

CITY OF PORT RICHEY, FLORIDA

Annual Comprehensive
Financial Report

September 30, 2023

CITY OF PORT RICHEY, FLORIDA

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CITY OF PORT RICHEY, FLORIDA

Listing of City Officials

Council - Manager Form of Government

As of September 30, 2023

Elected Officials

Mayor	John Hoover
Vice Mayor	Todd Maklary
Council Member	Tom Kinsella
Council Member	Bill Columbo
Council Member	Linda Rodriguez

Appointed Officials

City Manager	Matthew Coppler
City Attorney	Nancy Meyer

Department Directors

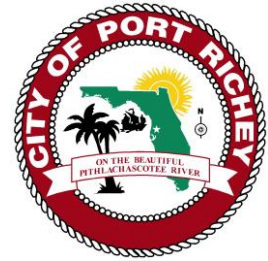
Fire	Gary Policastri
Police	Cyrus Robinson
Operations	Sal Licari
City Clerk	Ashlee McDonough
Finance	Rachael Gosselin
Revenue	Veronica Hanson
Grants	Pamela Lynch

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

CITY OF PORT RICHEY

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



April 23, 2024

Honorable Mayor and City Council
City of Port Richey, Florida

The Annual Comprehensive Financial Report of the City of Port Richey, Florida (the City), for the fiscal year ended September 30, 2023 is hereby submitted in compliance with Florida law. The staff of the Finance Department prepared this Annual Comprehensive 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. 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 No. 34 - “Basic Financial Statements - Management’s Discussion and Analysis - for State and Local Governments.” This letter of transmittal is designed to complement Management’s Discussion and Analysis and should be read in conjunction with it.

The Annual Comprehensive 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, 2023. 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 schedule, 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 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 2023, 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 2023 is the revitalization of the City's financial well-being. The City ended 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, 2023, the Governmental Activities unrestricted net position had a negative balance of \$(2,886,354), and the Business-type Activities unrestricted net position had a positive balance of \$1,705,943. It is very important for the user of the City's Annual Comprehensive Financial Report to understand why the Governmental Activities unrestricted net position now has a negative balance. The City adopted Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions" and GASB Statement No. 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 No. 68 and No. 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, 2023 of \$5,158,014 in the Governmental Activities and \$1,180,575 in the Business-type Activities.

Additionally, the City adopted GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," in the ended September 30, 2018. As a result of the implementation of GASB Statement 75, the City reported a total other OPEB liability in the statement of net position of \$1,198,957 in the Governmental Activities and \$535,523 in the Business-type Activities as of September 30, 2023.

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 \$2,775,904 as of September 30, 2023. 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.

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. Revenue is 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; revenue is recorded when earned and expenses are recorded in the period incurred.

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 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, 2023, and the balance pertaining to the Business-type Activities (Water and Sewer Fund) is \$1,775,000. There is no Government Activities balance outstanding.

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 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

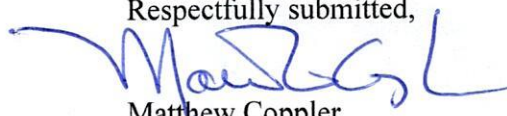
The Florida Statutes and the City's Charter require an annual audit of the books of accounting and financial records of the City by an independent certified public accountant selected by the City Council. This requirement has been complied with by retaining the firm of EFPR Group, CPAs, PLLC, Certified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

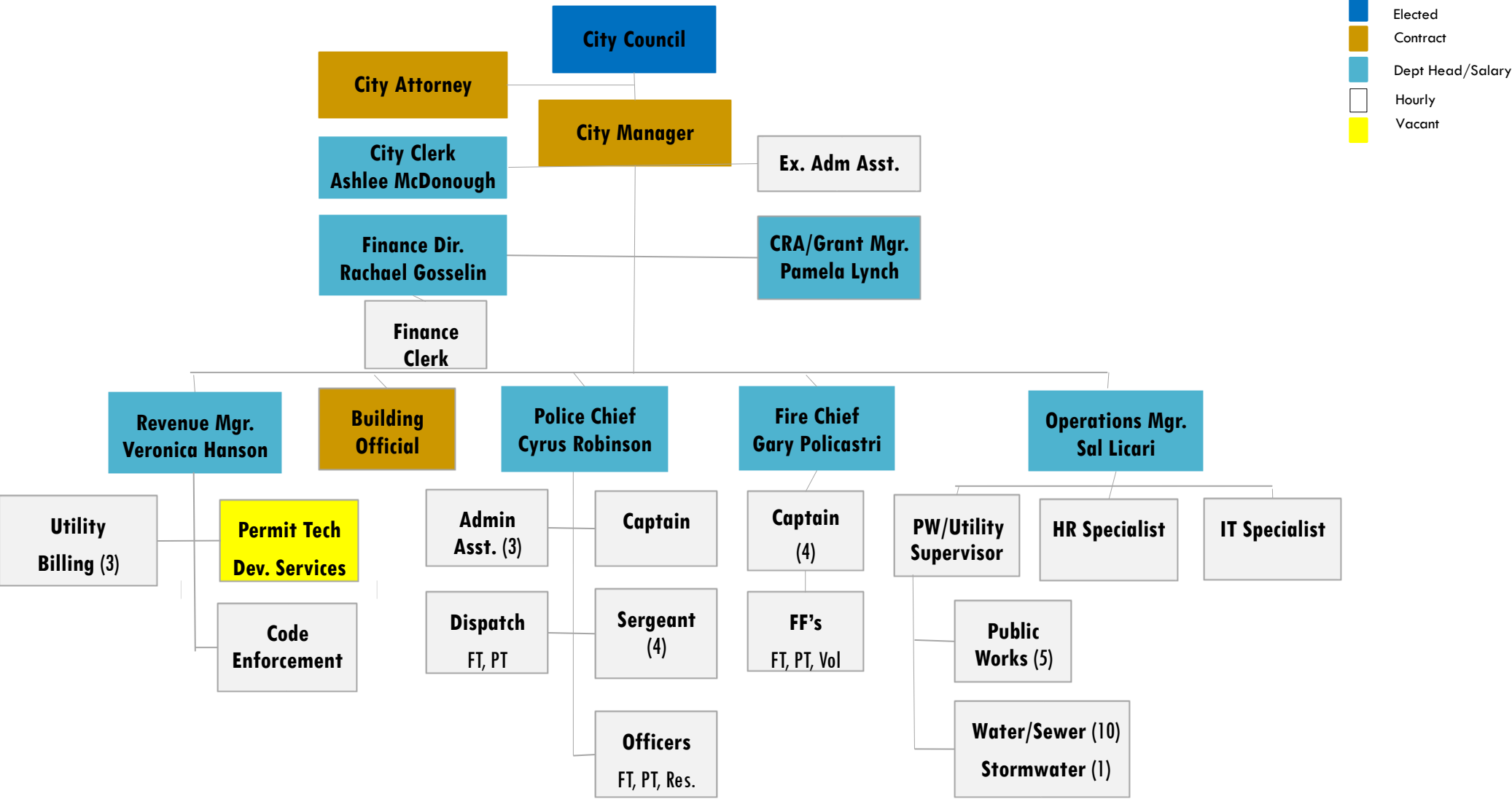
Respectfully submitted,



Matthew Coppler
City Manager

ORGANIZATION CHART

City of Port Richey Organizational Chart



- Elected
- Contract
- Dept Head/Salary
- Hourly
- Vacant

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditors' Report

Required Supplementary Information
Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information Other Than
Management's Discussion and Analysis

Other Supplementary Schedule

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 60 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2024 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 City's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Jupiter, Florida
April 23, 2024

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis
September 30, 2023

The City of Port Richey, Florida'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.

Financial Highlights

Financial Highlights

- Government-wide unrestricted cash and equivalents totaled \$7,170,123 at September 30, 2023. Restricted cash and equivalents totaled \$7,480,326 at September 30, 2023.
- For the year ended September 30, 2023, citywide expenses of \$12,370,472 net of program revenue of \$6,907,111 resulted in a net cost of providing city services of \$(5,463,324). This net cost amount is generally the amount that needs to be funded by the general revenue of the City. The net cost of providing city services for September 30, 2022 was \$3,645,474.
- The City's net position increased \$1,037,700 from 2023 activities compared to an increase of \$1,835,223 for 2022. The governmental net position increased by \$1,476,252 and the business-type (Water and Sewer Fund Utility and Stormwater Utility Fund) net position decreased by \$438,552.
- The net position of the City at the close of 2023 was \$19,479,583 (net position). The governmental activities unrestricted net position was a negative amount of \$(2,886,354) as of September 30, 2023. Business-type activities unrestricted net position was \$1,705,943 as of September 30, 2023. 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 (FRS) of \$5,158,014 and the total OPEB liability of \$1,198,957 as explained below.
- During 2015, the City was required to implement Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions." The net pension liability as of September 30, 2023 of which \$5,158,014 pertains to governmental activities and \$1,180,575 pertains to business-type activities.

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

City Highlights

- The City expended \$217,352 on capital improvement for governmental activities during 2023.
- The City expended \$336,371 on capital improvements for business-type activities during 2023.
- The City entered into an installment purchase agreement in the amount of \$169,498 for a backhoe loader.

Using This Annual Report

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

The General Fund, Community Redevelopment Fund, Capital Improvement Fund, Water and Sewer 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 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 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.

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

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 are reported as major funds.

The governmental major fund 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.

While the amounts on the business-type fund financial statements are the same as those within the business-type column in the government-wide financial statements, 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. 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 financial statements).

Infrastructure Assets

The City presents its annual comprehensive financial report in accordance with the provisions of 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 financial statements.

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

Government-Wide Statements

Statement of Net Position

The following table reflects the summarized statement of net position as of September 30, 2023.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Current assets	\$ 4,522,469	3,380,813	7,903,282
Capital assets, net	6,938,681	8,616,826	15,555,507
Noncurrent assets - cash and equivalents	5,845,272	1,635,054	7,480,326
Noncurrent assets - other	<u>-</u>	<u>24,671</u>	<u>24,671</u>
Total assets	17,306,422	13,657,364	30,963,786
Deferred outflows of resources	<u>1,475,676</u>	<u>348,353</u>	<u>1,824,029</u>
Total assets and deferred outflows of resources	<u>18,782,098</u>	<u>14,005,717</u>	<u>32,787,815</u>
Current liabilities	421,188	510,053	931,241
Noncurrent liabilities:			
Total OPEB liability	1,198,957	535,523	1,734,480
Net pension liabilities	5,158,014	1,180,575	6,338,589
Revenue bonds payable	-	1,670,623	1,670,623
Installment purchase agreements	-	361,776	361,776
Accrued compensated absences	<u>577,641</u>	<u>114,268</u>	<u>691,909</u>
Total liabilities	7,355,800	4,372,818	11,728,618
Deferred inflows of resources	<u>1,504,633</u>	<u>74,981</u>	<u>1,579,614</u>
Total liabilities and deferred inflows of resources	<u>8,860,433</u>	<u>4,447,799</u>	<u>13,308,232</u>
Net position:			
Net investment in capital assets	6,938,681	6,381,396	13,320,077
Restricted	5,869,338	1,470,579	7,339,917
Unrestricted (deficit)	<u>(2,886,354)</u>	<u>1,705,943</u>	<u>(1,180,411)</u>
Total net position	<u>\$ 9,921,665</u>	<u>9,557,918</u>	<u>19,479,583</u>

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

At the end of 2023, the city-wide net position increased \$1,037,700 from current year operations. These changes resulted in an ending balance of \$19,479,583 compared to the net position of \$18,441,883 at the end of 2022. Net position for Governmental Activities was \$9,921,665 and net position for Business-type Activities was \$9,557,918. The total net position includes the amount of \$13,320,077 which represents the City's net investment in capital assets and \$7,339,917 which represents current and other assets restricted for specific purposes. The portion of net position that is unrestricted equals a negative amount of \$(1,180,411). As previously explained, the negative unrestricted net position is directly associated with recording the net pension liability for the City's proportionate share of FRS as required by GASB Statement No. 68 and the total OPEB liability required by GASB Statement No. 75.

Normal Impacts - Statement of Net Position

There are six basic (normal) transactions that will affect the comparability of the statement of net position summary presentation.

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

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

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

Spending of 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, Continued

Statement of Activities

The following schedule compares the revenue and expenses for years ended September 30, 2023 and 2022.

Statements of Activities
Years ended September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue:						
Program revenue:						
Charges for services:						
Water and sewer utility	\$ -	-	3,906,478	3,954,346	3,906,478	3,954,346
Stormwater utility	-	-	278,270	130,206	278,270	130,206
General government	445,992	435,199	-	-	445,992	435,199
Public safety	1,955,196	2,132,270	-	-	1,955,196	2,132,270
Operating grants and contributions	321,175	-	-	-	321,175	-
General revenue:						
Ad valorem	2,960,202	2,856,903	-	-	2,960,202	2,856,903
Franchise fees	407,398	390,331	-	-	407,398	390,331
Utility taxes	564,834	526,777	-	-	564,834	526,777
Communication service tax	195,383	166,260	-	-	195,383	166,260
Half-cent tax	273,791	224,326	-	-	273,791	224,326
Local option gas tax	180,795	147,375	-	-	180,795	147,375
Discretionary sales surtax - infrastructure	705,193	551,767	-	-	705,193	551,767
Other taxes	61,169	59,090	-	-	61,169	59,090
State revenue sharing	195,079	127,138	-	-	195,079	127,138
Impact fees	35,176	17,556	294,694	218,857	329,870	236,413
Investment income	393,408	35,724	185,634	20,863	579,042	56,587
Miscellaneous	14,978	52,291	33,327	85,439	48,305	137,730
Total revenue	<u>8,709,769</u>	<u>7,723,007</u>	<u>4,698,403</u>	<u>4,409,711</u>	<u>13,408,172</u>	<u>12,132,718</u>
Expenses:						
Governmental activities:						
General government	3,021,980	2,397,444	-	-	3,021,980	2,397,444
Public safety	3,627,950	3,556,917	-	-	3,627,950	3,556,917
Physical environment	953,619	443,775	-	-	953,619	443,775
Culture and recreation	241,063	270,194	-	-	241,063	270,194
Interest expense	4,075	6,033	-	-	4,075	6,033
Business-type activities:						
Water and sewer	-	-	4,128,669	3,529,223	4,128,669	3,529,223
Stormwater utility	-	-	393,116	93,909	393,116	93,909
Total expenses	<u>7,848,687</u>	<u>6,674,363</u>	<u>4,521,785</u>	<u>3,623,132</u>	<u>12,370,472</u>	<u>10,297,495</u>
Interfund transfers in (out)	<u>615,170</u>	<u>589,870</u>	<u>(615,170)</u>	<u>(589,870)</u>	<u>-</u>	<u>-</u>
Change in net position	1,476,252	1,638,514	(438,552)	196,709	1,037,700	1,835,223
Net position at beginning of year	<u>8,445,413</u>	<u>6,806,899</u>	<u>9,996,470</u>	<u>9,799,761</u>	<u>18,441,883</u>	<u>16,606,660</u>
Net position at end of year	<u>\$ 9,921,665</u>	<u>8,445,413</u>	<u>9,557,918</u>	<u>9,996,470</u>	<u>19,479,583</u>	<u>18,441,883</u>

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

Normal Impacts - Statement of Activities

There are seven basic impacts on revenue and expenses as reflected below.

Revenue

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.

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.

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.

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

Fund Statements

<u>Governmental Funds Revenue</u>				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Change Percentage</u>
Revenue:				
Taxes	\$ 5,348,765	4,922,829	425,936	8.65%
Licenses and permits	445,863	435,199	10,664	2.45%
Intergovernmental revenue	516,254	127,138	389,116	306.06%
Impact fees	35,176	17,556	17,620	100.36%
Charges for services	24,828	23,452	1,376	5.87%
Fines and forfeitures	1,930,497	2,108,818	(178,321)	-8.46%
Interest income	393,408	35,724	357,684	1001.24%
Miscellaneous	<u>14,978</u>	<u>52,291</u>	<u>(37,313)</u>	-71.36%
Total revenue	<u>\$ 8,709,769</u>	<u>7,723,007</u>	<u>986,762</u>	12.78%

Overall, revenue in the City's governmental funds increased \$986,762 or 12.78% from last year. The primary source of the increase was from an increase in taxes of \$425,936 and interest income of \$357,684.

<u>Governmental Funds Expenditures</u>				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Change Percentage</u>
Expenditures:				
General government support	\$ 2,829,027	2,435,824	393,203	16.14%
Public safety	3,340,533	3,446,599	(106,066)	-3.08%
Physical environment	711,527	305,478	406,049	132.92%
Culture and recreation	155,730	270,194	(114,464)	-42.36%
Debt service	78,315	78,316	(1)	0.00%
Capital outlay	<u>299,780</u>	<u>168,540</u>	<u>131,240</u>	77.87%
Total expenditures	<u>\$ 7,414,912</u>	<u>6,704,951</u>	<u>709,961</u>	10.59%

Total expenditures for the governmental funds increased by \$709,961 or 10.59% from last year. The largest source of the increase was due to increases in general government support and physical environment due to payroll and related benefits.

Proprietary Fund (Business-Type Funds)

The combined net position of the Water and Sewer Utility and Stormwater Utility enterprise funds decreased \$438,552 in 2023. This increase is comprised of operating loss of \$155,495, plus impact fee income of \$294,694, less nonoperating expenses of \$577,751.

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

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 revenue (including transfers-in) was \$246,184 greater than the amount budgeted, and expenditures (including transfers - out) were more than the amount budgeted by \$509,951.

Budgeted revenue was \$6,903,930 compared to actual revenue of \$7,138,563. 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 \$218,215 in excess of the amount budgeted, licenses and permits exceeded the amount budgeted by \$60,563, intergovernmental charges were \$380,615 exceeded budget and impact fees were \$613,037 below budget.

Budgeted expenditures totaled \$7,057,791 compared to \$6,586,769 in actual expenditures, resulting in a positive variance of \$471,022.

The significant unfavorable variances that occurred when comparing the final budgeted expenditures to the actual expenditures for 2023 include general government support and culture and recreation expenditures being over budget by \$4,417 and \$47,143, respectively.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2023, the City had \$15,555,507 in net capital assets as compared to \$16,024,174 in the prior year. This represents a net decrease of \$468,667 from the prior year.

	Capital Assets at September 30,					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and rights	\$ 3,324,595	3,324,595	27,000	27,000	3,351,595	3,351,595
Construction in progress	262,204	262,204	-	-	262,204	262,204
Buildings and improvements	2,112,952	2,128,590	464,050	467,738	2,577,002	2,596,328
Infrastructure and improvements	4,906,806	4,965,716	18,139,867	18,216,760	23,046,673	23,182,476
Equipment and vehicles	3,173,551	3,153,393	1,284,778	1,035,226	4,458,329	4,188,619
Software	989	6,159	-	-	989	6,159
Total cost of assets	13,781,097	13,840,657	19,915,695	19,746,724	33,696,792	33,587,381
Less accumulated depreciation	<u>(6,842,416)</u>	<u>(6,685,425)</u>	<u>(11,298,869)</u>	<u>(10,877,782)</u>	<u>(18,141,285)</u>	<u>(17,563,207)</u>
Total	<u>\$ 6,938,681</u>	<u>7,155,232</u>	<u>8,616,826</u>	<u>8,868,942</u>	<u>15,555,507</u>	<u>16,024,174</u>

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

Change in Capital Assets, net			
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total Primary <u>Government</u>
Additions/transfers in	\$ 217,352	336,371	553,723
Retirements/transfers out	(276,912)	(167,400)	(444,312)
Depreciation	(433,903)	(506,582)	(940,485)
Accumulated depreciation retirements	<u>276,912</u>	<u>85,495</u>	<u>362,407</u>
Change	<u>\$ (216,551)</u>	<u>(252,116)</u>	<u>(468,667)</u>

Debt Outstanding

As of September 30, 2023, the City had \$2,947,994 of outstanding debt as compared to \$3,019,205 as of September 30, 2022. This represents a net decrease of \$71,211 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue bonds, series 2016	\$ -	-	1,775,000	1,895,000	1,775,000	1,895,000
Bond premium	-	-	29,801	34,157	29,801	34,157
Total bonds payable	-	-	1,804,801	1,929,157	1,804,801	1,929,157
Installment purchase agreements	-	76,251	453,274	382,229	453,274	458,480
Compensated absences	<u>577,641</u>	<u>558,155</u>	<u>112,278</u>	<u>73,413</u>	<u>689,919</u>	<u>631,568</u>
Total	<u>\$ 577,641</u>	<u>634,406</u>	<u>2,370,353</u>	<u>2,384,799</u>	<u>2,947,994</u>	<u>3,019,205</u>

Economic Factors

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

- 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 revenue and recurring and nonrecurring (one-time) grants from both the state and federal governments.
- 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.

CITY OF PORT RICHEY, FLORIDA
Management's Discussion and Analysis, Continued

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.

CITY OF PORT RICHEY, FLORIDA
Statement of Activities
Year ended September 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government support	\$ 3,021,980	445,992	321,175	-	(2,254,813)	-	(2,254,813)
Public safety	3,627,950	1,955,196	-	-	(1,672,754)	-	(1,672,754)
Physical environment	953,619	-	-	-	(953,619)	-	(953,619)
Culture and recreation	241,063	-	-	-	(241,063)	-	(241,063)
Interest and fiscal charges on long-term debt	4,075	-	-	-	(4,075)	-	(4,075)
Total governmental activities	<u>7,848,687</u>	<u>2,401,188</u>	<u>321,175</u>	<u>-</u>	<u>(5,126,324)</u>	<u>-</u>	<u>(5,126,324)</u>
Business-type activities:							
Water and sewer utility	4,128,669	3,906,478	-	-	-	(222,191)	(222,191)
Stormwater utility	393,116	278,270	-	-	-	(114,846)	(114,846)
Total business-type activities	<u>4,521,785</u>	<u>4,184,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(337,037)</u>	<u>(337,037)</u>
Total	<u>\$ 12,370,472</u>	<u>6,585,936</u>	<u>321,175</u>	<u>-</u>	<u>(5,126,324)</u>	<u>(337,037)</u>	<u>(5,463,361)</u>
General revenue:							
Taxes:							
Ad valorem					2,960,202	-	2,960,202
Franchise fees					407,398	-	407,398
Utility taxes					564,834	-	564,834
Communication service tax					195,383	-	195,383
Half-cent tax					273,791	-	273,791
Local option gas tax					180,795	-	180,795
Discretionary sales surtax - infrastructure					705,193	-	705,193
Other taxes					61,169	-	61,169
State revenue sharing					195,079	-	195,079
Impact fees					35,176	294,694	329,870
Investment income					393,408	185,634	579,042
Miscellaneous					14,978	33,327	48,305
Interfund transfers					615,170	(615,170)	-
Total general revenue					<u>6,602,576</u>	<u>(101,515)</u>	<u>6,501,061</u>
Change in net position					1,476,252	(438,552)	1,037,700
Net position at beginning of year					<u>8,445,413</u>	<u>9,996,470</u>	<u>18,441,883</u>
Net position at end of year					<u>\$ 9,921,665</u>	<u>9,557,918</u>	<u>19,479,583</u>

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
Balance Sheet - Governmental Funds
September 30, 2023

	<u>General</u>	<u>Community Redevelopment</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and equivalents - unrestricted	\$ 4,250,784	-	-	4,250,784
Cash and equivalents - restricted	1,204,577	2,947,418	1,693,277	5,845,272
Accounts receivable	201,843	-	45,133	246,976
Prepaid expenditures	22,644	-	78,316	100,960
Total assets	\$ 5,679,848	2,947,418	1,816,726	10,443,992
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	292,401	3,878	429	296,708
Accrued liabilities	107,720	16,760	-	124,480
Total liabilities	400,121	20,638	429	421,188
Deferred inflows of resources - unearned revenue	1,185,890	-	-	1,185,890
Fund balances:				
Nonspendable	22,644	-	78,316	100,960
Restricted:				
Building permits	176,153	-	-	176,153
Police benevolence	101,900	-	-	101,900
Police confiscation	62,854	-	-	62,854
Police training	34,662	-	-	34,662
Police \$5 fund	122,671	-	-	122,671
Capital projects - transportation	660,292	-	-	660,292
Capital projects - public safety	46,045	-	-	46,045
Capital projects - infrastructure	-	-	1,737,981	1,737,981
Community redevelopment	-	2,926,780	-	2,926,780
Committed	25,000	-	-	25,000
Assigned	65,712	-	-	65,712
Unassigned	2,775,904	-	-	2,775,904
Total fund balance	4,093,837	2,926,780	1,816,297	8,836,914
Total liabilities, deferred inflows of resources and fund balances	\$ 5,679,848	2,947,418	1,816,726	10,443,992

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
 Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position
 September 30, 2023

Total Governmental Fund Balances		\$ 8,836,914
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 funds.		
Capital assets	\$ 13,781,097	
Less accumulated depreciation	<u>(6,842,416)</u>	6,938,681
Installment purchase debt principal payment for next fiscal year is recognized on the governmental funds' Balance Sheet as a prepaid expenditure, however this reduces the installment purchase debt liability on the Statement of Net Position.		
		(76,251)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.		
Total OPEB liability	(1,198,957)	
Net pensions liabilities	(5,158,014)	
Accrued compensated absences	<u>(577,641)</u>	(6,934,612)
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 - pensions	1,427,012	
Deferred inflows of resources - pensions	<u>(318,743)</u>	1,108,269
Deferred 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.		
		<u>48,664</u>
Net Position of Governmental Activities		<u>\$ 9,921,665</u>

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended September 30, 2023

	<u>General</u>	<u>Community Redevelopment</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
Revenue:				
Taxes	\$ 3,964,260	679,312	705,193	5,348,765
Licenses and permits	445,863	-	-	445,863
Intergovernmental revenue	515,597	657	-	516,254
Impact fees	35,176	-	-	35,176
Charges for services	24,828	-	-	24,828
Fines and forfeitures	1,930,497	-	-	1,930,497
Interest	214,260	116,451	62,697	393,408
Miscellaneous	8,082	6,896	-	14,978
Total revenue	<u>7,138,563</u>	<u>803,316</u>	<u>767,890</u>	<u>8,709,769</u>
Expenditures:				
General government support	2,684,568	144,459	-	2,829,027
Public safety	3,143,531	134,844	62,158	3,340,533
Physical environment	711,527	-	-	711,527
Culture and recreation	47,143	108,587	-	155,730
Debt service:				
Principal	-	-	74,240	74,240
Interest	-	-	4,075	4,075
Capital outlay	-	-	299,780	299,780
Total expenditures	<u>6,586,769</u>	<u>387,890</u>	<u>440,253</u>	<u>7,414,912</u>
Excess of revenue over expenditures	<u>551,794</u>	<u>415,426</u>	<u>327,637</u>	<u>1,294,857</u>
Other financing sources (uses):				
Transfers in	736,145	567,016	-	1,303,161
Transfers out	(567,016)	(120,975)	-	(687,991)
Total other financing sources (uses)	<u>169,129</u>	<u>446,041</u>	<u>-</u>	<u>615,170</u>
Change in fund balance	720,923	861,467	327,637	1,910,027
Fund balance at beginning of year	<u>3,372,914</u>	<u>2,065,313</u>	<u>1,488,660</u>	<u>6,926,887</u>
Fund balance at end of year	<u>\$ 4,093,837</u>	<u>2,926,780</u>	<u>1,816,297</u>	<u>8,836,914</u>

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
 Reconciliation of the Statement of Revenue, Expenditures and Changes in
 Fund Balances - Governmental Funds to the Statement of Activities
 Year ended September 30, 2023

Net change in fund balances - Total Governmental Funds		\$1,910,027
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.		
Capital outlay	\$ 217,352	
Depreciation expense	<u>(433,903)</u>	(216,551)
Repayment of installment purchase debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		74,240
Some revenue (expenses) reported in the statement of activities do not result in the receipt (use) of current financial resources, and therefore, are not reported as revenue (expenditures) in governmental funds.		
Change in accrued compensated absences	(19,486)	
Change in total OPEB liability	424,709	
Change in pensions	<u>(696,687)</u>	<u>(291,464)</u>
Change in Net Position of Governmental Activities		<u><u>\$1,476,252</u></u>

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2023

<u>Assets and Deferred Outflows of Resources</u>	Business-type Activities Enterprise Fund		
	<u>Water and Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>
Current assets:			
Cash and equivalents - unrestricted	\$ 2,858,053	61,286	2,919,339
Accounts receivable	415,469	36,187	451,656
Prepaid expenses	9,818	-	9,818
Total current assets	3,283,340	97,473	3,380,813
Noncurrent assets:			
Cash and equivalents - restricted	1,470,579	164,475	1,635,054
Capital assets:			
Land and rights	27,000	-	27,000
Buildings and improvements	464,050	-	464,050
Infrastructure and improvements	17,877,575	262,292	18,139,867
Equipment and vehicles	1,262,576	22,202	1,284,778
Accumulated depreciation	(11,087,666)	(211,203)	(11,298,869)
Unamortized debt costs - insurance	24,671	-	24,671
Total noncurrent assets	10,038,785	237,766	10,276,551
Total assets	13,322,125	335,239	13,657,364
Deferred outflows of resources:			
Pensions	274,045	52,572	326,617
OPEB	17,552	4,184	21,736
Total deferred outflows of resources	291,597	56,756	348,353
Total assets and deferred outflows of resources	\$ 13,613,722	391,995	14,005,717

(Continued)

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
Statement of Net Position
Proprietary Funds, Continued

Liabilities, Deferred Inflows of Resources and Net Position	Business-type Activities Enterprise Fund		
	Water and Sewer Utility	Stormwater Utility	Total
Current liabilities:			
Accounts payable	\$ 49,971	338	50,309
Accrued liabilities	37,194	6,670	43,864
Customer deposits	190,204	-	190,204
Revenue bonds payable - current portion	134,178	-	134,178
Installment purchase agreements - current portion	91,498	-	91,498
Total current liabilities	503,045	7,008	510,053
Noncurrent liabilities:			
Total OPEB liability	432,431	103,092	535,523
Net pension liabilities	990,552	190,023	1,180,575
Revenue bonds payable	1,670,623	-	1,670,623
Installment purchase agreements	361,776	-	361,776
Accrued compensated absences	91,424	22,844	114,268
Total noncurrent liabilities	3,546,806	315,959	3,862,765
Total liabilities	4,049,851	322,967	4,372,818
Deferred inflows of resources:			
Pensions	61,212	11,743	72,955
Gain on refunding	2,026	-	2,026
Total deferred inflows of resources	63,238	11,743	74,981
Net position:			
Net investment in capital assets	6,308,105	73,291	6,381,396
Restricted	1,470,579	-	1,470,579
Unrestricted (deficit)	1,721,949	(16,006)	1,705,943
Total net position	9,500,633	57,285	9,557,918
Total liabilities, deferred inflows of resources and net position	\$ 13,613,722	391,995	14,005,717

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Funds
Year ended September 30, 2023

	Business-type Activities Enterprise Fund		
	Water and Sewer Utility	Stormwater Utility	Total
Operating revenue:			
Charges for services	\$ 3,906,478	278,270	4,184,748
Other	33,327	-	33,327
Total operating revenue	3,939,805	278,270	4,218,075
Operating expenses:			
Personal services	1,176,742	306,486	1,483,228
General and administrative	223,314	79,360	302,674
Water treatment and distribution	816,709	-	816,709
Wastewater collection and treatment	1,264,377	-	1,264,377
Depreciation	499,312	7,270	506,582
Total operating expenses	3,980,454	393,116	4,373,570
Operating loss	(40,649)	(114,846)	(155,495)
Nonoperating revenue (expenses):			
Interest income	173,150	12,484	185,634
Interest and fiscal charges	(66,310)	-	(66,310)
Loss on disposal of capital assets	(81,905)	-	(81,905)
Interfund transfers out	(570,644)	(44,526)	(615,170)
Total nonoperating revenue (expenses)	(545,709)	(32,042)	(577,751)
Loss before capital contributions	(586,358)	(146,888)	(733,246)
Capital contributions - impact fees	248,833	45,861	294,694
Change in net position	(337,525)	(101,027)	(438,552)
Net position at beginning of year	9,838,158	158,312	9,996,470
Net position at end of year	\$ 9,500,633	57,285	9,557,918

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2023

	Business-type Activities Enterprise Fund		
	Water and Sewer Utility	Stormwater Utility	Total
Cash flows from operating activities:			
Receipts from customers	\$ 3,966,764	257,023	4,223,787
Payments for goods and services	(2,358,915)	(79,103)	(2,438,018)
Payments to employees	<u>(1,151,860)</u>	<u>(234,441)</u>	<u>(1,386,301)</u>
Net cash provided by (used in) operating activities	<u>455,989</u>	<u>(56,521)</u>	<u>399,468</u>
Cash flows from capital and related financing activities:			
Capital contributions	248,833	45,861	294,694
Principal paid on revenue bonds	(120,000)	-	(120,000)
Principal paid on installment purchase agreement	(98,453)	-	(98,453)
Acquisition and construction of capital assets	(166,873)	-	(166,873)
Interest and fiscal charges paid on indebtedness	(68,920)	-	(68,920)
Transfers to other funds	<u>(570,644)</u>	<u>(44,526)</u>	<u>(615,170)</u>
Net cash provided by (used in) capital and related financing activities	<u>(776,057)</u>	<u>1,335</u>	<u>(774,722)</u>
Cash flows from investing activities - interest income	<u>173,150</u>	<u>12,484</u>	<u>185,634</u>
Change in cash and equivalents	(146,918)	(42,702)	(189,620)
Cash and equivalents at beginning of year	<u>4,475,550</u>	<u>268,463</u>	<u>4,744,013</u>
Cash and equivalents at end of year	<u>\$ 4,328,632</u>	<u>225,761</u>	<u>4,554,393</u>
Supplemental schedule of cash flow information - classification of cash and equivalents:			
Cash and equivalents - unrestricted	\$ 2,858,053	61,286	2,919,339
Cash and equivalents - restricted	<u>1,470,579</u>	<u>164,475</u>	<u>1,635,054</u>
	<u>\$ 4,328,632</u>	<u>225,761</u>	<u>4,554,393</u>

(Continued)

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA
Statement of Cash Flows
Proprietary Funds, Continued

	Business-type Activities Enterprise Fund		
	Water and Sewer Utility	Stormwater Utility	Total
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (40,649)	(114,846)	(155,495)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	499,312	7,270	506,582
Changes in:			
Accounts receivable	29,384	(21,247)	8,137
Prepaid expenses	(9,818)	-	(9,818)
Deferred outflows - pension	(59,561)	(9,786)	(69,347)
Deferred outflows - OPEB	249	(2,380)	(2,131)
Accounts payable	(44,697)	257	(44,440)
Accrued liabilities	6,715	(515)	6,200
Customer deposits	(2,425)	-	(2,425)
Total OPEB liability	(169,206)	42,124	(127,082)
Net pension liabilities	261,991	44,687	306,678
Compensated absences	462	1,528	1,990
Deferred inflows - pension	(15,768)	(3,613)	(19,381)
Net cash provided by (used in) operating activities	\$ 455,989	(56,521)	399,468

See accompanying notes to financial statements.

CITY OF PORT RICHEY, FLORIDA

Notes to Financial Statements

September 30, 2023

(1) Summary of Significant Accounting Policies

The City of Port Richey, Florida (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) Reporting Entity

The City is a political subdivision of the State of Florida (the State), 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 GASB 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Governmental Accounting Standards Board Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"

The City presents its annual comprehensive financial report in accordance with the provisions of GASB Statement No. 34 - "Basic Financial Statements - and - Management's Discussion and Analysis - for State and Local Governments." This standard establishes the financial reporting requirements for state and local governments. The Statement establishes specific standards for basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information.

As part of reporting pursuant to GASB Statement No. 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 No. 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 revenue to ascertain the net costs for that function. Program revenue is defined as charges for services, operating grants, and capital grants that specifically relate to a specific program function. Charges for services include revenue 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 revenue 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 revenue and expenses from nonoperating items. Operating revenue generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Governmental Accounting Standards Board Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," Continued

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.

(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., revenue 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., revenue) 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

- 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 five years, as well as other funds received by the City. This fund is classified as a major fund in the governmental fund financial statements.

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 revenue 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). Revenue is 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, revenue is considered to be available if they are collected within 60 days of year-end. Revenue that is 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Basis of Accounting, Continued

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

(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.

- (1) 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.
- (2) Public hearings are conducted in August and September to obtain taxpayer comments on the proposed budget and property tax millage rate.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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, Continued

(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, 2023 was 6.35.

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 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.

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

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Assets, Liabilities, and Fund Equity, Continued

- 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 - City employees are granted vacation, sick leave, and earn compensatory time in varying amounts. In the event of the termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave, and unused compensatory time.

Payment of leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, the City believes that sufficient resources will be made available for the payments of leave when such payments become due.

- Postretirement Health and Life Insurance Benefits - The City provides postemployment 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.

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

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Assets, Liabilities, and Fund Equity, Continued

- (2) 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.
 - (3) 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 No. 54 - “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 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:
 - (1) 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.
 - (2) 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.
 - (3) 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Assets, Liabilities, and Fund Equity, Continued

- (4) 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.
- (5) Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

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

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.

- (1) Restricted for Police - 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 confiscation and training activities.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) Restricted for Community Redevelopment - Indicates the unexpended portion of funds restricted for use by the Community Redevelopment Agency.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Assets, Liabilities, and Fund Equity, Continued

Business-Type Activities/Proprietary Funds

(1) 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.

(1) Committed for Parkland Improvements - Indicates the unexpended portion of funds committed by City Council for permanent improvements to Nick's Park.

(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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(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.

(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 accordance with GAAP 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

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) New GASB Pronouncements, Continued

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after June 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

(2) Cash, Equivalents and Investments

(a) 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.

(b) 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 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.

(c) 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, 2023, 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(2) Cash, Equivalents and Investments, Continued

(c) Qualifying Investment Pools, Continued

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

- The Florida Fixed Income Trust Cash Pool (FLFIT) is a high-quality money market alternative for local government investors. FLFIT 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. FLFIT is a short-term investment product, which is rated AA Af/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.
- 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(2) Cash, Equivalents and Investments, Continued

(c) Qualifying Investment Pools, Continued

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, 2023, 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.

A reconciliation of the amount of cash, equivalents and investments to the statement of net position as of September 30, 2023, is as follows:

Petty cash	\$ 1,210
Bank deposits	2,500,385
Local government investment pools	<u>12,148,854</u>
Total	<u>14,650,449</u>
As reported in statement of net position:	
Cash and equivalents - unrestricted	7,170,123
Cash and equivalents - restricted	<u>7,480,326</u>
Total	\$ <u>14,650,449</u>

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(3) Receivables

Receivables and related allowances for uncollectible accounts at September 30, 2023 were as follows:

	<u>Accounts Receivable</u>	<u>Allowances for Uncollectibles</u>	<u>Total</u>
Governmental funds	\$ 246,976	-	246,976
Enterprise funds	<u>517,737</u>	<u>(66,081)</u>	<u>451,656</u>
Total	\$ <u>764,713</u>	<u>(66,081)</u>	<u>698,632</u>

Governmental accounts receivable 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.

Enterprise 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.

(4) Capital Assets

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

	<u>Beginning Balance October 1, 2022</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Ending Balance September 30, 2023</u>
Government Activities:				
Nondepreciable assets:				
Land and rights	\$ 3,324,595	-	-	3,324,595
Construction in progress	262,204	-	-	262,204
Depreciable assets:				
Building and improvements	2,128,590	9,958	(25,596)	2,112,952
Infrastructure and improvements	4,965,716	-	(58,910)	4,906,806
Equipment and vehicles	3,153,393	207,394	(187,236)	3,173,551
Software	<u>6,159</u>	<u>-</u>	<u>(5,170)</u>	<u>989</u>
Total at historical cost	<u>13,840,657</u>	<u>217,352</u>	<u>(276,912)</u>	<u>13,781,097</u>
Less accumulated depreciation for:				
Building and improvements	1,092,504	59,127	(25,596)	1,126,035
Infrastructure and improvements	3,993,563	129,291	(58,910)	4,063,944
Equipment and vehicles	1,592,756	244,305	(187,236)	1,649,825
Software	<u>6,602</u>	<u>1,180</u>	<u>(5,170)</u>	<u>2,612</u>
Total accumulated depreciation	<u>6,685,425</u>	<u>433,903</u>	<u>(276,912)</u>	<u>6,842,416</u>
Capital assets, net	<u>\$ 7,155,232</u>	<u>(216,551)</u>	<u>-</u>	<u>6,938,681</u>

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(4) Capital Assets, Continued

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

General government support	\$ 84,648
Public safety	109,399
Physical environment	154,523
Culture and recreation	<u>85,333</u>
Total	\$ <u>433,903</u>

	Beginning Balance <u>October 1, 2022</u>	Additions and <u>Transfers</u>	Deletions and <u>Transfers</u>	Ending Balance <u>September 30, 2023</u>
Business-type Activities:				
Nondepreciable assets - land and rights	\$ 27,000	-	-	27,000
Depreciable assets:				
Building and improvements	467,738	-	(3,688)	464,050
Infrastructure and improvements	18,216,760	-	(76,893)	18,139,867
Equipment and vehicles	<u>1,035,226</u>	<u>336,371</u>	<u>(86,819)</u>	<u>1,284,778</u>
Total at historical cost	<u>19,746,724</u>	<u>336,371</u>	<u>(167,400)</u>	<u>19,915,695</u>
Less accumulated depreciation for:				
Building and improvements	294,597	10,231	(1,352)	303,476
Infrastructure and improvements	10,138,162	432,053	71,333	10,641,548
Equipment and vehicles	<u>445,023</u>	<u>64,298</u>	<u>(155,476)</u>	<u>353,845</u>
Total accumulated depreciation	<u>10,877,782</u>	<u>506,582</u>	<u>(85,495)</u>	<u>11,298,869</u>
Capital assets, net	<u>\$ 8,868,942</u>	<u>(170,211)</u>	<u>(81,905)</u>	<u>8,616,826</u>

Depreciation expense of \$499,312 and \$7,270 was charged to the Water and Sewer Fund and Stormwater Fund, respectively.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(5) Long-Term Debt

Long-term debt activity for the fiscal year ended September 30, 2023 was as follows:

	Beginning Balance <u>October 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>September 30, 2023</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Direct borrowing - installment purchase debt	\$ 76,251	-	(76,251)	-	-
Other liabilities - compensated absences, net	<u>558,155</u>	<u>19,486</u>	<u>-</u>	<u>577,641</u>	<u>-</u>
Total long-term liabilities - governmental activities	<u>\$ 634,406</u>	<u>19,486</u>	<u>(76,251)</u>	<u>577,641</u>	<u>-</u>
	Beginning Balance <u>October 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>September 30, 2023</u>	Amounts Due Within <u>One Year</u>
Business-type Activities:					
Direct borrowing:					
Revenue bonds, series 2016	\$ 1,895,000	-	(120,000)	1,775,000	130,000
Bond premium	34,157	-	(4,356)	29,801	4,178
Installment purchase debt	<u>382,229</u>	<u>169,498</u>	<u>(98,453)</u>	<u>453,274</u>	<u>91,498</u>
Total direct borrowing	2,311,386	169,498	(222,809)	2,258,075	225,676
Other liabilities - compensated absences, net	<u>73,413</u>	<u>38,865</u>	<u>-</u>	<u>112,278</u>	<u>-</u>
Total long-term liabilities - governmental activities	<u>\$ 2,384,799</u>	<u>208,363</u>	<u>(222,809)</u>	<u>2,370,353</u>	<u>225,676</u>

Long-term debt for the governmental activities at September 30, 2023:

Effective May 1, 2023, the City entered into an installment purchase agreement with NCL Governmental Equipment for the acquisition, purchase, and financing of a backhoe loader. The aggregate principal component of payments shall not exceed \$169,498, with the first payment due June 15, 2023 in the amount of \$38,915, which includes interest rate of 7.035%. Rent payments are due annually, June 15 and the lease is set to mature June 15, 2027.

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.

\$ 1,775,000

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(5) Long-Term Debt, Continued

<u>Installment Purchase Agreement</u> - One sewer cleaner truck under a installment purchase agreement within the business-type activities. The installment purchase agreement matures in January 2028. The installment purchase agreement generally provides that the City pay the taxes, insurance and maintenance expenses.	\$ 321,565
<u>Installment Purchase Agreement</u> - One backhoe loader under a installment purchase agreement within the business-type activities. The installment purchase agreement matures in June 2027. The installment purchase agreement generally provides that the City pay the taxes, insurance and maintenance expenses.	131,709
<u>Accrued Compensated Absences</u> - Consisting of the vested portion of accumulated vacation and sick pay benefits due employees.	<u>112,278</u>
Total long-term debt - business-type activities	\$ <u>2,340,552</u>

Advance refunding of Revenue Bonds, Series 2005D - 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.

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, 2023 is \$24,671 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(5) Long-Term Debt, Continued

The remaining combined balance to be amortized as of September 30, 2023 for the 2005D and 2016 Series Revenue Bonds unamortized debt issuance costs is 26,727. 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, 2023 of \$29,801 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 business-type activities as of September 30, 2023 is as follows:

<u>Revenue Bonds, Series 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024	\$ 130,000	55,225	185,225
2025	130,000	52,625	182,625
2026	130,000	49,700	179,700
2027	135,000	46,775	181,775
2028	135,000	43,400	178,400
2029 - 2033	775,000	131,150	906,150
2034 - 2035	<u>340,000</u>	<u>15,300</u>	<u>355,300</u>
Total	\$ <u>1,775,000</u>	<u>394,175</u>	<u>2,169,175</u>
 <u>Installment purchase agreements</u>	 <u>Principal</u>	 <u>Interest</u>	 <u>Total</u>
Year ending September 30,			
2024	\$ 91,498	15,547	107,045
2025	94,792	12,253	107,045
2026	98,257	8,788	107,045
2027	101,902	5,143	107,045
2028	<u>66,825</u>	<u>1,305</u>	<u>68,130</u>
Total	\$ <u>453,274</u>	<u>43,036</u>	<u>496,310</u>

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(6) 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 contributes to FRS 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 rates for the period July 1, 2022 and continuing through June 30, 2023, based on employees' gross earnings are 11.91% for regular employees, 31.57% for senior management, and 27.83% for special risk (fire and police) service classes. The employer contribution rates for all classes of employees for both the July 2022 and July 1, 2023 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 ended September 30, 2023, 2022 and 2021, were \$597,174, \$472,000 and \$406,120, 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.

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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(6) Employee Retirement Systems, Continued

Deferred Retirement Option Program, Continued

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, 2022 and continuing through June 30, 2023, based upon employees' gross earnings is 18.60%. The rate for the period July 1, 2022 to June 30, 2022 was 16.98%.

HIS Program - The HIS Program (HIS) 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, 2023 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, 2022 and continuing through June 30, 2023, is 1.66%. This was the same rate that was effective for the period July 1, 2021 to June 30, 2022. The City's contributions to the HIS Program for the fiscal years ended September 30, 2023, 2022 and 2021 were \$57,664, \$50,923 and \$47,802, 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, 2023, the City reported a total net pension liability of \$6,338,589 comprised of \$4,946,429 for the FRS Plan component and \$1,392,160 for the HIS Plan component for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 for the FRS Plan and for the HIS Plan. The City's proportionate share at June 30, 2023 for the FRS Plan component was 0.0124136%. The City's proportionate share at June 30, 2023 for the HIS Plan component was 0.0087660%. The City's proportionate share of the FRS and HIS Plan components changed by 0.0013524 and 0.0003502, respectively. For the year ended September 30, 2023 the City recognized pension expense of \$1,051,977 and \$532,888 for the FRS and HIS Plan components, respectively. Deferred Outflows and Inflows of resources related to pensions are from the following sources:

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(6) Employee Retirement Systems, Continued

<u>FRS Plan Component</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 464,427	-
Changes of assumptions	322,449	-
Net difference between projected and actual investment earnings on investments	206,576	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	432,228	236,824
Contributions subsequent to the measurement date	<u>157,315</u>	<u>-</u>
Total	\$ <u>1,582,995</u>	<u>236,824</u>

<u>HIS Plan Component</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,380	3,268
Changes of assumptions	36,599	120,635
Net difference between projected and actual investment earnings on investments	719	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	96,503	30,971
Contributions subsequent to the measurement date	<u>16,433</u>	<u>-</u>
Total	\$ <u>170,634</u>	<u>154,874</u>

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 year ending September 30, 2024. Other amounts related to deferred outflows and inflows of resources will be recognized as pension expense as follows:

<u>Year ending September 30,</u>	<u>FRS Component</u>	<u>HIS Component</u>
2024	\$ 447,036	21,818
2025	16,324	40,237
2026	591,551	(32,789)
2027	122,170	(16,553)
2028	6,151	(20,646)
Thereafter	<u>5,624</u>	<u>7,260</u>
Total	\$ <u>1,188,856</u>	<u>(673)</u>

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(6) Employee Retirement Systems, Continued

Actuarial Assumptions - The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions:

	<u>FRS Component</u>	<u>HIS Component</u>
Valuation Date	July 1, 2023	July 1, 2023
Measurement Date	June 30, 2023	June 30, 2023
Inflation	2.40%	2.40%
Salary Increases	3.25%, average, includes inflation	3.25%, average, includes inflation
Investment Rate of Return	6.70%, net of expense, includes inflation	3.54%, 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	6.70%	3.54%

The actuarial assumptions used in the July 1, 2023 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, 2013 through June 30, 2018.

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.

	1% Decrease	Current Assumption	1% Increase
<u>FRS Component</u>	<u>(5.70%)</u>	<u>(6.70%)</u>	<u>(7.70%)</u>
City's proportionate share of the net pension liability	\$ <u>7,987,948</u>	<u>4,946,429</u>	<u>1,801,857</u>
<u>HIS Component</u>	<u>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
City's proportionate share of the net pension liability	\$ <u>1,062,235</u>	<u>1,392,160</u>	<u>817,765</u>

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(7) Other Postemployment Benefits Plan

GASB Statement No. 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.

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.

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, 2022, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries and disabled members	5
Active plan members	<u>58</u>
Total	<u>63</u>

Total OPEB Liability

The City’s total OPEB liability of \$1,734,480 was measured as of September 30, 2022 and was determined by an actuarial valuation as of September 30, 2021.

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(7) Other Postemployment Benefits Plan, Continued

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of September 30, 2021 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.77%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	53

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 4.77%. 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.

OPEB expense - For the year ended September 30, 2023, the City recognized OPEB expense of \$(483,522).

Change in Total OPEB Liability:

	<u>Total OPEB Liability</u>
Year ended September 30, 2022	\$ 2,285,630
Changes for the year:	
Service cost	124,964
Interest	57,810
Changes of assumptions	(670,296)
Benefit payments	<u>(63,628)</u>
Net change	<u>(551,150)</u>
Year ended September 30, 2023	\$ <u>1,734,480</u>

Changes in assumptions reflect a change in the discount rate from 2.43% for the reporting period ending September 30, 2022, to 4.77% for the reporting period ending September 30, 2023.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(7) Other Postemployment Benefits Plan, Continued

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 1-percentage point lower or 1-percentage point higher than the current discount rate.

	1% Decrease <u>(3.77%)</u>	Current Discount Rate <u>(4.77%)</u>	1% Increase <u>(5.77%)</u>
Total OPEB Liability	\$ <u>1,984,402</u>	<u>1,734,480</u>	<u>1,526,815</u>

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 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	1% <u>Decrease</u>	Current <u>Discount Rate</u>	1% <u>Increase</u>
Total OPEB Liability	\$ <u>1,502,394</u>	<u>1,734,480</u>	<u>2,017,145</u>

Deferred Outflows of Resources Related to OPEB

The deferred outflows of resources are related to employer contributions subsequent to the measurement date of \$70,400 which will be recognized as an adjustment to the Total OPEB Liability for the year ending September 30, 2024 measurement date.

(8) 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, 2023.

(9) 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.

CITY OF PORT RICHEY, FLORIDA
Notes to Financial Statements, Continued

(10) Interfund Transactions

Interfund transfers consist of the following for the year ended September 30, 2023. 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.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 736,145	567,016
Community Redevelopment Fund	567,016	120,975
Water and Sewer Utility Fund	-	570,644
Stormwater Utility Fund	<u>-</u>	<u>44,526</u>
Total	\$ <u>1,303,161</u>	<u>1,303,161</u>

(11) 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.

(12) Subsequent Events

The City has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION OTHER
THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

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

CITY OF PORT RICHEY, FLORIDA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year ended September 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Revenue:				
Taxes	\$ 3,746,045	3,746,045	3,964,260	218,215
Licenses and permits	385,300	385,300	445,863	60,563
Intergovernmental charges	134,982	134,982	515,597	380,615
Impact fees	648,213	648,213	35,176	(613,037)
Charges for services	23,340	23,340	24,828	1,488
Fines and forfeitures	1,924,150	1,924,150	1,930,497	6,347
Interest	7,150	7,150	214,260	207,110
Miscellaneous	34,750	34,750	8,082	(26,668)
Total revenue	<u>6,903,930</u>	<u>6,903,930</u>	<u>7,138,563</u>	<u>234,633</u>
Expenditures:				
General government support	2,647,315	2,680,151	2,684,568	(4,417)
Public safety	3,166,714	3,166,714	3,143,531	23,183
Physical environment	910,550	910,408	711,527	198,881
Culture and recreation	-	-	47,143	(47,143)
Capital outlay	33,212	33,354	-	33,354
Contingencies	300,000	267,164	-	267,164
Total expenditures	<u>7,057,791</u>	<u>7,057,791</u>	<u>6,586,769</u>	<u>471,022</u>
Excess (deficiency) of revenue over expenditures	<u>(153,861)</u>	<u>(153,861)</u>	<u>551,794</u>	<u>705,655</u>
Other financing sources (uses):				
Transfers in	724,594	724,594	736,145	11,551
Transfers out	(605,945)	(605,945)	(567,016)	38,929
Total other financing sources (uses)	<u>118,649</u>	<u>118,649</u>	<u>169,129</u>	<u>50,480</u>
Change in fund balance	<u>\$ (35,212)</u>	<u>(35,212)</u>	720,923	<u>756,135</u>
Fund balance at beginning of year			<u>3,372,914</u>	
Fund balance at end of year			<u>\$ 4,093,837</u>	

CITY OF PORT RICHEY, FLORIDA
Required Supplementary Information
Budgetary Comparison Schedule - Special Revenue Fund
Community Redevelopment
Year ended September 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenue:				
Taxes	\$ 725,950	725,950	679,312	(46,638)
Intergovernmental revenue	1	1	657	656
Interest	1,800	1,800	116,451	114,651
Miscellaneous	-	-	6,896	6,896
Total revenue	<u>727,751</u>	<u>727,751</u>	<u>803,316</u>	<u>75,565</u>
Expenditures:				
General government support	582,103	582,103	144,459	437,644
Public safety	-	-	134,844	(134,844)
Physical environment	2,065,911	2,031,224	-	2,031,224
Culture and recreation	667,000	667,000	108,587	558,413
Total expenditures	<u>3,315,014</u>	<u>3,280,327</u>	<u>387,890</u>	<u>2,892,437</u>
Excess (deficiency) of revenue over expenditures	<u>(2,587,263)</u>	<u>(2,552,576)</u>	<u>415,426</u>	<u>2,968,002</u>
Other financing sources (uses):				
Transfers in	605,945	605,945	567,016	(38,929)
Transfers out	(118,682)	(118,682)	(120,975)	(2,293)
Total other financing sources (uses)	<u>487,263</u>	<u>487,263</u>	<u>446,041</u>	<u>(41,222)</u>
Change in fund balance	<u>\$(2,100,000)</u>	<u>(2,065,313)</u>	861,467	<u>2,926,780</u>
Fund balance at beginning of year			<u>2,065,313</u>	
Fund balance at end of year			<u>\$ 2,926,780</u>	

CITY OF PORT RICHEY, FLORIDA
 Required Supplementary Information
 Schedule of City's Proportionate Share of the Net Pension Liability
 September 30, 2023

FRS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.0124136%	0.0110612%	0.0106605%	0.0121524%	0.0116040%	0.0119657%	0.0114610%	0.0124431%	0.0115217%
City's proportionate share of the net pension liability	\$ 4,946,429	4,115,642	805,283	5,267,040	3,996,251	3,604,146	3,390,097	3,141,886	1,488,189
City's covered payroll	\$ 3,489,770	3,227,536	2,962,940	2,896,373	2,462,579	2,712,763	2,492,370	2,526,408	2,448,673
City's proportionate share of the net pension liability as a percentage of its covered payroll	141.7%	127.5%	27.2%	181.8%	162.3%	132.9%	136.0%	124.4%	60.8%
Plan fiduciary net position as a percentage of the total pension liability	82.4%	82.9%	96.4%	78.9%	82.6%	84.3%	83.9%	84.9%	92.0%

HIS

City's proportion of the net pension liability	0.0087660%	0.0084158%	0.0078127%	0.0081704%	0.0080369%	0.0083057%	0.0077411%	0.0082267%	0.0082004%
City's proportionate share of the net pension liability	\$ 1,392,160	891,372	958,312	997,604	899,247	879,085	827,717	958,790	836,717
City's covered payroll	\$ 3,489,770	3,227,536	2,962,940	2,896,373	2,756,977	2,693,568	2,492,370	2,526,408	2,448,673
City's proportionate share of the net pension liability as a percentage of its covered payroll	39.9%	27.6%	32.3%	34.4%	32.6%	32.6%	33.2%	38.0%	34.2%
Plan fiduciary net position as a percentage of the total pension liability	4.1%	4.8%	3.6%	3.0%	2.6%	2.2%	1.6%	1.0%	0.5%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the City presents information for those years for which information is available.

CITY OF PORT RICHEY, FLORIDA
Required Supplementary Information
Schedule of City's Pension Contributions
September 30, 2023

FRS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 597,174	472,000	406,120	405,965	366,200	264,454	324,830	326,466	326,466
Contributions in relation to the contractually required contribution	<u>597,174</u>	<u>472,000</u>	<u>406,120</u>	<u>405,965</u>	<u>366,200</u>	<u>264,454</u>	<u>324,830</u>	<u>326,466</u>	<u>326,466</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$3,489,770	3,227,536	2,962,940	2,899,440	2,419,169	2,693,568	2,574,241	2,566,439	2,566,439
Contributions as a percentage of covered payroll	17.11%	14.62%	13.71%	14.00%	15.14%	9.82%	12.62%	12.72%	12.72%

HIS

Contractually required contribution	\$ 57,664	50,923	47,082	47,053	44,404	44,713	42,732	42,603	42,603
Contributions in relation to the contractually required contribution	<u>57,664</u>	<u>50,923</u>	<u>47,082</u>	<u>47,053</u>	<u>44,404</u>	<u>44,713</u>	<u>42,732</u>	<u>42,603</u>	<u>42,603</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$3,489,770	3,227,536	2,962,940	2,899,440	2,751,029	2,693,568	2,574,241	2,566,439	2,566,439
Contributions as a percentage of covered payroll	1.65%	1.58%	1.59%	1.62%	1.61%	1.66%	1.66%	1.66%	1.66%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the City presents information for those years for which information is available.

CITY OF PORT RICHEY, FLORIDA
Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Year ended September 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 124,964	116,155	85,197	79,053	85,963	94,224
Interest	57,810	53,849	69,045	63,647	55,991	48,041
Differences between expected and actual experience	-	154,216	-	61,460	-	-
Changes of assumptions	(670,296)	(407,143)	463,069	241,424	(118,976)	(136,695)
Benefit payments	<u>(63,628)</u>	<u>(62,861)</u>	<u>(58,475)</u>	<u>(32,918)</u>	<u>(30,345)</u>	<u>(27,903)</u>
Net change in total OPEB liability	(551,150)	(145,784)	558,836	412,666	(7,367)	(22,333)
Total OPEB liability - beginning	<u>2,285,630</u>	<u>2,431,414</u>	<u>1,872,578</u>	<u>1,459,912</u>	<u>1,467,279</u>	<u>1,489,612</u>
Total OPEB liability - ending	<u>\$ 1,734,480</u>	<u>2,285,630</u>	<u>2,431,414</u>	<u>1,872,578</u>	<u>1,459,912</u>	<u>1,467,279</u>
Covered payroll	\$ 2,654,330	2,589,590	2,416,053	2,357,125	2,522,862	2,461,329
Total OPEB liability as a percentage of covered payroll	65.35%	88.26%	100.64%	79.44%	57.87%	59.61%

Notes to schedule:

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

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.77%	2.43%	2.14%	3.58%	4.18%	3.64%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

OTHER SUPPLEMENTARY SCHEDULE

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
Other Supplementary Information
Budgetary Comparison Schedule - Capital Improvement Fund
Year ended September 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenue:				
Taxes	\$ 500,000	500,000	705,193	205,193
Interest	<u>1,500</u>	<u>1,500</u>	<u>62,697</u>	<u>61,197</u>
Total revenue	<u>501,500</u>	<u>501,500</u>	<u>767,890</u>	<u>266,390</u>
Expenditures:				
General government	20,000	20,000	-	20,000
Public safety	59,590	59,161	62,158	(2,997)
Debt service:				
Principal	74,240	74,240	74,240	-
Interest	4,075	4,075	4,075	-
Capital outlay	<u>662,513</u>	<u>742,679</u>	<u>299,780</u>	<u>442,899</u>
Total expenditures	<u>820,418</u>	<u>900,155</u>	<u>440,253</u>	<u>459,902</u>
Change in fund balance	<u>\$ (318,918)</u>	<u>(398,655)</u>	327,637	<u>(193,512)</u>
Fund balance at beginning of year			<u>1,488,660</u>	
Fund balance at end of year			<u>\$ 1,816,297</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
Net Position by Component
Last Ten Fiscal Years

	2023 (1)	2022 (1)	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014
Governmental activities:										
Net investment in capital assets	\$ 6,938,681	7,078,981	7,217,432	6,436,744	6,290,467	7,948,145	7,578,819	7,431,860	7,430,706	7,486,882
Restricted	5,869,338	4,413,984	3,489,699	3,843,346	2,918,272	2,112,381	2,147,879	2,286,967	2,103,829	2,132,055
Unrestricted	<u>(2,886,354)</u>	<u>(3,047,552)</u>	<u>(3,900,232)</u>	<u>(4,672,310)</u>	<u>(3,558,227)</u>	<u>(3,217,407)</u>	<u>(1,586,050)</u>	<u>(2,080,596)</u>	<u>(1,759,331)</u>	<u>903,014</u>
Total governmental activities net position	<u>\$ 9,921,665</u>	<u>8,445,413</u>	<u>6,806,899</u>	<u>5,607,780</u>	<u>5,650,512</u>	<u>6,843,119</u>	<u>8,140,648</u>	<u>7,638,231</u>	<u>7,775,204</u>	<u>10,521,951</u>
Business-type activities:										
Net investment in capital assets	\$ 6,381,396	6,581,947	6,804,887	6,965,394	7,161,128	7,556,109	7,779,484	8,141,408	8,333,348	8,533,906
Restricted	1,470,579	1,354,051	1,200,368	1,164,915	907,096	559,608	662,504	810	60,712	-
Unrestricted	<u>1,705,943</u>	<u>2,060,472</u>	<u>1,794,506</u>	<u>1,171,468</u>	<u>1,269,476</u>	<u>1,492,265</u>	<u>1,285,144</u>	<u>861,979</u>	<u>475,489</u>	<u>298,466</u>
Total business-type activities net position	<u>\$ 9,557,918</u>	<u>9,996,470</u>	<u>9,799,761</u>	<u>9,301,777</u>	<u>9,337,700</u>	<u>9,607,982</u>	<u>9,727,132</u>	<u>9,004,197</u>	<u>8,869,549</u>	<u>8,832,372</u>
Primary government:										
Net investment in capital assets	\$13,320,077	13,660,928	14,022,319	13,402,138	13,451,595	15,504,254	15,358,303	15,573,268	15,764,054	16,020,788
Restricted	7,163,764	5,768,035	4,690,067	5,008,261	3,825,368	2,671,989	2,810,383	2,287,777	2,164,541	2,132,055
Unrestricted	<u>(1,004,258)</u>	<u>(987,080)</u>	<u>(2,105,726)</u>	<u>(3,500,842)</u>	<u>(2,288,751)</u>	<u>(1,725,142)</u>	<u>(300,906)</u>	<u>(1,218,617)</u>	<u>(1,283,842)</u>	<u>1,201,480</u>
Total governmental activities net position	<u>\$19,479,583</u>	<u>18,441,883</u>	<u>16,606,660</u>	<u>14,909,557</u>	<u>14,988,212</u>	<u>16,451,101</u>	<u>17,867,780</u>	<u>16,642,428</u>	<u>16,644,753</u>	<u>19,354,323</u>

(1) The negative unrestricted net position amount for the governmental activities is a result of implementing GASB Statement No. 68 in 2015 and GASB Statement No. 75 in 2018.

CITY OF PORT RICHEY, FLORIDA
Changes in Net Position
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General revenue and other changes in net position										
Governmental Activities:										
Taxes:										
Ad valorem	\$ 2,960,202	2,856,903	2,892,873	2,424,945	2,257,211	2,027,984	1,944,855	1,843,791	1,710,641	1,679,769
Franchise fees	407,398	390,331	346,399	341,645	346,772	317,873	294,965	302,133	304,574	352,568
Utility taxes	564,834	526,777	489,936	478,239	457,661	417,278	392,946	392,298	364,249	324,164
Communication service tax	195,383	166,260	184,990	185,126	169,352	176,472	181,964	145,681	137,442	144,171
Half-cent tax	273,791	224,326	232,829	212,828	200,039	177,277	168,869	163,992	154,080	146,394
Local option gas tax	180,795	147,375	169,985	136,616	95,714	78,966	69,412	66,713	62,299	135,918
Discretionary sales surtax - infrastructure	705,193	551,767	576,617	520,615	512,756	425,647	401,332	386,170	353,551	316,892
Other taxes	61,169	59,090	64,664	73,876	69,773	29,917	34,549	36,286	28,506	29,260
State revenue sharing	195,079	127,138	153,703	103,340	103,704	102,840	102,044	101,277	101,057	100,046
Impact fees	35,176	17,556	5,444	36,845	43,732	27,177	93,257	62,015	-	277
Investment income	393,408	35,724	5,625	39,224	22,873	13,806	2,989	298	4,235	902
Miscellaneous	14,978	52,291	51,965	32,317	26,578	79,577	43,949	53,871	22,440	12,122
Loss on sale of capital assets	-	-	-	(1,849)	(3,713)	-	-	-	-	-
Transfers	<u>615,170</u>	<u>589,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>6,602,576</u>	<u>5,745,408</u>	<u>5,175,030</u>	<u>4,583,767</u>	<u>4,302,452</u>	<u>3,874,814</u>	<u>3,731,131</u>	<u>3,554,525</u>	<u>3,243,074</u>	<u>3,242,483</u>
Business-type Activities:										
Impact fees	294,694	218,857	50,177	249,340	309,320	49,137	715,659	11,760	82,750	5,700
Investment income	185,634	20,863	3,956	32,635	6,717	-	7,983	-	-	-
Miscellaneous	33,327	85,439	29,906	18,139	11,098	5,776	-	-	-	-
Transfers	<u>(615,170)</u>	<u>(589,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(101,515)</u>	<u>(264,711)</u>	<u>84,039</u>	<u>300,114</u>	<u>327,135</u>	<u>54,913</u>	<u>723,642</u>	<u>11,760</u>	<u>82,750</u>	<u>5,700</u>
Total primary government	<u>\$ 6,501,061</u>	<u>5,480,697</u>	<u>5,259,069</u>	<u>4,883,881</u>	<u>4,629,587</u>	<u>3,929,727</u>	<u>4,454,773</u>	<u>3,566,285</u>	<u>3,325,824</u>	<u>3,248,183</u>
Change in net position										
Governmental activities	1,476,252	1,638,514	1,199,119	(42,732)	615,293	(254,989)	502,417	(136,973)	(427,356)	(702,653)
Business-type activities	<u>(438,552)</u>	<u>196,709</u>	<u>497,984</u>	<u>(35,923)</u>	<u>(270,282)</u>	<u>141,011</u>	<u>722,935</u>	<u>134,648</u>	<u>249,690</u>	<u>(589,390)</u>
Total primary government	<u>\$ 1,037,700</u>	<u>1,835,223</u>	<u>1,697,103</u>	<u>(78,655)</u>	<u>345,011</u>	<u>(113,978)</u>	<u>1,225,352</u>	<u>(2,325)</u>	<u>(177,666)</u>	<u>(1,292,043)</u>

CITY OF PORT RICHEY, FLORIDA
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:										
Nonspendable	\$ 22,644	12,232	8,024	3,500	25,177	31,811	25,911	19,126	18,259	375
Restricted	1,204,577	938,327	878,420	837,502	838,802	814,186	829,768	868,143	1,003,701	970,334
Committed	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	-	-
Assisgned	65,712	49,425	-	-	-	-	-	-	-	-
Unassigned	<u>2,775,904</u>	<u>2,347,930</u>	<u>1,717,922</u>	<u>1,021,107</u>	<u>986,905</u>	<u>1,201,812</u>	<u>1,524,174</u>	<u>1,119,427</u>	<u>1,152,156</u>	<u>1,585,368</u>
Total general fund	<u>4,093,837</u>	<u>3,372,914</u>	<u>2,629,366</u>	<u>1,887,109</u>	<u>1,875,884</u>	<u>2,072,809</u>	<u>2,404,853</u>	<u>2,031,696</u>	<u>2,174,116</u>	<u>2,556,077</u>
All Other Governmental Funds:										
Nonspendable	78,316	78,316	78,316	-	2,826	-	-	-	-	-
Restricted	<u>4,664,761</u>	<u>3,475,657</u>	<u>2,611,279</u>	<u>3,005,844</u>	<u>2,082,296</u>	<u>1,302,314</u>	<u>1,318,111</u>	<u>1,095,361</u>	<u>837,026</u>	<u>972,915</u>
Total all other governmental funds	<u>\$ 4,743,077</u>	<u>3,553,973</u>	<u>2,689,595</u>	<u>3,005,844</u>	<u>2,085,122</u>	<u>1,302,314</u>	<u>1,318,111</u>	<u>1,095,361</u>	<u>837,026</u>	<u>972,915</u>

CITY OF PORT RICHEY, FLORIDA
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue:										
Taxes	\$ 5,348,765	4,922,829	4,958,293	4,373,890	4,109,278	2,939,607	2,814,730	2,683,903	2,516,906	2,500,672
Licenses and permits	445,863	435,199	303,629	334,615	308,393	260,896	567,724	218,668	229,989	157,095
Intergovernmental revenue	516,254	127,138	153,703	512,248	127,055	873,314	815,309	754,438	718,806	728,510
Impact fees	35,176	17,556	5,444	36,845	43,732	27,177	93,257	62,015	-	277
Charges for services	24,828	23,452	21,647	22,871	20,442	358,985	358,642	361,916	358,860	357,479
Fines and forfeitures	1,930,497	2,108,818	1,984,872	1,379,430	1,317,820	1,054,378	1,158,287	1,183,927	646,416	746,505
Interest	393,408	35,724	5,625	39,224	22,873	13,806	2,990	298	4,235	902
Miscellaneous	14,978	52,291	51,965	32,317	65,186	74,512	37,732	52,046	20,198	9,498
Total revenue	<u>8,709,769</u>	<u>7,723,007</u>	<u>7,485,178</u>	<u>6,731,440</u>	<u>6,014,779</u>	<u>5,602,675</u>	<u>5,848,671</u>	<u>5,317,211</u>	<u>4,495,410</u>	<u>4,500,938</u>
Expenditures:										
General government support	2,829,027	2,435,824	2,439,338	1,822,982	1,548,137	1,604,588	1,644,059	1,799,171	1,627,106	1,694,339
Public safety	3,340,533	3,446,599	3,133,360	2,923,014	2,647,662	2,678,722	2,534,702	2,447,476	2,459,087	2,489,721
Physical environment	711,527	305,478	290,736	336,910	370,322	545,645	486,685	468,153	444,829	436,531
Human services	-	-	-	-	-	30,949	24,478	21,766	19,877	18,840
Culture and recreation	155,730	270,194	137,051	133,066	304,258	-	-	-	-	-
Debt service:										
Principal	74,240	72,283	30,806	164,863	153,949	153,062	251,006	180,203	167,514	388,800
Interest	4,075	6,033	973	11,189	13,699	18,333	24,253	37,182	46,090	56,044
Capital outlay	299,780	168,540	1,249,680	404,643	393,695	919,217	287,581	256,755	248,757	363,310
Total expenditures	<u>7,414,912</u>	<u>6,704,951</u>	<u>7,281,944</u>	<u>5,796,667</u>	<u>5,431,722</u>	<u>5,950,516</u>	<u>5,252,764</u>	<u>5,210,706</u>	<u>5,013,260</u>	<u>5,447,585</u>
Excess of revenue over (under) expenditures	<u>1,294,857</u>	<u>1,018,056</u>	<u>203,234</u>	<u>934,773</u>	<u>583,057</u>	<u>(347,841)</u>	<u>595,907</u>	<u>106,505</u>	<u>(517,850)</u>	<u>(946,647)</u>
Other financing sources (uses):										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	7,629	-	-
Proceeds from installment purchase debt obligations	-	-	222,774	-	-	-	-	-	-	220,892
Proceeds from issuance of refunding bonds	-	-	-	-	-	-	-	518,104	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(500,000)	-	-
Bond issuance costs	-	-	-	-	-	-	-	(16,323)	-	-
Transfers out, net	615,170	589,870	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>615,170</u>	<u>589,870</u>	<u>222,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,410</u>	<u>-</u>	<u>220,892</u>
Change in fund balances	<u>1,910,027</u>	<u>1,607,926</u>	<u>426,008</u>	<u>934,773</u>	<u>583,057</u>	<u>(347,841)</u>	<u>595,907</u>	<u>115,915</u>	<u>(517,850)</u>	<u>(725,755)</u>
Fund balances at beginning of year	<u>6,926,887</u>	<u>5,318,961</u>	<u>4,892,953</u>	<u>3,958,180</u>	<u>3,375,123</u>	<u>3,722,964</u>	<u>3,127,057</u>	<u>3,011,142</u>	<u>3,528,992</u>	<u>4,254,747</u>
Fund balances at end of year	<u>\$ 8,836,914</u>	<u>6,926,887</u>	<u>5,318,961</u>	<u>4,892,953</u>	<u>3,958,180</u>	<u>3,375,123</u>	<u>3,722,964</u>	<u>3,127,057</u>	<u>3,011,142</u>	<u>3,528,992</u>
Debt service as a percentage of noncapital expenditures	1.1%	1.2%	0.5%	3.3%	3.3%	3.4%	5.5%	4.4%	4.5%	8.8%

CITY OF PORT RICHEY, FLORIDA
Program Revenue by Function/Program
Last Ten Fiscal Years

<u>Function/Programs</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:										
Charges for services:										
General government support	\$ 445,992	435,199	303,379	52,907	42,588	421,766	411,295	423,924	420,757	424,845
Public safety	1,955,196	2,132,270	2,006,769	1,616,566	1,525,806	1,054,378	1,158,287	1,183,927	646,416	746,505
Protective inspectors	-	-	-	67,443	78,261	198,115	515,071	156,660	168,093	89,728
Total charges for services	<u>2,401,188</u>	<u>2,567,469</u>	<u>2,310,148</u>	<u>1,736,916</u>	<u>1,646,655</u>	<u>1,674,259</u>	<u>2,084,653</u>	<u>1,764,511</u>	<u>1,235,266</u>	<u>1,261,078</u>
Operating grants and contributions:										
General government support	321,175	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	79,712	190,407	34,466	39,104	-	-	-
Culture and recreation	-	-	-	-	23,351	-	-	-	-	-
Total operating grants and contributions	<u>321,175</u>	<u>-</u>	<u>-</u>	<u>79,712</u>	<u>213,758</u>	<u>34,466</u>	<u>39,104</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital grants and contributions:										
Public safety	-	-	-	-	38,608	-	-	-	19,313	-
Physical environment	-	-	-	138,789	-	-	-	-	-	-
Public works	-	-	-	-	-	24,200	-	-	-	-
Total grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,789</u>	<u>38,608</u>	<u>24,200</u>	<u>-</u>	<u>-</u>	<u>19,313</u>	<u>-</u>
Total governmental activities	<u>2,722,363</u>	<u>2,567,469</u>	<u>2,310,148</u>	<u>1,955,417</u>	<u>1,899,021</u>	<u>1,732,925</u>	<u>2,123,757</u>	<u>1,764,511</u>	<u>1,254,579</u>	<u>1,261,078</u>
Business-type activities:										
Charges for services:										
Water and sewer	3,906,478	3,954,346	3,738,007	3,293,113	3,402,942	3,449,932	3,476,326	3,254,263	3,092,095	2,493,124
Stormwater utility	278,270	130,206	129,450	126,999	125,237	125,301	123,279	121,098	119,878	120,879
Total grants and contributions	4,184,748	4,084,552	3,867,457	3,420,112	3,528,179	3,575,233	3,599,605	3,375,361	3,211,973	2,614,003
Capital grants and contributions - water and sewer	-	-	-	-	-	-	-	-	125,112	-
Total business-type activities	<u>4,184,748</u>	<u>4,084,552</u>	<u>3,867,457</u>	<u>3,420,112</u>	<u>3,528,179</u>	<u>3,575,233</u>	<u>3,599,605</u>	<u>3,375,361</u>	<u>3,337,085</u>	<u>2,614,003</u>
Total primary government revenue	<u>\$ 6,907,111</u>	<u>6,652,021</u>	<u>6,177,605</u>	<u>5,375,529</u>	<u>5,427,200</u>	<u>5,308,158</u>	<u>5,723,362</u>	<u>5,139,872</u>	<u>4,591,664</u>	<u>3,875,081</u>

CITY OF PORT RICHEY, FLORIDA
 Tax Revenue by Sources - General Fund
 Last Ten Fiscal Years

Fiscal Year Ended <u>September 30,</u>	<u>Ad Valorem</u>	Franchise <u>Fees</u>	Utility <u>Tax</u>	Communications <u>Service Tax</u>	<u>Total</u>
2023	\$2,280,887	407,398	564,834	195,383	3,448,502
2022	2,085,247	390,331	526,777	166,260	3,168,615
2021	2,058,009	346,399	489,936	184,990	3,079,334
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

SCHEDULES OF REVENUE CAPACITY INFORMATION

These schedules present information to help the reader understand and assess the factors affecting the City's ability to generate revenue.

CITY OF PORT RICHEY, FLORIDA
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended <u>September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2023	\$ 434,360,766	27,546,135	461,906,901	57,825,920	404,080,981	6.5300
2022	398,520,148	27,161,011	425,681,159	54,330,888	371,350,271	6.4000
2021	290,396,358	21,514,209	311,910,567	50,857,585	261,052,982	6.7847
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

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
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

Fiscal Year	City	Pasco County					Pasco County School Board					Other Taxing Districts				Total
		Operating	Library Bond	Parks Bond	Municipal County-Operating	Total County-Operating	School Board Operating	Capital Outlay	School Bond	West Pasco Bond	Total School Board	SW Fla. Wtr. Management District	Florida Coastal River Basin	Mosquito Control	Total Other	
2023	6.5300	7.6076	0.0223	0.0229	1.8036	9.4564	4.0160	1.5000	0.0000	0.0000	5.5160	0.2260	0.0000	0.2545	0.4805	21.9829
2022	6.4000	7.6076	0.0180	0.0134	1.8036	9.4426	4.3100	1.5000	0.0000	0.0000	5.8100	0.2535	0.0000	0.2545	0.5080	22.1606
2021	6.7847	7.6076	0.0161	0.0155	1.8036	9.4428	4.4220	1.5000	0.0000	0.0000	5.9220	0.2669	0.0000	0.2545	0.5214	22.6709
2020	5.7847	7.6076	0.0096	0.0100	1.8036	9.4308	4.6010	1.5000	0.0000	0.0000	6.1010	0.2801	0.0000	0.2646	0.5447	21.8612
2019	5.8293	7.6076	0.0000	0.0000	1.8036	9.4112	4.7790	1.5000	0.0000	0.0000	6.2790	0.2955	0.0000	0.2034	0.4989	22.0184
2018	5.7518	7.6076	0.0000	0.0000	1.8036	9.4112	5.0650	1.5000	0.0000	0.0000	6.5650	0.3131	0.0000	0.2154	0.5285	22.2565
2017	5.7557	7.6076	0.0000	0.0000	1.8036	9.4112	5.2770	1.5000	0.0000	0.0000	6.7770	0.3317	0.0000	0.2254	0.5571	22.5010
2016	5.7666	7.3441	0.0000	0.0000	1.7165	9.0606	5.6490	1.5000	0.0000	0.0000	7.1490	0.3658	0.0000	0.2400	0.6058	22.5820
2015	5.4348	7.3441	0.0000	0.0000	1.7165	9.0606	5.7857	1.5000	0.0000	0.0000	7.2857	0.3818	0.0000	0.1620	0.5438	22.3249
2014	5.4348	6.8623	0.0000	0.0000	1.5405	8.4028	5.8410	1.5000	0.0000	0.0000	7.3410	0.3928	0.0000	0.1630	0.5558	21.7344

Source:
 Pasco County Property Appraiser

CITY OF PORT RICHEY, FLORIDA
Principal Property Tax Payors
Last Ten Fiscal Years

	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Avila Bay 110 LLC	\$ 18,391,414	1	4.55%	-	0	0.00%
Wal-Mart Stores	8,632,554	2	2.14%	10,780,309	1	4.01%
Cappo Management XXV Inc.	8,620,689	3	2.13%	6,658,976	2	2.48%
NHC-FL 133 LLC	8,093,410	4	2.00%	5,887,761	3	2.19%
Duke Energy Florida	5,765,914	5	1.43%	3,929,923	4	1.46%
New Florida Team Corp	3,490,604	6	0.86%	-	0	0.00%
Deremer Gary A and Patricia S	3,309,060	7	0.82%	-	0	0.00%
Abigail Court LTD	3,247,484	8	0.80%	-	0	0.00%
AIC INCOME FUND SHERWIN LLC	2,535,563	9	0.63%	-	0	0.00%
Widell Wayne A Trust	2,397,140	10	0.59%	-	0	0.00%
Ridge Road Center LLC	-	0	0.00%	3,093,610	6	1.15%
Port Richey 1031, LLC	-	0	0.00%	3,144,513	5	1.17%
Haverty Furniture Companies Inc.	-	0	0.00%	2,262,196	7	0.84%
Seaway Plastics	-	0	0.00%	2,046,769	8	0.76%
Lake Butler Port Richey LLC	-	0	0.00%	1,998,897	9	0.74%
Chang Sing Long & Fong Mei	-	0	0.00%	1,711,386	10	0.64%
Total Principal Taxpayers	<u>\$ 64,483,832</u>		<u>15.96%</u>	<u>41,514,340</u>		<u>15.46%</u>

CITY OF PORT RICHEY, FLORIDA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended <u>September 30,</u>	Taxes Levies for the <u>Fiscal Year</u>	<u>Collected Within the First Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2023	2,321,486	2,280,887	98.25%
2022	2,136,821	2,085,246	97.59%
2021	2,062,286	2,058,009	99.79%
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%

Note:

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

Source:

Pasco County Property Appraiser

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
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year					Business-type Activities			Total	Percentage of Personal Income	Per Capita
	Revenue Bonds Series 2000C	Revenue Bonds Series 2016	Revenue Note Series 2010	Installment Purchase Agreements	Revenue Bonds Series 2005D	Revenue Bonds Series 2016	Installment Purchase Agreements			
2023	-	-	-	-	-	1,775,000	453,274	2,228,274	N/A	-
2022	-	-	-	76,251	-	1,895,000	382,229	2,353,480	N/A	772
2021	-	-	-	150,491	-	2,010,000	-	2,160,491	N/A	775
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

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
 Direct and Overlapping Governmental Activities Debt
 September 30, 2023

<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)	\$ 613,039,136	0.85%	5,205,200
City Direct Governmental Activities Debt	76,251	100%	<u>76,251</u>
Total Direct and Overlapping Debt			<u>\$ 5,281,451</u>

Note:

(1) The City's share is calculated based on the ratio of the 2023 City Taxable Value of \$404,080,981 to the County's Taxable Value of \$47,590,378,965.

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
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2023	3,132	41,726	49.1	81,157	3.50%
2022	3,250	36,765	48.1	81,930	2.80%
2021	3,185	38,333	52.3	75,018	3.50%
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%

Sources:

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

CITY OF PORT RICHEY, FLORIDA
Principal Employers
Last Ten Fiscal Years

<u>Employer</u>	<u>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Wal-Mart Stores	218	1	380	1
Seaway Plastics Engineering Inc.	139	2	138	2
Ocean Honda	82	3	75	5
Whiskey Joe's	74	4	0	0
City of Port Richey	66	5	79	4
Hooters Restaurant	62	6	80	3
Red Lobster	60	7	0	0
Widell Industries	59	8	56	6
The Cottages of Port Richey	56	9	44	9
Catches	52	10	50	7
Golden Coral	0	0	50	8
Tropical Breeze Casino	<u>0</u>	0	<u>30</u>	10
Total	<u>868</u>		<u>982</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
 Other Supplementary Information
 Full-time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-Time Equivalent Employees as of September 30</u>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government:										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Financial administration	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
City clerk/administration	5.0	6.0	5.0	3.0	3.5	4.0	3.0	3.0	4.0	4.0
IT	1.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0	2.0	2.0
Fire	10.0	10.0	7.0	7.0	7.0	6.0	7.0	7.0	7.0	7.0
Police	21.0	21.0	21.0	21.0	21.0	17.0	20.0	19.0	20.0	21.0
Public works:										
Parks/horticulture	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0
Public works	5.0	5.0	5.0	4.0	6.0	7.0	7.0	5.0	5.0	5.0
Water/sewer	11.0	10.0	10.0	9.0	7.0	9.0	9.0	8.0	8.0	8.0
Utility Billing	3.0	3.0	3.0	3.0	2.5	2.0	3.0	3.0	3.0	4.0
Building permits/licenses:										
Administration	3.0	3.0	3.0	3.0	2.0	2.0	2.0	1.5	1.5	1.5
Inspectors	1.0	1.0	1.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0
Code enforcement	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.5</u>	<u>1.5</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total	<u>68.0</u>	<u>67.5</u>	<u>63.5</u>	<u>58.0</u>	<u>58.0</u>	<u>58.5</u>	<u>62.5</u>	<u>57.5</u>	<u>61.5</u>	<u>63.5</u>

CITY OF PORT RICHEY, FLORIDA
 Other Supplementary Information
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-Time Equivalent Employees as of September 30</u>									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fire - Fire Department responses	1689	1783	1269	1035	1055	1024	910	1011	879	849
Water:										
Average daily consumption (thousand of gallons)	0.812	0.812	0.714	0.701	0.701	0.700	0.700	0.700	0.800	0.750
Residential customer accounts	2203	2224	2196	2128	2293	2046	1887	1914	2016	2007
Commercial customer accounts	375	380	372	362	394	238	367	358	377	355
Sewer - number of lift stations	44	44	44	44	44	56	54	54	48	48
Police:										
Number of criminal infractions	628	241	219	211	840	N/A	N/A	N/A	660	981
Traffic violations	1229	1382	1424	1437	1957	N/A	N/A	N/A	1047	3291

N/A - This information is not available.

CITY OF PORT RICHEY, FLORIDA
 Other Supplementary Information
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</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	20.96
Recreation - parks (acres)	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78	18.78
Water main (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.

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, 2023, 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 April 23, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 City'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

Jupiter, Florida
April 23, 2024

MANAGEMENT LETTER

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

We have audited the financial statements at 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 fiscal year ended September 30, 2023, and have issued our report thereon dated April 23, 2024.

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 Accountants' Reports 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 these reports and schedule, which are dated April 23, 2024, 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. Recommendation #2022-001 from the prior year financial statements remains uncorrected and is repeated in the current year, as noted below as recommendation #2023-001.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(i)(2), Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Recommendation #2023-001 - during our audit we noted that management tracked all capital asset additions, disposals and depreciation expense. However, journal entries were not posted to reflect these changes in the capital asset balances, and as a result, adjusting audit journal entries needed to be recorded. We recommend that capital asset additions, disposals and depreciation expense be recorded by management as the transactions occur. Recommendation #2023-002 - there are water and sewer receivables that are over 10 years old. While these items have been accounted for through an allowance for doubtful accounts contra asset account, we recommend that the City consider examining and writing off these older items. Recommendation #2023-003 - as part of our review of the City's cash disbursement process, we noted that purchase orders are not a required procedure. The City has adequate internal controls over the cash disbursement process, however, we recommend that this step be added in order to increase controls.

Special District Component Units

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the City reported:

- (a) The total number of City employees compensated in the last pay period of the City's fiscal year as twelve.
- (b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the City's fiscal year as eleven.
- (c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$185,293.

- (d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$192,702.
- (e) Each construction project with a total cost of at least \$65,000 approved by the City that is scheduled to begin on or after October 1 of the fiscal year being reported together with the total expenditures for such project as \$93,951.
- (f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the City amends a final adopted budget under Section 189.016(6), Florida Statutes, is reported on pages 60, 61 and 65 of the City's financial statements.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors 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

Jupiter, Florida
April 23, 2024

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined compliance with the requirements of Section 163.387(6) and 163.387(7), Florida Statutes, Redevelopment Trust Fund of the City of Port Richey, Florida (the City), for the year ended September 30, 2023. The City's management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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 with the specified requirements in all material respects. 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 misstatement of compliance with those requirements, 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.

We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the City complied, with the State of Florida Statutes 163.387(6) and 163.387(7) for the year ended September 30, 2023.

EFPR Group, CPAs, PLLC

Jupiter, Florida
April 23, 2024

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies of the City of Port Richey, Florida (the City), for the year ended September 30, 2023. The City's 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 with the specified requirements in all material respects. 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 misstatement of compliance with those requirements, 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.

We are required to be independent and meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

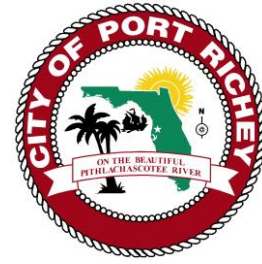
In our opinion, the City complied, with the State of Florida Statute 218.415 for the year ended September 30, 2023.

EFPR Group, CPAs, PLLC

Jupiter, Florida
April 23, 2024

CITY OF PORT RICHEY

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



Auditor General
State of Florida
401 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399

Mr. Richard Voss,

City of Port Richey: Response to 2022-2023 Audit Findings

The City of Port Richey has received the letter dated August 27, 2024, which requested additional items, including the city's response to the findings and recommendations in the management letter from the auditors for our 2022-2023 annual audit. We are committed to addressing these findings and implementing corrective measures to ensure that similar issues do not appear in future audits.

Outlined below are the city's rebuttals and planned actions for each of the three findings and recommendations:

2023-001- City of Port Richey: Comprehensive Asset Inventory and Policy Implementation

The City of Port Richey is currently conducting a full asset inventory. Following the completion of this inventory, each asset will be tagged for tracking purposes. Additionally, any asset that has exceeded its useful life will be identified and disposed of accordingly.

To maintain an accurate and up-to-date asset management system, the Finance Department is introducing new policies. These policies will ensure that:

1. **Immediate Asset Entry:** All new assets are recorded into the system immediately upon receipt.
2. **Proper Disposal Recording:** Any items disposed of will be accurately logged in the system, eliminating the need for post-disposal journal vouchers.
3. **Depreciation Expense Recording:** Depreciation expenses are being actively tracked, and proper recording of depreciation will be conducted on a monthly basis.

By instituting these practices, the city aims to enhance its asset management efficiency and financial record accuracy.

2023-002- City of Port Richey: Addressing Delinquent Accounts Following 2022-2023 Audit

In response to the findings from the City of Port Richey's 2022-2023 audit, the Finance Department has been collaborating with the Utility Billing Department to identify old and delinquent accounts that need to be written off. The city is actively compiling this information and plans to present it to the City Commission for approval to proceed with the write-offs.

Additionally, the city will more diligently utilize its doubtful accounts contra asset account. This enhanced use will help accurately assess doubtful accounts and ensure that any accounts eligible for write-off are not mistakenly carried over.

2023-003- **City of Port Richey: Addressing Requiring Purchase Orders Following 2022-2023 Audit**

The City of Port Richey is currently revamping its purchasing policies to better align with the practices of other municipalities and the state of Florida. This update aims to standardize procurement processes, promote fiscal responsibility, and enhance transparency in the city's financial management.

A key component of this new policy is the mandatory requisition process for all departments. Moving forward, every purchase must go through a structured three-step approval process:

1. **Department Head Approval:** The initial review and approval come from the respective department head to ensure that the purchase meets departmental needs and falls within budgetary constraints.
2. **Finance Department Review:** After departmental approval, the requisition is forwarded to the Finance Department. This step involves a financial analysis to confirm the availability of funds, compliance with procurement regulations, and the overall financial integrity of the purchase.
3. **City Manager Authorization:** The final step requires the City Manager's authorization. This level of review ensures that the purchase aligns with the city's broader financial policies and strategic objectives.

By implementing this process, the city aims to streamline procurement, reduce unnecessary spending, and ensure that all purchases are essential, budgeted, and properly vetted.

The City of Port Richey takes all recommendations from our auditors seriously and is committed to implementing necessary changes to better align with state and local policies and procedures. Please do not hesitate to reach out if any additional information is required.

Thank you,

Adam Thompson
Finance Director
City of Port Richey