canal Maintenance</u>	<u>Special Revenue Funds</u>			<u>Permanent Fund Gilchrist Intention Fund</u>	<u>Total Nonmajor Governmental</u>
	<u>Five Cent Gas Tax</u>	<u>Six Cent Gas Tax</u>	<u>Char Hbr Natl Estuary Program</u>		
\$ -	\$ 279,234	\$ 607,175	\$ 944,780	\$ -	\$ 2,204,194
585,150	784	278,841	68,257	97	1,172,134
<u>585,150</u>	<u>280,018</u>	<u>886,016</u>	<u>1,013,037</u>	<u>97</u>	<u>3,376,328</u>
-	-	-	-	-	162,800
-	638,859	792,142	-	-	1,431,001
-	-	-	-	-	-
66,744	-	-	904,353	-	1,138,314
-	-	44,785	-	-	44,785
<u>66,744</u>	<u>638,859</u>	<u>836,927</u>	<u>904,353</u>	<u>-</u>	<u>2,776,900</u>
<u>518,406</u>	<u>(358,841)</u>	<u>49,089</u>	<u>108,684</u>	<u>97</u>	<u>599,428</u>
-	459,000	-	-	-	459,210
-	-	-	-	-	(909,314)
-	<u>459,000</u>	-	-	-	<u>(450,104)</u>
518,406	100,159	49,089	108,684	97	149,324
<u>(56,996)</u>	<u>55,274</u>	<u>541,639</u>	<u>184,341</u>	<u>5,176</u>	<u>5,667,742</u>
<u>\$ 461,410</u>	<u>\$ 155,433</u>	<u>\$ 590,728</u>	<u>\$ 293,025</u>	<u>\$ 5,273</u>	<u>\$ 5,817,066</u>

CITY OF PUNTA GORDA, FLORIDA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 1,330	\$ 2,895	\$ 1,565
Total revenues	-	1,330	2,895	1,565
Expenditures				
Current				
Recreation	-	1,330	1,330	-
Total expenditures	-	1,330	1,330	-
Revenues over (under) expenditures	-	-	1,565	1,565
Other financing sources				
Transfers In	-	-	210	210
Total other financing sources	-	-	210	210
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,775	<u>\$ 1,775</u>
Fund balances, October 1, 2017			<u>(2,866)</u>	
Fund balances, September 30, 2018			<u>\$ (1,091)</u>	

CITY OF PUNTA GORDA, FLORIDA
 PARK IMPACT FEE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 80,000	\$ 80,000	\$ 91,954	\$ 11,954
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>91,954</u>	<u>11,954</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over expenditures	<u>80,000</u>	<u>80,000</u>	<u>91,954</u>	<u>11,954</u>
Other financing uses				
Transfers out	<u>(80,000)</u>	<u>(309,753)</u>	<u>(289,947)</u>	<u>19,806</u>
Total other financing uses	<u>(80,000)</u>	<u>(309,753)</u>	<u>(289,947)</u>	<u>19,806</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (229,753)</u>	<u>(197,993)</u>	<u>\$ 31,760</u>
Fund balances, October 1, 2017			<u>323,441</u>	
Fund balances, September 30, 2018			<u>\$ 125,448</u>	

CITY OF PUNTA GORDA, FLORIDA
TRANSPORTATION IMPACT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 45,000	\$ 45,000	\$ 69,374	\$ 24,374
Total revenues	45,000	45,000	69,374	24,374
Expenditures				
Total expenditures	-	-	-	-
Excess revenues over expenditures	45,000	45,000	69,374	24,374
Other financing uses				
Transfers out	(48,000)	(202,787)	(7,632)	195,155
Total other financing uses	(48,000)	(202,787)	(7,632)	195,155
Net change in fund balance	<u>\$ (3,000)</u>	<u>\$ (157,787)</u>	61,742	<u>\$ 219,529</u>
Fund balances, October 1, 2017			<u>213,918</u>	
Fund balances, September 30, 2018			<u>\$ 275,660</u>	

CITY OF PUNTA GORDA, FLORIDA
SPECIAL USE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 364,017	\$ 370,110	\$ 6,093
Miscellaneous	-	68,000	77,677	9,677
Total revenues	-	432,017	447,787	15,770
Expenditures				
Current				
General Government	-	162,801	162,800	1
Recreation	-	162,730	165,887	(3,157)
Total expenditures	-	325,531	328,687	(3,156)
Revenues over (under) expenditures	-	106,486	119,100	12,614
Other financing sources (uses)				
Transfers in	-	19,466	-	(19,466)
Transfers out	(494,335)	(1,049,556)	(611,735)	437,821
Total other financing uses	(494,335)	(1,030,090)	(611,735)	418,355
Net change in fund balance	<u>\$ (494,335)</u>	<u>\$ (923,604)</u>	(492,635)	<u>\$ 430,969</u>
Fund balances, October 1, 2017			<u>4,403,815</u>	
Fund balances, September 30, 2018			<u><u>\$ 3,911,180</u></u>	

CITY OF PUNTA GORDA, FLORIDA
 B S I CANAL MAINTENANCE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2018

	<u>Budgets</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 745,748	\$ -	\$ (745,748)
Miscellaneous	<u>575,250</u>	<u>681,785</u>	<u>585,150</u>	<u>(96,635)</u>
Total revenues	<u>575,250</u>	<u>1,427,533</u>	<u>585,150</u>	<u>(842,383)</u>
Expenditures				
Current				
Recreation	475,342	558,081	66,744	491,337
Capital Outlay	<u>-</u>	<u>852,283</u>	<u>-</u>	<u>852,283</u>
Total expenditures	<u>475,342</u>	<u>1,410,364</u>	<u>66,744</u>	<u>1,343,620</u>
Revenues over (under) expenditures	<u>99,908</u>	<u>17,169</u>	<u>518,406</u>	<u>501,237</u>
Net change in fund balance	<u>\$ 99,908</u>	<u>\$ 17,169</u>	518,406	<u>\$ 501,237</u>
Fund balances, October 1, 2017			<u>(56,996)</u>	
Fund balances, September 30, 2018			<u>\$ 461,410</u>	

CITY OF PUNTA GORDA, FLORIDA
 FIVE CENT GAS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 281,000	\$ 281,000	\$ 279,234	\$ (1,766)
Miscellaneous	-	-	784	784
Total revenues	<u>281,000</u>	<u>281,000</u>	<u>280,018</u>	<u>(982)</u>
Expenditures				
Current				
Transportation	740,000	759,880	638,859	121,021
Total expenditures	<u>740,000</u>	<u>759,880</u>	<u>638,859</u>	<u>121,021</u>
Revenues over (under) expenditures	<u>(459,000)</u>	<u>(478,880)</u>	<u>(358,841)</u>	<u>120,039</u>
Other financing sources				
Transfers in	459,000	459,000	459,000	-
Total other financing sources	<u>459,000</u>	<u>459,000</u>	<u>459,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (19,880)</u>	100,159	<u>\$ 120,039</u>
Fund balances, October 1, 2017			<u>55,274</u>	
Fund balances, September 30, 2018			<u>\$ 155,433</u>	

CITY OF PUNTA GORDA, FLORIDA
SIX CENT GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 592,000	\$ 592,000	\$ 607,175	\$ 15,175
Miscellaneous	245,595	269,958	278,841	8,883
Total revenues	<u>837,595</u>	<u>861,958</u>	<u>886,016</u>	<u>24,058</u>
Expenditures				
Current				
Transportation	836,035	900,313	792,142	108,171
Capital Outlay	-	50,685	44,785	5,900
Total expenditures	<u>836,035</u>	<u>950,998</u>	<u>836,927</u>	<u>114,071</u>
Revenues over (under) expenditures	<u>1,560</u>	<u>(89,040)</u>	<u>49,089</u>	<u>138,129</u>
Net change in fund balance	<u>\$ 1,560</u>	<u>\$ (89,040)</u>	49,089	<u>\$ 138,129</u>
Fund balances, October 1, 2017			<u>541,639</u>	
Fund balances, September 30, 2018			<u>\$ 590,728</u>	

CITY OF PUNTA GORDA, FLORIDA
 CHARLOTTE HARBOR NATIONAL ESTUARY PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2018

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	904,500	1,096,008	944,780	\$ (151,228)
Miscellaneous	50,000	50,000	68,257	18,257
Total revenues	<u>954,500</u>	<u>1,146,008</u>	<u>1,013,037</u>	<u>(132,971)</u>
Expenditures				
Current				
Recreation	914,685	1,243,196	904,353	338,843
Total expenditures	<u>914,685</u>	<u>1,243,196</u>	<u>904,353</u>	<u>338,843</u>
Net change in fund balances	<u>\$ 39,815</u>	<u>\$ (97,188)</u>	108,684	<u>\$ 205,872</u>
Fund balances, October 1, 2017			<u>184,341</u>	
Fund balances, September 30, 2018			<u>\$ 293,025</u>	

INTERNAL SERVICE FUNDS

Internal Service Funds are operated on a cost-reimbursement basis used to account for the financing of services provided by one department or agency to other departments of the City. The City currently has one Internal Service Fund.

- Information Technology provides a central computer system and communications for the benefit of all City Departments.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
September 30, 2018

	<u>Information Technology</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 276,438
Accounts receivable	1,373
Total current assets	<u>277,811</u>
Noncurrent Assets	
Capital assets, net of accumulated depreciation	<u>604,128</u>
Total noncurrent assets	<u>604,128</u>
Total assets	<u>881,939</u>
Deferred Outflows	
Deferred outflows related to pensions/OPEB	<u>33,108</u>
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts payable	39,573
Current portion compensated absences	1,608
Accrued liabilities	<u>7,847</u>
Total current liabilities	<u>49,028</u>
Noncurrent Liabilities	
Accrued compensated absences	14,469
Pension/OPEB benefits payable	<u>295,767</u>
Total noncurrent liabilities	<u>310,236</u>
Total liabilities	<u>359,264</u>
Deferred Inflows	
Deferred Inflows related to pensions/OPEB	<u>32,019</u>
NET POSITION	
Net investment in capital assets	604,128
Unrestricted	<u>(80,364)</u>
Total net position	<u>\$ 523,764</u>

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
For the Fiscal Year Ended September 30, 2018

	<u>Information Technology</u>
Operating Revenues	
Charges for services	\$ 1,272,896
Miscellaneous	<u>1,453</u>
Total operating revenues	<u>1,274,349</u>
Operating Expenses	
Personnel services	471,670
Contractual services	458,090
Materials and supplies	11,535
Utilities	8,262
Depreciation	204,460
Insurance	10,886
Repairs and maintenance	48,978
Travel and training	19,499
Rent	<u>86,207</u>
Total operating expenses	<u>1,319,587</u>
Operating gain	<u>(45,238)</u>
Nonoperating revenues (expenses)	
Gain (Loss) on disposal of capital assets	<u>(3,523)</u>
Total nonoperating revenues (expenses)	<u>(3,523)</u>
Change in net position	(48,761)
Prior period adjustment	(191,312)
Net position - beginning	<u>763,837</u>
Net position - ending	<u><u>\$ 523,764</u></u>

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Fiscal Year Ended September 30, 2018

	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from services provided	\$ 1,272,896
Cash payments to suppliers for goods and services	(625,626)
Cash payments to employees for services	(454,481)
Other receipts	1,955
Net cash provided by operating activities	<u>194,744</u>
CASH FLOWS (USED FOR) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of property, plant, and equipment	(194,854)
Sale of equipment	418
Net cash used in capital and related financing activities	<u>(194,436)</u>
Net increase in cash and cash equivalents	308
Cash and cash equivalents at beginning of year	<u>276,130</u>
Cash and cash equivalents at end of year	<u>\$ 276,438</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating gain (Loss)	\$ (45,238)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	204,460
Net (increase) decrease in:	
Accounts receivable	501
Inventories	-
Net increase (decrease) in:	
Accounts payable	17,832
Accrued liabilities	2,376
Change in net pension/OPEB liability	(13,847)
Change in deferred inflows related to pensions/OPEB	23,988
Change in deferred outflows related to pensions/OPEB	4,672
Net cash provided by operating activities	<u>\$ 194,744</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Disposal of fully depreciated capital assets	\$ 685,675

STATISTICAL SECTION

CITY OF PUNTA GORDA, FLORIDA

STATISTICAL SECTION
(Unaudited)

This part of the City of Statistical's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	119
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	124
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
Debt Capacity	128
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.	
Table of Computation of Legal Debt Margin is omitted because the Constitution of the State of Florida (FS 200.181) and City of Punta Gorda set no legal debt limit.	
Demographic and Economic Information	132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	134
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Punta Gorda, Florida
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2018	2017	2016	2015
Governmental activities				
Net Investment in capital assets	\$ 52,726,536	\$ 49,814,944	\$ 37,664,271	\$ 38,085,493
Restricted	10,408,669	8,245,109	6,195,576	5,923,953
Unrestricted	<u>(3,167,480)</u>	<u>2,399,857</u>	<u>9,363,493</u>	<u>3,775,599</u>
Total governmental activities net position	<u>\$ 59,967,725</u>	<u>\$ 60,459,910</u>	<u>\$ 53,223,340</u>	<u>\$ 47,785,045</u>
Business-type activities				
Net Investment in capital assets	\$ 57,907,294	\$ 54,273,261	\$ 52,611,061	\$ 50,998,883
Restricted	807,509	382,212	377,561	375,436
Unrestricted	<u>15,537,041</u>	<u>16,778,165</u>	<u>11,938,979</u>	<u>7,330,018</u>
Total business-type activities net position	<u>\$ 74,251,844</u>	<u>\$ 71,433,638</u>	<u>\$ 64,927,601</u>	<u>\$ 58,704,337</u>
Primary government				
Net Investment in capital assets	\$ 110,633,830	\$ 104,088,205	\$ 90,275,332	\$ 89,084,376
Restricted	11,216,178	8,627,321	6,573,137	6,299,389
Unrestricted	<u>12,369,561</u>	<u>19,178,022</u>	<u>21,302,472</u>	<u>11,105,617</u>
Total primary government net position	<u>\$ 134,219,569</u>	<u>\$ 131,893,548</u>	<u>\$ 118,150,941</u>	<u>\$ 106,489,382</u>

Per the Statement of Net Position

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 45,244,762	\$ 43,711,445	\$ 41,531,906	\$ 40,912,696	\$ 41,789,787	\$ 34,583,793
5,112,090	4,945,700	6,870,015	5,811,609	6,651,036	12,319,882
3,017,663	2,466,809	2,320,145	4,591,120	3,947,931	1,908,437
<u>\$ 53,374,515</u>	<u>\$ 51,123,954</u>	<u>\$ 50,722,066</u>	<u>\$ 51,315,425</u>	<u>\$ 52,388,754</u>	<u>\$ 48,812,112</u>
\$ 50,177,751	\$ 47,680,340	\$ 44,351,423	\$ 40,596,997	\$ 40,092,054	\$ 36,108,108
374,737	3,534,634	4,314,817	3,326,147	3,906,859	8,085,297
7,996,830	5,486,147	5,427,068	8,924,351	8,205,482	8,293,575
<u>\$ 58,549,318</u>	<u>\$ 56,701,121</u>	<u>\$ 54,093,308</u>	<u>\$ 52,847,495</u>	<u>\$ 52,204,395</u>	<u>\$ 52,486,980</u>
\$ 95,422,513	\$ 91,391,785	\$ 85,883,329	\$ 81,509,693	\$ 81,881,841	\$ 70,691,901
5,486,827	8,480,334	11,184,832	9,137,756	10,557,895	20,405,179
11,014,493	7,952,956	7,747,213	13,515,471	12,153,413	10,202,012
<u>\$ 111,923,833</u>	<u>\$ 107,825,075</u>	<u>\$ 104,815,374</u>	<u>\$ 104,162,920</u>	<u>\$ 104,593,149</u>	<u>\$ 101,299,092</u>

City of Punta Gorda, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2018	2017	2016	2015
Expenses				
Governmental activities:				
General government	\$ 4,636,326	\$ 3,580,902	\$ 3,228,631	\$ 3,703,548
Public safety	9,815,931	9,929,664	7,636,743	9,855,648
Transportation	3,397,617	3,241,684	2,977,812	3,863,105
Economic environment	474,915	762,373	517,709	268,170
Recreation	4,249,795	5,172,284	5,183,922	6,016,711
Interest on long-term debt	402,358	388,313	410,793	452,138
Total governmental activities expenses	<u>22,976,942</u>	<u>23,075,220</u>	<u>19,955,610</u>	<u>24,159,320</u>
Business-type activities:				
Water and wastewater	15,581,687	14,483,381	14,126,622	14,778,240
Sanitation/refuse	3,455,036	3,240,797	2,846,100	2,871,811
Building Fund	920,858	848,188	661,928	790,186
Marina Fund	457,960	364,672	365,560	359,993
Total business-type activities expenses	<u>20,415,541</u>	<u>18,937,038</u>	<u>18,000,210</u>	<u>18,800,230</u>
Total primary government expenses	<u>\$ 43,392,483</u>	<u>\$ 42,012,258</u>	<u>\$ 37,955,820</u>	<u>\$ 42,959,550</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,905,119	\$ 1,866,062	\$ 1,831,915	\$ 1,800,456
Public Safety	45,945	32,397	57,365	17,073
Transportation	268,664	240,094	216,787	190,366
Recreation	3,448,788	3,465,713	3,353,743	3,025,733
Operating grants and contributions	1,674,741	1,490,768	1,617,603	1,743,586
Capital grants and contributions	1,723,012	3,115,504	1,372,064	1,211,809
Total governmental activities program revenues	<u>9,066,269</u>	<u>10,210,538</u>	<u>8,449,477</u>	<u>7,989,023</u>
Business-type activities:				
Charges for Services:				
Water and Sewer	17,749,168	17,983,634	16,073,754	15,224,890
Sanitation/refuse	3,550,236	3,376,456	3,169,987	3,007,194
Building Fund	1,077,971	1,018,537	952,712	938,682
Marina Fund	395,513	410,002	401,755	369,635
Operating grants and contributions	35,378	5,726	-	-
Capital grants and contributions	3,043,715	2,619,498	3,350,066	1,403,846
Total business-type activities program revenues	<u>25,851,981</u>	<u>25,413,853</u>	<u>23,948,274</u>	<u>20,944,247</u>
Total primary government program revenues	<u>\$ 34,918,250</u>	<u>\$ 35,624,391</u>	<u>\$ 32,397,751</u>	<u>\$ 28,933,270</u>

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 3,104,181	\$ 3,700,758	\$ 3,761,601	\$ 3,789,465	\$ 3,932,729	\$ 4,206,952
9,545,036	8,963,993	8,831,471	8,575,957	8,608,147	8,284,731
2,521,786	3,135,032	2,794,684	2,928,550	2,671,254	2,489,020
369,530	315,774	247,121	409,960	280,643	105,296
4,903,586	4,957,977	4,785,081	5,298,806	4,799,940	4,545,088
511,552	861,963	961,431	1,018,596	1,158,268	892,524
<u>20,955,671</u>	<u>21,935,497</u>	<u>21,381,389</u>	<u>22,021,334</u>	<u>21,450,981</u>	<u>20,523,611</u>
14,178,055	14,502,662	14,535,733	14,980,052	14,169,605	16,219,660
2,828,035	2,801,361	2,726,802	2,583,077	2,644,978	2,653,853
617,141	578,421	538,982	524,200	756,813	878,240
313,107	262,959	245,701	243,105	226,092	184,295
<u>17,936,338</u>	<u>18,145,403</u>	<u>18,047,218</u>	<u>18,330,434</u>	<u>17,797,488</u>	<u>19,936,048</u>
<u>\$ 38,892,009</u>	<u>\$ 40,080,900</u>	<u>\$ 39,428,607</u>	<u>\$ 40,351,768</u>	<u>\$ 39,248,469</u>	<u>\$ 40,459,659</u>
\$ 1,831,762	\$ 1,610,489	\$ 1,574,413	\$ 1,656,887	\$ 1,733,185	\$ 447,370
18,000	13,109	12,730	13,939	11,244	42,485
181,993	164,868	161,386	152,488	133,718	131,063
3,026,325	3,027,570	3,027,944	3,026,319	3,017,860	2,497,317
581,741	578,158	630,204	1,023,291	604,884	572,143
2,423,487	2,066,261	1,224,478	1,893,746	5,506,701	4,674,346
<u>8,063,308</u>	<u>7,460,455</u>	<u>6,631,155</u>	<u>7,766,670</u>	<u>11,007,592</u>	<u>8,364,724</u>
14,787,349	14,725,171	14,718,754	14,740,246	13,433,435	13,555,767
2,975,695	2,943,612	2,926,609	2,913,888	2,871,430	2,886,005
720,922	700,241	498,327	476,797	481,971	393,770
311,782	234,247	221,764	205,486	235,027	202,033
30,312	-	5,349	-	-	-
737,575	2,000,105	753,196	503,116	345,518	1,810,905
<u>19,563,635</u>	<u>20,603,376</u>	<u>19,123,999</u>	<u>18,839,533</u>	<u>17,367,381</u>	<u>18,848,480</u>
<u>\$ 27,626,943</u>	<u>\$ 28,063,831</u>	<u>\$ 25,755,154</u>	<u>\$ 26,606,203</u>	<u>\$ 28,374,973</u>	<u>\$ 27,213,204</u>

(continued)

City of Punta Gorda, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year			
	2018	2017	2016	2015
Net (Expense)/Revenue				
Government activities	\$ (13,910,673)	\$ (12,864,682)	\$ (11,506,133)	\$ (16,170,297)
Business type activities	5,436,440	6,476,815	5,948,064	2,144,017
Total primary government net expense	<u>\$ (8,474,233)</u>	<u>\$ (6,387,867)</u>	<u>\$ (5,558,069)</u>	<u>\$ (14,026,280)</u>
General Revenues and Other Changes in Net Position				
Government activities:				
Property taxes	\$ 8,898,730	\$ 8,288,276	\$ 7,762,213	\$ 7,443,942
Franchise fees and other taxes	-	-	-	-
Utility taxes and gas taxes	4,353,742	4,324,289	4,108,696	3,976,441
Sales taxes	4,711,876	4,454,904	4,142,913	3,776,880
Investment earnings	355,383	144,617	53,246	39,818
Miscellaneous	774,346	4,355,310	875,852	1,948,105
Transfers	-	-	1,508	26,592
Total governmental activities	<u>19,094,077</u>	<u>21,567,396</u>	<u>16,944,428</u>	<u>17,211,778</u>
Business-type activities:				
Franchise fees and other taxes	-	-	-	-
Investment earnings	352,616	151,448	52,141	39,298
Miscellaneous	217,682	204,973	224,567	247,355
Transfers	-	-	(1,508)	(26,592)
Total business-type activities	<u>570,298</u>	<u>356,421</u>	<u>275,200</u>	<u>260,061</u>
Total primary government	<u>\$ 19,664,375</u>	<u>\$ 21,923,817</u>	<u>\$ 17,219,628</u>	<u>\$ 17,471,839</u>
Change in Net Position				
Governmental activities	\$ 5,183,404	\$ 8,702,714	\$ 5,438,295	\$ 1,041,481
Business-type activities	6,006,738	6,833,236	6,223,264	2,404,078
Total primary government	<u>\$ 11,190,142</u>	<u>\$ 15,535,950</u>	<u>\$ 11,661,559</u>	<u>\$ 3,445,559</u>

¹ The increase in FY 2010 in Charges for Services and the decrease in FY 2010 in Franchise fees and other taxes is a result of the reclassification of Franchise fees from the taxes category to permits, fees, and special assessment category.

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ (12,892,363)	\$ (14,475,042)	\$ (14,750,234)	\$ (14,254,664)	\$ (10,443,389)	\$ (12,158,887)
1,627,297	2,457,973	1,076,781	509,099	(430,107)	(1,087,568)
<u>\$ (11,265,066)</u>	<u>\$ (12,017,069)</u>	<u>\$ (13,673,453)</u>	<u>\$ (13,745,565)</u>	<u>\$ (10,873,496)</u>	<u>\$ (13,246,455)</u>
\$ 7,113,559	\$ 7,126,709	\$ 6,239,901	\$ 6,427,277	\$ 6,829,344	\$ 7,508,812
-	-	-	-	-	1,448,111
3,944,839	3,839,081	3,732,770	3,631,650	3,669,713	3,540,381
3,430,409	3,194,173	3,016,077	2,888,533	2,913,132	2,874,856
13,322	19,477	32,632	30,563	39,548	177,625
640,795	697,490	1,135,495	203,312	568,293	553,909
-	-	-	-	-	-
<u>15,142,924</u>	<u>14,876,930</u>	<u>14,156,875</u>	<u>13,181,335</u>	<u>14,020,030</u>	<u>16,103,694</u>
-	-	-	-	-	49,850
12,192	18,180	23,047	26,601	39,390	144,879
208,708	131,660	145,985	107,400	108,132	121,595
-	-	-	-	-	-
<u>220,900</u>	<u>149,840</u>	<u>169,032</u>	<u>134,001</u>	<u>147,522</u>	<u>316,324</u>
<u>\$ 15,363,824</u>	<u>\$ 15,026,770</u>	<u>\$ 14,325,907</u>	<u>\$ 13,315,336</u>	<u>\$ 14,167,552</u>	<u>\$ 16,420,018</u>
\$ 2,250,561	\$ 401,888	\$ (593,359)	\$ (1,073,329)	\$ 3,576,641	\$ 3,944,807
1,848,197	2,607,813	1,245,813	643,100	(282,585)	(771,244)
<u>\$ 4,098,758</u>	<u>\$ 3,009,701</u>	<u>\$ 652,454</u>	<u>\$ (430,229)</u>	<u>\$ 3,294,056</u>	<u>\$ 3,173,563</u>

City of Punta Gorda, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2018	2017	2016	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	80,732	70,083	63,499	61,842
Restricted	45,797	66,499	66,264	56,057
Assigned	2,270,590	2,318,195	1,811,189	1,339,579
Unassigned	3,434,295	2,896,557	2,365,335	2,171,940
Total general fund	<u>\$ 5,831,414</u>	<u>\$ 5,351,334</u>	<u>\$ 4,306,287</u>	<u>\$ 3,629,418</u>
All Other Governmental Funds				
Reserved				
Capital projects fund	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-
Permanent fund	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Nonspendable	5,000	5,176	5,000	5,000
Restricted	10,277,140	8,103,351	5,994,579	4,502,135
Committed	3,911,180	4,403,815	1,465,661	1,535,901
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 14,193,320</u>	<u>\$ 12,512,342</u>	<u>\$ 7,465,240</u>	<u>\$ 6,043,036</u>

Fiscal year 2011 fund balance classifications have been revised due to the implementation of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 20,258	\$ 23,330
-	-	-	-	2,719,651	2,975,814
61,943	61,130	69,198	69,170	-	-
43,040	39,272	35,665	31,798	-	-
1,484,576	1,396,255	650,152	1,323,782	-	-
1,470,469	1,200,223	1,390,377	1,251,292	-	-
<u>\$ 3,060,028</u>	<u>\$ 2,696,880</u>	<u>\$ 2,145,392</u>	<u>\$ 2,676,042</u>	<u>\$ 2,739,909</u>	<u>\$ 2,999,144</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,735,079	\$ 7,182,506
-	-	-	-	1,890,683	2,592,975
-	-	-	-	5,016	9,117
-	-	-	-	4,253,408	4,384,516
5,000	5,000	5,000	5,000	-	-
5,069,050	4,901,428	6,829,350	4,468,381	-	-
550,584	783,674	911,220	2,920,047	-	-
-	-	-	1,001,990	-	-
<u>\$ 5,624,634</u>	<u>\$ 5,690,102</u>	<u>\$ 7,745,570</u>	<u>\$ 8,395,418</u>	<u>\$ 10,884,186</u>	<u>\$ 14,169,114</u>

City of Punta Gorda, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2018	2017	2016	2015
Revenues				
Taxes	\$ 12,272,828	\$ 11,636,110	\$ 10,909,448	\$ 10,543,202
Licenses and permits	4,452,979	4,406,396	1,524,959	1,486,621
Intergovernmental	8,828,108	9,656,069	7,717,910	7,492,798
Charges for services	414,352	429,500	421,882	387,768
Fines and forfeits	49,974	81,856	72,172	98,977
Miscellaneous	5,329,201	8,605,448	7,544,247	8,011,528
Total revenues	<u>31,347,442</u>	<u>34,815,379</u>	<u>28,190,618</u>	<u>28,020,894</u>
Expenditures				
Current:				
General government	5,827,076	5,176,802	5,002,263	4,846,039
Public safety	9,789,721	9,405,454	9,262,835	9,108,890
Transportation	2,675,045	2,655,518	2,513,517	3,143,704
Economic environment	503,464	762,373	517,709	401,240
Recreation	4,246,892	5,433,875	5,310,909	5,414,963
Debt service:				
Principal	1,015,000	950,000	900,000	2,105,216
Interest and other charges	402,358	388,313	410,793	452,138
Capital outlay	13,976,828	3,950,895	2,182,992	1,622,108
Total expenditures	<u>38,436,384</u>	<u>28,723,230</u>	<u>26,101,018</u>	<u>27,094,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,088,942)</u>	<u>6,092,149</u>	<u>2,089,600</u>	<u>926,596</u>
Other financing sources (uses)				
Transfers in	13,817,124	7,065,449	2,666,969	3,025,491
Transfers out	(13,817,124)	(7,065,449)	(2,657,496)	(2,964,295)
Issuance of debt	9,250,000	-	-	-
Total other financing sources (uses)	<u>9,250,000</u>	<u>-</u>	<u>9,473</u>	<u>61,196</u>
Net change in fund balances	<u><u>\$ 2,161,058</u></u>	<u><u>\$ 6,092,149</u></u>	<u><u>\$ 2,099,073</u></u>	<u><u>\$ 987,792</u></u>
Debt service as a percentage of noncapital expenditures	<u>5.79%</u>	<u>5.40%</u>	<u>5.62%</u>	<u>10.04%</u>

¹ During FY 2013, (4) loans for the CRA district were refinanced resulting in the retirement of the four loans and new debt financing being issued as one loan. When calculating the debt service as a percentage of noncapital expenditures, the net change in principal plus all interest paid was used.

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 10,161,079	\$ 10,195,386	\$ 9,192,748	\$ 9,317,037	\$ 9,689,705	\$ 10,246,335
1,445,354	1,230,021	1,248,740	1,345,101	1,367,597	1,490,496
7,184,444	6,543,568	5,843,681	6,403,858	7,877,020	6,918,794
343,258	355,927	292,572	296,764	276,077	383,255
42,961	63,605	91,278	78,131	84,706	126,733
6,723,409	6,649,596	6,644,602	6,357,689	6,436,682	7,893,570
<u>25,900,505</u>	<u>25,038,103</u>	<u>23,313,621</u>	<u>23,798,580</u>	<u>25,731,787</u>	<u>27,059,183</u>
4,811,534	5,043,882	4,969,592	4,938,277	5,210,592	5,562,439
9,053,951	8,424,603	8,568,485	7,922,801	8,157,088	7,833,093
1,888,899	2,405,189	2,191,230	2,386,252	2,295,249	1,894,342
369,530	315,774	253,272	613,939	302,359	121,539
4,237,088	4,218,972	4,119,128	4,607,994	4,137,861	3,897,380
2,046,295	22,172,865 ¹	1,660,535	1,641,790	1,641,750	660,250
511,552	861,963	961,431	1,018,596	1,158,268	892,524
2,683,976	3,070,412	1,693,244	3,146,647	6,251,510	18,619,817
<u>25,602,825</u>	<u>46,513,660</u>	<u>24,416,917</u>	<u>26,276,296</u>	<u>29,154,677</u>	<u>39,481,384</u>
<u>297,680</u>	<u>(21,475,557)</u>	<u>(1,103,296)</u>	<u>(2,477,716)</u>	<u>(3,422,890)</u>	<u>(12,422,201)</u>
3,980,822	4,509,331	4,060,955	3,302,433	3,726,512	4,045,215
(3,980,822)	(4,567,754)	(4,138,157)	(3,377,352)	(3,847,785)	(4,229,674)
-	20,030,000 ¹	-	-	-	7,000,000
-	19,971,577	(77,202)	(74,919)	(121,273)	6,815,541
<u>\$ 297,680</u>	<u>\$ (1,503,980)</u>	<u>\$ (1,180,498)</u>	<u>\$ (2,552,635)</u>	<u>\$ (3,544,163)</u>	<u>\$ (5,606,660)</u>
<u>11.16% ¹</u>	<u>6.92% ¹</u>	<u>11.54%</u>	<u>11.50%</u>	<u>12.23%</u>	<u>7.44%</u>

City of Punta Gorda, Florida
 Just Value and Taxable Value of All Property
 Last Ten Fiscal Years

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2018	\$3,349,072,869	\$ 161,058,431	\$ 622,275,656	\$2,887,855,644	3.1969
2017	3,132,857,200	185,081,357	632,635,398	2,685,303,159	3.1969
2016	2,945,135,176	182,943,467	614,313,894	2,513,764,749	3.1969
2015	2,815,013,377	188,769,555	605,534,870	2,398,248,062	3.1969
2014	2,700,515,874	202,436,500	594,728,298	2,308,224,076	3.1969
2013	2,640,313,961	199,879,382	581,427,730	2,258,765,613	3.2462
2012	2,748,747,297	196,395,091	577,549,653	2,367,592,735	2.7462
2011	2,820,488,011	159,561,099	549,821,787	2,430,227,323	2.7251
2010	3,224,453,130	172,848,079	751,168,457	2,646,132,752	2.6996
2009	3,773,457,668	174,944,721	886,364,162	2,712,148,785	2.5689

Source: Charlotte County County Property Appraiser (DR 403)

Note: Property is assessed at market value. The Save Our Homes Amendment caps homesteaded property at a maximum increase in the taxable value to 3% per year. Tax rates are per \$1,000 of assessed value.

City of Punta Gorda, Florida
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year Ended September 30,	Total Direct Rate		Overlapping Rates ^a					Charlotte County School Board	Total Direct and Overlapping Rates
	Operating Millage	SWFWMD	Peace River Basin ^b	WCIND	Other	Charlotte County			
2018	3.1969	0.3131	0.0000	0.0394	0.2000	6.3007	6.5960	16.6461	
2017	3.1969	0.3307	0.0000	0.0394	0.2000	6.3007	6.9270	16.9947	
2016	3.1969	0.3488	0.0000	0.0394	0.2000	6.3007	7.2110	17.2968	
2015	3.1969	0.3658	0.0000	0.0394	0.2000	6.3007	7.3650	17.4678	
2014	3.1969	0.3818	0.0000	0.0394	0.2000	6.3007	7.5810	17.6998	
2013	3.2462	0.3928	0.0000	0.0394	0.2000	6.2796	7.4910	17.6490	
2012	2.7462	0.3928	0.0000	0.0394	0.2000	6.2796	7.3440	17.0020	
2011	2.7251	0.3770	0.1827	0.0394	0.2000	6.0892	7.8410	17.4544	
2010	2.6996	0.3866	0.1827	0.0394	0.2000	5.7096	7.3570	16.5749	
2009	2.5689	0.3866	0.1827	0.0394	0.0000	5.9096	6.3600	15.4472	

Source: Charlotte County Property Appraiser (Tax Roll Certification- Ad Valorem Rates)

Note: The City's operating millage rate is the only component of the Total Direct Rate for the last ten fiscal years.

^a Overlapping rates are those of county governments that apply to property owners within the City of Punta Gorda.

^b Effective with FY 2012, the Peace River Basin no longer exists as a taxable unit. The Regional Basin Boards were rolled into the District Boards for the funding of projects.

City of Punta Gorda, Florida
Principal Property Taxpayers
Last Ten Fiscal Years
(in millions)

Rank Taxpayer/Type of Business	Taxable Assessed Value (in millions)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
1 Florida Power & Light Co. Electric Utility	\$ 67.3	\$ 59.8	\$ 49.2	\$ 43.4	\$ 43.0	\$ 45.1	\$ 40.7	\$ 40.2	\$ 39.1	\$ 41.4
2 Punta Gorda Medical Center, Inc./Bayfront Health Punta Gorda Hospital	23.6	23.2	25.4	26.1	26.4	29.6	30.0	29.0	33.1	47.1
3 Wal-Mart Stores East LP	15.5	-	-	-	-	-	-	-	-	-
4 Embarq Sprint-United Telephone Co. of FL Telephone Utility	8.6	9.5	10.3	10.6	11.4	13.3	12.8	11.4	11.9	20.9
5 JB Fishville Retail Land LLC?/TA Fishville, I Shopping Center Fishermen's Village	8.3	7.5	8.9	8.4	7.2	12.5	11.3	14.9	10.8	13.0
6 Gettel PG Dealership	8.0	6.2	5.4	5.3	-	-	-	-	-	-
7 Punta Gorda AA Hotel, LLC PG Waterfront Hotel	7.2	7.0	7.0	7.6	8.2	9.5	11.0	10.5	11.2	13.3
8 Wyern Hospitality, LLC	6.8	7.2	7.4	7.3	6.8	7.8	7.9	7.8	8.1	-
9 Home Depot USA, Inc	6.1	6.2	6.5	6.5	6.9	7.1	7.2	7.4	7.8	9.0
10 Isles Yacht Club Inc.	6.0	5.9	5.7	5.7	5.7	5.2	5.7	5.6	-	9.0
11 Harbor Resort Hotel, LLC Four Points by Sheraton	5.8	5.0	-	-	7.6	5.3	5.8	-	-	-
Colonial Realty, Limited-shopping center Shopping Center Burnt Store	-	-	5.9	6.0	6.1	6.0	6.3	6.2	7.0	-
SunLoft LLC	-	-	-	-	-	-	-	7.6	8.0	13.6
Integrated Control Systems, Inc.- Training Center & Impac University	-	-	-	-	-	-	-	-	10.2	-
Palm Isles Condo Dev LLC Condo- Vivante	-	-	-	-	-	-	-	-	-	9.5
Punta Gorda Partners LLC Condo- Vivante	-	-	-	-	-	-	-	-	-	9.1
Total	\$ 163.2	\$ 137.5	\$ 131.7	\$ 126.9	\$ 129.3	\$ 141.4	\$ 138.7	\$ 140.6	\$ 147.2	\$ 185.9
City Total Taxable Assessed Value	\$2,685.3	\$2,685.3	\$2,513.8	\$2,398.2	\$2,308.2	\$2,258.8	\$2,367.6	\$2,430.2	\$2,646.1	\$2,712.1
Principal Taxpayer's Percentage of total	6.08%	5.12%	5.24%	5.29%	5.60%	6.26%	5.86%	5.79%	5.56%	6.85%

Source: Charlotte County Property Appraiser

City of Punta Gorda, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 9,232,175	\$ 8,897,919	96.38%	\$ 811	\$ 8,898,730	96.39%
2017	8,584,633	8,286,481	96.53%	1,795	8,288,276	96.55%
2016	8,034,956	7,762,139	96.60%	74	7,762,213	96.61%
2015	7,684,073	7,443,084	96.86%	858	7,443,942	96.87%
2014	7,379,151	7,113,559	96.40%	-	7,113,559	96.40%
2013	7,332,405	7,126,709	97.19%	-	7,126,709	97.19%
2012	6,502,365	6,239,901	95.97%	-	6,239,901	95.97%
2011	6,622,612	6,424,928	97.02%	2,349	6,427,277	97.05%
2010	7,143,500	6,829,121	95.60%	-	6,829,121	95.60%
2009	7,866,623	7,495,907	95.29%	3,196	7,499,103	95.33%

Source: City of Punta Gorda Finance Department and Charlotte County Tax Collector (DR 403)

**City of Punta Gorda, Florida
Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Governmental	Business-Type Activities		
	Capital Revenue Notes	Water and Wastewater Bonds	Water and Wastewater Notes	Capital Leases
2018	\$ 23,740,000	\$ -	\$ 5,998,434	\$ -
2017	15,505,000	-	3,719,981	-
2016	16,455,000	-	1,677,272	-
2015	17,355,000	-	2,548,732	-
2014	19,460,217	-	3,392,401	-
2013	21,506,512	1,525,000	4,209,541	-
2012	23,649,684	2,980,000	5,000,987	98,886
2011	25,310,219	4,360,000	5,785,571	215,871
2010	26,952,009	5,680,000	6,528,031	349,990
2009	28,593,759	6,940,000	7,247,148	479,092

* FY 2010 Population adjusted to 2010 US Census

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

Total Primary Government	Ratio of Outstanding Debt to Total Personal Income	Per Capita
\$29,738,434	3.8%	\$ 1,581
19,224,981	2.7%	1,034
18,132,272	2.7%	1,017
19,903,732	2.8%	1,129
22,852,618	3.3%	1,302
27,241,053	4.3%	1,570
31,729,557	4.9%	1,847
35,671,661	6.0%	2,144 *
39,510,030	6.9%	2,374
43,259,999	7.3%	2,546

City of Punta Gorda, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

There has been no General Bonded Debt Outstanding for the past ten fiscal years.

City of Punta Gorda, Florida
 Direct and Overlapping Governmental Activities Debt
 General Obligation Bonds
 As of September 30, 2018

	<u>Net Debt Outstanding</u>	<u>Percent Applicable to Punta Gorda ^a</u>	<u>Amount Applicable to Punta Gorda ^a</u>
<u>Governmental Unit</u>			
Overlapping debt			
Charlotte County School Board General Obligation debt	\$ -	0.00%	\$ -
City direct debt	<u>-</u>		<u>-</u>
Total direct and overlapping debt	<u>\$ -0-</u>		<u>\$ -0-</u>

Source: Assessed value data used to estimate applicable percentages provided by Charlotte County Property Appraiser. Debt outstanding data provided by each governmental unit.

^a The percentage of overlapping debt applicable is estimated using taxable assessed property values in the City of Punta Gorda to total taxable assessed valuation of property in Charlotte County.

City of Punta Gorda, Florida
Pledged-Revenues Coverage
Last Ten Fiscal Years

Water & Sewer Utility Revenue Bonds

Fiscal Year Ended September 30,	Pledged Revenues (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements Coverage	
2018	\$ -	\$ -	\$ -	\$ -	-
2017	-	-	-	-	-
2016	-	-	-	-	-
2015	-	-	-	-	-
2014	Revenue Bonds Retired				
2013	16,766,618	10,119,087	6,647,531	1,565,031	4.2
2012	15,592,877	9,920,795	5,672,082	1,573,260	3.6
2011	15,326,489	10,402,002	4,924,487	1,573,260	3.1
2010	13,877,616	9,379,526	4,498,090	1,578,540	2.8
2009	15,604,951	10,808,535	4,796,416	1,578,540	3.0

(a) Includes operating and nonoperating revenues, available impact fees and other pledged revenues.

(b) Excludes depreciation expense and the cost associated with Billing and Collection division.

**City of Punta Gorda, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal year Ended September 30,</u>	<u>Population City of Punta Gorda (a)</u>	<u>Population Charlotte County (a)</u>	<u>Per Capita Income (b)</u>	<u>Total Personal Income City of Punta Gorda (in thousands)</u>	<u>Unemployment Rate (c)</u>
2018	18,811	177,987	\$ 41,310	\$ 777,082	3.5%
2017	18,588	178,465	38,473	715,136	4.0%
2016	17,835	173,115	37,745	673,182	5.6%
2015	17,632	173,115	39,997	705,227	5.5%
2014	17,556	164,739	39,457	692,707	6.2%
2013	17,349	162,449	36,694	636,604	6.6%
2012	17,177	160,511	37,424	642,832	9.1%
2011	16,641	159,978	35,858	596,713	10.1%
2010	16,641*	159,978*	34,587	575,562 *	12.0%
2009	16,989	159,127	34,978	594,241	13.0%

Note: Information presented is the most current available.

* FY 2010 populations have been updated to reflect the 2010 US Census

^a **Source:** Bureau of Economic and Business Research (BEBR) of the University of Florida (except for FY 2010)

U.S. Bureau of Economic Analysis, Published November, 2016 for FY 2016

^b **Source:** FY 2013 through FY 2015 Federal Reserve Bank of St. Louis

FY 2009 through FY 2012, the source used for Per Capita Income and Total Personal Income of Punta Gorda was the Florida Statistical Abstract or U.S. Department of Labor, Bureau of Statistics.

FY 2016 through FY 2018, U.S. Department of Labor, Bureau of Statistics.

^c **Source:** U.S. Department of Labor, Bureau of Statistics

City of Punta Gorda, Florida
Principal Employers
(Punta Gorda MSA)

<u>Employer</u>	<u>Fiscal Year End 2018</u>			<u>Fiscal Year End 2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total MSA Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total MSA Employment</u>
Charlotte County School Board	1,897	1	2.69%	2,309	1	3.75%
Publix Super Markets, Inc.	1,361	2	1.93%	977	6	1.73%
Walmart Stores, Inc.	1,300	3	1.84%	1,424	2	2.31%
Charlotte County Board of Commisioners	1,189	4	1.67%	1,111	3	1.80%
Fawcett Memorial Hospital	854	5	1.21%	716	7	1.16%
Bayfront Health Port Charlotte (fka Peace River Regional, 2009)	825	6	1.17%	1,067	4	1.59%
Charlotte County Sheriff's Offices	680	7	0.96%	604	8	0.98%
Gettel/Palm Automall	670	8	0.95%	-		-
Winn-Dixie	664	9	0.94%	352	10	0.57%
Bayfront Health Punta Gorda (fka Charlotte Regional, 2009)	600	10	0.85%	984	5	1.60%
Charlotte Correctional Institute	-		-	426	9	0.69%

Note: Percentage calculation is number of employees divided by the total employed labor force as provided by the U.S. Department of Labor, Bureau of Labor Statistics.

City of Punta Gorda, Florida
 Authorized Full-time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager's Office	2.50	1.50	1.50	1.50	1.50	1.50	1.63	1.63	1.50	2.50
Human Resources	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Clerk	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Procurement	7.50	7.50	6.50	6.50	6.50	6.90	7.00	7.25	7.25	8.00
Finance	8.50	8.00	8.00	8.00	7.50	9.00	8.00	8.00	8.00	8.00
Legal	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Public Works										
Public Works Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Engineering	4.00	4.00	4.00	4.00	4.80	4.80	4.90	4.90	5.00	6.00
Right of Way Maint	13.00	13.00	13.00	13.00	13.00	14.00	14.00	14.00	15.00	16.00
Parks and Grounds	10.00	10.00	10.00	10.00	10.00	10.00	10.00	11.50	12.00	14.00
Facilities Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Police	53.00	49.00	49.00	49.00	49.00	49.00	49.00	49.00	52.00	51.00
Fire	29.00	29.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	29.00
Urban Design										
(1) Urban Design/Growth Mgmt	5.00	6.00	5.00	5.00	5.00	1.00	1.00	1.00	1.00	2.00
Zoning & Code Compliance	6.00	5.00	6.00	6.00	6.00	3.00	4.00	4.00	4.00	5.00
Urban Design	-	-	-	-	-	6.80	6.80	6.80	6.80	7.00
Punta Gorda Isles Canal Maintenance	13.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.50	10.50
(2) Charlotte Harbor Natl Estuary Prog	4.00	4.00	4.00	4.00						
Utilities										
Billing and Collections	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	4.60	8.00
Utilities Administration	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	7.00
Water Treatment	18.00	17.00	17.00	16.00	16.00	16.00	16.00	14.50	13.50	16.00
Wastewater Collection	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.80	15.00	15.00
Wastewater Treatment	15.50	15.00	15.00	14.00	13.50	13.50	13.50	13.50	13.50	13.50
Water Distribution	16.50	16.50	16.50	18.00	18.00	18.00	18.00	17.50	20.00	18.00
Fleet Maintenance	1.50	1.50	1.50	1.50	1.50	1.60	1.60	2.00	3.00	4.00
Sanitation/Refuse	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Building	9.00	8.00	8.00	6.56	6.56	5.00	4.87	4.00	8.00	8.00
Information Technology										
Information Technology (IT)	6.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Geographic Information Services(GIS)	-	-	-	-	-	-	-	-	-	-
Total	285.50	272.50	270.50	267.56	263.36	264.60	264.80	264.88	276.15	291.00

Source: City of Punta Gorda Amended Authorized Budget Position Summary

(1) FY 2014 Growth Mgmt Admin, Code Compliance and Urban Design were restructured and merged between Urban and Zoning & Code Compliance.

(2) FY 2015 began hosting the Charlotte Harbor National Estuary Program (CHNEP)

City of Punta Gorda, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Calls for Service	14,229	12,597	12,894	13,151	11,858	12,333	13,289	14,874	15,687	16,177
Citations Issued	7,007	4,435	7,194	7,901	10,567	9,842	8,562	11,446	12,626	13,708
Traffic crashes	676	604	595	582	493	441	444	447	491	465
Narcotics arrests	293	160	200	244	190	113	187	285	277	247
Fire Department										
Fires	61	70	58	78	68	50	80	97	52	81
EMS and Police assistance call	2,762	2,688	2,640	2,573	2,323	2,248	2,202	2,343	2,529	2,403
Building										
Building permits issued	2,473	2,001	1,932	1,804	1,580	1,553	812	1,297	1,170	939
Building inspections conducted	5,885	5,969	6,316	5,279	4,139	3,806	2,575	2,613	2,415	2,552
Dwelling units permitted	164	128	246	120	100	99	57	30	43	18
Streets and Highways										
Streets resurfaced (<i>miles</i>)	4.0	4.6	5.0	5.0	1.5	5.0	7.3	6.3	6.5	6.2
New sidewalks (linear feet)	425	0	0	1,090	350	2,084	6,020	2,000	4,490	6,547
Water										
New connections	227	227	316	278	148	111	62	51	9	45
Average daily consumption (<i>thousands of gallons</i>)	5,085	5,165	4,687	4,442	4,364	4,352	4,261	4,456	4,299	4,101
Peak daily consumption (<i>thousands of gallons</i>)	7,328	7,072	6,969	6,481	5,318	6,067	6,216	6,471	6,400	6,602
Water equivalent residential units (ERU)	22,426	22,114	21,511	21,103	20,870	20,790	20,656	20,645	20,512	20,651
Wastewater										
Average daily sewage treatment (<i>thousands of gallons</i>)	2,540	2,451	2,618	2,409	2,507	2,281	2,178	2,092	2,210	1,840
Sewer equivalent residential units (ERU)	16,935	16,602	16,228	15,904	15,694	15,557	15,422	15,390	15,292	15,062
Solid waste collection										
Solid waste collected (<i>tons per day</i>)	32.0	28.5	27.8	24.8	23.9	23.5	24.7	22.7	24.8	23.5
Recyclables collected (<i>tons per day</i>) includes yardwaste	26.6	17.3	16.9	13.5	13.3	13.4	13.2	11.7	11.4	10.8
Punta Gorda Isles Canal										
Seawall replacement (feet)	6,589	8,173	7,164	6,984	7,398	6,414	6,609	8,436	6,484	4,221
Seawall cap replacement (feet)	404	916	1,062	559	929	6,126	5,304	4,420	6,479	5,076
Total miles of seawall	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0
Total miles of canals	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5
Burnt Store Isles Canal										
Seawall replacement (feet)	-	1,114	1,206	1,284	1,484	1,788	1,740	1,594	694	750
Seawall cap replacement (feet)	103	331	118	51	0	699	556	2,637	898	1,036
Total miles of seawall	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Total miles of canals	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0

Source: Various city departments monthly reports and ERU Total reports.

City of Punta Gorda, Florida
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	2	2	2	2	2	2	2	2	2	2
Number of Police Officers Authorized	37	34	34	34	34	34	34	34	34	35
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Firefighters Authorized	26	26	26	26	26	26	26	26	26	26
Streets and Highways										
Streets (<i>miles</i>)	116	116	116	116	116	116	116	116	116	110
Unpaved streets (<i>miles</i>)	2	2	2	2	2	2	2	2	2	2
Streetlights	800	720	720	720	720	720	720	720	590	566
Traffic signal intersections	19	19	19	19	19	19	19	19	18	18
Water										
Water mains (<i>miles</i>)	240	238	238	238	237	237	237	237	237	237
Storage capacity (<i>thousands of gallons</i>)	6,870	6,870	6,870	6,870	6,870	6,870	6,870	6,870	6,870	6,870
Fire hydrants	1,242	1,230	1,230	1,230	1,253	1,234	1,234	1,193	1,177	1,173
Wastewater										
Sanitary sewers (<i>miles</i>)	129	129	130	130	130	130	130	129	129	129
Treatment capacity (<i>millions</i>)	4	4	4	4	4	4	4	4	4	4
Solid waste collection										
Collection trucks	10	10	10	10	10	10	10	10	10	10
Parks and recreation										
Acreage	120.0	120.0	120.0	110.8	104.0	104.0	104.0	90.7	90.7	90.7
Number of Parks	22	22	22	20	19	19	19	12	12	12

Source: City of Punta Gorda Finance Department.

Note: No capital assets indicators are available for the general government function.

CITY OF PUNTA GORDA, FLORIDA
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
 RELATED TO THE DEEPWATER HORIZON OIL SPILL
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Source</u>	<u>Amount Received in the 2018 Fiscal Year</u>	<u>Amount Expended in the 2018 Fiscal Year</u>
British Petroleum: Class Action Lawsuit - Agreement No. _MRID: 535409.000	<u>\$ -</u>	<u>\$ 397,659</u>

Note: The above funds represent 100% of the City's funds received and expended in relation to the Deepwater Horizon Oil Spill. There were no other federal or state awards received by the City that are related to the Deepwater Horizon Oil Spill.

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Punta Gorda, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Punta Gorda, Florida (the “City”), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 30, 2019.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Awards Program and on Internal Control over Compliance Required by Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report(s) on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 30, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification and to identify specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have

occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings

Purpose of this Letter

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

A handwritten signature in blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
April 30, 2019



CITY OF PUNTA GORDA, FLORIDA

FINANCE DEPARTMENT
326 West Marion Avenue
Punta Gorda, Florida, 33950
(941) 575-3318 Telephone

April 30, 2019

Memo to: City Council
Memo through: Howard Kunik, City Manager
Memo from: Kristin Simeone, Director of Finance
Regarding: Comments and recommendations from Auditors regarding our Financial Statements

AUDITORS' COMMENTS:

I. Prior year comments which continue to apply.

None.

II. Current year comments and recommendations.

None.

I agree with the management letter comments from the auditing firm of Ashley, Brown & Co.

Kristin Simeone, CPA
Director of Finance

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 Punta Gorda, 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, each major fund, and the aggregate remaining fund information of the City of Punta Gorda, Florida (the “City”), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated April 30, 2019 for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits.

Internal Control over Financial Reporting

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

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'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 blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
April 30, 2019



366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

**Report of Independent Accountant on Compliance with
Local Government Investment Policies and Gulf Coast Audits,
Requirements of Sections 218.415 and 288.8018, Florida Statutes**

Honorable Mayor and City Council
City of Punta Gorda, Florida

Report on Compliance

We have examined the City of Punta Gorda, Florida's (the "City's") compliance with the local government investment policy requirements of 218.415, Florida Statutes, and Gulf Coast audits (Deepwater Horizon Oil Spill) requirements of 288.8018, Florida Statutes, during the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 315, promulgated by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

The purpose of this report is to comply with the audit requirements of Sections 218.415 and 288.8018, Florida Statutes, and Rules of the Auditor General.

A handwritten signature in blue ink that reads "Ashley, Brown & Co." in a cursive script.

Punta Gorda, Florida
April 30, 2019

Independent Auditor's Report on Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the financial statements of the City of Punta Gorda, Florida, (the "City") as of and for the year ended September 30, 2018, and have issued our report thereon dated April 30, 2019 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ashley, Brown & Co.

Punta Gorda, Florida
April 30, 2019

CITY OF PUNTA GORDA, FLORIDA

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018

Independent Auditor's Report on Compliance for Each Major Federal Awards Program and on Internal Control over Compliance Required by the *Uniform Guidance*

Honorable Mayor and City Council
City of Punta Gorda, Florida:

Report on Compliance for Each Major Federal Awards Program

We have audited the City of Punta Gorda, Florida's (the "City") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of City's major federal awards program for the year ended September 30, 2018. The City's major federal award program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal awards program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). The *Uniform Guidance* standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal award program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal awards program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Awards Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each its major federal programs for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal awards program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal awards program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Punta Gorda, Florida
April 30, 2019

CITY OF PUNTA GORDA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

YEAR ENDED SEPTEMBER 30, 2018

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Award Programs

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of each major federal award program:

Major Federal Programs: CFDA No.

U.S. Environmental Protection Agency –
Capitalization Grants for Drinking Water State Revolving
Funds – Drinking Water State Revolving Fund Cluster 66.468

Dollar threshold used to determine Type A programs:

Federal programs \$ 750,000

Auditee qualified as low-risk auditee for federal purposes? X Yes No

CITY OF PUNTA GORDA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2018

Part II – Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III – Federal Award Programs - Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

CITY OF PUNTA GORDA, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN – FEDERAL AWARD PROGRAMS

YEAR ENDED SEPTEMBER 30, 2018

Prior Year Audit Findings:

There were no prior year audit findings.

Corrective Action Plan:

There were no audit findings in the current year independent auditor's reports that required corrective action.

CITY OF PUNTA GORDA, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

FEDERAL AGENCY <i>Pass-through entity</i> Federal Program - Project Name	Federal CFDA Number	Grant/Contract/Identifying Number	Federal Expenditures
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grant - 2018	14.228	B 14-MC-120041	\$ 1,330
Community Development Block Grant - 2017	14.228	B 16-MC-120041	<u>1,565</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2,895</u>
<u>DEPARTMENT OF THE INTERIOR</u>			
<i>Passed through the Florida Department of Environmental Protection</i>			
Clean Vessel Act	15.616	MV178	<u>6,213</u>
TOTAL DEPARTMENT OF THE INTERIOR			<u>6,213</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
National Estuary Program	66.456	00D22214	<u>566,139</u>
<i>Passed through the Florida Department of Environmental Protection</i>			
Capitalization Grants for Drinking Water State Revolving Funds - Drinking Water State Revolving Fund Cluster	66.468	DW080310	<u>277,449</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>843,588</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Florida Division of Emergency Management</i>			
Disaster Grants - Public Assistance	97.036	FEMA-4337-DR-FL / Z0243	<u>359,328</u>
TOTAL DEPARTMENT OF THE INTERIOR			<u>359,328</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,212,024</u>

The notes to Schedules of Expenditures of Federal Awards is an integral part of this schedule.

CITY OF PUNTA GORDA, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal awards of the City of Punta Gorda, Florida (the “City”) for the year ended September 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, the schedule is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City’s reporting entity is defined in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2018. All federal award programs received directly from federal agencies, as well as federal award programs passed through other government agencies, are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2018. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City did not utilize the 10-percent de minimis indirect cost rate for reimbursement of grant expenditures as covered in 2 CFR 200.414 (f) Indirect Costs.

NOTE 3 – CONTINGENCIES

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2018, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant funding are recorded in the year the adjustment occurs.

NOTE 4 – SUBRECIPIENTS

Of the federal awards presented in the Schedule, the City did not provide any amounts to subrecipients.

NOTE 5 – MAJOR FEDERAL PROGRAM DETERMINATION

Major federal program determination has been completed in accordance with the Uniform Guidance.

NOTE 6 – DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

After a presidentially declared disaster, Federal Emergency Management Agency (“FEMA”) provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. In 2018, FEMA approved \$359,328 for Hurricane Irma that occurred in September 2017. These approved expenditures for Hurricane Irma are presented on the Schedule for the fiscal year ended September 30, 2018.