

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

CITY OF PORT RICHEY, FLORIDA

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2020

CITY OF PORT RICHEY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

**CITY OF PORT RICHEY, FLORIDA
LISTING OF CITY OFFICIALS**

Council – Manager Form of Government

As of September 30, 2020

Elected Officials

Mayor	Scott Tremblay
Vice Mayor	William Dittmer
Council Member	Todd Maklary
Council Member	Tom Kinsella
Council Member	Jennie Sorrell

Appointed Officials

City Manager	Leonard Sossamon
City Attorney	James Mathieu

Department Directors

Fire	Tim Sirois
Police	Cyrus Robinson
Public Works	Sean Yuhas
Building Official	Dallas Foss
City Clerk	Sal Licari
Finance	Toni Hayes

**CITY OF PORT RICHEY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2020**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
ORGANIZATION CHART	7

FINANCIAL SECTION **9**

INDEPENDENT AUDITORS' REPORT	11
MANAGEMENT'S DISCUSSION AND ANALYSIS	14

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	29
STATEMENT OF ACTIVITIES	31

FUND FINANCIAL STATEMENTS

BALANCE SHEET – GOVERNMENTAL FUNDS	33
---	-----------

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS	34
--	-----------

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	35
---	-----------

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	36
---	-----------

STATEMENT OF NET POSITION – PROPRIETARY FUNDS	37
--	-----------

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	39
---	-----------

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	40
--	-----------

NOTES TO FINANCIAL STATEMENTS	42
--------------------------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	74
---	-----------

**CITY OF PORT RICHEY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2020**

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND – COMMUNITY REDEVELOPMENT	75
FLORIDA RETIREMENT SYSTEM – SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY	76
FLORIDA RETIREMENT SYSTEM – SCHEDULE OF CONTRIBUTIONS	77
RETIREE HEALTH CARE PLAN – SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY	78
OTHER SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT FUND	80
STATISTICAL SECTION	
SCHEDULES OF FINANCIAL TRENDS INFORMATION	
SCHEDULE 1 – NET POSITION BY COMPONENT	83
SCHEDULE 2 – CHANGES IN NET POSITION	84
SCHEDULE 3 – FUND BALANCES, GOVERNMENTAL FUNDS	85
SCHEDULE 4 – CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	86
SCHEDULE 5 – PROGRAM REVENUE BY FUNCTION/PROGRAM	87
SCHEDULE 6 – TAX REVENUES BY SOURCE, GENERAL FUND	88
SCHEDULES OF REVENUE CAPACITY INFORMATION	
SCHEDULE 7 – ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY	90
SCHEDULE 8 – DIRECT AND OVERLAPPING PROPERTY TAX RATES	91
SCHEDULE 9 – PRINCIPAL PROPERTY TAX PAYORS	93
SCHEDULE 10 – PROPERTY TAX LEVIES AND COLLECTIONS	94
SCHEDULE OF DEBT CAPACITY INFORMATION	
SCHEDULE 11 – RATIOS OF OUTSTANDING DEBT BY TYPE	97

**CITY OF PORT RICHEY, FLORIDA
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2020**

SCHEDULE 12 – DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	98
SCHEDULES OF DEMOGRAPHIC AND ECONOMIC INFORMATION	
SCHEDULE 13 – DEMOGRAPHIC AND ECONOMIC STATISTICS	100
SCHEDULE 14 – PRINCIPAL EMPLOYERS	101
SCHEDULES OF OPERATING INFORMATION	
SCHEDULE 15 – FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	103
SCHEDULE 16 – OPERATING INDICATORS BY FUNCTION/PROGRAM	104
SCHEDULE 17 – CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	105
OTHER REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	108
MANAGEMENT LETTER	110
INDEPENDENT ACCOUNTANTS’ REPORT	112

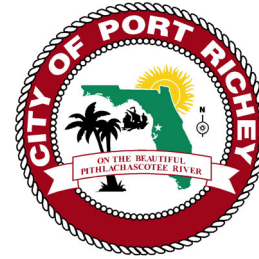
INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

CITY OF PORT RICHEY

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

“FOR SUNSHINE



AND PROGRESS”

June 30, 2021

Honorable Mayor and City Council
City of Port Richey, Florida

The Comprehensive Annual Financial Report of the City of Port Richey, Florida, for the fiscal year ended September 30, 2020 is hereby submitted in compliance with Florida law. The staff of the Finance Department prepared this Comprehensive Annual Financial Report with assistance from other departments. The responsibility for both the integrity of the data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City’s management. The report summarizes the City’s financial position and results of operations for its citizens, the City Council, the financial community and any other persons interested in the financial affairs of the City of Port Richey. All data is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We have included all necessary disclosures to enable the reader to gain the maximum understanding of the City’s financial activity.

The financial statements include the provisions of Governmental Accounting Standards Board Statement Number 34, “Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments”. This reporting format is further discussed in Management’s Discussion and Analysis beginning on page 14. This letter of transmittal is designed to complement Management’s Discussion and Analysis and should be read in conjunction with it.

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

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

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

The financial section of the report contains the government-wide financial statements, the fund financial statements – governmental funds and proprietary funds, notes to the financial statements, required supplementary information and other supplementary schedules which present fairly the financial position and results of the operations for the fiscal year ended September 30, 2020. These statements are divided into four parts.

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

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

THE REPORTING ENTITY

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

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

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

LOCAL ECONOMIC CONDITION AND OUTLOOK

The City's revenue sources were negatively impacted by the decline in property values that began in fiscal year 2009 and which continued into fiscal year 2014. Beginning in fiscal year 2015, and now continuing into fiscal year 2020, the City is seeing an increase in property values that has resulted in an increase of Ad valorem tax revenues. The City is continuing to develop programs through the use of funds available in Port Richey Community Redevelopment Agency (CRA) to promote redevelopment and improve the community's economic condition and outlook.

The City has been working in conjunction with Pasco County to redevelop the U.S.19 corridor and encourage private investment in the City's Waterfront District. The City has seen increased commercial activity along U.S. 19, as well as the Waterfront District.

MAJOR INITIATIVES

An initiative that was begun in fiscal year 2011 that has continued into fiscal year 2020 is the revitalization of the City's financial well-being. The City ended fiscal year 2010 with a deficit balance of \$342,617 in the Governmental Activities Unrestricted Net Position and a deficit balance of \$867,969 in the Business-type Activities Unrestricted Net Position. Additionally, the Water and Sewer Fund had a history of many years of continued losses. Through initiatives such as Water and Sewer utility rate increases, the re-instatement of the Electric Utility tax that went into effect January 1, 2011, and the ability to utilize Red Light Cameras, the City has been able to considerably improve upon its financial position. A new rate structure for the City Water and Sewer Utility was adopted on October 15, 2013 which will help increase net position for the Water and Sewer Utility fund.

As of September 30, 2020, the Governmental Activities Unrestricted Net Position had a negative balance of \$4,672,310, and the Business-type Activities Unrestricted Net Position had a positive balance of \$1,171,470. It is very important for the user of the City's Comprehensive Annual Financial Report to understand why the Governmental Activities Unrestricted Net Position now has a negative balance of \$4,672,310. The City adopted Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* in fiscal year ended September 30, 2015. As a result of the implementation of GASB Statements 68 and 71, the City reported a restatement for the change in accounting principle as of October 1, 2014 for the City's proportionate interest in the Florida Retirement System cost sharing - multiple employer plan. This has resulted in the City now having to report a net pension liability for the Florida Retirement System pension plan in the statement of net position as of September 30, 2020 of \$5,387,580 in the Governmental Activities and \$877,064 in the Business-type Activities.

Additionally, the City adopted GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in the fiscal year ended September 30, 2018. As a result of the implementation of GASB Statement 75, the City reported a net other post-employment benefits liability in the statement of net position of \$1,460,606 in the Governmental Activities and \$411,972 in the Business-type Activities as of September 30, 2020.

Another very important indicator of the significant improvement that has been achieved since 2011 in the City's financial condition is that the General Fund Unassigned Fund Balance was \$1,021,107 as of September 30, 2020. The General Fund Unassigned Fund Balance is that portion of the fund equity that is available to pay for the on-going activities of the City.

The City expended \$632,776 in fiscal year 2020 for capital improvement additions including approximately \$176,000 for the improvements to the River Gulf Rd./Grand Blvd. Sidewalk, \$85,740 for switch in City Hall generator, approximately \$112,000 of equipment for new police vehicles, approximately \$41,000 of fire equipment, and approximately \$90,000 on underdrains at the Water Treatment Plant (WTP).

FINANCIAL INFORMATION

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

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

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

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

BUDGETING CONTROLS

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

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

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

ENTERPRISE OPERATIONS

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

WATER AND SEWER FUND

The City provides utility service to approximately 2,200 residential customer accounts and nearly 400 commercial accounts. This represents customers both within and outside of the City's limits. The City owns its well field and water treatment facility. This Water Treatment Plant facility has a treatment capacity of approximately 1.2 million gallons of water per day. The safe yield of the City well field has been estimated at 1.16 million gallons per day.

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

DEBT ADMINISTRATION

Revenue Bonds Payable, Series 2016: On September 29, 2016, the City issued \$3,055,000 of bonds through the Florida Municipal Loan Council for the purpose of advance refunding the Revenue Bonds Payable Series 2005C in the amount of \$500,000 and the Revenue Bonds Payable Series 2005D in the amount of \$2,615,000. As a result, the Revenue Bonds Payable Series 2005C and 2005D were defeased and subsequently paid-off on November 1, 2016 from the amount being held in escrow. The Series 2005C Revenue Bonds were an obligation of the City's General Fund and the Series 2005D Revenue Bonds were a liability of the Water and Sewer Fund. The 2016 Revenue Bonds were issued to reduce the City's overall interest costs. The advance refunding enabled the City to obtain an economic gain of \$318,598 through the reduction of future interest costs.

The balance outstanding on the Revenue Bonds Payable, Series 2016 as of September 30, 2020, pertaining to the Governmental Activities (General Fund) is \$0 and the balance pertaining to the Business-type Activities (Water and Sewer Fund) is \$2,125,000.

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

PERSPECTIVE

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

The City Council and management remain committed to improving the financial soundness of the City as demonstrated by their commitment to maintaining a balanced budget.

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

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

INDEPENDENT AUDIT

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

ACKNOWLEDGEMENTS

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

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

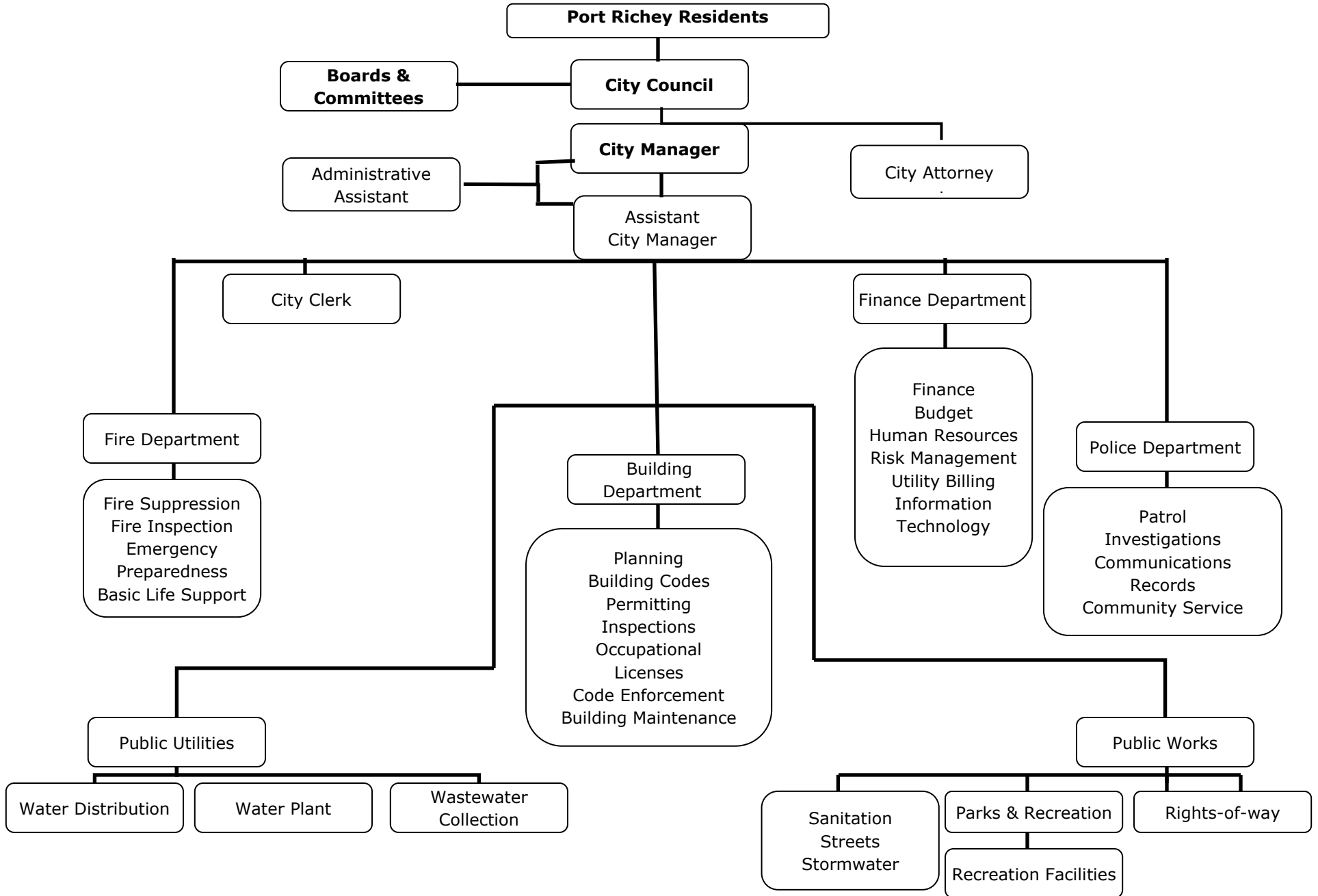
Respectfully submitted,

A handwritten signature in black ink, appearing to be 'John Dudte', written in a cursive style.

John Dudte
City Manager

ORGANIZATION CHART

City of Port Richey Organizational Chart



(This page intentionally left blank)

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditors' Report

Required Supplemental Information
Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information Other Than
Management's Discussion and Analysis

Other Supplementary Schedules

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Port Richey, 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 Port Richey, Florida (the City), as of and for the year ended September 30, 2020, 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.

Auditors' 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 City'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 City'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 of Port Richey, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 26 and the additional information on pages 74 through 78, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary schedule on page 80 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2021, 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. The purpose of that report is solely 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 the effectiveness of the City's 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 30, 2021

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 27).

HIGHLIGHTS

Financial Highlights

- Government-wide unrestricted cash, pooled cash and cash equivalents totaled \$3,280,852 at September 30, 2020. Restricted cash and cash equivalents totaled \$5,006,217 at September 30, 2020.
- For the fiscal year ended September 30, 2020, citywide expenses of \$10,338,065 net of program revenues of \$5,375,529 resulted in a net cost of providing city services of \$4,962,536. This net cost amount is generally the amount that needs to be funded by the General Revenues of the City. The net cost of providing city services for September 30, 2019 was \$4,284,576. The increase in the net cost of providing city services of \$677,960 compared to the prior year is primarily attributable to an increase in public safety expenses of \$783,375.
- The net cost of providing city services in the governmental activities was \$4,626,499 compared to \$3,687,159 in 2019. This increase in cost is attributable to the increase in general government and police expenses as noted just above.
- For the business-type activities (water and sewer utility and stormwater utility operations) program expenses exceeded program revenues by \$336,037. In 2019, program revenues exceeded expenses by \$597,417. Program revenues decreased in 2020 by \$108,067 compared to 2019 and program expenses decreased in 2020 by \$369,447 compared to 2019.
- The City's net position decreased \$78,655 from fiscal year 2019 activities compared to an increase of \$345,011 for 2019. The governmental net position decreased by \$42,732 or 0.76% and the business-type (Water and Sewer Fund Utility and Stormwater Utility Fund) net position decreased by \$35,923 or 0.39%.

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- The net position of the City (overall equity) exceeded its liabilities at the close of fiscal 2020 by \$14,909,557 (net position). The governmental activities unrestricted net position was a negative amount of \$4,672,310 as of September 30, 2020. Business-type activities unrestricted net position was \$1,171,468 as of September 30, 2020. The negative balance in the governmental activities unrestricted net position is directly as a result of recording the City's proportionate interest in the net pension liability of the Florida Retirement System of \$5,387,580 and the Postemployment Benefits Other Than Pensions liability of \$1,460,606 as explained below.
- During fiscal year 2015, the City was required to implement Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. This necessitated the City reporting a net pension liability of \$2,531,904 at that time for the City's proportionate share of the Florida Retirement System (FRS). The net pension liability as of September 30, 2020 as reported in the statement of net position (page 29) is \$6,264,644, of which \$5,387,580 (noted above) pertains to governmental activities and \$877,064 pertains to business-type activities. The implementation of GASB 68 did not impact the governmental fund financial statements that are presented on pages 33 and 35 of this report.

City Highlights

- The City expended \$456,386 on capital improvements for governmental activities during fiscal year 2020, including approximately \$176,000 for the improvements to the River Gulf Rd./Grand Blvd. Sidewalk, \$85,740 for switch in City Hall generator, approximately \$112,000 of equipment for new police vehicles, and approximately \$41,000 of fire equipment.
- The City expended \$176,389 on capital improvements for business-type activities during fiscal year 2020 pertaining to approximately \$90,000 on underdrains at the Water Treatment Plant (WTP), as well as new water pumps.

USING THIS ANNUAL REPORT

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

CITY OF PORT RICHEY, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Government-wide Financial Statements

The government-wide financial statements (see pages 29-32) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the statement of net position (the Unrestricted Net Position) is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The statement of activities (see pages 31-32) is focused on both the gross and net cost of various activities (including governmental and business-type) which are provided by the government's general tax and other revenues. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or the subsidy to various business-type activities.

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

Fund Financial Statements

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

The Governmental Major Fund (see pages 33 and 35) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 74).

While the amounts on the Business-type Fund Financial Statements (see pages 37-41) are the same as those within the Business-type column in the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 34 and 36). The flow of current financial resources will reflect capital expenditures and debt repayment. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the Government-wide statements).

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Infrastructure Assets

The City presents its comprehensive annual financial report in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, including the reporting of infrastructure capital assets related to governmental activities. Prior to this accounting standard, a government’s largest group of assets (infrastructure – buildings and roads as well as vehicles and equipment) had not been depreciated in government financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the Governmental column of the Government-wide Statements.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed statement of net position for the current year.

Statement of Net Position As of September 30, 2020			
	Governmental Activities	Business-type Activities	Total Primary Government
	2020	2020	2020
Current assets	\$ 1,365,895	\$ 2,600,784	\$ 3,966,679
Capital assets, net	6,527,366	9,137,237	15,664,603
Non-current assets – cash and investments	3,857,136	1,149,081	5,006,217
Non-current assets - other	-	30,839	30,839
Deferred outflows of resources	1,754,123	291,352	2,045,475
Total assets and deferred outflows of resources	13,504,520	13,209,293	26,713,813
Current liabilities	352,731	464,011	816,742
Non-current liabilities -			
Total Other Postemployment Benefits liability	1,460,606	411,972	1,872,578
Long-term debt outstanding	-	2,048,865	2,048,865
Net pension liability	5,387,580	877,064	6,264,644
Accrued compensated absences	477,036	73,024	550,060
Deferred inflows of resources	218,787	32,580	251,367
Total liabilities and deferred inflows of resources	\$ 7,896,740	\$ 3,907,516	\$ 11,804,256

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Net position:			
Net investment in capital assets	\$ 6,436,744	\$ 6,965,394	\$ 13,402,138
Restricted	3,843,346	1,164,915	5,008,261
Unrestricted	(4,672,310)	1,171,468	(3,500,842)
Total net position	<u>\$ 5,607,780</u>	<u>\$ 9,301,777</u>	<u>\$ 14,909,557</u>

For more detailed information see the Statement of Net Position (pages 29-30).

At the end of fiscal year 2020, the city-wide net position decreased \$78,655 from current year operations. These changes resulted in an ending balance of \$14,909,557 compared to the net position of \$14,988,212 at the end of fiscal year 2019. Net position for Governmental Activities was \$5,607,780 and net position for Business-type Activities was \$9,301,777. The total net position includes the amount of \$13,402,138 which represents the City's net investment in capital assets and \$5,008,261 which represents current and other assets restricted for specific purposes. The portion of net position that is unrestricted equals a negative amount of \$3,500,842. As previously explained, the negative unrestricted net position is directly associated with recording the net pension liability of \$6,264,644 for the City's proportionate share of the Florida Retirement System (FRS) as required by GASB 68 and the Postemployment Benefits Other Than Pensions liability of \$1,872,578 required by GASB 75.

The Statement of Net Position on pages 29-30 shows the specific restrictions to net position. Restrictions within the City's Governmental Activities pertaining to capital projects total \$2,058,758 and include unexpended Transportation Impact fees of \$621,079 which must be used to fund transportation infrastructure capital improvements, unexpended Police and Fire Impact fees of \$80,722 which are committed for facility capital projects in these two areas, and \$1,356,957 of unexpended discretionary sales tax funding that it to be expended on infrastructure improvements, vehicles, or the payment of indebtedness incurred for infrastructure assets. There is a total of \$1,648,887 that is restricted for community redevelopment and \$135,701 for police benevolence.

Normal Impacts – Statement of Net Position

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

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

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

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

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

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

Current Year Impacts

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

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Activities

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

Statement of Activities						
For the Year Ended September 30, 2020						
	Governmental Activities		Business Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Charges for services						
Water and Sewer Utility	\$ -	\$ -	\$ 3,293,113	\$ 3,402,942	\$ 3,293,113	\$ 3,402,942
Stormwater Utility	-	-	126,999	125,237	126,999	125,237
Public Safety	1,616,566	1,525,806	-	-	1,616,566	1,525,806
Physical Environment	67,443	78,261	-	-	67,443	78,261
General Government	52,907	42,588	-	-	52,907	42,588
Operating Grants						
Culture and Recreation	-	23,351	-	-	-	23,351
Physical Environment	79,712	190,407	-	-	79,712	190,407
Capital Grants						
Public Safety	-	38,608	-	-	-	38,608
Physical Environment	138,789	-	-	-	138,789	-
General Revenues:						
Property Taxes	2,424,945	2,257,211	-	-	2,424,945	2,257,211
Franchise Fees	341,645	346,772	-	-	341,645	346,772
Communications Service Tax	185,126	169,352	-	-	185,126	169,352
Other Utility Taxes	478,239	457,661	-	-	478,239	457,661
Half-Cent Sales Tax	212,828	200,039	-	-	212,828	200,039
Local Option Gas Tax	136,616	95,714	-	-	136,616	95,714
Discretionary Surtax - Infrastructure	520,615	512,756	-	-	520,615	512,756
Other Taxes	73,876	69,773	-	-	73,876	69,773
State Revenue Sharing	103,340	103,704	-	-	103,340	103,704
Impact Fees	36,845	43,732	249,340	309,320	286,185	353,052
Investment income	39,224	22,873	32,635	6,717	71,859	29,590
Miscellaneous	32,317	26,578	18,139	11,098	50,456	37,676
Loss on the Sale of Capital Assets	(1,849)	(3,713)	-	-	(1,849)	(3,713)
Total Revenues	6,539,184	6,201,473	3,720,226	3,855,314	10,259,410	10,056,787
EXPENSES						
Program Activities						
Primary Government:						
Governmental Activities:						
General Government	2,004,452	1,614,983	-	-	2,004,452	1,614,983
Public Safety	3,851,040	3,067,665	-	-	3,851,040	3,067,665
Protective Inspections	-	-	-	-	-	-
Physical Environment	510,521	520,919	-	-	510,521	520,919
Culture and Recreation	204,359	369,154	-	-	204,359	369,154
Interest Expense	11,544	13,459	-	-	11,544	13,459
Business-Type Activities:						
Water and Sewer	-	-	3,590,289	3,924,391	3,590,289	3,924,391
Stormwater Utility	-	-	165,860	201,205	165,860	201,205
Total Expenses	6,581,916	5,586,180	3,756,149	4,125,596	10,338,065	9,711,776
Change in Net Position (Decrease)	(42,732)	615,293	(35,923)	(270,282)	(78,655)	345,011
Net Position – Beginning of Year	5,650,512	5,035,219	9,337,700	9,607,982	14,988,212	14,643,201
Net Position- End of Year	\$ 5,607,780	\$ 5,650,512	\$ 9,301,777	\$ 9,337,700	\$ 14,909,557	\$ 14,988,212

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Normal Impacts – Statement of Activities

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

Revenues

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

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

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

Contribution from the Water and Sewer Fund and Stormwater Utility Fund – the City owns and operates the Water and Sewer Utility system and Stormwater Utility system. The City provides considerable administrative support services for the utility systems for which the General Fund assesses \$484,395 in fees to the Water and Sewer Fund and \$27,261 in fees to the Stormwater Utility Fund.

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

Expenses

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

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

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

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Over the last several years, costs of fuel, general insurance, employee health benefits and pension costs have tended to experience increases. Contract services that have these personnel costs factored in can fluctuate based on these inflationary pressures.

Current Year Impacts

Revenues

**Governmental Funds
Revenues**

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Revenues				
Taxes	\$ 4,373,890	\$ 4,109,278	\$ 264,612	6.44
Licenses and Permits	334,615	308,393	26,222	8.50
Intergovernmental Revenues	512,248	127,055	385,193	303.17
Impact Fees	36,845	43,732	(6,887)	(15.75)
Charges for Services	22,871	20,442	2,429	11.88
Fines and Forfeitures	1,379,430	1,317,820	61,610	4.68
Interest Income	39,224	22,873	16,351	71.49
Miscellaneous Revenues	32,317	65,186	(32,869)	(50.42)
Total Revenues	<u>\$ 6,731,440</u>	<u>\$ 6,014,779</u>	<u>\$ 716,661</u>	11.92

Overall, revenues in the City's Governmental funds increased \$716,661 or 11.92% from last year. The primary source of the increase was from an increase in taxes of \$264,612 and intergovernmental revenues \$385,193.

Expenditures

**Governmental Funds
Expenditures**

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Expenditures				
General Government	\$ 1,822,982	\$ 1,548,137	\$ 274,845	17.75 %
Public Safety	2,923,014	2,647,662	275,352	10.40
Physical Environment	336,910	370,322	(33,412)	(9.02)
Culture and Recreation	133,066	304,258	(171,192)	(56.27)
Capital Outlay	404,643	393,695	10,948	2.78
Debt Service	176,052	167,648	8,404	5.01
Total Expenditures	<u>\$ 5,796,667</u>	<u>\$ 5,431,722</u>	<u>\$ 364,945</u>	6.72

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Total expenditures for the governmental funds increased by \$364,945 or 6.72% for the fiscal year ended September 30, 2020. The largest source of the increase was due to an increase in police wages and an increase in percentage of salaries charged within the Building Department under the Community Redevelopment Fund.

Total expenditures in the Governmental funds were \$5,796,667 for the fiscal year ended September 30, 2020. This compares to \$6,581,916 of expenses that are reported in the Statement of Activities for Governmental Activities. The main differences in arriving at the amounts per the Statement of Activities is the provision for noncash depreciation of \$362,512, providing for the un-depreciated cost of capital assets disposed of in the amount of \$1,849, the removing of capital expenditures of \$404,643, the removing of principal payments of \$164,863 made on long-term debt, the increase in pension expense of \$696,768 related to the City's proportionate share of the Florida Retirement System pension liability, the recording of the increase in compensated absences of \$4,837 and an increase in the OPEB liability of \$290,283.

Operating expenditures (total expenditures less capital outlay and debt services expenditures) increased in the General Fund by \$154,149 and increased by \$181,557 in the Community Redevelopment Fund.

Proprietary Fund (Business Type Funds)

The combined net position of the Water and Sewer Utility and Stormwater Utility enterprise funds decreased \$35,923 in 2020. This decrease is comprised of operating loss of \$254,431, plus impact fee income of \$249,340, less nonoperating expenses of \$30,832.

Net Income (Loss) from Operations is a measure of profit before nonoperating revenues and expenses and contributions, and measures only the revenues and costs associated with the operation of the business activity. For fiscal 2020, the Water and Sewer Fund Utility and Stormwater Utility Fund combined operating loss was \$254,431 compared to operating loss of \$515,141 in 2019.

The Water and Sewer Utility Fund incurred an overall decrease in net position of \$40,760. Charges for services decreased by \$109,829 compared to 2019. Operating expenses decreased by \$326,391, which is due primarily to decreases of \$183,482 in personal services and \$58,834 in general and administrative expenses.

The City implemented a Stormwater Utility charge in fiscal year 2006 to fund needed stormwater improvements and established a new proprietary fund to account for the activity in this enterprise fund. Total stormwater utility fees received in fiscal year 2020 were \$126,999 and operating expenses were \$165,860, resulting in an operating loss of \$38,861. There was an overall increase in net position for the Stormwater Utility fund in 2020 of \$4,837 resulting from the operating loss of \$38,861 being offset by nonoperating revenue impact fees of \$41,311 and interest income of \$2,387.

Budgetary Highlights – General Fund

There was no change to the total final budgeted appropriations for the General Fund compared to the original budgeted total. Actual revenues were \$367,022 less than the amount budgeted, and expenditures (including transfers – out) were less than the amount budgeted by \$860,810.

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Budgeted revenues were \$5,815,402 compared to actual revenues of \$5,448,380. Revenue budgets are based on projections using historic trend analysis. Actual amounts collected may vary significantly depending on changing domestic and global economic conditions and consumer spending habits.

A review of the financial statements will reveal that total taxes were \$95,016 in excess of the amount budgeted, licenses and permits were below the amount budgeted by \$49,385, intergovernmental revenues were \$665,009 below budget, impact fees were \$3,654 below budget, and fines and forfeitures were \$252,680 in excess of the amount budgeted.

Budgeted expenditures totaled \$5,727,723 compared to \$4,866,913 in actual expenditures, resulting in a positive variance of \$860,810.

The significant favorable variances that occurred when comparing the final budgeted expenditures to the actual expenditures for 2020 include culture and recreation expenditures being under budget by \$999,852, primarily due to the COVID-19 pandemic.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

- As of September 30, 2020, the City had \$15,664,603 invested in capital assets as compared to \$15,935,634 in the prior year. This represents a net decrease of \$271,031 from the prior year.

	Capital Assets at September 30,					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land, improvements and rights	\$ 3,012,788	\$ 3,012,788	\$ 27,000	\$ 27,000	\$ 3,039,788	\$ 3,039,788
Construction in Progress	262,204	192,781	-	-	262,204	192,781
Buildings and Improvements	2,139,151	2,139,151	464,050	447,550	2,603,201	2,586,701
Improvements and Infrastructure					-	-
Other than Buildings	4,965,717	4,766,007	18,217,806	18,102,904	23,183,523	22,868,911
Equipment and Vehicles	2,882,666	2,908,162	331,364	314,377	3,214,030	3,222,539
Software	16,604	16,604	-	-	16,604	16,604
Total Cost of Assets	<u>13,279,130</u>	<u>13,037,512</u>	<u>19,040,220</u>	<u>18,893,850</u>	<u>32,319,350</u>	<u>31,931,362</u>
Less: Accumulated Depreciation	<u>(6,751,764)</u>	<u>(6,548,409)</u>	<u>(9,902,983)</u>	<u>(9,443,281)</u>	<u>(16,654,747)</u>	<u>(15,991,690)</u>
Total	<u><u>\$ 6,527,366</u></u>	<u><u>\$ 6,489,103</u></u>	<u><u>\$ 9,137,237</u></u>	<u><u>\$ 9,450,569</u></u>	<u><u>\$ 15,664,603</u></u>	<u><u>\$ 15,939,672</u></u>

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the financial statement notes (See Note 4 to the financial statements - Capital Assets).

	Change in Capital Assets – (Net)		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Additions / Transfers in	\$ 456,386	\$ 176,389	\$ 632,775
Retirements / Transfers out	(212,749)	(28,000)	(240,749)
Depreciation	(362,512)	(487,702)	(850,214)
Accumulated Depreciation Retirements	159,157	28,000	187,157
Ending Balance	<u>\$ 40,282</u>	<u>\$ (311,313)</u>	<u>\$ (271,031)</u>

Debt Outstanding

As of September 30, 2020, the City had \$2,780,605 of outstanding debt, including compensated absences, as compared to \$3,087,926 as of September 30, 2019. This represents a net decrease of \$307,321 from the end of last year.

Debt Outstanding at September 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue Bonds, Series 2016	\$ -	\$ 135,000	\$ 2,125,000	\$ 2,235,000	\$ 2,125,000	\$ 2,370,000
Bond Premium	-	1,297	43,832	49,051	43,832	50,348
Total Bonds Payable	-	136,297	2,168,832	2,284,051	2,168,832	2,420,348
Capital Leases Payable	30,806	60,669	-	-	30,806	60,669
Compensated Absences	506,027	501,190	74,940	105,719	580,967	606,909
Total	<u>\$ 536,833</u>	<u>\$ 698,156</u>	<u>\$ 2,243,772</u>	<u>\$ 2,389,770</u>	<u>\$ 2,780,605</u>	<u>\$ 3,087,926</u>

For more information regarding the City's debt, please refer to Note 6 to the financial statements - Long-term Debt.

ECONOMIC FACTORS

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

- After six years of decline, fiscal years 2015 through 2020 have marked an upward trend in which real estate property values have increased within the City and also within the Tampa Bay area. Looking to the future it does appear that property values are stabilizing with the expectation that values will continue to increase.
- The state of Florida, by constitution, does not have a state personal income tax and, therefore, the state operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of other taxes (sales, gasoline, utilities services) and fees (franchise, business tax, and permits) for their governmental activities. There are a limited number of state-shared revenues and recurring and nonrecurring (one-time) grants from both the state and federal governments.

**CITY OF PORT RICHEY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2020 operations and financial results including, costs for emergency preparedness, personnel overtime and supplies. Management believes the City is taking appropriate actions to mitigate the negative impact. The City has also applied for federal grant funding through the Florida Department of Law Enforcement called the Coronavirus Emergency Supplemental Funding grant.

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

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

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

(This page intentionally left blank)

**CITY OF PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash, Pooled Cash, and Cash Equivalents	\$ 1,072,176	\$ 2,208,676	\$ 3,280,852
Receivables (Net of Allowance):			
Due from Other Governments	200,980	-	200,980
Accounts	89,239	392,108	481,347
Prepaid Expenses	3,500	-	3,500
Total Current Assets	<u>1,365,895</u>	<u>2,600,784</u>	<u>3,966,679</u>
NONCURRENT ASSETS			
Restricted Assets:			
Cash and Cash Equivalents	3,857,136	1,149,081	5,006,217
Capital Assets:			
Nondepreciable:			
Land, Improvements, and Land Rights	3,012,788	27,000	3,039,788
Construction in Progress	262,204	-	262,204
Depreciable:			
Buildings and Building Improvements	2,139,151	464,050	2,603,201
Infrastructure and Improvements	4,965,717	18,217,806	23,183,523
Equipment and Vehicles	2,882,666	331,364	3,214,030
Software	16,604	-	16,604
Accumulated Depreciation	(6,751,764)	(9,902,983)	(16,654,747)
Unamortized Debt Costs - Insurance	-	30,839	30,839
Total Noncurrent Assets	<u>10,384,502</u>	<u>10,317,157</u>	<u>20,701,659</u>
Total Assets	11,750,397	12,917,941	24,668,338
DEFERRED OUTFLOWS OF RESOURCES			
Defined Benefit Pension Plans	1,705,509	277,641	1,983,150
Other Postemployment Benefits	48,614	13,711	62,325
Total Deferred Outflows of Resources	<u>1,754,123</u>	<u>291,352</u>	<u>2,045,475</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,504,520</u>	<u>\$ 13,209,293</u>	<u>\$ 26,713,813</u>

See accompanying Notes to Financial Statements.

CITY OF PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT LIABILITIES			
Accounts Payable	\$ 183,948	\$ 109,009	\$ 292,957
Accrued Liabilities	108,986	24,999	133,985
Customer Deposits	-	208,120	208,120
Current Portion of:			
Capital Leases Payable	30,806	-	30,806
Revenue Bonds Payable	-	119,967	119,967
Accrued Compensated Absences	28,991	1,916	30,907
Total Current Liabilities	<u>352,731</u>	<u>464,011</u>	<u>816,742</u>
NONCURRENT LIABILITIES			
Total Other Postemployment Benefits Liability	1,460,606	411,972	1,872,578
Net Pension Liability	5,387,580	877,064	6,264,644
Revenue Bonds Payable	-	2,048,865	2,048,865
Accrued Compensated Absences	477,036	73,024	550,060
Total Noncurrent Liabilities	<u>7,325,222</u>	<u>3,410,925</u>	<u>10,736,147</u>
 Total Liabilities	 7,677,953	 3,874,936	 11,552,889
DEFERRED INFLOWS OF RESOURCES			
Amounts Received in Advance of Time Requirement	37,144	-	37,144
Defined Benefit Pension Plans	181,643	29,569	211,212
Deferred Amount on Refunding	-	3,011	3,011
Total Deferred Inflows of Resources	<u>218,787</u>	<u>32,580</u>	<u>251,367</u>
 Total Liabilities and Deferred Inflows of Resources	 7,896,740	 3,907,516	 11,804,256
NET POSITION			
Net Investment in Capital Assets	6,436,744	6,965,394	13,402,138
Restricted:			
Capital Projects - Transportation	621,079	-	621,079
Capital Projects - Public Safety	80,722	-	80,722
Capital Projects - Infrastructure	1,356,957	-	1,356,957
Water, Sewer, and Stormwater Improvements	-	1,164,915	1,164,915
Community Redevelopment	1,648,887	-	1,648,887
Police Training and Police Benevolence Program	135,701	-	135,701
Unrestricted	(4,672,310)	1,171,468	(3,500,842)
Total Net Position	<u>5,607,780</u>	<u>9,301,777</u>	<u>14,909,557</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 13,504,520</u>	 <u>\$ 13,209,293</u>	 <u>\$ 26,713,813</u>

See accompanying Notes to Financial Statements.

**CITY OF PORT RICHEY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$ 2,004,452	\$ 52,907	\$ -	\$ -
Public Safety	3,851,040	1,616,566	-	-
Physical Environment	510,521	67,443	79,712	138,789
Culture and Recreation	204,359	-	-	-
Interest and Fiscal Charges on Long-Term Debt	11,544	-	-	-
Total Governmental Activities	<u>6,581,916</u>	<u>1,736,916</u>	<u>79,712</u>	<u>138,789</u>
BUSINESS-TYPE ACTIVITIES				
Water and Sewer Utility	3,590,289	3,293,113	-	-
Stormwater Utility	165,860	126,999	-	-
Total Business-Type Activities	<u>3,756,149</u>	<u>3,420,112</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,338,065</u>	<u>\$ 5,157,028</u>	<u>\$ 79,712</u>	<u>\$ 138,789</u>

GENERAL REVENUES

Taxes:
Ad Valorem
Franchise Fees
Utility Taxes
Communication Services Tax
Half-Cent Sales Tax
Local Option Gas Tax
Discretionary Sales Surtax - Infrastructure
Other Taxes
State Revenue Sharing
Impact Fees
Investment Income
Miscellaneous
Loss on the Sale of Capital Assets
Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

**CITY OF PORT RICHEY, FLORIDA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$(1,951,545)	\$ -	\$ (1,951,545)
(2,234,474)	-	(2,234,474)
(224,577)	-	(224,577)
(204,359)	-	(204,359)
(11,544)	-	(11,544)
(4,626,499)	-	(4,626,499)
-	(297,176)	(297,176)
-	(38,861)	(38,861)
-	(336,037)	(336,037)
(4,626,499)	(336,037)	(4,962,536)
2,424,945	-	2,424,945
341,645	-	341,645
478,239	-	478,239
185,126	-	185,126
212,828	-	212,828
136,616	-	136,616
520,615	-	520,615
73,876	-	73,876
103,340	-	103,340
36,845	249,340	286,185
39,224	32,635	71,859
32,317	18,139	50,456
(1,849)	-	(1,849)
4,583,767	300,114	4,883,881
(42,732)	(35,923)	(78,655)
-	-	-
5,650,512	9,337,700	14,988,212
\$ 5,607,780	\$ 9,301,777	\$ 14,909,557

See accompanying Notes to Financial Statements.

**CITY OF PORT RICHEY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	General	Community Redevelopment	Capital Improvement	Total Governmental Funds
ASSETS				
Cash, Pooled Cash, and Cash Equivalents	\$ 1,934,831	\$ 1,661,722	\$ 1,332,759	\$ 4,929,312
Receivables (Net of Allowance):				
Due from other Governments	111,702	-	89,278	200,980
Accounts	89,239	-	-	89,239
Prepaid Items	3,500	-	-	3,500
	<u>\$ 2,139,272</u>	<u>\$ 1,661,722</u>	<u>\$ 1,422,037</u>	<u>\$ 5,223,031</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 118,868	\$ -	\$ 65,080	\$ 183,948
Accrued Liabilities	96,151	12,835	-	108,986
Total Liabilities	<u>215,019</u>	<u>12,835</u>	<u>65,080</u>	<u>292,934</u>
 DEFERRED INFLOWS OF RESOURCES				
Amounts Received in Advance of Time Requirement	37,144	-	-	37,144
Total Deferred Inflows of Resources	<u>37,144</u>	<u>-</u>	<u>-</u>	<u>37,144</u>
 FUND BALANCES				
Fund Balances				
Nonspendable:				
Prepaid Items	3,500	-	-	3,500
Restricted for:				
Police Benevolence Program	116,294	-	-	116,294
Police Training	19,407	-	-	19,407
Capital Projects - Transportation	621,079	-	-	621,079
Capital Projects - Public Safety	80,722	-	-	80,722
Capital Projects - Infrastructure	-	-	1,356,957	1,356,957
Community Redevelopment	-	1,648,887	-	1,648,887
Committed for:				
Parkland Improvements	25,000	-	-	25,000
Unassigned	1,021,107	-	-	1,021,107
Total Fund Balances	<u>1,887,109</u>	<u>1,648,887</u>	<u>1,356,957</u>	<u>4,892,953</u>
	<u>\$ 2,139,272</u>	<u>\$ 1,661,722</u>	<u>\$ 1,422,037</u>	<u>\$ 5,223,031</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,139,272</u>	<u>\$ 1,661,722</u>	<u>\$ 1,422,037</u>	<u>\$ 5,223,031</u>

See accompanying Notes to Financial Statements.

**CITY OF PORT RICHEY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

Fund Balances - Total Governmental Funds \$ 4,892,953

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

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

Governmental Capital Assets	\$ 13,279,130	
Less: Accumulated Depreciation	<u>(6,751,764)</u>	6,527,366

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

Total Other Postemployment Benefits	(1,460,606)	
Net Pension Liability	(5,387,580)	
Capital Leases Payable	(30,806)	
Accrued Compensated Absences	<u>(506,027)</u>	(7,385,019)

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

Deferred Outflows of Resources Related to Pensions	1,705,509	
Deferred Inflows of Resources Related to Pensions	<u>(181,643)</u>	1,523,866

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

Deferred Outflows of Resources Related to Total OPEB Liability		<u>48,614</u>
--	--	---------------

Net Position of Governmental Activities \$ 5,607,780

CITY OF PORT RICHEY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	General	Community Redevelopment	Capital Improvement	Total Governmental Funds
REVENUES				
Taxes	\$ 3,113,162	\$ 740,113	\$ 520,615	\$ 4,373,890
Licenses and Permits	334,615	-	-	334,615
Intergovernmental Revenue	512,248	-	-	512,248
Impact Fees	36,845	-	-	36,845
Charges for Services	22,871	-	-	22,871
Fines and Forfeitures	1,379,430	-	-	1,379,430
Interest	16,892	11,908	10,424	39,224
Miscellaneous Revenues	32,317	-	-	32,317
Total Revenues	<u>5,448,380</u>	<u>752,021</u>	<u>531,039</u>	<u>6,731,440</u>
EXPENDITURES				
Current:				
General Government	1,448,092	374,890	-	1,822,982
Public Safety	2,601,235	262,297	59,482	2,923,014
Physical Environment	286,862	50,048	-	336,910
Culture and Recreation	105,148	27,918	-	133,066
Capital Outlay	281,303	9,178	114,162	404,643
Debt Service:				
Principal Retirement	135,000	-	29,863	164,863
Interest and Fiscal Charges	9,273	-	1,916	11,189
Total Expenditures	<u>4,866,913</u>	<u>724,331</u>	<u>205,423</u>	<u>5,796,667</u>
EXCESS OF REVENUES OVER EXPENDITURES	581,467	27,690	325,616	934,773
OTHER FINANCING SOURCES (USES)				
Transfers In	-	570,242	-	570,242
Transfers Out	(570,242)	-	-	(570,242)
Total Other Financing Sources (Uses)	<u>(570,242)</u>	<u>570,242</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,225	597,932	325,616	934,773
Fund Balances - Beginning of Year	<u>1,875,884</u>	<u>1,050,955</u>	<u>1,031,341</u>	<u>3,958,180</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,887,109</u></u>	<u><u>\$ 1,648,887</u></u>	<u><u>\$ 1,356,957</u></u>	<u><u>\$ 4,892,953</u></u>

See accompanying Notes to Financial Statements.

**CITY OF PORT RICHEY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 934,773

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

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

Expenditures for Capital Assets	\$ 404,643	
Less: Current Year Depreciation	<u>(362,512)</u>	42,131

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

Undepreciated cost of capital assets sold as surplus or disposed of	(1,849)
---	---------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Revenue Bonds	135,000	
Capital Lease Payments	<u>29,863</u>	164,863

Governmental funds report unavailable revenues as deferred inflows of resources. However, in the statement of activities, the revenues are recognized when earned.

Change in unavailable revenue	(190,407)
-------------------------------	-----------

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

Change in Accrued Compensated Absences	(4,837)	
Change in Total Other Postemployment Benefits	(290,283)	
Pension Expense	(696,768)	
Amortization of Bond Premium and Deferred Amount on Refunding	948	
Amortization of Debt Issuance Costs	<u>(1,303)</u>	<u>(992,243)</u>

Change in Net Position of Governmental Activities \$ (42,732)

CITY OF PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business-Type Activities Enterprise Fund		
	Water and Sewer Utility	Stormwater Utility	Total
CURRENT ASSETS			
Cash, Pooled Cash, and Cash Equivalents	\$ 1,960,723	\$ 247,953	\$ 2,208,676
Accounts Receivables (Net of Allowance)	377,628	14,480	392,108
Total Current Assets	2,338,351	262,433	2,600,784
NONCURRENT ASSETS			
Restricted:			
Cash and Cash Equivalents	1,074,352	74,729	1,149,081
Capital Assets:			
Land, Improvements, and Land Rights	27,000	-	27,000
Buildings and Building Improvements	464,050	-	464,050
Infrastructure and Improvements	17,948,390	269,416	18,217,806
Equipment and Vehicles	309,162	22,202	331,364
Less: Accumulated Depreciation	(9,716,299)	(186,684)	(9,902,983)
Unamortized Debt Costs - Insurance	30,839	-	30,839
Total Noncurrent Assets	10,137,494	179,663	10,317,157
Total Assets	12,475,845	442,096	12,917,941
DEFERRED OUTFLOWS OF RESOURCES			
Defined Benefit Pension Plan	257,809	19,832	277,641
Other Postemployment Benefits	12,464	1,247	13,711
Total Deferred Outflows of Resources	270,273	21,079	291,352
Total Assets and Deferred Outflows of Resources	\$ 12,746,118	\$ 463,175	\$ 13,209,293

See accompanying Notes to Financial Statements.

CITY OF PORT RICHEY, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Business-Type Activities Enterprise Fund		
	Water and Sewer Utility	Stormwater Utility	Total
CURRENT LIABILITIES			
Accounts Payable	\$ 107,845	\$ 1,164	\$ 109,009
Accrued Liabilities	21,375	3,624	24,999
Customer Deposits	208,120	-	208,120
Revenue Bonds Payable - Current Portion	119,967	-	119,967
Accrued Compensated Absences - Current Portion	1,916	-	1,916
Total Current Liabilities	459,223	4,788	464,011
NONCURRENT LIABILITIES			
Total Other Postemployment Benefits Liability	374,518	37,454	411,972
Net Pension Liability	814,416	62,648	877,064
Revenue Bonds Payable	2,048,865	-	2,048,865
Accrued Compensated Absences	56,873	16,151	73,024
Total Noncurrent Liabilities	3,294,672	116,253	3,410,925
Total Liabilities	3,753,895	121,041	3,874,936
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Refunding	3,011	-	3,011
Defined Benefit Pension Plan	27,457	2,112	29,569
Total Deferred Inflows of Resources	30,468	2,112	32,580
Total Liabilities and Deferred Inflows of Resources	3,784,363	123,153	3,907,516
NET POSITION			
Net Investment in Capital Assets	6,860,460	104,934	6,965,394
Restricted:			
Water, Sewer, and Stormwater Impact Fees	1,074,352	90,563	1,164,915
Unrestricted	1,026,943	144,525	1,171,468
Total Net Position	8,961,755	340,022	9,301,777
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 12,746,118	\$ 463,175	\$ 13,209,293

See accompanying Notes to Financial Statements.

**CITY OF PORT RICHEY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020**

	Business-Type Activities Enterprise Funds		
	Water and Sewer Utility	Stormwater Utility	Total
OPERATING REVENUES			
Charges for Services	\$ 3,293,113	\$ 126,999	\$ 3,420,112
Other Revenue	18,139	-	18,139
Total Operating Revenues	<u>3,311,252</u>	<u>126,999</u>	<u>3,438,251</u>
OPERATING EXPENSES			
Personal Services	1,080,402	62,466	1,142,868
General and Administrative	576,910	85,536	662,446
Water Treatment and Distribution	443,181	-	443,181
Wastewater Collection and Treatment	956,485	-	956,485
Depreciation and Amortization	469,844	17,858	487,702
Total Operating Expenses	<u>3,526,822</u>	<u>165,860</u>	<u>3,692,682</u>
OPERATING LOSS	(215,570)	(38,861)	(254,431)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	30,248	2,387	32,635
Interest and Fiscal Charges	(63,467)	-	(63,467)
Total Nonoperating Revenues (Expenses)	<u>(33,219)</u>	<u>2,387</u>	<u>(30,832)</u>
LOSS BEFORE CONTRIBUTIONS	(248,789)	(36,474)	(285,263)
Impact Fees	<u>208,029</u>	<u>41,311</u>	<u>249,340</u>
CHANGE IN NET POSITION	(40,760)	4,837	(35,923)
Net Position - Beginning of Year	<u>9,002,515</u>	<u>335,185</u>	<u>9,337,700</u>
NET POSITION - END OF YEAR	<u>\$ 8,961,755</u>	<u>\$ 340,022</u>	<u>\$ 9,301,777</u>

See accompanying Notes to Financial Statements.

CITY OF PORT RICHEY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Water and Sewer Utility	Stormwater Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 3,353,347	\$ 126,667	\$ 3,480,014
Payments for Goods and Services	(1,938,073)	(85,410)	(2,023,483)
Payments to Employees	(992,200)	(31,235)	(1,023,435)
Net Cash Provided by Operating Activities	423,074	10,022	433,096
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	208,028	41,312	249,340
Principal Paid on Revenue Bonds	(115,219)	-	(115,219)
Acquisition and Construction of Capital Assets	(176,387)	-	(176,387)
Interest and Fiscal Charges Paid on Indebtedness	(61,771)	-	(61,771)
Net Cash Provided (Used) by Capital and Related Financing Activities	(145,349)	41,312	(104,037)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income Received on Investments	30,248	2,387	32,635
Net Cash Provided by Investing Activities	30,248	2,387	32,635
NET INCREASE IN CASH AND CASH EQUIVALENTS	307,973	53,721	361,694
Cash and Cash Equivalents - Beginning of Year	2,727,102	268,961	2,996,063
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,035,075</u>	<u>\$ 322,682</u>	<u>\$ 3,357,757</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION			
Unrestricted Cash, Pooled Cash, and Cash Equivalents	\$ 1,960,723	\$ 247,953	\$ 2,208,676
Restricted Cash and Cash Equivalents	1,074,352	74,729	1,149,081
Total	<u>\$ 3,035,075</u>	<u>\$ 322,682</u>	<u>\$ 3,357,757</u>

See accompanying Notes to Financial Statements.

CITY OF PORT RICHEY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Water and Sewer Utility	Stormwater Utility	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Loss	\$ (215,570)	\$ (38,861)	\$ (254,431)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	469,844	17,858	487,702
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	44,994	(332)	44,662
(Increase) Decrease in Prepaid Expenses	10,065	706	10,771
(Increase) Decrease in Deferred Outflows - Pension	(22,640)	(3,034)	(25,674)
(Increase) Decrease in Deferred Outflows - OPEB	(4,860)	(446)	(5,306)
Increase (Decrease) in Accounts Payable	28,438	(580)	27,858
Increase (Decrease) in Accrued Liabilities	(22,944)	2,954	(19,990)
Increase (Decrease) in Utility Deposits	(2,899)	-	(2,899)
Increase (Decrease) in Compensated Absences	(43,576)	12,797	(30,779)
Increase (Decrease) in Total OPEB Liability	97,134	8,256	105,390
Increase (Decrease) in Net Pension Liability	129,046	13,693	142,739
Increase (Decrease) in Deferred Inflows - Pension Plan	(43,958)	(2,989)	(46,947)
Net Cash Provided by Operating Activities	\$ 423,074	\$ 10,022	\$ 433,096

See accompanying Notes to Financial Statements.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

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

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

B. Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"

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

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The government-wide Statement of Activities reports the gross and net cost for the various functional categories of the City that are otherwise supported by general government revenues. The expenses for each functional category are reduced by program revenues to ascertain the net costs for that function. Program revenues are defined as charges for services, operating grants, and capital grants that specifically relate to a specific program function. Charges for services include revenues arising from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Operating grants and capital grants consist of revenues received from other governments, organizations, or individuals that are specifically attributable to a program and are restricted for either operating expenditures/expenses or capital expenditures/expenses associated with a specific program.

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

The fund financial statements emphasize the major funds in both the governmental activities and business-type activities, and nonmajor funds are summarized into a single column. The City has elected to report the Stormwater Utility Enterprise Fund as a major fund in the fund financial statements. As a result, there are no nonmajor funds to report in the fund financial statements.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

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

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

D. Fund Accounting

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

Governmental Fund Types

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

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

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

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

Proprietary Fund Types: The City's Proprietary Fund types consist of the following:

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

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

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

E. Basis of Accounting

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

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

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

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budget and Budgetary Accounting

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

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

- a) By approximately July 1, the City Manager and Finance Director submit to the City Council a proposed budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage rate.
- b) Public hearings are conducted in August and September to obtain taxpayer comments on the proposed budget and property tax millage rate.
- c) The budget and property tax millage rate is approved by the City Council in September and adopted as a budget resolution. This budget resolution is adopted at the departmental line item level.
- d) The budget is reviewed on an ongoing basis and any unusual and unforeseen changes are incorporated into the budget on a fund level by a modifying resolution.
- e) Annual budgets were adopted for the following funds: General, Community Redevelopment, Capital Improvement, Water and Sewer Utility Fund, and Stormwater Utility Fund. The budget serves as legal authorization for all expenditures. Budgeted expenditures may not legally exceed appropriations on an individual fund basis for the General, Community Redevelopment, Capital Improvement, Water and Sewer Utility Fund, and Stormwater Utility Fund. Total budget appropriations were not amended during the year.
- f) All appropriations lapse at the end of the fiscal year. Encumbrances outstanding at year-end are re-appropriated and charged against the ensuing year's budget and thus are not reflected in budget to actual presentations.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes

Under Florida law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the Pasco County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for fiscal year ending September 30, 2020 was 5.7847.

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

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

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

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

H. Assets, Liabilities, and Fund Equity

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

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, and Fund Equity (Continued)

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

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

Cash and cash equivalents have been restricted in the Governmental Activities for: unexpended transportation, police, and fire impact fees; for unexpended discretionary sales surtax – infrastructure funds; for unexpended community redevelopment funds, and for police benevolence police training purposes.

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

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

Depreciation, which is computed on a straight-line basis, is provided for in amounts sufficient to charge the cost of depreciable assets to operations over their estimated useful lives. Depreciation is not provided for capital projects in process. The estimated useful lives of the assets are as follows:

<u>Category</u>	<u>Useful Life</u>
Building and Improvements	10 to 50 Years
Infrastructure – Roadways	20 Years
Equipment and Vehicles	3 to 20 Years
Water and Sewer System	15 to 60 Years

Accrued Compensated Absences: Regular, full-time, permanent employees earn vacation and sick leave starting 30 days after their date of employment.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, and Fund Equity (Continued)

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

<u>Years of Service</u>	<u>Total Hours Per Year – Nonpolice Employee</u>	<u>Total Hours Per Year Police Employees</u>
1 to 5	80	132
6	120	144
7	120	156
8	120	168
9	120	180
10 or More	120	192
Through 15 Years	120	192
16 Years or More	160	192

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

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

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

<u>Years of Service</u>	<u>Maximum Days Credited All Employees</u>
0 to 5	30
6 to 10	60
11 or More	90

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, and Fund Equity (Continued)

Employees may accrue sick leave benefits to a maximum amount of 90 days (720 hours). Employees, except police, terminating employment by resignation, in good stead and with two-week's notice, shall be paid for accrued sick leave at the rate of 50% times the number of hours accrued not to exceed the maximum days. Police employees terminating employment by resignation, in good stead and with two-week's notice, shall be paid for all accrued sick leave not to exceed the maximum amount. Employees retiring from the City shall be paid for 100% of accrued sick leave not to exceed the maximum accrual limit plus 33% of any time in excess of the limit.

Postretirement Health and Life Insurance Benefits: The City provides postretirement health insurance benefits to employees upon completion of 25 years of continuous service or 20 years of continuous service upon reaching age 60. These benefits are discontinued upon the employee reaching age 65. The City does not provide any postretirement life insurance benefits.

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

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

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

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, and Fund Equity (Continued)

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

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities, and Fund Equity (Continued)

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

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

Specific Restrictions:

Governmental Activities/Governmental Funds:

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

Business-Type Activities/Proprietary Funds:

- a) Restricted for Water, Sewer, and Stormwater Impact Fees: Indicates the unexpended portion of water, sewer, and stormwater impact fees that have been restricted for future improvements to the infrastructure systems.

Fund Balance Committed

Governmental Funds that have been committed by action of the City Council that are to be used in the future for a specific purpose.

- b) Committed for Parkland Improvements: Indicates the unexpended portion of funds committed by City Council for permanent improvements to Nick’s Park.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Bond Premium/Issuance Costs

In the governmental funds, bond premiums and issuance costs are recognized as current period other financing sources and current period expenditures, respectively. In the proprietary funds and the government-wide financial statements, bond premiums and issuance costs pertaining to repayment insurance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums pertaining to existing debt are recorded as a part of long-term debt. Bond premiums on refunded debt are recorded as deferred inflows of resources and are reported as deferred amount on refunding. Bond issuance costs pertaining to repayment insurance are reported as unamortized debt costs.

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

J. Deferred Inflows of Resources

In the governmental funds and government-wide statements, the amount of business tax certificates fees collected in advance of the October 1 due date are recorded as a deferred inflow of resources – amount received in advance of time requirement and will be recognized as revenue in the fiscal year the fees are due.

K. Deferred Outflows of Resources Related to Other Postemployment Benefits (OPEB)

Deferred outflows of resources related to contributions to the OPEB plan from the employer subsequent to the measurement date of the total OPEB liability and before the end of the reporting period are reported as a deferred outflow of resources related to OPEB.

L. Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions

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

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transactions

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

N. Use of Estimates

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

O. New GASB Pronouncements

The City fully implemented the following GASB Statement during the fiscal year ended September 30, 2020:

1. Statement No. 83, *Certain Asset Retirement Obligations*, provides accounting and financial reporting requirements for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.
2. Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the consistency in the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. Requires disclosures of additional essential information about debt.
3. Statement No. 95, *Postponements of the Effective Dates of Certain Authoritative Guidance*, effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City has implemented this Statement for fiscal year 2020.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH, POOLED CASH, AND CASH EQUIVALENTS AND INVESTMENTS

Pooled Cash

The City maintains a cash pool that is available for all funds. Amounts reported as cash equivalents are funds deposited in local government investment pools and a bank savings account. These cash funds may be withdrawn by the City upon demand.

Deposits

Florida Statutes and City policy require that all City demand accounts be in financial institutions that pledge collateral with the State Treasurer pursuant to Chapter 280, Florida Statutes. The City is required to verify that monies are on deposit with “qualified public depositories” as defined in Florida Statutes Section 280.02. Florida Statutes require that all qualified public depositories provide collateral each month equal to at least 50% of the public funds on deposit with the institution that are in excess of deposit insurance amounts. The carrying amount of the City’s deposits as of September 30, 2020 was \$1,704,179, and the bank balance was \$1,747,566

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

Qualifying Investment Pools

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

During the fiscal year ending September 30, 2020, the City maintained balances in two local government investment pools (LGIPs). According to the City’s investment policy, Florida LGIPs have no maximum holding limits in relation to the City’s total cash and investment portfolio, and no more than 70% may invested in any individual LGIP.

Below is a description of the City’s LGIP investment investments by issuer:

- FLFIT Cash Pool is a high-quality money market alternative for local government investors. The Cash Pool is a great compliment to other money market options and provides safety of principal, liquidity and return. Appropriate for short term cash portfolios, the pool is managed to provide minimal volatility of net asset value and positive holding period returns for 30 days or greater. The adviser seeks to accomplish this objective by maintaining a portfolio of high quality short-duration fixed-income instruments. The Cash Pool is a short-term investment product, which is rated AAf/S1 by Fitch Ratings. The pool is designed to add diversification with multiple asset classes and a competitive yield to other cash alternatives. Providing next day liquidity to participants, the pool is managed as a stable net asset product but does have a floating net asset value, with the investment objective of maintaining a \$1.00 per share NAV. Next day liquidity is for transactions entered by 12:30 p.m. EST.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH, POOLED CASH, AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

- The Florida Cooperative Liquid Assets Securities System Trust (FLCLASS) is a common law trust established, created and authorized by an Interlocal Agreement by and among participating Florida public agencies. FLCLASS is an authorized investment pool under Section 218.415(16)(a), Florida Statutes, and was established for participating Florida agencies on April 1, 2015 under the Interlocal Agreement and commenced operations on July 15, 2015 (inception). FLCLASS is available for investment by any unit of local government within the state of Florida. The purpose of FLCLASS is to enable such units to cooperate in the investment of their available funds. FLCLASS operates like a money market mutual fund with each share valued at \$1.00.

If a participant has an investment in a qualifying external investment pool, that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's daily access to 100% of its account value.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH, POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A reconciliation of the amount of petty cash and deposits to the statement of net position as of September 30, 2020, is as follows:

Petty Cash	\$ 1,630
Bank Deposits	1,704,179
Local Government Investment Pools	<u>6,581,260</u>
Total	<u><u>\$ 8,287,069</u></u>
As Reported in Statement of Net Position:	
Cash, Pooled Cash, and Cash Equivalents	\$ 3,280,852
Restricted Assets - Noncurrent:	
Cash and Cash Equivalents	<u>5,006,217</u>
Total	<u><u>\$ 8,287,069</u></u>

NOTE 3 RECEIVABLES

The receivables and related allowances for uncollectible accounts at September 30, 2020 were as follows:

	Receivables Taxes	Accounts Receivables	Allowance for Uncollectibles	Total
Governmental Funds	<u>\$ 200,980</u>	<u>\$ 89,239</u>	<u>\$ -</u>	<u>\$ 290,219</u>
Enterprise Funds	<u>-</u>	<u>464,474</u>	<u>72,366</u>	<u>392,108</u>
Total	<u><u>\$ 200,980</u></u>	<u><u>\$ 553,713</u></u>	<u><u>\$ 72,366</u></u>	<u><u>\$ 682,327</u></u>

Intergovernmental receivables consist primarily of amounts earned but not collected from the Florida Department of Revenue for various taxes and other shared revenues, such as communication services tax, discretionary sales surtax, and motor fuel tax.

Accounts receivable consist of revenues earned for services provided or fees assessed to individuals. Examples include water and wastewater utility services and stormwater fees assessed to individual customers.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ending September 30, 2020 was as follows:

	Beginning Balance October 1, 2019	Additions and Transfers	Deletions and Transfers	Ending Balance September 30, 2020
Governmental Activities				
Nondepreciable Assets:				
Land and Land Rights	\$ 3,012,788	\$ -	\$ -	\$ 3,012,788
Construction in Progress	192,781	121,166	(51,743)	262,204
Depreciable Assets:				
Buildings and Improvements	2,139,151	-	-	2,139,151
Infrastructure and Improvements	4,766,007	199,710	-	4,965,717
Equipment and Vehicles	2,908,162	135,510	(161,006)	2,882,666
Software	16,604	-	-	16,604
Total at Historical Cost	<u>13,035,493</u>	<u>456,386</u>	<u>(212,749)</u>	<u>13,279,130</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	912,462	60,050	-	972,512
Infrastructure and Improvements	3,487,405	149,957	-	3,637,362
Equipment and Vehicles	2,134,881	151,128	(159,157)	2,126,852
Software	13,661	1,377	-	15,038
Total Accumulated Depreciation	<u>6,548,409</u>	<u>362,512</u>	<u>(159,157)</u>	<u>6,751,764</u>
Capital Assets, Net	<u>\$ 6,487,084</u>	<u>\$ 93,874</u>	<u>\$ (53,592)</u>	<u>\$ 6,527,366</u>

Depreciation expense was charted to the functions of the City as follows:

General Government	\$ 70,721
Public Safety	91,400
Physical Environment	129,098
Culture and Recreation	71,293
Total	<u>\$ 362,512</u>

	Beginning Balance October 1, 2019	Additions and Transfers	Deletions and Transfers	Ending Balance September 30, 2020
Business-Type Activities				
Nondepreciable Assets:				
Land and Land Rights	\$ 27,000	\$ -	\$ -	\$ 27,000
Depreciable Assets:				
Buildings and Improvements	447,550	16,500	-	464,050
Infrastructure and Improvements	18,102,904	114,902	-	18,217,806
Equipment and Vehicles	314,377	44,987	(28,000)	331,364
Total at Historical Cost	<u>18,891,831</u>	<u>176,389</u>	<u>(28,000)</u>	<u>19,040,220</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	262,617	10,166	-	272,783
Infrastructure and Improvements	8,913,216	452,820	-	9,366,036
Equipment and Vehicles	267,448	24,716	(28,000)	264,164
Total Accumulated Depreciation	<u>9,443,281</u>	<u>487,702</u>	<u>(28,000)</u>	<u>9,902,983</u>
Capital Assets, Net	<u>\$ 9,448,550</u>	<u>\$ (311,313)</u>	<u>\$ -</u>	<u>\$ 9,137,237</u>

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$469,844 and \$17,858 was charged to the Water and Sewer Fund and Stormwater Fund, respectively.

NOTE 5 RISK MANAGEMENT

The City is subject to losses in the normal course of operations resulting from general liability; property and casualty; workers' compensation; employee health and accident; environmental, and antitrust matters. The City has purchased commercial insurance to protect against employee health losses. The City participates in Public Risk Management of Florida for purposes of protecting against workers' compensation losses; real and personal property losses; automobile damage; and general liability, including malpractice and errors and omissions. The City does not self-insure against any risks. To the extent that the City has purchased commercial insurance, all risk of loss has been transferred to the insurance underwriter. In addition, no settlements have exceeded the City's insurance coverage in the last three years.

NOTE 6 LONG-TERM DEBT

Long-term debt activity for the fiscal year ending September 30, 2020 was as follows:

	Beginning Balance October 1, 2019	Increases	Decreases	Ending Balance September 30, 2020	Amounts Due Within One Year
Governmental Activities					
Bonds and Leases Payable:					
Direct Placement:					
Revenue Bonds, Series 2016	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -
Bond Premium	1,297	-	1,297	-	-
Total Bonds Payable	<u>136,297</u>	<u>-</u>	<u>136,297</u>	<u>-</u>	<u>-</u>
Direct Borrowing:					
Capital Lease Payable	60,669	-	29,863	30,806	30,806
Total Bonds and Lease Payable	<u>196,966</u>	<u>-</u>	<u>166,160</u>	<u>30,806</u>	<u>30,806</u>
Other Liabilities					
Compensated Absences	501,190	324,238	319,401	506,027	28,991
Total Long-Term Liabilities – Governmental Activities	<u>\$ 698,156</u>	<u>\$ 324,238</u>	<u>\$ 485,561</u>	<u>\$ 536,833</u>	<u>\$ 59,797</u>
Business-Type Activities					
Bonds Payable:					
Direct Placement:					
Revenue Bonds, Series 2016	\$ 2,235,000	\$ -	\$ 110,000	\$ 2,125,000	\$ 115,000
Bond Premium	49,051	-	5,219	43,832	4,967
Total Bonds Payable	<u>2,284,051</u>	<u>-</u>	<u>115,219</u>	<u>2,168,832</u>	<u>119,967</u>
Other Liabilities					
Compensated Absences	105,719	69,013	99,792	74,940	9,356
Total Long-Term Liabilities – Business-Type Activities	<u>\$ 2,389,770</u>	<u>\$ 69,013</u>	<u>\$ 215,011</u>	<u>\$ 2,243,772</u>	<u>\$ 129,323</u>

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Long-term debt for the governmental activities is comprised of the following at September 30, 2020:

Capital Lease: The City currently leases an E-One Pumper fire truck under a capital lease – purchase agreement within the governmental activities. The lease matures in December 2020. The lease generally provides that the City pay the taxes, insurance and maintenance expenses related to the leased asset. The present value of future minimum lease payments is: \$ 30,806

Accrued Compensated Absences: Consisting of the vested portion of accumulated vacation and sick pay benefits due employees. 506,027

Total Long-Term Debt – Governmental Activities \$ 536,833

Advance refunding of Revenue Bonds, Series 2005C – On September 29, 2016 the City issued \$3,055,000 in Revenue Bonds, Series 2016 to advance refund the Revenue Bonds, Series 2005C (governmental activities long-term debt) in the amount of \$500,000 and Revenue Bonds, Series 2005D (business-type activities long-term debt) in the amount of \$2,615,000. The advance refunding of the Series 2005C Revenue Bonds is discussed below. The advance refunding of the Series 2005D Revenue Bonds is discussed on page 61 of this report.

Proceeds totaling \$501,781 of the Series 2016 bonds, including a premium of \$13,104, less the bond issuance costs of \$16,323, plus \$10,684 of the City’s funds, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Series 2005C bonds. As a result, the \$500,000 of 2005C Revenue bonds were considered to be defeased and the liability for those bonds was removed from the accompanying government-wide statement of net position. The acquisition price of the 2005C bonds was the same amount as the \$500,000 carrying amount of the bonds. The defeased bonds were paid off on November 1, 2016 from the amount on deposit in the escrowed sinking fund.

The City completed the advance refunding to reduce its combined total debt service for both the Series 2005C bonds and Series 2005D bonds which resulted in the City obtaining an economic gain (the difference between the present values of the old and new debt service) of \$318,598.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

The Series 2005C Revenue Bonds were issued to effect an advance refunding of a prior debt issuance that had resulted in a difference between the reacquisition price and the net carrying amount of the debt in the amount of \$107,717. As a result of the Series 2016 Revenue Bonds being issued to advance refund the Series 2005C Bonds, the remaining unamortized deferred expense of \$2,262 that originated from the prior advance refunding will continue to be reported in the accompanying statement of net position as a deferred outflow of resources. This deferred expense is being charged to operations through the year ending September 30, 2020 using the effective-interest method. There is no remaining unamortized premium on the Series 2005C Bonds as of September 30, 2020.

There is no remaining combined balance to be amortized as of September 30, 2020 for the 2005C and 2016 Series Revenue Bonds unamortized debt issuance costs and the remaining bond premium from the Series 2016 Revenue. The debt issuance costs and bond premium are amortized into operations using the effective-interest method.

Long-term debt for the business-type activities is comprised of the following at September 30, 2020:

Revenue Bonds, Series 2016 – Revenue Bonds in the amount of \$2,550,000 were issued to advance refund the Revenue Bonds, Series 2005D. Please see the additional disclosure on the refunding provided below. The outstanding bonds mature in various amounts annually, ranging from \$100,000 to \$170,000 through October 1, 2035. Interest accrues on the bonds at rates ranging from 2.0% to 5.0% and is payable semi-annually on April 1 and October 1. The City has covenanted to appropriate in its annual budget from non – ad valorem revenues, amounts sufficient to pay annual principal and interest installments on the bonds.	\$ 2,125,000
<u>Accrued Compensated Absences</u> : Consisting of the vested portion of accumulated vacation and sick pay benefits due employees.	<u>74,940</u>
Total Long-Term Debt – Business-Type Activities	<u><u>\$ 2,199,940</u></u>

Advance refunding of Revenue Bonds, Series 2005D – As previously noted, on September 29, 2016 the City issued \$3,055,000 in Revenue Bonds, Series 2016 to advance refund the Revenue Bonds, Series 2005C (governmental activities long-term debt) in the amount of \$500,000 and Revenue Bonds, Series 2005D (business-type activities long-term debt) in the amount of \$2,615,000. The advance refunding of the Series 2005D Revenue Bonds is discussed below.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Proceeds totaling \$2,539,567 of the Series 2016 bonds, including a premium of \$66,312, less the bond issuance costs of \$76,745, plus \$144,100 of the City's funds, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Series 2005D bonds. As a result, the \$2,615,000 of 2005D Revenue bonds were considered to be defeased and the liability for those bonds was removed from the accompanying government-wide statement of net position. The acquisition price of the 2005D bonds was the same amount as the \$2,615,000 carrying amount of the bonds. The defeased bonds were paid off on November 1, 2016 from the amount on deposit in the escrowed sinking fund.

The remaining unamortized premium on the Series 2005D Bonds as of September 30, 2020 is \$3,011 and is reported in the accompanying statement of net position as a deferred inflow of resources – deferred amount on refunding. This deferred inflow is amortized to income using the effective-interest method.

The remaining combined balance to be amortized as of September 30, 2020 for the 2005D and 2016 Series Revenue Bonds unamortized debt issuance costs is \$30,839. This amount is reported in the accompanying statement of net position as unamortized debt costs. The remaining bond premium from the Series 2016 Revenue Bonds as of September 30, 2020 of \$43,832 is reported in the accompanying statement of net position as a part of long-term debt – revenue bonds payable. The debt issuance costs, and bond premium are amortized into operations using the effective-interest method.

The annual long-term debt repayment schedule for governmental activities as of September 30, 2020 is as follows:

<u>Capital Lease</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2021	\$ 30,806	\$ 973	\$ 31,779
Total	<u>\$ 30,806</u>	<u>\$ 973</u>	<u>\$ 31,779</u>

The annual long-term debt repayment schedule for business-type activities as of September 30, 2020 is as follows:

<u>Revenue Bonds, Series 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2021	\$ 115,000	\$ 65,675	\$ 180,675
2022	115,000	62,225	177,225
2023	120,000	57,625	177,625
2024	130,000	55,225	185,225
2025	130,000	52,625	182,625
Remaining Future Years	1,515,000	286,325	1,801,325
Total	<u>\$ 2,125,000</u>	<u>\$ 579,700</u>	<u>\$ 2,704,700</u>

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

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

	Cost	Accumulated Depreciation	Book Value
Governmental Activities:			
Fire Truck	\$ 299,000	\$ 161,958	\$ 137,042

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS

All City employees participate in the Florida Retirement System (FRS) Pension Plan which includes the Retiree Health Insurance Subsidy (HIS) Program. The FRS Pension Plan and HIS Program are cost-sharing, multiple-employer, defined benefit public employee retirement system (PERS).

FRS Pension Plan

Plan Description: The City of Port Richey contributes to the Florida Retirement System (FRS) (the System), a cost-sharing multiple-employer public employee retirement system (PERS) defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Management Services, Division of Retirement. The System provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the state of Florida Department of Management Services. The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the Department of Management Services, Division of Retirement – Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by calling 850-488-5706 or online at the Florida Retirement System Website: www.dms.myflorida.com/workforce_operations/retirement/publications

Funding Policy: Effective July 1, 2011, the FRS Pension Plan requires contributions from covered members at a rate of 3%. The City is required by State Statute to contribute, on a monthly basis, an actuarially determined rate. The current rates, effective July 1, 2020 and continuing through September 30, 2020, based on employees' gross earnings are 10.00% for regular employees, 27.29% for senior management, and 24.45% for special risk (fire and police) service classes. The rates for the period July 1, 2019 to June 30, 2020 were 8.47% for regular employees, 25.41% for senior management, and 25.48% for special risk (fire and police) service classes. The employer contribution rates for all classes of employees for both the July 2019 and July 1, 2020 effective dates include the HIS Program employer contribution rate of 1.66%. The City's contributions to the FRS Pension Plan for the fiscal years ending September 30, 2020, 2019, and 2018 were \$405,965, \$366,200, and \$364,454, respectively, and were equal to the required contributions for each year.

Deferred Retirement Option Program: The FRS Deferred Retirement Option Program (DROP) is a defined contribution plan and is available to a member when the member first reaches eligibility for normal retirement. The Plan is controlled by the State Legislature and administered by the Florida Department of Management Services, Division of Retirement.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the state of Florida Department of Management Services. DROP allows a member to retire while continuing employment up to 60 months.

During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn compounded monthly interest equivalent to an effective annual rate of 1.3%. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. During the DROP eligibility period, the City is required to make contributions to FRS. The current rate, effective July 1, 2020 and continuing through September 30, 2020, based upon employees' gross earnings is 16.98%. The rate for the period July 1, 2019 to June 30, 2020 was 14.60%.

HIS Program

The HIS Program (the Program) is a cost-sharing multiple-employer public employee retirement system (PERS) defined benefit pension plan controlled by the State Legislature and administered by the Florida Department of Management Services, Division of Retirement. The HIS Program is administered in accordance with section 112.363, Florida Statutes. The Program provides a monthly payment benefit to retirees of the Florida Retirement System to assist them in paying their health insurance costs, including Medicare. For the fiscal year ending June 30, 2020 eligible retirees received a monthly HIS benefit equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month. To be eligible to receive the HIS benefit a retiree must provide proof of eligible health insurance coverage.

Funding Policy: The City is required, by State Statute, to contribute on a monthly basis at a rate established by Florida Department of Management Services, Division of Retirement. The current rate, effective July 1, 2020 and continuing through September 30, 2020, is 1.66%. This was the same rate that was effective for the period July 1, 2019 to June 30, 2020. The City's contributions to the HIS Program for the fiscal years ending September 30, 2020, 2019, and 2018 were \$47,053, \$44,404, and \$44,713, respectively, and were equal to the required contributions for each year.

Pension liabilities, Pension expense and Deferred Outflows (Inflows) of Resources related to pensions- At September 30, 2020, as required by GASB 68 *Accounting and Financial Reporting for Pensions*, the City reported a total net pension liability of \$6,264,644 comprised of \$5,267,040 for the FRS Plan component and \$997,604 for the HIS Plan component for its proportionate share of the FRS Pension Plan's net pension liability. The City's pension liability at September 30, 2019 was \$4,895,497, comprised of \$3,996,250 and \$899,247 for the FRS and HIS Plan components, respectively. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 for the FRS Plan and for the HIS Plan. The City's proportionate share at June 30, 2020 for the FRS Plan

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

HIS Program (Continued)

component was .012152424%. The City's proportionate share at June 30, 2020 for the HIS Plan component was .008170362%. The City's proportionate shares at June 30, 2019 were .011603982% and .008036888% for the FRS and HIS Plan components, respectively. For the fiscal year ending September 30, 2020 the City recognized pension expense of \$1,137,958 and \$82,041 for the FRS and HIS Plan components, respectively. Deferred Outflows and Inflows of resources related to pensions are from the following sources:

FRS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$ 201,580	\$ -
Changes in Assumptions	953,502	-
Net Difference Between Projected and Actual Earnings on Investments	313,605	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	198,112	107,180
Contributions Subsequent to the Measurement Date	108,396	-
Total	<u>\$ 1,775,195</u>	<u>\$ 107,180</u>

HIS Plan Component

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$ 40,807	\$ 770
Changes in Assumptions	107,269	58,006
Net Difference Between Projected and Actual Earnings on Investments	796	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	46,970	45,256
Contributions Subsequent to the Measurement Date	12,113	-
Total	<u>\$ 207,955</u>	<u>\$ 104,032</u>

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

HIS Plan Component (Continued)

The deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2020. Other amounts related to deferred outflows and inflows of resources will be recognized as pension expense as follows:

<u>Fiscal Year Ending September 30.</u>	<u>FRS Component</u>	<u>HIS Component</u>
2021	\$ 331,386	\$ 22,108
2022	482,063	17,553
2023	417,512	4,521
2024	257,440	16,457
2025	71,218	15,675
Thereafter	-	15,496
Total	<u>\$ 1,559,619</u>	<u>\$ 91,810</u>

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	<u>FRS Component</u>	<u>HIS Component</u>
Valuation Date	July 1, 2020	July 1, 2020
Measurement Date	June 30, 2020	June 30, 2020
Inflation	2.40%	2.40%
Salary Increases	3.25%, average, includes inflation	3.25%, average, includes inflation
Investment Rate of Return	6.80%, net of expense, includes inflation	2.21%, Municipal Bond Rate
Mortality Tables	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018	Generational PUB-2010 with Projection Scale MP-2018
Discount Rate	6.80%	2.21%

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the most recent actuarial experience study, which was done for the FRS Pension Plan for the period July 1, 2008 through June 30, 2013. The following changes in actuarial assumptions occurred in 2020 for the FRS component: the long-term expected rate of return was decreased from 6.90% to 6.80% and the active member mortality assumption was updated. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. Additionally, for the HIS component, a change in the actuarial assumption was made increasing the municipal bond rate used to determine total pension liability from 3.50% to 2.21%.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

HIS Plan Component (Continued)

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

	One Percent Decrease (5.80%)	Current Rate (6.80%)	One Percent Increase (7.80%)
<u>FRS Component</u>			
City's Proportionate Share of the Net Pension Liability	\$ 8,410,577	\$ 5,267,040	\$ 2,641,543
 <u>HIS Component</u>	 One Percent Decrease (1.21%)	 Current Rate (2.21%)	 One Percent Increase (3.21%)
City's Proportionate Share of the Net Pension Liability	\$ 1,153,167	\$ 997,604	\$ 870,247

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) provides for the determination and disclosure of the Total OPEB Liability and the annual cost of providing other postemployment benefits. The City provides other postemployment benefits in the form of the Retiree Health Care Plan.

For the fiscal year ending September 30, 2020, the OPEB measurement date utilized is September 30, 2019 and the measurement period for the OPEB expense was October 1, 2018 to September 30, 2019. The reporting period is October 1, 2019 to September 30, 2020. The City's total OPEB liability was measured as of September 30, 2019, based on an actuarial valuation as of September 30, 2019.

Plan Description: The City's Plan is a single-employer defined benefit postemployment health care plan, whereby retired employees are eligible for City-paid benefits through the City's health care, dental and life insurance providers. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical, dental and vision plan to active employees of the City and their eligible dependents, the City is required to provide retirees with the opportunity to participate in this Plan. The Plan is currently unfunded. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for the Plan. All approved benefits are paid from the general assets of the City when due.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Employees Covered by Benefit Terms: To be eligible to participate in the Plan, *General employees* must have completed 25 years of continuous service or 20 years of continuous service and 60 years of age. *Police and Fire employees* are eligible to participate in the Plan if they retire at age 55 with 20 years of service or at any age with 25 years of service. At September 30, 2019 the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	3
Inactive Plan Members Entitled to but Not Yet	
Receiving Benefits	-
Active Plan Members	51
Total	54

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

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of September 30, 2019 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.58%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Scale MP-2019.

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 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by the S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

OPEB expense: For the year ending September 30, 2020, the City recognized OPEB expense of \$447,084.

Change in Total OPEB Liability:

	Total OPEB Liability
	Increase (Decrease)
Reporting Period Ending September 30, 2019	\$ 1,459,912
Changes for the Year:	
Service Cost	79,053
Interest	63,647
Differences Between Expected and Actual Experience	61,460
Changes of Assumptions	241,424
Changes of Benefit Terms	-
Contributions - Employer	-
Benefit Payments	(32,918)
Net Changes	412,666
Reporting Period Ending September 30, 2020	\$ 1,872,578

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ending September 30, 2019, to 3.58% for the reporting period ending September 30, 2020.

Sensitivity if the Total OPEB Liability to changes in the discount rate: the following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	One Percent Decrease (2.58%)	Current Discount Rate (4.18%)	One Percent Increase (4.58%)
Total OPEB Liability	\$ 2,172,102	\$ 1,872,578	\$ 1,627,633

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	One Percent Decrease (3.00-6.50%)	Current (4.00-7.50%)	One Percent Increase (5.00-8.50%)
Total OPEB Liability	\$ 1,620,433	\$ 1,872,578	\$ 2,180,020

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Deferred Outflows of Resources related to OPEB: On September 30, 2020, the City reported Deferred Outflows of Resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	-
Employer Contributions Made Subsequent to the Measurement Date	62,325	-
Total	\$ 62,325	\$ -

The deferred outflows of resources related to employer contributions subsequent to the measurement date of \$62,325 will be recognized as an adjustment to the Total OPEB Liability for the fiscal year ending September 30, 2020 measurement date.

NOTE 9 DEFERRED COMPENSATION PLAN

The City offers an optional deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to all employees in addition to the pension plan. The City is not the trustee of the deferred compensation plan. Therefore, under the provisions of Internal Revenue Code Section *Deferred Compensation Plans* and GASB Statement No. 32, *Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the plan are not to be reported within the City's financial statements as of September 30, 2020.

NOTE 10 OTHER EMPLOYEE BENEFITS

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

NOTE 11 INTERFUND TRANSACTIONS

The purpose of the interfund advances made by the Community Redevelopment Fund and the Capital Improvement Fund to the General Fund and Water and Sewer Utility Fund was to provide working capital to these funds in prior years. The purpose of the interfund advance made by the Water and Sewer Utility Fund to the Stormwater Utility Fund was to provide working capital in prior years. All interfund amounts have been fully repaid during the fiscal year and there are no outstanding interfund balances as of September 30, 2020.

Interfund transfers consist of the following for the year ending September 30, 2020. The General Fund transfer to the Community Redevelopment Fund was for operating purposes and consists of the Tax Increment Funding pertaining to the Community Redevelopment district.

**CITY OF PORT RICHEY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 11 INTERFUND TRANSACTIONS (CONTINUED)

	Transfer In	Transfer Out
General Fund	\$ -	\$ 570,242
Community Redevelopment Fund	570,242	-
Total	\$ 570,242	\$ 570,242

NOTE 12 SUBSEQUENT EVENTS

Effective October 1, 2020, the City of Port Richey (Lessee) entered into a tax-exempt Master-Lease Purchase Agreement with PNC Equipment Finance, LLC (Lessor) for the acquisition, purchase, and financing of certain property consisting of six police department vehicles (2020 Ford Utility Interceptors AWD with accessories). The aggregate principal component of rent payments shall not exceed \$222,774, with the first payment due 10/01/2021 in the amount of \$78,316, which includes interest rate of 2.708%. The maximum term shall not exceed three years and the maximum interest rate used to determine the interest component of rent payments shall not exceed the lesser of the maximum rate permitted by law or 10% per annum. Rent payments are due annually, 10/01, and are payable out of the general and other funds of Lessee that are legally available; therefore, from funds arising from sources other than ad valorem taxes. Lessee has option to purchase all vehicles, but not less than all, so long as there is no event of default existing upon 30 days' prior written notice.

(This page left blank intentionally)

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

Required supplementary information includes a budgetary comparison schedule for the general fund and major special revenue fund as well as schedules of pension and other postemployment benefits disclosures.

**CITY OF PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,018,146	\$ 3,018,146	\$ 3,113,162	\$ 95,016
Licenses and Permits	384,000	384,000	334,615	(49,385)
Intergovernmental Revenue	1,177,257	1,177,257	512,248	(665,009)
Impact Fees	40,499	40,499	36,845	(3,654)
Charges for Services	22,750	22,750	22,871	121
Fines and Forfeitures	1,126,750	1,126,750	1,379,430	252,680
Interest	40,000	40,000	16,892	(23,108)
Miscellaneous Revenues	6,000	6,000	32,317	26,317
Total Revenues	<u>5,815,402</u>	<u>5,815,402</u>	<u>5,448,380</u>	<u>(367,022)</u>
EXPENDITURES				
General Government	1,381,496	1,381,496	1,448,092	(66,596)
Public Safety	2,698,271	2,698,271	2,601,235	97,036
Physical Environment	298,906	298,906	286,862	12,044
Culture and Recreation	1,105,000	1,105,000	105,148	999,852
Capital Outlay	105,000	105,000	281,303	(176,303)
Debt Service:				
Principal Retirement	135,000	135,000	135,000	-
Interest and Fiscal Charges	4,050	4,050	9,273	(5,223)
Total Expenditures	<u>5,727,723</u>	<u>5,727,723</u>	<u>4,866,913</u>	<u>860,810</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	87,679	87,679	581,467	493,788
OTHER FINANCING SOURCES USES				
Transfers Out	<u>(570,242)</u>	<u>(570,242)</u>	<u>(570,242)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(482,563)	(482,563)	11,225	493,788
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,875,884</u>	<u>1,875,884</u>
FUND BALANCE - END OF YEAR	<u>\$ (482,563)</u>	<u>\$ (482,563)</u>	<u>\$ 1,887,109</u>	<u>\$ 2,369,672</u>

**CITY OF PORT RICHEY, FLORIDA
BUDGETARY COMPARISON SCHEDULE – SPECIAL
REVENUE FUND – COMMUNITY REDEVELOPMENT
YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 749,940	\$ 749,940	\$ 740,113	\$ (9,827)
Interest Income	12,000	12,000	11,908	(92)
Total Revenues	<u>761,940</u>	<u>761,940</u>	<u>752,021</u>	<u>(9,919)</u>
EXPENDITURES				
Current:				
General Government:				
Personnel	139,802	139,802	136,175	3,627
Operating	277,177	277,177	238,715	38,462
Public Safety:				
Personnel	265,863	265,863	236,493	29,370
Operating	47,752	47,752	25,804	21,948
Physical Environment:				
Operating	50,150	50,150	50,048	102
Culture and Recreation:				
Personnel	-	-	706	(706)
Operating	65,175	65,175	27,212	37,963
Capital Outlay	375,000	375,000	9,178	365,822
Total Expenditures	<u>1,220,919</u>	<u>1,220,919</u>	<u>724,331</u>	<u>496,588</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(458,979)	(458,979)	27,690	486,669
OTHER FINANCING SOURCES				
Transfers In	<u>570,242</u>	<u>570,242</u>	<u>570,242</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	111,263	111,263	597,932	486,669
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,050,955</u>	<u>1,050,955</u>
FUND BALANCE - END OF YEAR	<u>\$ 111,263</u>	<u>\$ 111,263</u>	<u>\$ 1,648,887</u>	<u>\$ 1,537,624</u>

**CITY OF PORT RICHEY, FLORIDA
FLORIDA RETIREMENT SYSTEM – SCHEDULE OF
PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	2015	2016	2017	2018	2019	2020
FRS Pension Plan						
Employer's Proportion for the FRS Pension Plan	0.011521747%	0.012443070%	0.011461032%	0.011965749%	0.011603982%	0.000121524%
City's Proportionate Share						
Net Pension Liability	<u>\$ 1,488,189</u>	<u>\$ 3,141,886</u>	<u>\$ 3,390,097</u>	<u>\$ 3,604,146</u>	<u>\$ 3,996,251</u>	<u>\$ 5,267,040</u>
Plan Net Position as a Percentage of Total Net Pension Liability	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%
Covered Employee Payroll	<u>\$ 2,448,673</u>	<u>\$ 2,526,408</u>	<u>\$ 2,492,370</u>	<u>\$ 2,712,763</u>	<u>\$ 2,462,579</u>	<u>\$ 2,896,373</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	61%	124%	136%	133%	162%	182%
Retiree Health Insurance Subsidy (HIS Plan)						
Employer's Proportion for the HIS Plan	0.0082004376%	0.0082267230%	0.007741125%	0.008305701%	0.008036888%	0.000081704%
City's Proportionate Share						
Net Pension Liability	<u>\$ 836,717</u>	<u>\$ 958,790</u>	<u>\$ 827,717</u>	<u>\$ 879,085</u>	<u>\$ 899,247</u>	<u>\$ 997,604</u>
Plan Net Position as a Percentage of Total Net Pension Liability	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%
Covered Employee Payroll	<u>\$ 2,448,673</u>	<u>\$ 2,526,408</u>	<u>\$ 2,492,370</u>	<u>\$ 2,693,568</u>	<u>\$ 2,756,977</u>	<u>\$ 2,896,373</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	34%	38%	33%	33%	33%	34%

NOTE: Information is required to be presented for 10 fiscal years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF PORT RICHEY, FLORIDA
FLORIDA RETIREMENT SYSTEM – SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2015	2016	2017	2018	2019	2020
FRS Pension Plan						
Contractually Required Contribution	\$ 326,466	\$ 326,466	\$ 324,830	\$ 364,454	\$ 366,200	\$ 405,965
Contributions in Relation to the Contractually Required Contribution	<u>(326,466)</u>	<u>(326,466)</u>	<u>(324,830)</u>	<u>(364,454)</u>	<u>(366,200)</u>	<u>(405,965)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	<u>\$ 2,566,439</u>	<u>\$ 2,566,439</u>	<u>\$ 2,574,241</u>	<u>\$ 2,693,568</u>	<u>\$ 2,419,169</u>	<u>\$ 2,899,440</u>
Contributions as a Percentage of Covered-Employee Payroll	12.72%	12.72%	12.62%	13.53%	15.14%	14.00%
Retiree Health Insurance Subsidy (HIS Plan)						
Contractually Required Contribution	\$ 42,603	\$ 42,603	\$ 42,732	\$ 44,713	\$ 44,404	\$ 47,053
Contributions in Relation to the Contractually Required Contribution	<u>(42,603)</u>	<u>(42,603)</u>	<u>(42,732)</u>	<u>(44,713)</u>	<u>(44,404)</u>	<u>(47,053)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	<u>\$ 2,566,439</u>	<u>\$ 2,566,439</u>	<u>\$ 2,574,241</u>	<u>\$ 2,693,568</u>	<u>\$ 2,751,029</u>	<u>\$ 2,899,440</u>
Contributions as a Percentage of Covered-Employee Payroll	1.66%	1.66%	1.66%	1.66%	1.61%	1.62%

NOTE: Information is required to be presented for 10 fiscal years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF PORT RICHEY, FLORIDA
 RETIREE HEALTH CARE PLAN – SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
 LAST TEN FISCAL YEARS**

Reporting Period Ending:	September 30, 2020	September 30, 2019	September 30, 2018
Measurement Date:	<i>September 30,</i> 2019	<i>September 30,</i> 2018	<i>September 30,</i> 2017
Total OPEB Liability			
Service Cost	\$ 79,053	\$ 85,963	\$ 94,224
Interest	63,647	55,991	48,041
Differences Between Expected and Actual Experience	61,460	-	-
Change of Assumptions	241,424	(118,976)	(136,695)
Benefit Payments	(32,918)	(30,345)	(27,903)
Net Change in Total OPEB Liability	<u>412,666</u>	<u>(7,367)</u>	<u>(22,333)</u>
Total OPEB Liability Beginning	<u>1,459,912</u>	<u>1,467,279</u>	<u>1,489,612</u>
Total OPEB Liability Ending	<u><u>\$ 1,872,578</u></u>	<u><u>\$ 1,459,912</u></u>	<u><u>\$ 1,467,279</u></u>
 Covered Employee Payroll	 <u><u>\$ 2,357,125</u></u>	 <u><u>\$ 2,522,862</u></u>	 <u><u>\$ 2,461,329</u></u>
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 79.44%	 57.87%	 59.61%

Notes to Schedule:

Changes in 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.

- Fiscal Year 2019 - 3.58%
- Fiscal Year 2019 - 4.18%
- Fiscal Year 2018 - 3.64%

Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

Note:

Information is required to be presented for 10 fiscal years. Additional years of information will be added as the information becomes available.

OTHER SUPPLEMENTARY SCHEDULES

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

**CITY OF PORT RICHEY, FLORIDA
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT FUND
 YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 491,654	\$ 491,654	\$ 520,615	\$ 28,961
Interest	15,000	15,000	10,424	(4,576)
Total Revenues	<u>506,654</u>	<u>506,654</u>	<u>531,039</u>	<u>24,385</u>
EXPENDITURES				
Public Safety	26,490	28,490	59,482	(30,992)
Capital Outlay	271,600	269,600	114,162	155,438
Debt Service	31,779	31,779	31,779	-
Total Expenditures	<u>329,869</u>	<u>329,869</u>	<u>205,423</u>	<u>124,446</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	176,785	176,785	325,616	148,831
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,031,341</u>	<u>1,031,341</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 176,785</u></u>	<u><u>\$ 176,785</u></u>	<u><u>\$ 1,356,957</u></u>	<u><u>\$ 1,180,172</u></u>

STATISTICAL SECTION

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

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

The City has no general bonded debt outstanding.

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

SCHEDULES OF FINANCIAL TRENDS INFORMATION

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

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 1 – NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)	2020(1)
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,377,656	\$ 7,454,455	\$ 7,430,569	\$ 7,486,882	\$ 7,430,706	\$ 7,431,860	\$ 7,578,819	\$ 7,948,145	\$ 6,290,467	\$ 6,436,744
Restricted	3,433,425	3,055,857	2,736,422	2,132,055	2,103,829	2,286,967	2,147,879	2,112,381	2,918,272	3,843,346
Unrestricted	52,585	499,028	1,057,613	903,014	(1,759,331)	(2,080,596)	(1,586,050)	(3,217,407)	(3,558,227)	(4,672,310)
Total Governmental Activities, Net Position	<u>\$ 10,863,666</u>	<u>\$ 11,009,340</u>	<u>\$ 11,224,604</u>	<u>\$ 10,521,951</u>	<u>\$ 7,775,204</u>	<u>\$ 7,638,231</u>	<u>\$ 8,140,648</u>	<u>\$ 6,843,119</u>	<u>\$ 5,650,512</u>	<u>\$ 5,607,780</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 8,461,053	\$ 8,397,729	\$ 8,868,776	\$ 8,533,906	\$ 8,333,348	\$ 8,141,408	\$ 7,779,484	\$ 7,556,109	\$ 7,161,128	\$ 6,965,394
Restricted	966,557	840,858	1,078	-	60,712	810	662,504	559,608	907,096	1,164,915
Unrestricted	(427,649)	166,996	551,908	298,466	475,489	861,979	1,285,144	1,492,265	1,269,476	1,171,468
Total Business-Type Activities, Net Position	<u>\$ 8,999,961</u>	<u>\$ 9,405,583</u>	<u>\$ 9,421,762</u>	<u>\$ 8,832,372</u>	<u>\$ 8,869,549</u>	<u>\$ 9,004,197</u>	<u>\$ 9,727,132</u>	<u>\$ 9,607,982</u>	<u>\$ 9,337,700</u>	<u>\$ 9,301,777</u>
Primary Government:										
Net Investment in Capital Assets	\$ 15,838,709	\$ 15,852,184	\$ 16,299,345	\$ 16,020,788	\$ 15,764,054	\$ 15,573,268	\$ 15,358,303	\$ 15,504,254	\$ 13,451,595	\$ 13,402,138
Restricted	4,399,992	3,896,715	2,737,500	2,132,055	2,164,541	2,287,777	2,810,383	2,671,989	3,825,368	5,008,261
Unrestricted	(375,064)	666,024	1,609,521	1,201,480	(1,283,842)	(1,218,617)	(300,906)	(1,725,142)	(2,288,751)	(3,500,842)
Total Primary Government Activities, Net Position	<u>\$ 19,863,637</u>	<u>\$ 20,414,923</u>	<u>\$ 20,646,366</u>	<u>\$ 19,354,323</u>	<u>\$ 16,644,753</u>	<u>\$ 16,642,428</u>	<u>\$ 17,867,780</u>	<u>\$ 16,451,101</u>	<u>\$ 14,988,212</u>	<u>\$ 14,909,557</u>

(1) The negative unrestricted net position amount for the Governmental activities is a result of implementing GASB 68 in 2015 and GASB 75 in 2018.

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 2 – CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Ad Valorem	\$ 1,640,588	\$ 1,662,086	\$ 1,678,730	\$ 1,679,769	\$ 1,710,641	\$ 1,843,791	\$ 1,944,855	\$ 2,027,984	\$ 2,257,211	\$ 2,424,945
Franchise Fees	314,782	304,713	326,650	352,568	304,574	302,133	294,965	317,873	346,772	341,645
Utility Taxes	247,995	345,236	314,897	324,164	364,249	392,298	392,946	417,278	457,661	478,239
Communication Services Tax	178,161	185,064	190,187	144,171	137,442	145,681	181,964	176,472	169,352	185,126
Half-Cent Sales Tax	154,363	132,247	138,214	146,394	154,080	163,992	168,869	177,277	200,039	212,828
Local Option Gas Tax	118,581	116,949	124,580	135,918	62,299	66,713	69,412	78,966	95,714	136,616
Discretionary Sales Surtax -										
Infrastructure	247,641	270,236	295,688	316,892	353,551	386,170	401,332	425,647	512,756	520,615
Other Taxes	33,582	32,241	29,502	29,260	28,506	36,286	34,549	29,917	69,773	73,876
State Revenue Sharing	100,817	100,727	99,749	100,046	101,057	101,277	102,044	102,840	103,704	103,340
Impact Fees	4,627	428	24,508	277	-	62,015	93,257	27,177	43,732	36,845
Investment Income	2,304	1,068	516	902	4,235	298	2,989	13,806	22,873	39,224
Miscellaneous	27,750	37,900	12,889	12,122	22,440	53,871	43,949	79,577	26,578	32,317
Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	(3,713)	(1,849)
Transfers	-	(21,486)	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>3,071,191</u>	<u>3,167,409</u>	<u>3,236,110</u>	<u>3,242,483</u>	<u>3,243,074</u>	<u>3,554,525</u>	<u>3,731,131</u>	<u>3,874,814</u>	<u>4,302,452</u>	<u>4,583,767</u>
Business-Type Activities:										
Impact Fees	7,503	7,800	6,504	5,700	82,750	11,760	715,659	49,137	309,320	249,340
Investment and Other Income	4,895	3,913	481	-	-	-	7,983	-	6,717	32,635
Miscellaneous	-	-	-	-	-	-	-	5,776	11,098	18,139
Transfers	-	21,486	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>12,398</u>	<u>33,199</u>	<u>6,985</u>	<u>5,700</u>	<u>82,750</u>	<u>11,760</u>	<u>723,642</u>	<u>54,913</u>	<u>327,135</u>	<u>300,114</u>
Total Primary Government	<u>\$ 3,083,589</u>	<u>\$ 3,200,608</u>	<u>\$ 3,243,095</u>	<u>\$ 3,248,183</u>	<u>\$ 3,325,824</u>	<u>\$ 3,566,285</u>	<u>\$ 4,454,773</u>	<u>\$ 3,929,727</u>	<u>\$ 4,629,587</u>	<u>\$ 4,883,881</u>
Change in Net Position										
Governmental Activities	\$ 69,135	\$ 145,674	\$ 226,024	\$ (702,653)	\$ (427,356)	\$ (136,973)	\$ 502,417	\$ (254,989)	\$ 615,293	\$ (42,732)
Business-Type Activities	519,629	405,612	58,883	(589,390)	249,690	134,648	722,935	141,011	(270,282)	(35,923)
Total Primary Government	<u>\$ 588,764</u>	<u>\$ 551,286</u>	<u>\$ 284,907</u>	<u>\$ (1,292,043)</u>	<u>\$ (177,666)</u>	<u>\$ (2,325)</u>	<u>\$ 1,225,352</u>	<u>\$ (113,978)</u>	<u>\$ 345,011</u>	<u>\$ (78,655)</u>

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 3 – FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2011 (Note)	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	4,287	3,413	3,235	375	18,259	19,126	25,911	31,811	25,177	3,500
Restricted	880,482	914,339	950,387	970,334	1,003,701	868,143	829,768	814,186	838,802	837,502
Committed	-	-	-	-	-	25,000	25,000	25,000	25,000	25,000
Unassigned	542,534	1,010,959	1,627,157	1,585,368	1,152,156	1,119,427	1,524,174	1,201,812	986,905	1,021,107
Total General Fund	<u>\$ 1,427,303</u>	<u>\$ 1,928,711</u>	<u>\$ 2,580,779</u>	<u>\$ 2,556,077</u>	<u>\$ 2,174,116</u>	<u>\$ 2,031,696</u>	<u>\$ 2,404,853</u>	<u>\$ 2,072,809</u>	<u>\$ 1,875,884</u>	<u>\$ 1,887,109</u>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,826	\$ -
Restricted	2,517,015	2,064,764	1,673,968	972,915	837,026	1,095,361	1,318,111	1,302,314	2,082,296	3,005,844
Total All Other Governmental Funds	<u>\$ 2,517,015</u>	<u>\$ 2,064,764</u>	<u>\$ 1,673,968</u>	<u>\$ 972,915</u>	<u>\$ 837,026</u>	<u>\$ 1,095,361</u>	<u>\$ 1,318,111</u>	<u>\$ 1,302,314</u>	<u>\$ 2,085,122</u>	<u>\$ 3,005,844</u>

Note:

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

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 4 – CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Taxes	\$ 2,381,525	\$ 2,497,099	\$ 2,510,464	\$ 2,500,672	\$ 2,516,906	\$ 2,683,903	\$ 2,814,730	\$ 2,939,607	\$ 4,109,278	\$ 4,373,890
Licenses and Permits	174,617	181,826	174,848	157,095	229,989	218,668	567,724	260,896	308,393	334,615
Intergovernmental Revenue	807,654	668,307	769,500	728,510	718,806	754,438	815,309	873,314	127,055	512,248
Impact Fees	4,627	428	24,508	277	-	62,015	93,257	27,177	43,732	36,845
Charges for Service	376,413	376,800	355,479	357,479	358,860	361,916	358,642	358,985	20,442	22,871
Fines and Forfeitures	1,809,908	1,741,341	1,553,501	746,505	646,416	1,183,927	1,158,287	1,054,378	1,317,820	1,379,430
Interest	2,304	1,069	516	902	4,235	298	2,990	13,806	22,873	39,224
Miscellaneous Revenue	24,328	34,744	9,961	9,498	20,198	52,046	37,732	74,512	65,186	32,317
Total Revenues	5,581,376	5,501,614	5,398,777	4,500,938	4,495,410	5,317,211	5,848,671	5,602,675	6,014,779	6,731,440
EXPENDITURES										
General Government:	2,319,942	2,102,661	1,870,619	1,694,339	1,627,106	1,799,171	1,644,059	1,604,588	1,548,137	1,822,982
Public Safety	2,177,447	2,240,574	2,248,857	2,489,721	2,459,087	2,447,476	2,534,702	2,678,722	2,647,662	2,923,014
Physical Environment	282,276	262,677	488,999	436,531	444,829	468,153	486,685	545,645	370,322	336,910
Transportation	145,070	151,783	-	-	-	-	-	-	-	-
Human Services	23,191	19,037	17,444	18,840	19,877	21,766	24,478	30,949	-	-
Parks and Recreation	90,549	106,374	-	-	-	-	-	-	304,258	133,066
Capital Outlay	440,894	476,110	280,342	363,310	248,757	256,755	287,581	919,217	393,695	404,643
Debt Service:										
Principal Retirement	154,241	181,522	165,804	388,800	167,514	180,203	251,006	153,062	153,949	164,863
Interest and Fiscal Charges	73,951	67,981	68,644	56,044	46,090	37,182	24,253	18,333	13,699	11,189
Total Expenditures	5,707,561	5,608,719	5,140,709	5,447,585	5,013,260	5,210,706	5,252,764	5,950,516	5,431,722	5,796,667
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(126,185)	(107,105)	258,068	(946,647)	(517,850)	106,505	595,907	(347,841)	583,057	934,773
OTHER FINANCING SOURCES (USES)										
Proceeds from the Sale of Capital Assets	-	8,686	3,204	-	-	7,629	-	-	-	-
Proceeds from Capital Lease Obligations	-	153,962	-	220,892	-	-	-	-	-	-
Proceeds from Issuance of Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Proceeds from the Issuance of Refunding Bonds	-	-	-	-	-	518,104	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(500,000)	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	(16,323)	-	-	-	-
Transfers Out, Net	-	(6,386)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	156,262	3,204	220,892	-	9,410	-	-	-	-
NET CHANGE IN FUND BALANCES	(126,185)	49,157	261,272	(725,755)	(517,850)	115,915	595,907	(347,841)	583,057	934,773
Fund Balances - Beginning of Year	4,070,503	3,944,318	3,993,475	4,254,747	3,528,992	3,011,142	3,127,057	3,722,964	3,375,123	3,958,180
FUND BALANCES - END OF YEAR	\$ 3,944,318	\$ 3,993,475	\$ 4,254,747	\$ 3,528,992	\$ 3,011,142	\$ 3,127,057	\$ 3,722,964	\$ 3,375,123	\$ 3,958,180	\$ 4,892,953
Debt Service as a Percentage of Noncapital Expenditures	4.3%	4.9%	4.8%	8.75%	4.5%	4.4%	5.5%	3.4%	3.3%	3.3%

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 5 – PROGRAM REVENUE BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Charges for Services:										
General Government	\$ 443,107	\$ 446,794	\$ 410,873	\$ 424,845	\$ 420,757	\$ 423,924	\$ 411,295	\$ 421,766	\$ 42,588	\$ 52,907
Public Safety	1,809,908	1,741,341	1,553,501	746,505	646,416	1,183,927	1,158,287	1,054,378	1,525,806	1,616,566
Protective Inspections	107,923	111,832	120,116	89,728	168,093	156,660	515,071	198,115	78,261	67,443
Total Charges for Services	<u>2,360,938</u>	<u>2,299,967</u>	<u>2,084,490</u>	<u>1,261,078</u>	<u>1,235,266</u>	<u>1,764,511</u>	<u>2,084,653</u>	<u>1,674,259</u>	<u>1,646,655</u>	<u>1,736,916</u>
Operating Grants and Contributions:										
Physical Environment	16,970	-	-	-	-	-	39,104	34,466	190,407	79,712
Public Works	46,061	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	23,351	-
Total Operating Grants and Contributions	<u>63,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,104</u>	<u>34,466</u>	<u>213,758</u>	<u>79,712</u>
Capital Grants and Contributions:										
Public Safety	55,735	8,408	81,105	-	19,313	-	-	-	38,608	-
Physical Environment	-	-	-	-	-	-	-	-	-	138,789
Parks and Recreation	33,903	-	-	-	-	-	-	-	-	-
Transportation	-	7,500	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	24,200	-	-
Total Capital Grants and Contributions	<u>89,638</u>	<u>15,908</u>	<u>81,105</u>	<u>-</u>	<u>19,313</u>	<u>-</u>	<u>-</u>	<u>24,200</u>	<u>38,608</u>	<u>138,789</u>
Total Governmental Activities	<u>2,513,607</u>	<u>2,315,875</u>	<u>2,165,595</u>	<u>1,261,078</u>	<u>1,254,579</u>	<u>1,764,511</u>	<u>2,123,757</u>	<u>1,732,925</u>	<u>1,899,021</u>	<u>1,955,417</u>
Business-Type Activities:										
Charges for Services:										
Water and Sewer	2,921,691	2,935,362	3,010,883	2,493,124	3,092,095	3,254,263	3,476,326	3,449,932	3,402,942	3,293,113
Stormwater Utility	120,948	118,774	119,481	120,879	119,878	121,098	123,279	125,301	125,237	126,999
Total Charges for Services	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>	<u>2,614,003</u>	<u>3,211,973</u>	<u>3,375,361</u>	<u>3,599,605</u>	<u>3,575,233</u>	<u>3,528,179</u>	<u>3,420,112</u>
Capital Grants and Contributions:										
Water and Sewer	-	-	-	-	125,112	-	-	-	-	-
Total Business-Type Activities	<u>3,042,639</u>	<u>3,054,136</u>	<u>3,130,364</u>	<u>2,614,003</u>	<u>3,337,085</u>	<u>3,375,361</u>	<u>3,599,605</u>	<u>3,575,233</u>	<u>3,528,179</u>	<u>3,420,112</u>
Total Primary Government Revenues	<u>\$ 5,556,246</u>	<u>\$ 5,370,011</u>	<u>\$ 5,295,959</u>	<u>\$ 3,875,081</u>	<u>\$ 4,591,664</u>	<u>\$ 5,139,872</u>	<u>\$ 5,723,362</u>	<u>\$ 5,308,158</u>	<u>\$ 5,427,200</u>	<u>\$ 5,375,529</u>

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 6 – TAX REVENUES BY SOURCE, GENERAL FUND
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Ad Valorem	Franchise Fees	Utility Tax	Communications Service Tax	Total
2020	\$ 1,684,832	\$ 341,645	\$ 478,239	\$ 185,126	2,689,842
2019	1,600,120	346,772	457,661	169,352	2,573,905
2018	1,477,808	317,873	417,278	176,472	2,389,431
2017	1,453,167	294,965	392,946	181,964	2,323,042
2016	1,397,320	302,133	392,298	145,681	2,237,432
2015	1,303,568	304,574	364,249	137,442	2,109,833
2014	1,286,745	352,568	324,164	144,171	2,107,648
2013	1,284,698	326,650	314,897	190,187	2,116,432
2012	1,250,148	304,713	345,236	185,064	2,085,161
2011	1,194,040	314,782	247,995	178,161	1,934,978

SCHEDULES OF REVENUE CAPACITY INFORMATION

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

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 7 – ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Real Property	Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2020	\$ 277,893,769	\$ 21,086,917	\$ 298,980,686	\$ 49,795,835	\$ 249,184,851	5.7847
2019	262,993,747	18,468,436	281,462,183	41,220,723	240,241,460	5.8293
2018	287,379,650	23,027,158	310,406,808	38,874,327	271,532,481	5.7518
2017	283,212,534	24,394,607	307,607,141	39,029,794	268,577,347	5.7557
2016	275,218,903	23,705,191	298,924,094	42,716,242	256,207,852	5.7666
2015	267,225,271	23,015,775	290,241,046	46,402,689	243,838,357	5.4348
2014	281,576,479	23,249,898	304,826,377	56,818,927	248,007,450	5.4348
2013	297,673,379	24,886,748	322,560,127	41,734,759	280,825,368	5.3202
2012	300,232,741	27,427,479	327,660,220	50,286,285	277,373,935	5.0000
2011	314,725,105	32,979,629	347,704,734	43,637,615	304,067,119	4.6250

Note:

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

Source:

Pasco County Property Appraiser

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 8 – DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Pasco County						Pasco	
	City	Operating	Library Bond	Parks Bond	Municipal Fire District	Total County - Operating	School Board Operating	Capital Outlay
2020	5.7847	7.6076	0.0096	0.01000	1.8036	9.4308	4.6010	1.5000
2019	5.8293	7.6076	-	-	1.8036	9.4112	4.7790	1.5000
2018	5.7518	7.6076	-	-	1.8036	9.4112	5.0650	1.5000
2017	5.7557	7.6076	-	-	1.8036	9.4112	5.2770	1.5000
2016	5.7666	7.3441	-	-	1.7165	9.0606	5.6490	1.5000
2015	5.4348	7.3441	-	-	1.7165	9.0606	5.8570	1.5000
2014	5.4348	6.8623	-	-	1.5405	8.4028	5.8410	1.5000
2013	5.3202	6.3668	-	-	-	6.3668	6.1440	1.5000
2012	5.0000	6.3668	-	-	-	6.3668	6.2670	1.5000
2011	4.6250	6.3668	-	-	-	6.3668	5.8400	1.5000

Source:

Pasco County Tax Collector

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 8 – DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS

County School Board			Other Taxing Districts				
School Bond	West Pasco Bond	Total School Board	SW Fla. Wtr. Management District	Florida Coastal River Basin	Mosquito Control	Total Other	Total
-	-	6.1010	0.2801	-	2.6460	2.9261	24.2426
-	-	6.2790	0.2955	-	0.2034	0.4989	22.0184
-	-	6.5650	0.3131	-	0.2154	0.5285	22.2565
-	-	6.7770	0.3317	-	0.2254	0.5571	22.5010
-	-	7.1490	0.3658	-	0.2400	0.6058	22.5820
-	-	7.3570	0.3818	-	0.1620	0.5438	22.3962
-	-	7.3410	0.3928	-	0.1630	0.5558	21.7344
-	-	7.6440	0.3928	-	0.1920	-	19.3310
-	-	7.7670	0.3770	0.1885	0.1989	0.9093	20.0431
-	-	7.3400	0.3866	0.1885	0.1567	0.8556	19.1874

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 9 – PRINCIPAL PROPERTY TAX PAYORS
LAST TEN FISCAL YEARS**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Stores	\$ 12,126,969	1	4.87%	\$ 11,822,547	1	4.26%
Cappo Management XXV Inc.	7,717,416	2	3.10%			
NHC-FL 133 LLC	6,080,712	3	2.44%	5,805,195	2	2.09%
Duke Energy Florida	4,830,629	4	1.94%			
Avila Bay 110 LLC	3,783,856	5	1.52%			
New Florida Team Corp	3,206,854	6	1.29%			
Deremer Gary A and Patricia S	3,040,562	7	1.22%			
Abigail Court LTD	2,920,670	8	1.17%			
4606 Taylor LLC	2,774,960	9	1.11%			
Seaway Plastics Engineering Inc.	2,494,341	10	1.00%			
NPR Hon LLC				5,349,159	3	1.93%
Progress Energy				2,552,778	6	0.92%
Miller Richard A and Joann				1,937,376	9	0.70%
Port Richey 1031, LLC				3,648,335	5	1.32%
Ridge Road Center LLC				3,777,583	4	1.36%
Haverty Furniture Companies Inc.				2,696,857	7	0.97%
Change Sing Long and Fond MEI				1,764,086	10	0.64%
U.S. 19 Property, LLC				1,970,377	8	0.71%
Total Principal Taxpayers	48,976,969		19.65%	41,324,293		14.90%
All Other Taxpayers	200,207,882		80.35%	236,049,642		85.10%
Total	<u>\$ 249,184,851</u>		<u>100.00%</u>	<u>\$ 277,373,935</u>		<u>100.00%</u>

Source:

Pasco County Property Appraiser's Office

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 10 – PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended September 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2020	\$ 1,724,049	\$ 1,684,832	97.73%
2019	1,640,728	1,600,120	97.53%
2018	1,503,535	1,477,808	98.29%
2017	1,478,641	1,453,167	98.28%
2016	1,438,891	1,397,320	97.11%
2015	1,325,624	1,303,568	98.34%
2014	1,325,213	1,286,745	97.10%
2013	1,319,449	1,250,148	94.75%
2012	1,287,230	1,248,882	97.02%
2011	1,226,248	1,191,246	97.15%

Note:

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

Source:

Pasco County Property Appraiser

(This page left blank intentionally)

SCHEDULES OF DEBT CAPACITY INFORMATION

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

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 11 – RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						Business-Type Activities			Total	Percentage of Personal Income	Per Capita
	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Note	Promissory Note	Capital Leases	Revenue Bonds	Revenue Bonds	Capital Leases			
	Series 2000A	Series 2005C	Series 2016	Series 2010			Series 2005D	Series 2016				
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,806	\$ -	\$ 2,125,000	\$ -	\$ 2,155,806	N/A	761
2019	-	-	135,000	-	-	60,669	-	2,235,000	-	2,430,669	N/A	872
2018	-	-	260,000	-	-	89,618	-	2,345,000	-	2,694,618	N/A	936
2017	-	-	385,000	-	-	117,680	-	2,445,000	-	2,947,680	N/A	1,104
2016	-	-	505,000	86,341	-	162,345	-	2,550,000	-	3,303,686	N/A	1,241
2015	-	615,000	-	107,143	-	206,746	2,615,000	-	-	3,543,889	N/A	1,284
2014	-	720,000	-	127,069	-	279,642	2,695,000	-	-	3,821,711	N/A	1,403
2013	-	820,000	-	146,154	-	328,464	2,770,000	-	-	4,064,618	N/A	1,522
2012	-	915,000	-	164,438	4,756	376,229	3,020,000	-	-	4,480,423	N/A	1,689
2011	-	1,010,000	-	181,951	37,974	258,058	3,260,000	-	-	4,747,983	N/A	1,778

Note:

N/A - Information not available.

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

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

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 12 – DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Pasco County School Board (1)	\$ 587,316,024	0.85%	\$ 4,979,498
City Direct Governmental Activities Debt	30,806	100%	<u>30,806</u>
Total Direct and Overlapping Debt			<u>\$ 5,010,304</u>
Total Direct and Overlapping Governmental Activities Debt Per Capita			<u>\$ 1,740</u>

Note:

(1) The City's share is calculated based on the ratio of the 2020 City Taxable Value of \$249,184,851 to the County's Taxable Value of \$ 29,390,564,000

Source:

Pasco County School Board CAFR

SCHEDULES OF DEMOGRAPHIC AND ECONOMIC INFORMATION

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

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 13 – DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2020	2,831	\$ 36,441	52.1	76,214	3.50%
2019	2,788	39,375	52.6	74,324	3.80%
2018	2,879	38,911	44.6	73,063	7.00%
2017	2,669	46,010	44.7	71,554	8.20%
2016	2,663	36,187	44.1	69,611	5.20%
2015	2,761	33,953	44.1	68,116	5.80%
2014	2,723	32,975	43.8	72,139	6.70%
2013	2,671	26,738	46.0	66,417	4.90%
2012	2,652	32,102	52.0	65,976	9.70%
2011	2,671	28,989	52.0	66,162	11.90%

Note:

N/A = Information not available.

Sources:

- (1) U.S. Bureau of Census Estimate and the University of Florida
- (2) Florida Statistical Abstract
- (3) Pasco County Schools CAFR
- (4) Source: <https://fred.stlouisfed.org/series/FLPASC5URN>

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 14 – PRINCIPAL EMPLOYERS
LAST TEN CALENDAR YEARS**

<u>Employer</u>	2020		2011	
	Employees	Rank	Employees	Rank
Wal-Mart Management Corporation	340	1	415	1
Seaway Mold and Engineering	113	2	97	3
Whiskey Joe's	95	3	-	
Hooters Restaurant	89	4	75	4
City of Port Richey	63	5	53	9
Ocean Honda (Gateway Honda)	80	6	68	6
Red Lobster	50	7	72	5
Catches	45	8	60	7
The Cottages of Port Richey	32	9	45	10
Sun Cruz	29	10	110	2
U.S. Post Office	-		54	8
Total	<u>936</u>		<u>1,049</u>	

SCHEDULES OF OPERATING INFORMATION

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

**CITY OF PORT RICHEY, FLORIDA
SCHEDULE 15 – FULL-TIME EQUIVALENT CITY
GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Full-Time Equivalent Employees as of September 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Financial Administration	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5
City Clerk/Administration	3.0	3.5	4.0	3.0	3.0	4.0	4.0	5.0	5.0	3.0
IT	-	-	-	-	-	2.0	2.0	2.0	-	-
Fire	7.0	7.0	6.0	7.0	7.0	7.0	7.0	7.0	6.5	6.5
Police	21.0	21.0	17.0	20.0	19.0	20.0	21.0	19.0	21.0	19.0
Public Works:										
Parks/Horticulture	-	-	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Public Works/Roads	4.0	6.0	7.0	7.0	5.0	5.0	5.0	10.0	5.5	5.0
Water/Sewer	9.0	7.0	9.0	9.0	8.0	8.0	8.0	7.0	8.5	8.0
Administration/Billing	3.0	2.5	2.0	3.0	3.0	3.0	4.0	3.0	-	-
Building Permitting/Licensing:										
Administration	3.0	2.0	2.0	2.0	1.5	1.5	1.5	1.0	1.5	1.5
Inspectors	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Code Enforcement	1.0	1.0	1.5	1.5	1.0	1.0	1.0	1.0	-	-
Total	58.0	58.0	58.5	62.5	57.5	61.5	63.5	65.0	59.0	53.5

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 16 – OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Fire:										
Fire Department Responses	1035	1055	1024	910	1,011	879	849	926	895	868
Public Works:										
Street Resurfacing (Miles)										
Water:										
Average Daily Consumption (Thousands of Gallons)	0.701	0.701	0.700	0.700	0.700	0.800	0.750	0.800	0.800	0.656
Residential Customer Accounts	2,128	2,293	2,046	1,887	1,914	2,016	2,007	2,004	2,155	2,221
Commercial Customer Accounts	362	394	238	367	358	377	355	361	359	401
Sewer:										
Number of Lift Stations	44	44	56	54	54	48	48	48	48	54
Police:										
Number of Criminal Infractions	211	840	N/A	N/A	N/A	660	981	950	914	982
Traffic Violations	1,437	1,957	N/A	N/A	N/A	1,047	3,291	5,354	5,634	6,890

N/A - This information is not available.

CITY OF PORT RICHEY, FLORIDA
SCHEDULE 17 – CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (Miles)	20.96	20.96	20.96	20.96	20.96	20.96	20.96	20.96	20.96	19.01
Recreation:										
Parks (Acres)	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78
Water Mains (Miles)	46	46	46	46	46	46	46	46	46	46
Wastewater:										
Sanitary Sewers (Miles)	30	30	30	30	30	30	30	30	30	30

Note:

The Police Department is housed in City Hall.

(This page left blank intentionally)

**OTHER REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Port Richey, Florida, (the City), as of and for the year ended September 30, 2020, and the related notes to the City's basic financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2021.

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) as a basis for designing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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 financial statements. 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 30, 2021

MANAGEMENT LETTER

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

We have audited the financial statements of the City of Port Richey, Florida (the City), as of and for the year ended September 30, 2020, and have issued our report thereon dated June 30, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated June 30, 2021, 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 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 to be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report 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 of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Additional Matters

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we notes certain matters, as reported in Appendix A attached hereto. Included in our observations are management's responses, which we did not audit and, accordingly, we express no opinion on them.

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, are likely to have occurred, that have an effect on the financial statements that is less than material but warrants attention of those charges 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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 30, 2021

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined City of Port Richey, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the State of Florida Statute 218.415 for the year ended September 30, 2020.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
June 30, 2021

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared, Rachael Gosselin, who being duly sworn, deposes and says on oath that:

- 1. I am the Finance Director of the City of Port Richey, which is a local governmental entity of the State of Florida;
- 2. The governing body of the City of Port Richey adopted ordinance numbers: 96-356B, 99-492, 06-340N, 88-351A, 06-545, implementing an impact fee; and
- 3. The City of Port Richey has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

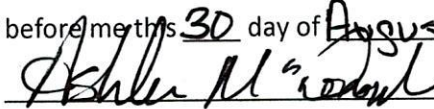


Finance Director, Rachael Gosselin

STATE OF FLORIDA

COUNTY OF PASCO

SWORN TO AND SUBSCRIBED before me this 30 day of August, 2021.



NOTARY PUBLIC

Print Name Ashlee McDonough

Personally known _____ or produced identification ✓

Type of identification produced: DC

My Commission Expires:

10/16/2025



Ashlee McDonough
Notary Public
State of Florida
Comm# HH150179
Expires 10/16/2025