



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

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

PREPARED BY THE FINANCE DEPARTMENT

David W. Drury, CPA
Director of Finance

CITY COUNCIL

As of September 30, 2016

MAYOR

RACHEL B. KEESLING

VICE MAYOR

KIM M. DEVINE

COUNCILMEMBER

THOMAS F. CAVANAUGH

COUNCILMEMBER

GARY WEIN

COUNCILMEMBER

NANCY B. PRAFKE

CITY MANAGER

HOWARD KUNIK

CITY OF PUNTA GORDA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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INTRODUCTORY SECTION

This section contains
the following subsections:

Letter of Transmittal

List of Elected
and Appointed Officials

City of Punta Gorda Organizational Chart

Certificate of Achievement
for Excellence in Financial Reporting



CITY OF PUNTA GORDA, FLORIDA

FINANCE DEPARTMENT
326 West Marion Avenue
Punta Gorda, Florida, 33950
(941) 575-3318 Telephone
(941) 575-3386 Fax
www.pgorda.us

April 14, 2017

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

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Punta Gorda for the fiscal year ended September 30, 2016.

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

The City of Punta Gorda's financial statements have been audited by Ashley Brown & Co., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Punta Gorda for the fiscal year ended September 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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



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

Profile of the Government

Punta Gorda, founded December 7, 1887, is the only incorporated city in Charlotte County and serves as the County Seat. The City currently occupies a land area of approximately 16 square miles and serves a population of approximately 18,040. The City is empowered to levy a property tax on properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments are required to submit requests for appropriation to the manager on or before March 1. The manager uses these requests as the starting point for developing a proposed budget. The manager uses budget workshops for the goal of presenting a proposed budget to the council for review in April. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. Department heads may make transfers of appropriations within a department. The City Manager may make transfers between departments within a fund. Transfers of appropriations between funds, however, require the special approval of the council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, CRA, PGI Canal Maintenance, Charlotte Harbor National Estuary Program and Transportation Impact Fee Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For Governmental Funds, other than the funds listed above, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. A budget was not prepared for the Special Use Fund since revenues and expenditures couldn't be estimated due to many fiscal uncertainties. Project-length financial plans are adopted for all capital project funds and the 1% Local Option Sales Tax Fund. The Debt Service Fund is used for tracking and payment of all major debt incurred by the General Fund or CRA.

Factors Affecting Financial Condition

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

Long-term financial planning

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

Major Initiatives

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

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

Vision Elements:

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

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

Mission Elements include:

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

Values Elements:

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

Strategic Plan Priorities:

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

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

- Financial/Economic Sustainability
- Infrastructure Sustainability
- Partnership, Communication & Collaboration
- Marketing
- Quality of Life

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

Other Economic Issues Affecting City Finances

It is the City's policy to have a minimum Unassigned General Fund Balance of 7.0%. Due to a decline in taxable property values for a number of years the City should consider setting aside a portion of additional savings achieved through the year for a fiscal stabilization reserve to meet unexpected immediate increase in service delivery costs or to maintain service levels in the event of a major storm or other unforeseen disaster that fundamentally alters the current tax base.

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2015. This was the thirtieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



HOWARD KUNIK
CITY MANAGER

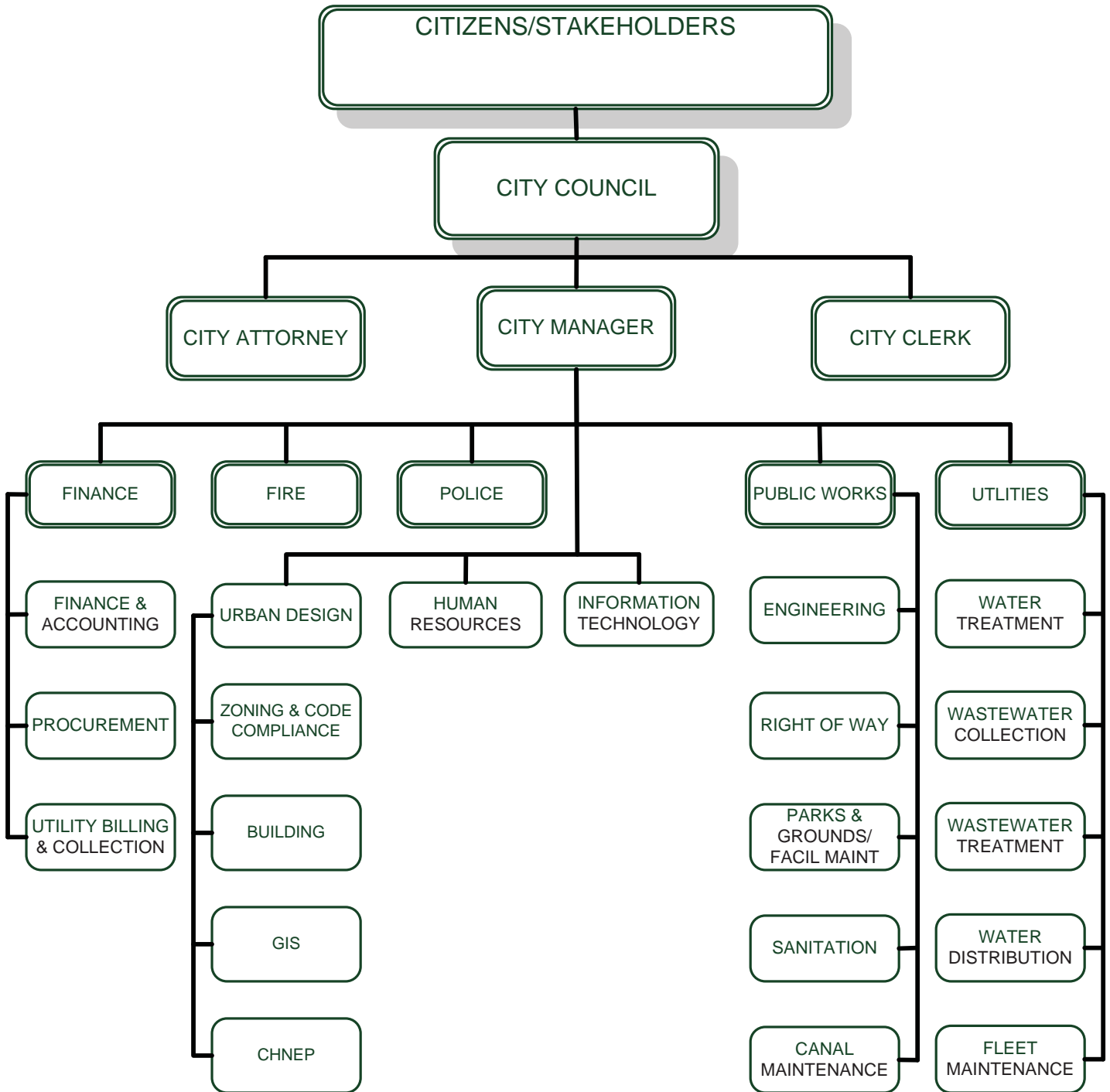


DAVID W. DRURY, CPA
DIRECTOR OF FINANCE

City of Punta Gorda
List of Principal Officials
As of September 30, 2016

<u>Title</u>	<u>Name</u>
Mayor	Rachel B. Keesling
Vice Mayor	Kim M. Devine
Councilmember	Thomas F. Cavanaugh
Councilmember	Gary Wein
Councilmember	Nancy B. Prafke
City Manager	Howard Kunik
City Attorney	David M. Levin
City Clerk	Karen Smith
Chief of Police	Tom P. Lewis
Fire Operations Chief	Raymond A. Briggs
Director of Finance	David W. Drury
Director of Public Works	Richard C. Keeney
Director of Utilities	Thomas E. Jackson

CITY OF PUNTA GORDA
ORGANIZATION STRUCTURE



CERTIFICATE OF ACHIEVEMENT
FOR EXCELLENCE IN
FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Punta Gorda, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Punta Gorda has received a Certificate of Achievement for the last thirty consecutive years (fiscal years ended 1985 through 2015). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

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

Presented to

**City of Punta Gorda
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

FINANCIAL SECTION

This section contains
the following subsections:

Report of Independent Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund
Statements and Schedules

Independent Auditor's Report

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Punta Gorda, Florida, (the "City") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, Community Redevelopment Agency Fund, PGI Canal Maintenance Special Revenue Fund, Charlotte Harbor National Estuary Program Special Revenue Fund and the Transportation Impact Fee Special Revenue Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Punta Gorda, Florida
April 7, 2017

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Punta Gorda's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2016.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2016, by \$118.1 million (net position). Of this amount, \$21.3 million unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$11.6 million.
- As of September 30, 2016 the City's governmental funds reported combined ending net position of \$53.2 million. This is an increase of \$5.4 million.
- As of September 30, 2016 the business-type activities reported combined ending net position of \$64.9 million. This is an increase of \$6.2 million.
- The City's total long-term liabilities decreased by \$0.4 million during the current fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

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

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

THE ENTITY-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

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

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

The statement of activities presents information showing how the City's net position changed during fiscal year 2016. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (uncollected taxes, earned but unused vacation leave.)

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

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

Fund Financial Statements

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

- Governmental funds account for most, if not all, of the City's tax supported activities. These include the General fund, the CRA fund, 1% Sales Tax fund, the Capital Projects fund, the Debt Service fund, the Charlotte Harbor National Estuary Program (CHNEP) fund, the Special Use fund, the PGI and BSI Canal Maintenance District funds, the two Gas Tax funds, and the Fair Share Impact Fee funds. These funds focus on how money flows into and out of the funds, and the balances left at year end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can

readily be converted to cash (usually 60 day focus). The two criteria used are that the revenue is measurable and available. Examples of difference from economic focus are that financing and grants are considered current revenue, and purchases of capital are considered expenditures whereas depreciation is not since there is no outlay of cash. In a highly regulatory environment, fund accounting serves a very important purpose in that funds received for specific purposes are identified as such and can readily be audited.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes can be found beginning on page 43.

Required Supplementary Information

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

THE CITY AS A WHOLE

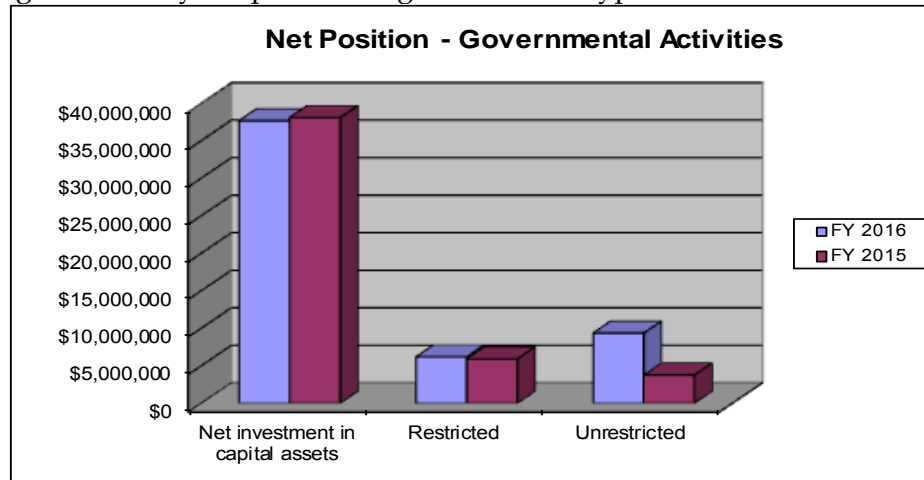
The City's combined net position as of September 30, 2016 was \$118.1 million (Table 1). The City's combined revenues, including contributions, grants, taxes and charges for services were \$49.6 million. Total city-wide expenses were \$38.0 million. The overall increase to city-wide net position was \$11.6 million (Table 2). Below in Table 1 is a condensed Statement of Net Position, in thousands, for the governmental activities and the business-type activities.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 13,573	\$ 12,202	\$ 16,923	\$ 12,385	\$ 30,496	\$ 24,587
Capital assets	63,589	63,503	54,063	53,526	117,652	117,029
Total assets	<u>77,162</u>	<u>75,705</u>	<u>70,986</u>	<u>65,911</u>	<u>148,148</u>	<u>141,616</u>
Deferred Outflow s Pensions	5,331	-	1,603	-	6,934	-
Long-term liabilities	(25,869)	(25,881)	(5,502)	(5,893)	(31,371)	(31,774)
Other liabilities	(1,431)	(2,039)	(1,921)	(1,314)	(3,352)	(3,353)
Total liabilities	<u>(27,300)</u>	<u>(27,920)</u>	<u>(7,423)</u>	<u>(7,207)</u>	<u>(34,723)</u>	<u>(35,127)</u>
Deferred Inflow s Pensions	(1,970)	-	(238)	-	(2,208)	-
Net Position:						
Net investment in						
capital assets	37,664	38,085	52,611	50,999	90,275	89,084
Restricted	6,196	5,924	378	375	6,574	6,299
Unrestricted	9,363	3,776	11,939	7,330	21,302	11,106
Total net position	<u>\$ 53,223</u>	<u>\$ 47,785</u>	<u>\$ 64,928</u>	<u>\$ 58,704</u>	<u>\$ 118,151</u>	<u>\$ 106,489</u>

The largest portion of the City's net position (76.4%) reflects its investment in capital assets (land, buildings, infrastructure and equipment) less outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. Restricted assets (representing 5.6% of total net position) are subject to external restrictions on how they may be used. The remaining 18.0% balance of unrestricted net position, \$21.3 million, may be used to meet the city's ongoing obligations to citizens and creditors. It is important to recognize that this resource may be planned to repay the outstanding debt on capital assets. The governmental activities net position increased by \$5.4 million or 11.4%. Last fiscal year there was a \$5.6 million decrease in net position. The analysis of revenues and expenses for governmental activities can be found in this MD&A on pages 10-12. The business-type activities net position increased \$6.2 million or 10.6%. The last fiscal year increase was \$0.2 million. The analysis of revenues and expenses for business-type activities can be found in this MD&A on pages 12-14. The City's overall financial position increased by \$11.6 million or 10.9%. The prior year decrease was \$5.4 million.

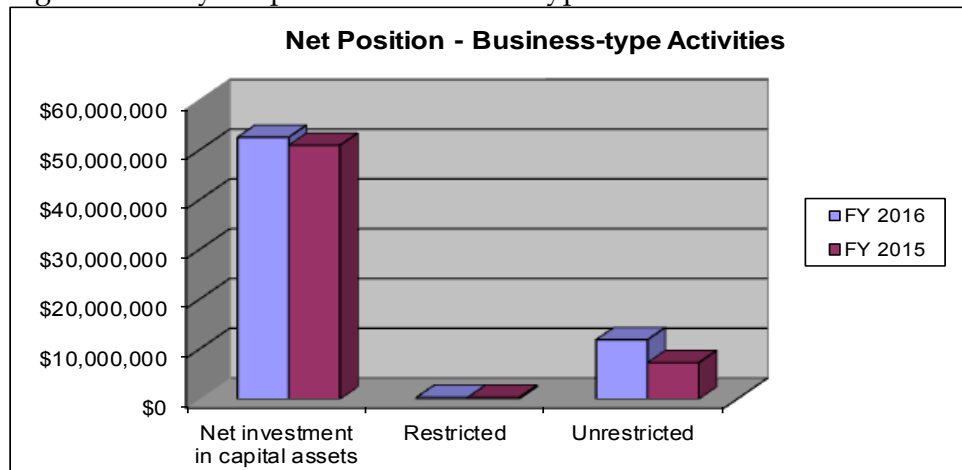
The following is a chart by net position of governmental-type activities.



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

- Current and other assets increased \$1.4 million - primarily cash & prepaid expenses
- Parks and Pathway projects, \$0.8 million
- Police 800 MHz radio system, \$0.5 million
- Public Works vector truck, \$0.4 million
- Other capital improvement projects and asset purchases, \$1.1 million
- Accumulated depreciation, net of disposals, \$2.4 million
- Capital asset disposals, \$0.4 million
- Net pension related deferred charges increased \$3.4 million
- Principal reduction on long-term liabilities, \$0.9 million
- Other liabilities decreased \$0.6 million
- Benefits payable increased \$0.9 million

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



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

- Current and other assets increased \$4.5 million - primarily cash
- Water plant expansion and water main upgrade projects, \$3.2 million
- Gravity sewer, force main, and lift station projects, \$0.6 million
- Water and wastewater vehicles and plant equipment, \$0.2 million
- Accumulated depreciation, net of disposals, \$3.4 million
- Capital asset disposals, \$0.1 million

- Net pension related deferred charges increased \$1.4 million
- Principal reduction on long-term liabilities, \$0.9 million
- Accounts/retainage payables and accrued liabilities increased \$0.6 million
- Benefits payable increased \$0.5 million

Table 2
Changes in Net Position
(in Thousands)

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,460	\$ 5,034	\$ 20,598	\$ 19,540	\$ 26,058	\$ 24,574
Operating grants and contributions	1,618	1,743	-	-	1,618	1,743
Capital grants and contributions	1,372	1,212	3,350	1,404	4,722	2,616
General revenues:						
Property taxes	7,762	7,444	-	-	7,762	7,444
Other taxes	8,251	7,753	-	-	8,251	7,753
Other	929	1,988	277	287	1,206	2,275
Total revenues	<u>25,392</u>	<u>25,174</u>	<u>24,225</u>	<u>21,231</u>	<u>49,617</u>	<u>46,405</u>
Expenses:						
General government	3,228	3,704	-	-	3,228	3,704
Public safety	7,637	9,856	-	-	7,637	9,856
Transportation	2,978	3,863	-	-	2,978	3,863
Economic environment	518	268	-	-	518	268
Recreation	5,184	6,017	-	-	5,184	6,017
Interest on long-term debt	411	452	-	-	411	452
Water and wastewater	-	-	14,127	14,778	14,127	14,778
Sanitation/refuse	-	-	2,846	2,872	2,846	2,872
Building Fund	-	-	661	790	661	790
Marina	-	-	365	360	365	360
Total expenses	<u>19,956</u>	<u>24,160</u>	<u>17,999</u>	<u>18,800</u>	<u>37,955</u>	<u>42,960</u>
Transfers In (Out)	2	27	(2)	(27)	-	-
Increase (decrease) in net position	5,438	1,041	6,224	2,404	11,662	3,445
Net position-beginning	<u>47,785</u>	<u>53,375</u>	<u>58,704</u>	<u>58,549</u>	<u>106,489</u>	<u>111,924</u>
Prior Period Adjustments	-	(6,631)	-	(2,249)	-	(8,880)
Net position-ending	<u>\$ 53,223</u>	<u>\$ 47,785</u>	<u>\$ 64,928</u>	<u>\$ 58,704</u>	<u>\$ 118,151</u>	<u>\$ 106,489</u>

The analysis of Table 2 states the overall Total Primary Government revenues increased \$3.2 million or 6.9% from the prior year. The Governmental Activities revenues increased \$0.2 million or 0.9%. The Business-type Activities revenues increased \$3.0 million or 14.1%.

The Total Primary Government expenses decreased \$5.0 million or 11.7% from the prior year. The Governmental Activities expenses decreased by \$4.2 million or 17.4%. The expenses in Business-type Activities decreased \$0.8 million or 4.3%.

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

Major Fund Changes in Net Position or Fund Balance

The General Fund balance at September 30, 2016 consisted of \$2.4 million for unassigned fund balance; \$1.8 million was assigned for subsequent year's budget, and \$0.1 million was for non-spendable inventories and restricted funds for public safety. This is a \$0.7 million increase in fund balance from September 30, 2015. The City Council's financial policy on fund balance minimum is 7.0% of annual expenditures. A more detailed analysis of revenues and expenditures can be found on pages 14-16 of the MD&A.

The Community Redevelopment Agency Fund balance decreased \$118 thousand. Revenues increased \$126 thousand over the prior year, mainly in Herald Ct Centre rents from increased rental space and TIF (tax increment financing) revenues. The planned debt service transfer increase of \$29 thousand and the mid-year appropriation of \$476 thousand of fund balance related to leak repairs needed in Herald Ct Centre parking garage of which \$215 thousand was expended in FY 2016 and the remainder carried over into FY 2017 resulted in the overall fund balance decrease.

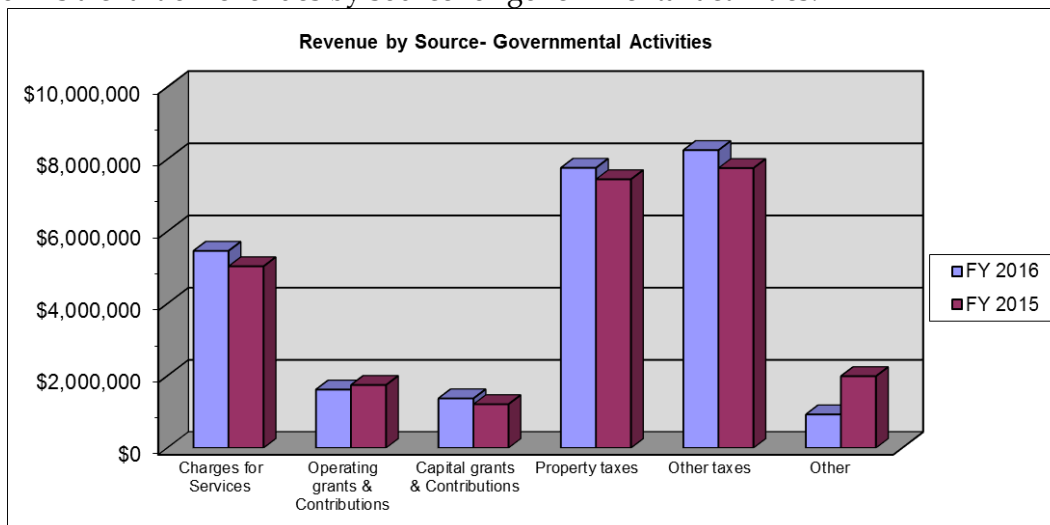
The PGI Canal Maintenance Fund balance increased \$311 thousand. Assessments were \$266 thousand more than the prior year due to \$50 increase in the assessment rate which were offset by a decrease of a one-time grant of \$183 thousand in FY 2015. The net increase in revenues were offset by a similar increase in expenditures from personnel and seawalls. Therefore the fund balance increase was similar to that of FY 2015.

The Transportation Impact Fee Fund balance increased \$47 thousand. Total revenues received in FY 2016 were \$47 thousand. No transfers to general construction projects were made due to delays in scheduled projects.

The Water and Wastewater Utility Fund net position increased \$5.5 million. Capital assets net of accumulated depreciation had a net increase of \$0.7 million. Current assets, mainly cash from increased water and sewer impact fee revenue, water and sewer rate increase and consumption revenue, grant revenue for reverse osmosis project, and reduced operating expenses increased \$3.9 million. Net deferred charges related to pension increased \$0.9 million. Current year revenues were used to pay debt reducing liabilities by \$0.9 million. Benefits payable increased \$0.3 million, accounts payable and retainage payable increased \$0.7 million, and accrued liabilities decreased \$0.1 million.

Governmental Activities

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



The following details the revenue variances between fiscal years 2015 and 2016.

Charges for services increased \$426 thousand, 8.5%, when compared to FY 2015.

- Canal Maintenance and lot mowing assessments increased \$343 thousand, permits increased \$40 thousand, traffic signal maintenance contract increased \$26 thousand, and other charges for services increased \$17 thousand.

Operating grants and contributions decreased by \$126 thousand.

- Decrease of \$183 thousand due to WCIND grant for Ponce de Leon Inlet dredging completed in FY 2015.
- Increase in CHNEP operating grants and contributions of \$13 thousand.
- Increase in other operating grants and contributions of \$44 thousand.

Capital grants & contributions increased by \$160 thousand due to the following:

- Decrease in Community Development Block Grant of \$124 thousand.
- Increase in state grant & private contributions for Veterans wall, \$244 thousand.
- Increase in CRA TIF (tax increment financing) revenue, \$40 thousand.

Property tax revenues increased by \$318 thousand. Taxes levied increased by \$351 thousand in FY 2016, and the percentage of levy collected decrease by 0.26%.

Other taxes increased by \$498 thousand.

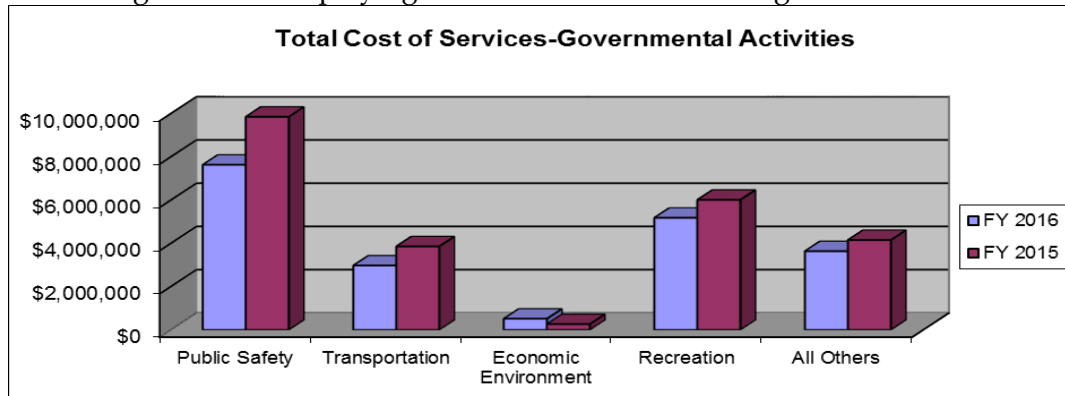
- Utility and Gas taxes increased by \$132 thousand
- Sales Taxes had an increase of \$366 thousand

Other revenues decreased \$1.1 million as a result of a \$0.9 million one-time settlement with a large oil company, \$0.1 million sale of land and \$0.1 million from CHNEP's previous hosting agency that all occurred in FY 2015.

The cost of all governmental activities this year, including allocations, was \$22.5 million as compared to \$26.7 million in FY 2015. As shown in the Statement of Activities on page 23, the program expenses net of indirect expense allocations (\$2.5 million) were paid through:

- \$5.5 million in charges for services; consisting of \$3.4 million canal maintenance districts assessments and \$1.8 million fees for general government services
- \$1.6 million in operating grants and contributions
- \$1.4 million in capital grants and contributions
- \$16.9 million in general revenues (primarily taxes)

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



- Public safety costs decreased by \$2.2 million, mainly as a result of recording \$1.7 million net deferred charges from pension related activities. Pension contributions decreased by \$0.3 million in FY 2016. Expense from net pension liabilities decreased by \$0.1 million. Other public safety expenses decreased by \$0.1 million or 1.0%.
- Transportation costs decreased by \$0.9 million in FY 2016, mainly attributed to the recording of net deferred charges related to pension activities of \$0.3 million which decreased expenses, net pension liability increase of \$0.1 million and a decrease of \$0.7 million in contractual paving services from the prior year.
- Economic environment costs increased by \$250 thousand. Repair and maintenance at the Herald Court Centre increased by \$219 thousand. Other economic environment costs increased by \$31 thousand.
- Recreation costs decreased by \$0.8 million mainly due to the recording of net deferred charges from pension activities of \$0.3 million and a decrease in depreciation expense of 0.5 million
- All Others decreased \$0.5 million mainly attributable to recording of \$0.8 million net deferred charges from pension related activities. Pension liabilities increased \$0.2 million and overall general government operating expenses increased \$0.1 million.

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

Table 3
Governmental Activities
(in Thousands)

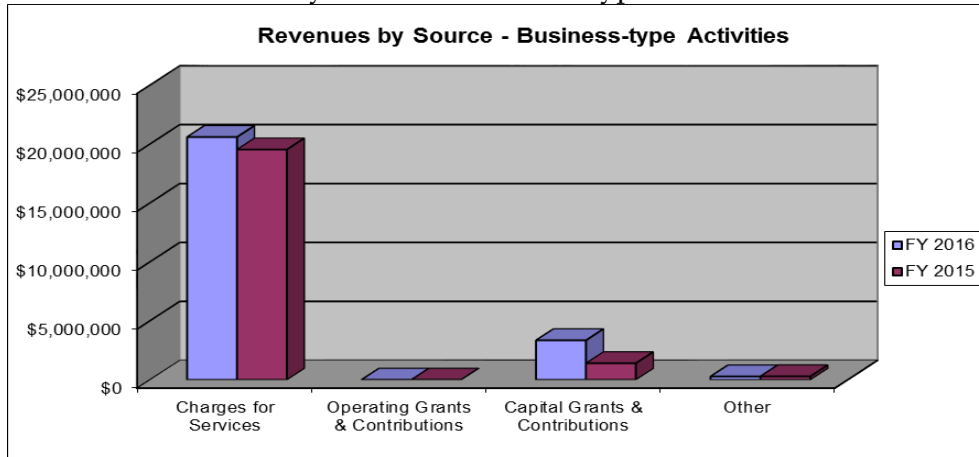
	Total Cost of Services (less indirect expense allocation)		Net Cost of Services	
	2016	2015	2016	2015
Public Safety	\$ 7,637	\$ 9,856	\$ (7,540)	\$ (9,814)
Transportation	2,978	3,863	(2,714)	(3,626)
Economic Environment	518	268	436	766
Recreation	5,184	6,017	(748)	(1,731)
All Others	3,639	4,155	(940)	(1,765)
Totals	\$ 19,956	\$ 24,159	\$ (11,506)	\$ (16,170)

Business-type Activities

Revenues of the City's Business-type activities (see Table 2) totaled \$24.2 million. Operating expenses were \$18.0 million, showing an increase in net position of \$6.2 million or 10.6%

The analysis of revenues and expenses disclosed that revenues increased 14.1% and expenses decreased 4.3% from the prior fiscal year.

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



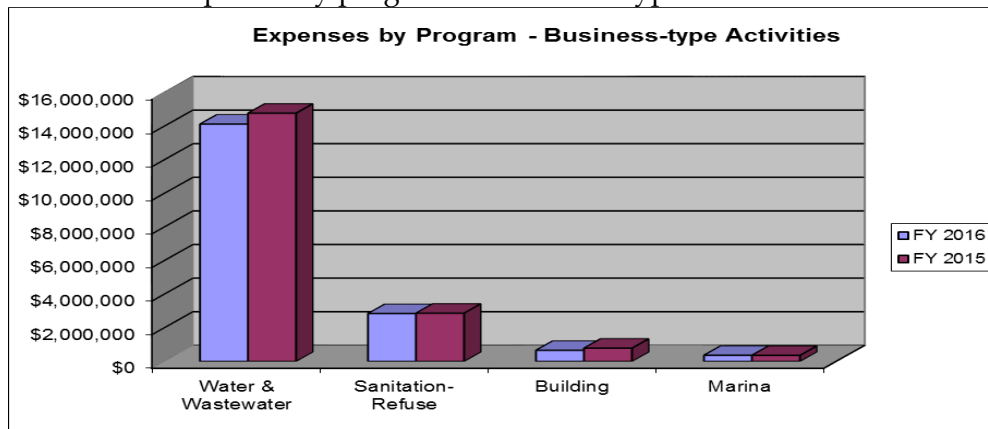
Charges for services reported in business-type activities increased \$1.1 million, or 5.4%, in comparison to the prior year. Water & Wastewater Utility experienced an increase in charges for services of \$849 thousand mainly due to a rate increase of 4% and increased consumption. Sanitation's charges for services increased \$163 thousand in refuse collection due to a \$0.75 rate increase for recycling to cover increased recycling contract costs for automated curbside recycling. Building's charges for services increased \$14 thousand consisting of a \$3 thousand increase in permit activity and an \$11 thousand increase in other miscellaneous charges. The Lashley Park Marina charges for services for FY 2016 increased \$32 thousand and is the mainly the result of increased annual slip rentals.

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

	Revenues (in thousands)		From 2015 to 2016
	2016	2015	% incr (decr)
Water Billings	\$9,069	\$8,587	5.6%
Wastewater Billings	\$6,743	\$6,403	10.0%
Refuse Collection	\$3,170	\$3,007	5.4%
Licenses, Permits, & Special Assessments	\$ 915	\$ 912	0.3%

Capital grants and contributions increased \$1.9 million, or 138.6%. Water and Sewer Impact fees increased \$0.5 million from the prior year. The Reverse Osmosis (RO) plant in Utilities has two approved capital grants. Total grant revenues for this project were \$1.4 million more than FY 2015.

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



The Water & Wastewater Utility expenses decreased \$651 thousand, or 4.4%, in comparison to the prior year. Personnel expenses decreased \$867 thousand. Recording net deferred charges from pension related activities resulted in a decrease of \$923 thousand. Decrease in other pension expenses was \$98,000. Other personnel costs increased \$154 thousand or 3.3% due to mid-year increase of 1.5 FTE (Full-time equivalent) in staffing. Contractual services increased \$410 thousand due to the first \$500 thousand contribution to a regional pipeline project and outsourcing of metering reading of \$110 thousand beginning in FY 2016 and net decreases of \$200 thousand in other contractual services related to deep injection well permitting, rate study, and master plan updates in FY 2015. Interest expense decreased \$28 thousand. The remaining decrease of \$166 thousand is related to decrease in materials & supplies, repairs & maintenance, utilities, and legal services.

The Sanitation expenses decreased by \$26 thousand, or 0.9%. Personnel expenses decreased \$154 thousand. Net deferred charges from pension related activities resulted in a decrease of \$258 thousand. Increase in other pension expenses was \$56,000. Other personnel costs increased \$48 thousand overall mainly due to increases in wages due to pay grade restructuring of sanitation personnel and increased overtime related to turnover and FMLA related absences. Contractual Services increased \$158 thousand due to recycling charges increase with change to automated recycling service with 48 gallon cart and increased landfill fees. Gasoline expenses decreased \$28 thousand. Various other expenses decreased \$2 thousand

The Building Fund's expenses decreased by \$129 thousand, or 16.3%. Personnel expenses decreased \$146 thousand. Net deferred charges from pension related activities resulted in a decrease of \$184 thousand. Decrease in other pension expenses was \$45,000. Other personnel costs increased \$83 thousand due to adding a building inspector and increasing a part-time permit technician to full-time. Various other operating expenses increased \$17 thousand overall as a result of increased building activity.

The Laishley Park Marina expenses increased \$5 thousand, or 1.4%. This is mainly due to the increase in utilities, contractual services, and repairs & maintenance which is a direct result of increased activity at Laishley Park Marina.

THE CITY'S FUNDS

General Fund Budgetary Highlights

The following is a brief review of the budgeting changes from the original budget to the final budget for the General Fund. The final expenditure budget increased \$620 thousand or 3.6% from the original budget, which can be briefly summarized as follows:

- Supplemental appropriations Fire Union contract changes, \$39 thousand; legislative lobbyist, \$25 thousand; law enforcement trust, \$32 thousand; police taser replacements, \$11 thousand; Police equipment grants & contributions, \$45 thousand; and other operating expenditures, \$27 thousand
- Purchase order rollovers from prior year for police and fire vehicles, \$206 thousand; fire department gear, \$19 thousand; and various other operating expenditures, \$24 thousand

- Re-appropriations from prior year for police programs, \$22 thousand; police vehicles, \$30 thousand; landscaping and lot mowing, \$58 thousand; and various other operating expenditures, \$82 thousand

The final revenue budget increased by \$131 thousand (including transfers) or 0.7%, from the original budget, which can be briefly summarized as follows:

- Half cent sales tax revenue increase of \$50 thousand as a result of increased consumer spending
- Police department grant awards and contributions of \$45 thousand
- Insurance recoveries related to repairs and accidents, \$9 thousand
- Increase in transfers of \$12 thousands
- Other miscellaneous revenues increase of \$15 thousand

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

Revenues:

- Ad Valorem Taxes were over budget \$46 thousand due to tax sale receipts.
- FPL Utility Taxes and FPL Franchise fees were over budget \$193 thousand due to an increase in customer usage.
- Sales Taxes were over budget \$100 thousand due to better than projected economic conditions.
- Police program revenues, code compliance violations, and sale of fixed assets were over budget \$109 thousand due to the fact that these revenues are not budgeted. Other miscellaneous revenues were over budget mainly due to a higher than anticipated PCard rebate, interest earnings, permit activity and procurement administrative fees totaling \$117 thousand. The remaining \$44 thousand is spread among several other revenues.

Expenditures:

- General government expenditures were under budget by \$442 thousand. \$108 thousand was intended funding for the fleet/equipment reserve. Personnel expenditures were \$78 thousand under budget due to fewer claims for unemployment, turnover changes, and dependent health insurance elections. Election expenses were under budget \$15 thousand as there was no election. Lot Mowing was \$73 thousand under budget primarily due to a decrease in the amount of lots being mowed of which \$26 thousand was re-appropriated to FY 2017. Services related to prior insurance carrier workers compensation claims were under budget \$27 thousand and was a PO rollover to FY 2017. In Facilities Maintenance the following main operating accounts were under budget: insurance, \$19 thousand; contractual services such as janitorial and air conditioning, \$6 thousand; various other supply and repair & maintenance, \$48 thousand of which \$34 thousand were PO rollovers and re-appropriations to FY 2017. All other operating expenditures in all general government department/divisions were under budget \$68 thousand due to continued efforts to contain costs.
- Public Safety police operating expenditures were under budget by \$197 thousand. Law Enforcement Trust Funds were under budget \$28 thousand police capital expenditures were under budget by \$13 thousand and were re-appropriated to FY 2017. Personnel expenditures were under budget by \$76

thousand due to turnover in personnel. Gasoline was under budget \$36 thousand, communication services were under budget \$14 thousand and other operating accounts were under budget by \$30 thousand.

- Public Safety fire was under budget by \$110 thousand. Personnel expenditures were under budget by \$64 thousand, mainly due to unspent overtime, changes in health insurance elections and FICA taxes. Re-appropriations to FY 2017 included: R&M for apparatus and building, \$16 thousand; and supplies, \$15 thousand. Other operating expenditures were under budget \$15 thousand.
- Transportation - Right of Way expenditures were \$19 thousand under budget. Right of Way personnel expenditures were \$7 thousand under budget, operating expenditures were \$8 thousand under budget, and equipment expenditures were \$4 thousand under budget.
- Recreation - Parks and Grounds expenditures were \$142 thousand under budget. Expenditures under budget are: Contractual services, \$82 thousand of which \$38 thousand was reappropriated for a tree removal and mangrove trimming; utilities, \$17 thousand; fuel, \$14 thousand; repair & maintenance, \$11 thousand; agricultural & department supplies, \$18 thousand which was re-appropriated to FY 2017.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of September 30, 2016 reflect an investment of \$117.7 million, net of accumulated depreciation.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 16,228	\$ 16,228	\$ 5,403	\$ 5,403	\$ 21,631	\$ 21,631
Buildings	18,178	18,765	2,962	3,197	21,140	21,962
Improvements						
other than buildings	6,890	7,265	4,247	4,615	11,137	11,880
Vehicles and equipment	3,238	1,990	1,374	1,578	4,612	3,568
Infrastructure / System	18,426	18,131	35,379	37,436	53,805	55,567
Construction						
work in progress	<u>630</u>	<u>1,124</u>	<u>4,698</u>	<u>1,297</u>	<u>5,328</u>	<u>2,421</u>
Total Capital Assets	<u>\$ 63,590</u>	<u>\$ 63,503</u>	<u>\$ 54,063</u>	<u>\$ 53,526</u>	<u>\$ 117,653</u>	<u>\$ 117,029</u>

Significant changes to assets this year include:

- Pickup truck for Engineering, \$22 thousand
- Pickup truck and mower for Right of Way, \$43 thousand
- Mower for Parks & Grounds, \$12 thousand

- (9) police vehicles, \$358 thousand
- Police communications upgrades and training room upgrades, \$98 thousand
- (2) fire command vehicles, \$71 thousand
- (1) Pickup truck and (1) vehicle for Canal Maint., \$41 thousand
- Pickup truck for Building Dept., \$17 thousand
- Pickup and (2) All-terrain vehicles for WTP, \$38 thousand
- Testing equipment and other equipment for WTP, \$54 thousand
- Pumps and other equipment for WWTP, \$86 thousand
- Utility van for Water distribution, \$25 thousand
- Public Works vector truck, \$345 thousand
- Police 800 MHz radio system, \$512 thousand
- Veteran's Wall at Laishley Park, \$159 thousand
- Public Safety parking lot lighting, \$30 thousand
- Harborwalk projects, \$230 thousand
- Harborwalk West seawall, \$356 thousand
- City-wide WIFI, \$33 thousand
- City website, \$38 thousand
- Servers and Storage Area Network (OSSI, SAN, SQL), \$307 thousand
- (6) laptops and (11) computers with peripheral equipment, \$31 thousand
- Water plant expansion (Reverse Osmosis), \$3.1 million
- Water main upgrades, \$94 thousand
- Wastewater gravity sewer, force main, and lift station rehabs, \$373 thousand
- Wastewater plant roof replacement, \$215 thousand

Debt

As of September 30, 2016 the City had \$16.5 million of revenue note debt in the Governmental Activities. This is a net decrease of \$0.9 million as compared to the prior year. The business-type activities note debt was \$1.6 million. This is a decrease of \$0.9 million in principal payments. There were no capital leases at year end.

For additional information regarding capital assets and debt refer to footnote IV. D (pages 57-58) and footnote IV. E (59-62).

ECONOMIC OUTLOOK

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

National Economic Outlook

The most recent statement of the Federal Reserve Open Market Committee (FOMC), issued on June 21, 2016, included the following key points:

- Labor market conditions clearly continued to strengthen during the early months of this year. Payrolls expanded at a solid pace of almost 200,000 per month in the first

quarter, and while the unemployment rate flattened out at close to 5%, the labor force participation rate moved up strongly. The unemployment rate dropped in May to 4.7%, its lowest level since late 2007, and down from 5.5% in May 2015; however, the labor force participation rate fell back again and was little changed from its year-ago level. All told, the latest readings suggest that labor markets are tighter than they were at the end of last year but that the pace of improvement has slowed. Whether those signs of slowing will be confirmed by subsequent data, and how persistent any such slowing will be, remains to be seen.

- Consumer price inflation has continued to be held down by lower prices for energy and imports, and the price index for personal consumption expenditures (PCE) increased only about 1% over the 12 months ending in April. Changes in the PCE price index excluding food and energy items, which provide a better indication than the headline figure of where overall inflation will be in the future, also remained modest.
- On average, consumer spending so far this year appears to be expanding at a moderate pace, supported by solid income gains and the ongoing effects of the increases in wealth and the declines in oil prices of the past two years.
- The housing market continues its gradual recovery, and fiscal policy at all levels of government is now modestly boosting economic activity after exerting a considerable drag in recent years. One area of concern, however, is the softening in business fixed investment in recent quarters even beyond those sectors most directly affected by the plunge in energy prices. In addition, the weakness of exports—following the significant appreciation of the dollar over the past two years and the subdued pace of foreign economic growth—continues to hold back overall output growth.
- After having raised the target range for the federal funds rate to between ¼% and ½% last December, the Committee maintained that target range over the first half of the year. The Committee’s decisions to leave the stance of policy unchanged were supported by its assessments earlier in the year that global economic and financial developments posed risks to the economic outlook and that growth in economic activity appeared to have slowed. The Committee stated that its accommodative stance of policy is intended to support further improvements in labor market conditions and a return to 2% inflation.
- The Committee expects that economic conditions will evolve in a manner that will warrant only gradual future increases in the federal funds rate, and that the federal funds rate will likely remain, for some time, below levels that are expected to prevail in the longer run. Consistent with this outlook, FOMC participants projected that the appropriate level of the federal funds rate would be below its longer-run level through 2018.

The national unemployment rate declined to 4.7% in December 2016, down from 5.0% one year ago.

Florida/Southwest Florida Regional Economic Outlook

The June 2016 Florida Economic Overview, published by the Florida Legislature Office of Economic and Demographic Research, highlighted key economic variables which are shown here:

- Florida’s gross domestic product grew 3.1% in 2015, surpassing the national growth rate of 2.4%, the third fastest rate among all large states. The forecast is for more growth according to a report from the University of Central Florida. The Florida economy is expected to grow at a faster pace than the nation’s over the next four years.

- Florida finished 2014 with 5% personal income growth rate over the prior year – above the national growth rate of 4.4% and ranking 9th among all states.
- Florida’s average annual wage further declined to 87.2% of the national average; the posting in 2013 was 87.6%. This is the state’s lowest percentage since 2001.
- Population growth is expected to remain above 1.5% over the next few years, averaging 1.52% annually between 2015 and 2020. Nationally, average annual growth will be 0.75% between 2015 and 2030. The state surpassed New York to become the third most populous state.
- Florida’s older population (age 60 and older) will account for 58% of the gains, while the younger population (age 0-17) will account for 13% of the gains.
- Single-family building permit activity, an indicator of new construction, is back in positive territory, showing strong growth in both the 2012 and 2013 calendar years (32.3% and 31.3%, respectively). Final data for 2014 shows a 1.6% increase over 2013; however, 2015 activity is 30% higher than the previous year. For the first four months of 2016, single-family building permit activity was running 16.5% over the same period the prior year.
- The statewide median sales price for single-family homes was \$221,050 in May 2016, up 10.5% from the previous year. According to the National Association of Realtors, the national median sales price for these homes was \$233,700 as of April 2016.
- Florida’s foreclosure rate ranked in the top five each month in 2015. The foreclosure inventory is expected to normalize by the end of the 2018 calendar year.
- The 2015 percentage of homeownership rate (64.8%) is the lowest since 1989, and it’s below the long-term average for Florida. First quarter data for 2016 shows a further decline to 64.7%
- In FY 2015, the state’s general revenue collections surpassed the prior peak in FY 2006. After slowing in FY 2016, steady growth is expected to continue throughout the forecast.

Florida’s unemployment rate was 4.9% in December 2016, down from 5.0% one year ago.

The Southwest Florida economy continues its recovery. Seasonally-adjusted taxable sales in the region were \$2.1 billion in March 2016, an increase of 5% (\$102 million) over March 2015. Passenger activity for the three Southwest Florida airports amounted to in 1,126,636 in April 2016, an increase of 2% over April 2015.

Charlotte County Economic Highlights

As part of the Southwest Florida region, Charlotte County has undertaken a number of initiatives to enhance its business opportunity environment. Some of the more pertinent initiatives and statistics are:

- Charlotte County continues to notice solid growth in population, from 168,474 one year ago to 173,115 representing a 3% increase.
- For the fourth consecutive year, the taxable property value in the County has increased, up 6.4% from the previous year. Of that amount, new construction accounted for 1.2%.
- Unemployment is 5.1% in December 2016, slightly higher than the state’s rate of 4.9%. One year ago, the unemployment rate in the County was the same at 5.1%.
- The median sales price of an existing single family home in the Punta Gorda Metropolitan Statistical Area (all of Charlotte County) was \$191,000 in May 2016,

an increase of 11% from the previous year (\$172,160). The supply in the single-family home market was five months, which suggest a market slightly favoring sellers.

- The County’s taxable sales grew by 8%, from \$200.6 million in March 2015 to \$215.9 million in March 2016.
- The Punta Gorda Airport and Enterprise Charlotte Airport Park (ECAP) represent major economic drivers in the area. The Airport Authority’s terminal expansion project, aimed to meet current and future demand primarily from Allegiant Airlines, has been completed and open for business. Allegiant’s service area from Punta Gorda flies to 32 cities. Frontier Airlines currently flies to 3 cities. Passenger activity at the airport since calendar year 2010 has risen in significant numbers, as shown below:

Year	Passenger Count
2010	182,423
2011	291,626
2012	219,357

Year	Passenger Count
2013	333,611
2014	628,075
2015	836,472

Year	Passenger Count
2016	1,118,303

- Construction of the 345,000 square foot Cheney Brothers food distribution warehouse, located in the ECAP area has been completed and the facility is open for business. The project brought 340 jobs to the Punta Gorda area with wages averaging \$36,000 annually, which is above the average wage in the area. The company now plans to add 100,000 square feet within a year, and a 50,000 square foot meat cutting facility in two to three years. Ancillary businesses and jobs are anticipated to be created as the distribution center expands its presence in the area.
- A partnership among the County, City, Airport Authority, Florida Southwestern State College and Western Michigan University (WMU) continues to progress. WMU received approval from the Florida Commission for Independent Education to have a physical presence in the State, clearing the way for its aviation program to start at the Punta Gorda Airport. With this provisional license, WMU will establish a satellite facility at FSC for the aviation training along with other programs such as health, nursing and university studies.
- Babcock Ranch, a planned new town situated on 18,000 acres bordering Charlotte County and Lee County, broke ground in June 2016. When completed the development will house 19,500 residential units with an anticipated 50,000 population; six million square feet of commercial space; 75 mega-watt solar facility; and 50 miles of trails. The development is also planning a partnership with Florida Gulf Coast University to house higher educational programs.
- The Murdock Village redevelopment continues to be a future major economic driver in County development opportunities. Infrastructure initiatives continue to be explored that may provide an incentive for private investment in the area.
- The County also contracted with VisionFirst Advisors to develop a strategic plan for economic development. The firm recommended the following:
 - ✓ Targeting smaller industries and focusing on niche manufacturers
 - ✓ Targeting health care or industries that focus on serving the senior population
 - ✓ Helping local expansion of businesses
 - ✓ Addressing lack of building availability
 - ✓ Promoting existing educational opportunities
 - ✓ Building a county brand
 - ✓ Improving the ease of doing business in the County
 - ✓ Enhancing working relationships among economic development partners

Punta Gorda Economic Highlights

Projections show a 2017 population of 18,030, up from the 2010 Census of 16,641.

- Changes in property values continue to contribute major influence on financial planning and budget preparation. Taxable property values (FY 2017) increased Citywide by 6.6% from the final previous fiscal year, including \$38 million of new construction, annexation, and changes in exemption. This is the fourth straight year experiencing an increase in values after six straight years of declines in taxable value Citywide.
- New housing unit building permit trends since FY 2005 are shown below. Activity from FY 2010 through FY 2016 demonstrates a positive trend in new residential construction from FY 2009.

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

Year	Units Permitted
FY 2009	12
FY 2010	37
FY 2011	30
FY 2012	56

Year	Units Permitted
FY 2013	88
FY 2014	100
FY 2015	125
FY 2016	246

- LOOP development update - Goodkin Consulting (GC) was hired by the property owner to conduct a market analysis concerning development possibilities for Village Center, a proposed 171-acre mixed-use residential and commercial development. The site is at the intersection of Jones Loop Road and I-75 in Punta Gorda. GC was asked to examine the residential, retail, hotel and commercial office components, include recommendations for product types, unit sizes, and sale prices for the housing element to be developed on this site, and retail, office and hotel sizes and rent ranges. GC's engagement was also to analyze the market potential for any alternative proposed residential developments for the site, and to quantify the demand for each alternative. The report's findings, published in August 2015, are highlighted below:
 - ✓ Residential component - 290 residential units of which 128 are single family detached, 90 single family semi attached and 72 townhome attached.
 - ✓ Retail component - 540,000 square feet of which 300,000 is an outlet mall and 240,000 a village center.
 - ✓ Office component - 150,000 square feet consisting of 80,000 in village center with office over retail, and 70,000 of two or three single users.
 - ✓ Hotel component - dual branded with 200 rooms.

The consulting group incorporated comprehensive economic and demographic research of the City's position in Southwest Florida to support the above findings. The LOOP property owner uses this data in its marketing effort to attract developers to invest in the site. The first such development is a prospective Aldi Market.

- Aqui Esta development - a 100+ acre parcel of undeveloped property along Aqui Esta that is zoned for up to 500 single family homes. Under consideration is a mixed-use development to include a specialty hotel and condominiums with adjacent marina for private dockage or up to 200 homes with marina dockage.
- The City's business development strategy to enhance business and economic development was highlighted in the aforementioned Strategic Plan accomplishments and priorities.

BASIC FINANCIAL STATEMENTS

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$11,486,026	\$10,655,313	\$ 22,141,339
Investments	3,859	-	3,859
Receivables (net of allowance for uncollectibles)	598,007	1,006,793	1,604,800
Due from other governments	719,072	621,855	1,340,927
Internal balances	36,729	(36,729)	-
Inventories	218,628	97,121	315,749
Prepays	444,123	207,942	652,065
Restricted assets:			
Cash and cash equivalents	66,264	4,370,620	4,436,884
Capital assets (net of accumulated depreciation):			
Land	16,228,273	5,403,346	21,631,619
Buildings	18,177,591	2,961,502	21,139,093
Improvements other than buildings	6,890,049	4,247,238	11,137,287
Vehicles and equipment	3,237,888	1,374,303	4,612,191
Infrastructure/System	18,425,693	35,379,353	53,805,046
Construction in progress	630,140	4,697,590	5,327,730
Total assets	<u>77,162,342</u>	<u>70,986,247</u>	<u>148,148,589</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	<u>5,330,809</u>	<u>1,602,779</u>	<u>6,933,588</u>
LIABILITIES			
Accounts payable and other current liabilities	1,295,391	1,846,071	3,141,462
Unearned revenue	135,154	-	135,154
Liabilities payable from restricted assets	-	75,269	75,269
Long-term liabilities:			
Due within one year	1,035,981	379,051	1,415,032
Due in more than one year	16,278,824	1,704,905	17,983,729
Pensions payable	8,554,705	3,417,509	11,972,214
Total liabilities	<u>27,300,055</u>	<u>7,422,805</u>	<u>34,722,860</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	<u>1,969,756</u>	<u>238,620</u>	<u>2,208,376</u>
NET POSITION			
Net investment in capital assets	37,664,271	52,611,061	90,275,332
Restricted for:			
Highways and streets	588,104	-	588,104
Capital projects	2,516,479	-	2,516,479
Debt service	-	377,561	377,561
CRA District	1,261,015	-	1,261,015
Recreation	1,618,783	-	1,618,783
Public Safety	65,699	-	65,699
Other Purposes	145,496	-	145,496
Unrestricted	9,363,493	11,938,979	21,302,472
Total net position	<u>\$53,223,340</u>	<u>\$64,927,601</u>	<u>\$ 118,150,941</u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions/Programs</u>					
Governmental Activities:					
General government	\$ 6,047,941	\$ (2,819,310)	\$ 1,831,915	\$ 576,167	\$ 290,826
Public Safety	7,636,743	-	57,365	39,839	-
Transportation	2,905,252	72,560	216,787	-	46,473
Economic environment	504,709	13,000	-	-	953,966
Recreation	4,983,412	200,510	3,353,743	1,001,597	80,799
Interest on long-term debt	410,793	-	-	-	-
Total Governmental Activities	22,488,850	(2,533,240)	5,459,810	1,617,603	1,372,064
Business-type Activities:					
Water and wastewater	12,051,932	2,074,690	16,073,754	-	3,350,066
Sanitation/refuse	2,506,685	339,415	3,169,987	-	-
Building Fund	575,098	86,830	952,712	-	-
Marina Fund	333,255	32,305	401,755	-	-
Total Business-type Activities	15,466,970	2,533,240	20,598,208	-	3,350,066
Total Functions/Programs	\$ 37,955,820	\$ -	\$ 26,058,018	\$ 1,617,603	\$ 4,722,130

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

See Accompanying Notes.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (529,723)	\$ -	\$ (529,723)
(7,539,539)	-	(7,539,539)
(2,714,552)	-	(2,714,552)
436,257	-	436,257
(747,783)	-	(747,783)
(410,793)	-	(410,793)
<u>(11,506,133)</u>	<u>-</u>	<u>(11,506,133)</u>
-	5,297,198	5,297,198
-	323,887	323,887
-	290,784	290,784
<u>-</u>	<u>36,195</u>	<u>36,195</u>
<u>-</u>	<u>5,948,064</u>	<u>5,948,064</u>
<u>(11,506,133)</u>	<u>5,948,064</u>	<u>(5,558,069)</u>
7,762,213	-	7,762,213
4,108,696	-	4,108,696
4,142,913	-	4,142,913
53,246	52,141	105,387
875,852	224,567	1,100,419
<u>16,942,920</u>	<u>276,708</u>	<u>17,219,628</u>
<u>1,508</u>	<u>(1,508)</u>	<u>-</u>
5,438,295	6,223,264	11,661,559
47,785,045	58,704,337	106,489,382
<u>\$ 53,223,340</u>	<u>\$ 64,927,601</u>	<u>\$ 118,150,941</u>

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016

ASSETS	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund
Cash and cash equivalents	\$3,969,655	\$ -	\$ 1,552,912	\$ 1,264,957
Investments	3,859	-	-	-
Accounts receivable (net of allowance of \$38,236)	570,291	-	4,926	2,822
Restricted cash and equivalents	66,264	-	-	-
Due from other funds	-	-	3,326	-
Due from other governments	204,376	-	-	36,320
Inventories	63,499	-	-	-
Prepaid items	2,581	-	-	2,381
 Total assets	 <u>\$4,880,525</u>	 <u>\$ -</u>	 <u>\$ 1,561,164</u>	 <u>\$ 1,306,480</u>

See Accompanying Notes.

Capital Project Fund	1% Local Option Sales Tax	Char Hbr Natl Estuary Program	Impact Fees Transportation	Other Governmental Funds	Total Governmental Funds
\$ 497,522	\$ 1,439,138	\$ 53,304	\$ 155,595	\$2,280,265	\$11,213,348
-	-	-	-	-	3,859
10,300	676	600	-	4,495	594,110
-	-	-	-	-	66,264
-	-	-	-	-	3,326
54	183,237	201,496	-	93,589	719,072
-	10,198	-	-	-	73,697
-	439,161	-	-	-	444,123
<u>\$ 507,876</u>	<u>\$ 2,072,410</u>	<u>\$ 255,400</u>	<u>\$ 155,595</u>	<u>\$2,378,349</u>	<u>\$13,117,799</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016
(Continued)

LIABILITIES AND FUND BALANCES	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund
Accounts payable	\$ 305,795	\$ -	\$ 244,026	\$ 179,814
Retainage payable	-	-	24,981	34,538
Accrued liabilities	161,374	-	-	7,689
Due to other funds	-	-	-	-
Due to other governments	3,057	-	-	-
Unearned revenue	104,012	-	31,142	-
Total liabilities	<u>574,238</u>	<u>-</u>	<u>300,149</u>	<u>222,041</u>
Fund balances				
Nonspendable:				
Inventories	63,499	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Police programs	65,699	-	-	-
Transportation	-	-	-	-
Recreation	-	-	-	1,084,439
CRA district	-	-	1,261,015	-
Capital projects	-	-	-	-
Other purposes	565	-	-	-
Committed for:				
Damages and one-time expenditures	-	-	-	-
Assigned to:				
Subsequent year's budget	1,811,189	-	-	-
Unassigned	2,365,335	-	-	-
Total fund balances	<u>4,306,287</u>	<u>-</u>	<u>1,261,015</u>	<u>1,084,439</u>
Total liabilities and fund balances	<u>\$ 4,880,525</u>	<u>\$ -</u>	<u>\$ 1,561,164</u>	<u>\$ 1,306,480</u>

See Accompanying Notes.

Capital Project Fund	1% Local Option Sales Tax	Char Hbr Natl Estuary Program	Impact Fees Transportation	Other Governmental Funds	Total Governmental Funds
\$ 26,355	\$ 27,254	\$ 114,212	\$ -	\$ 65,469	\$ 962,925
-	-	-	-	4,183	63,702
-	-	9,045	-	-	178,108
-	-	-	-	3,326	3,326
-	-	-	-	-	3,057
-	-	-	-	-	135,154
<u>26,355</u>	<u>27,254</u>	<u>123,257</u>	<u>-</u>	<u>72,978</u>	<u>1,346,272</u>
-	10,198	-	-	-	73,697
-	-	-	-	5,000	5,000
-	-	-	-	-	65,699
-	-	-	155,595	432,509	588,104
-	-	132,143	-	402,201	1,618,783
-	-	-	-	-	1,261,015
481,521	2,034,958	-	-	-	2,516,479
-	-	-	-	-	565
-	-	-	-	1,465,661	1,465,661
-	-	-	-	-	1,811,189
-	-	-	-	-	2,365,335
<u>481,521</u>	<u>2,045,156</u>	<u>132,143</u>	<u>155,595</u>	<u>2,305,371</u>	<u>11,771,527</u>
<u>\$ 507,876</u>	<u>\$ 2,072,410</u>	<u>\$ 255,400</u>	<u>\$ 155,595</u>	<u>\$2,378,349</u>	



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CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016
(Continued)

Total fund balance - governmental funds (page 25)	\$ 11,771,527
Amounts reported for governmental activities in the statement of net position (page 22) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Total Capital Assets \$63,589,634 less amount included in internal services \$496,303	63,093,331
Deferred outflows of resources related to pension liability are not recognized in the governmental funds: however, they are recorded in the statement of net position under full accrual accounting. Total \$5,330,809 less Internal Service Fund \$55,916	5,274,893
Internal service funds are used by management to charge the costs of information technology systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	747,513
Cumulative effect of business type portion of internal services	36,729
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Total debt and long-term liabilities \$17,314,805 less amount included in internal services \$11,061.	(17,303,744)
Pension plans when unfunded are a liability on the statement of net position but are not a financial use. Total Pension Plans payable \$8,554,705 less amount included in internal services \$119,227.	(8,435,478)
Deferred inflows of resources related to pension liability are not recognized in the governmental funds: however, they are recorded in the statement of net position under full accrual accounting.	(1,961,431)
Net position of governmental activities (page 22)	<u>\$ 53,223,340</u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2016

	General	Debt Service Fund	Community Redevelopment Agency Fund	P G I Canal Maintenance Fund
Revenues				
Taxes	\$10,909,448	\$ -	\$ -	\$ -
Permits, fees and special assessments	1,524,959	-	-	-
Intergovernmental revenues	2,122,576	-	927,748	-
Charges for services	421,882	-	-	-
Judgments, fines and forfeits	72,172	-	-	-
Miscellaneous	3,314,103	-	312,100	2,897,203
Total revenues	18,365,140	-	1,239,848	2,897,203
Expenditures				
Current				
General government	5,002,263	-	-	-
Public safety	9,262,835	-	-	-
Transportation	1,062,640	-	-	-
Economic environment	-	-	491,491	-
Recreation	1,362,313	-	-	2,586,239
Capital outlay	-	-	26,500	-
Debt service				
Principal retirement	-	900,000	-	-
Interest and fiscal charges	-	410,793	-	-
Total expenditures	16,690,051	1,310,793	517,991	2,586,239
Excess expenditures (over) under revenues	1,675,089	(1,310,793)	721,857	310,964

See Accompanying Notes.

<u>Capital Project Fund</u>	<u>1% Local Option Sales Tax</u>	<u>Char Hbr Natl Estuary Program</u>	<u>Impact Fees Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$10,909,448
-	-	-	-	-	1,524,959
150,054	2,669,513	959,097	-	888,922	7,717,910
-	-	-	-	-	421,882
-	-	-	-	-	72,172
98,883	676	41,600	46,513	833,169	7,544,247
<u>248,937</u>	<u>2,670,189</u>	<u>1,000,697</u>	<u>46,513</u>	<u>1,722,091</u>	<u>28,190,618</u>
-	-	-	-	-	5,002,263
-	-	-	-	-	9,262,835
-	-	-	-	1,450,877	2,513,517
-	-	-	-	26,218	517,709
-	-	993,511	-	368,846	5,310,909
826,306	1,330,186	-	-	-	2,182,992
-	-	-	-	-	900,000
-	-	-	-	-	410,793
<u>826,306</u>	<u>1,330,186</u>	<u>993,511</u>	<u>-</u>	<u>1,845,941</u>	<u>26,101,018</u>
<u>(577,369)</u>	<u>1,340,003</u>	<u>7,186</u>	<u>46,513</u>	<u>(123,850)</u>	<u>2,089,600</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2016
(Continued)

	<u>General</u>	<u>Debt Service Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>P G I Canal Maintenance Fund</u>
Expenditures (continued)				
Excess expenditures (over) under revenues	<u>1,675,089</u>	<u>(1,310,793)</u>	<u>721,857</u>	<u>310,964</u>
Other financing sources (uses)				
Transfers in	101,508	1,310,790	470,728	-
Transfers out	<u>(1,099,728)</u>	<u>-</u>	<u>(1,310,790)</u>	<u>-</u>
Total other financing sources (uses)	<u>(998,220)</u>	<u>1,310,790</u>	<u>(840,062)</u>	<u>-</u>
Net change in fund balances	676,869	(3)	(118,205)	310,964
Fund balances, October 1, 2015	<u>3,629,418</u>	<u>3</u>	<u>1,379,220</u>	<u>773,475</u>
Fund balances, September 30, 2016	<u>\$ 4,306,287</u>	<u>\$ -</u>	<u>\$1,261,015</u>	<u>\$1,084,439</u>

See Accompanying Notes.

<u>Capital Project Fund</u>	<u>1% Local Option Sales Tax</u>	<u>Char Hbr Nat'l Estuary Program</u>	<u>Impact Fees Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>(577,369)</u>	<u>1,340,003</u>	<u>7,186</u>	<u>46,513</u>	<u>(123,850)</u>	<u>2,089,600</u>
291,978	32,965	-	-	459,000	2,666,969
<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>-</u>	<u>(156,978)</u>	<u>(2,657,496)</u>
<u>291,978</u>	<u>(57,035)</u>	<u>-</u>	<u>-</u>	<u>302,022</u>	<u>9,473</u>
(285,391)	1,282,968	7,186	46,513	178,172	2,099,073
<u>766,912</u>	<u>762,188</u>	<u>124,957</u>	<u>109,082</u>	<u>2,127,199</u>	<u>9,672,454</u>
<u>\$ 481,521</u>	<u>\$ 2,045,156</u>	<u>\$ 132,143</u>	<u>\$ 155,595</u>	<u>\$ 2,305,371</u>	<u>\$11,771,527</u>

CITY OF PUNTA GORDA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2016

Net change in fund balances -- total governmental funds (page 28) \$ 2,099,073

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and capital asset adjustments were under capital outlays in the current period. Expensed items decrease net position in the statement of activities, but are not financial uses in governmental funds.	(126,522)
Repayment of the principal of long-term debt \$900,000 consumes the current financial resources of governmental funds. This transaction has no effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and accrued interest.	900,000
Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, ie Compensated absences \$1,762.	(1,762)
Internal service funds are used by management to charge the costs of information technology systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	119,625
Changes in net pension obligations are only reported in the Statement of Activities.	<u>2,447,881</u>
Change in net position of governmental activities (page 23)	<u><u>\$ 5,438,295</u></u>

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 10,757,020	\$ 10,757,020	\$ 10,909,448	\$ 152,428
Permits, fees and special assessments	1,424,100	1,424,100	1,524,959	100,859
Intergovernmental revenue	1,919,520	1,999,748	2,122,576	122,828
Charges for services	384,740	385,740	421,882	36,142
Judgments, fines and forfeits	34,500	34,500	72,172	37,672
Miscellaneous	3,116,670	3,154,106	3,314,103	159,997
Total revenues	<u>17,636,550</u>	<u>17,755,214</u>	<u>18,365,140</u>	<u>609,926</u>
Expenditures				
Current				
General government	5,338,693	5,444,327	5,002,263	442,064
Public safety	9,145,793	9,569,562	9,262,835	306,727
Transportation	1,078,783	1,081,725	1,062,640	19,085
Recreation	1,417,403	1,504,784	1,362,313	142,471
Total expenditures	<u>16,980,672</u>	<u>17,600,398</u>	<u>16,690,051</u>	<u>910,347</u>
Excess revenues over expenditures	<u>655,878</u>	<u>154,816</u>	<u>1,675,089</u>	<u>1,520,273</u>
Other financing sources (uses)				
Transfers in	100,000	112,483	101,508	(10,975)
Transfers out	<u>(1,022,678)</u>	<u>(1,097,678)</u>	<u>(1,099,728)</u>	<u>(2,050)</u>
Total other financing uses	<u>(922,678)</u>	<u>(985,195)</u>	<u>(998,220)</u>	<u>(13,025)</u>
Net change in fund balances	<u>\$ (266,800)</u>	<u>\$ (830,379)</u>	676,869	<u>\$ 1,507,248</u>
Fund balances, October 1, 2015			<u>3,629,418</u>	
Fund balances, September 30, 2016			<u>\$ 4,306,287</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
COMMUNITY REDEVELOPEMENT AGENCY FUND
For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 923,709	\$ 923,709	\$ 927,748	\$ 4,039
Miscellaneous	307,148	307,148	312,100	4,952
Total revenues	<u>1,230,857</u>	<u>1,230,857</u>	<u>1,239,848</u>	<u>8,991</u>
Expenditures				
Economic environment	270,300	794,593	491,491	303,102
Capital outlay	22,000	159,405	26,500	132,905
Total expenditures	<u>292,300</u>	<u>953,998</u>	<u>517,991</u>	<u>436,007</u>
Excess revenues over expenditures	<u>938,557</u>	<u>276,859</u>	<u>721,857</u>	<u>444,998</u>
Other financing sources (uses)				
Transfers in	468,678	468,678	470,728	2,050
Transfers out	(1,310,790)	(1,310,790)	(1,310,790)	-
Total other financing uses	<u>(842,112)</u>	<u>(842,112)</u>	<u>(840,062)</u>	<u>2,050</u>
Net change in fund balances	<u>\$ 96,445</u>	<u>\$ (565,253)</u>	(118,205)	<u>\$ 447,048</u>
Fund balances, October 1, 2015			<u>1,379,220</u>	
Fund balances, September 30, 2016			<u>\$ 1,261,015</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
P G I CANAL MAINTENANCE SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 1,000	\$ 1,000	\$ 9,872	\$ 8,872
Miscellaneous				
Service assessments	2,861,750	2,861,750	2,877,109	15,359
Other	500	500	10,222	9,722
Total revenues	<u>2,863,250</u>	<u>2,863,250</u>	<u>2,897,203</u>	<u>33,953</u>
Expenditures				
Current				
Recreation	2,684,600	3,041,925	2,586,239	455,686
Total expenditures	<u>2,684,600</u>	<u>3,041,925</u>	<u>2,586,239</u>	<u>455,686</u>
Revenues over/(under) expenditures	<u>178,650</u>	<u>(178,675)</u>	<u>310,964</u>	<u>489,639</u>
Net change in fund balance	<u>\$ 178,650</u>	<u>\$ (178,675)</u>	310,964	<u>\$ 489,639</u>
Fund balances, October 1, 2015			<u>773,475</u>	
Fund balances, September 30, 2016			<u>\$ 1,084,439</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CHARLOTTE HARBOR NATIONAL ESTUARY PROGRAM FUND
For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	935,760	1,061,705	959,097	\$ (102,608)
Miscellaneous	40,000	40,000	41,600	1,600
Total revenues	<u>975,760</u>	<u>1,101,705</u>	<u>1,000,697</u>	<u>(101,008)</u>
Expenditures				
Current				
Recreation	915,790	1,151,615	993,511	158,104
Total expenditures	<u>915,790</u>	<u>1,151,615</u>	<u>993,511</u>	<u>158,104</u>
Excess revenues over/(under) expenditures	<u>59,970</u>	<u>(49,910)</u>	<u>7,186</u>	<u>57,096</u>
Net change in fund balances	<u>\$ 59,970</u>	<u>\$ (49,910)</u>	7,186	<u>\$ 57,096</u>
Fund balances, October 1, 2015			<u>124,957</u>	
Fund balances, September 30, 2016			<u>\$ 132,143</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TRANSPORTATION IMPACT FEE SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 40	\$ 40
Miscellaneous	33,000	33,000	46,473	13,473
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>46,513</u>	<u>13,513</u>
Expenditures				
Total expenditures	<u>35,000</u>	<u>114,787</u>	<u>-</u>	<u>(114,787)</u>
Excess revenues over expenditures	<u>(2,000)</u>	<u>(81,787)</u>	<u>46,513</u>	<u>128,300</u>
Net change in fund balance	<u>\$ (2,000)</u>	<u>\$ (81,787)</u>	46,513	<u>\$ 128,300</u>
Fund balances, October 1, 2015			<u>109,082</u>	
Fund balances, September 30, 2016			<u>\$ 155,595</u>	

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

ASSETS	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,301,898	\$1,936,442
Accounts and refund receivable (net of allowance of \$306,883)	800,857	205,275
Due from other governments	620,483	-
Inventories	97,121	-
Prepaid items	26,315	1,260
Restricted cash and cash equivalents	4,326,894	-
Total current assets	13,173,568	2,142,977
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	53,410,801	596,083
Prepaid rent	162,277	-
Total noncurrent assets	53,573,078	596,083
Total assets	\$66,746,646	\$2,739,060
DEFERRED OUTFLOWS		
Deferred outflows related to pensions	\$ 1,084,439	\$ 302,693

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$1,126,128	\$ 290,845	\$10,655,313	\$ 272,678
180	481	1,006,793	3,897
-	1,372	621,855	-
-	-	97,121	144,931
-	18,090	45,665	-
<u>20,355</u>	<u>23,371</u>	<u>4,370,620</u>	<u>-</u>
<u>1,146,663</u>	<u>334,159</u>	<u>16,797,367</u>	<u>421,506</u>
28,460	27,988	54,063,332	496,303
-	-	162,277	-
<u>28,460</u>	<u>27,988</u>	<u>54,225,609</u>	<u>496,303</u>
<u>\$1,175,123</u>	<u>\$ 362,147</u>	<u>\$71,022,976</u>	<u>\$ 917,809</u>
<u>\$ 215,647</u>	<u>\$ -</u>	<u>\$ 1,602,779</u>	<u>\$ 55,916</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016
(Continued)

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Payable from current assets		
Accounts payable	\$ 1,291,788	\$ 123,072
Retainage payable	209,490	-
Notes payable	30,678	-
Current portion of revenue notes payable	307,704	-
Accumulated unused compensated absences	33,455	5,196
Accrued liabilities	130,293	11,838
Total payable from current assets	2,003,408	140,106
Payable from restricted assets		
Customer deposits	31,543	-
Total payable from restricted assets	31,543	-
Total current liabilities	2,034,951	140,106
NONCURRENT LIABILITIES		
Revenue notes payable	1,338,890	-
Accrued compensated absences	301,094	46,764
Pension benefits payable	2,312,284	645,414
Total noncurrent liabilities	3,952,268	692,178
Total liabilities	5,987,219	832,284
DEFERRED INFLOWS		
Deferred inflows related to pensions	\$ 161,450	\$ 45,065
NET POSITION		
Net investment in capital assets	51,958,530	596,083
Restricted for debt service	377,561	-
Unrestricted	9,346,325	1,568,321
Total net position	\$61,682,416	\$2,164,404
Cumulative adjustment for internal service fund activities		
Net position of business-type activities		

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 46,954	\$ 23,686	\$ 1,485,500	\$ 81,321
-	-	209,490	-
-	-	30,678	-
-	-	307,704	-
2,018	-	40,669	1,106
8,950	-	151,081	6,278
<u>57,922</u>	<u>23,686</u>	<u>2,225,122</u>	<u>88,705</u>
20,355	23,371	75,269	-
<u>20,355</u>	<u>23,371</u>	<u>75,269</u>	<u>-</u>
<u>78,277</u>	<u>47,057</u>	<u>2,300,391</u>	<u>88,705</u>
-	-	1,338,890	-
18,157	-	366,015	9,955
459,811	-	3,417,509	119,227
<u>477,968</u>	<u>-</u>	<u>5,122,414</u>	<u>129,182</u>
<u>556,245</u>	<u>47,057</u>	<u>7,422,805</u>	<u>217,887</u>
\$ 32,105	\$ -	\$ 238,620	\$ 8,325
28,460	27,988	52,611,061	496,303
-	-	377,561	-
<u>773,960</u>	<u>287,102</u>	<u>11,975,708</u>	<u>251,210</u>
\$ 802,420	\$ 315,090	64,964,330	\$ 747,513
		<u>(36,729)</u>	
		<u>\$64,927,601</u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016

	Business-type Activities	
	Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
	<u> </u>	<u> </u>
Operating revenue		
Charges for services	\$ 16,073,754	\$ 3,169,987
Licenses and permits	-	19,098
Miscellaneous	128,840	6,106
	<u> </u>	<u> </u>
Total operating revenues	<u>16,202,594</u>	<u>3,195,191</u>
Operating expenses		
Personnel services	4,628,030	1,098,184
Contractual services	1,186,982	896,646
Materials and supplies	1,272,111	93,502
Utilities	698,503	5,089
Depreciation	3,252,331	194,470
Insurance	266,609	36,691
Administrative charges	2,336,911	355,685
Repairs and maintenance	363,277	164,199
Travel and training	25,595	1,400
Rent	60,899	1,869
	<u> </u>	<u> </u>
Total operating expenses	<u>14,091,248</u>	<u>2,847,735</u>
Operating income	<u>2,111,346</u>	<u>347,456</u>
Nonoperating revenues (expenses)		
Interest income	40,655	7,166
Insurance proceeds	2,974	-
Intergovernmental	1,547,051	-
Interest expense and fiscal charges	(61,720)	-
Gain on disposition of capital assets	14,978	-
	<u> </u>	<u> </u>
Total nonoperating revenues (expenses)	<u>1,543,938</u>	<u>7,166</u>
Income (loss) before transfers and contributions	<u>3,655,284</u>	<u>354,622</u>
Totals carried forward	<u>3,655,284</u>	<u>354,622</u>

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 38,155	\$ 401,755	\$ 19,683,651	\$ 1,190,616
914,557	-	933,655	-
11,843	40,728	187,517	3,897
<u>964,555</u>	<u>442,483</u>	<u>20,804,823</u>	<u>1,194,513</u>
484,152	-	6,210,366	387,100
22,109	173,275	2,279,012	355,698
7,825	7,288	1,380,726	5,979
1,145	67,912	772,649	8,500
5,423	19,090	3,471,314	138,622
3,549	15,174	322,023	38,837
129,430	32,305	2,854,331	-
4,452	34,018	565,946	51,373
5,892	-	32,887	24,864
2,231	16,498	81,497	63,915
<u>666,208</u>	<u>365,560</u>	<u>17,970,751</u>	<u>1,074,888</u>
<u>298,347</u>	<u>76,923</u>	<u>2,834,072</u>	<u>119,625</u>
4,320	-	52,141	59
-	-	2,974	-
-	-	1,547,051	-
-	-	(61,720)	-
-	-	14,978	-
<u>4,320</u>	<u>-</u>	<u>1,555,424</u>	<u>59</u>
<u>302,667</u>	<u>76,923</u>	<u>4,389,496</u>	<u>119,684</u>
<u>302,667</u>	<u>76,923</u>	<u>4,389,496</u>	<u>119,684</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016
(Continued)

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Totals brought forward	\$ 3,655,284	\$ 354,622
Transfers Out	(1,508)	-
Contributions	1,803,015	-
Change in net position	5,456,791	354,622
Total net position - beginning	56,225,625	1,809,782
Total net position - ending	\$ 61,682,416	\$ 2,164,404

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

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
<u>\$ 302,667</u>	<u>\$ 76,923</u>	<u>\$ 4,389,496</u>	<u>\$ 119,684</u>
-	-	(1,508)	(7,965)
-	-	1,803,015	-
302,667	76,923	6,191,003	111,719
<u>499,753</u>	<u>238,167</u>		<u>635,794</u>
<u>\$ 802,420</u>	<u>\$ 315,090</u>		<u>\$ 747,513</u>
		<u>32,261</u>	
		<u>\$ 6,223,264</u>	

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 15,989,937	\$ 3,151,432
Cash payments to suppliers for goods and services	(6,224,340)	(1,534,580)
Cash payments to employees for services	(5,378,400)	(1,218,002)
Other receipts	135,620	25,204
	<u>4,522,817</u>	<u>424,054</u>
Net cash provided by operating activities		
CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES:		
Transfer out	(1,508)	-
	<u>(1,508)</u>	<u>-</u>
Net cash used for noncapital financing activities		
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property, plant and equipment	(3,218,533)	-
Sale of property, plant and equipment	14,978	-
Principal paid on debt	(871,460)	-
Interest and fiscal charges paid	(72,068)	-
Contributions	1,803,015	-
Intergovernmental	1,084,422	-
Insurance proceeds	2,974	-
	<u>(1,256,672)</u>	<u>-</u>
Net cash used in capital and related financing activities		
Totals carried forward	<u>3,264,637</u>	<u>424,054</u>

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 955,446	\$ 397,790	\$ 20,494,605	\$ 1,190,616
(159,769)	(365,654)	(8,284,343)	(703,176)
(648,915)	-	(7,245,317)	(425,340)
11,843	40,728	213,395	5,993
<u>158,605</u>	<u>72,864</u>	<u>5,178,340</u>	<u>68,093</u>
-	-	(1,508)	(7,965)
-	-	(1,508)	(7,965)
(17,239)	(1,687)	(3,237,459)	(309,868)
-	-	14,978	-
-	-	(871,460)	-
-	-	(72,068)	-
-	-	1,803,015	-
-	822	1,085,244	-
-	-	2,974	-
<u>(17,239)</u>	<u>(865)</u>	<u>(1,274,776)</u>	<u>(309,868)</u>
<u>141,366</u>	<u>71,999</u>	<u>3,902,056</u>	<u>(249,740)</u>

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2016
(Continued)

	Business-type Activities Enterprise Funds	
	Water and Wastewater Utility	Sanitation/ Refuse Fund
Totals brought forward	\$ 3,264,637	\$ 424,054
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	40,655	7,166
Net cash provided by investing activities	40,655	7,166
Net increase (decrease) in cash and cash equivalents	3,305,292	431,220
Balances - beginning of the year	8,323,500	1,505,222
Balances - end of year	\$ 11,628,792	\$ 1,936,442
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 2,111,346	\$ 347,456
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,252,331	194,470
Net (increase) decrease in:		
Receivables	(78,813)	(18,555)
Inventories	(7,612)	-
Prepays	18,351	(1,260)
Net increase (decrease) in:		
Accounts payable	(24,192)	21,761
Accrued liabilities	(114,555)	(23,638)
Customer deposits	365	-
Change in net pension liability	288,585	161,448
Change in deferred outflows related to pensions	161,450	45,065
Change in deferred inflows related to pensions	(1,084,439)	(302,693)
Net cash provided by (used in) operating activities	\$ 4,522,817	\$ 424,054
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Disposal of fully depreciated capital assets	\$ 115,164	\$ -

See Accompanying Notes.

Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
Building Fund	Marina Fund	Total	
\$ 141,366	\$ 71,999	\$ 3,902,056	\$ (249,740)
4,320	-	52,141	59
4,320	-	52,141	59
145,686	71,999	3,954,197	(249,681)
1,000,797	242,217	11,071,736	522,359
<u>\$ 1,146,483</u>	<u>\$ 314,216</u>	<u>\$ 15,025,933</u>	<u>\$ 272,678</u>
\$ 298,347	\$ 76,923	\$ 2,834,072	\$ 119,625
5,423	19,090	3,471,314	138,622
33	588	(96,747)	2,096
-	-	(7,612)	(144,931)
-	(2,343)	14,748	-
16,864	(16,841)	(2,408)	(9,079)
(11,683)	-	(149,876)	(10,798)
2,701	(4,553)	(1,487)	-
30,462	-	480,495	20,149
32,105	-	238,620	8,325
(215,647)	-	(1,602,779)	(55,916)
<u>\$ 158,605</u>	<u>\$ 72,864</u>	<u>\$ 5,178,340</u>	<u>\$ 68,093</u>
\$ -	\$ -	\$ 115,164	\$ -

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2016

	Pension Funds
ASSETS	
Cash and cash equivalents	\$ 1,617,468
Receivables: Investment income	81,823
Member Contributions in Transit	26,900
Investments, at fair value	
U.S. Bonds and Bills	9,281,279
Federal Agency Guaranteed Securities	3,905,245
Corporate Bonds	3,208,507
Stocks	23,648,436
Mutual Funds	
Fixed Income	3,734,609
Equity	16,827,090
Pooled/Common/Commingled Funds:	
Real Estate	4,511,239
Total investments at fair value	65,116,405
Total assets	66,842,596
LIABILITIES	
Total liabilities	-
NET POSITION RESTRICTED FOR PENSIONS	\$ 66,842,596

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year September 30, 2016

	Pension Funds
ADDITIONS	
Contributions	
Employer	\$ 2,323,055
Plan members	745,625
State	413,556
Total contributions	3,482,236
Investment earnings	
Net appreciation in fair value of investments	3,062,873
Interest and dividends	2,053,178
Less investment expense ¹	(323,312)
Net investment income	4,792,739
Total additions	8,274,975
DEDUCTIONS	
Benefit payments, including refunds of member contributions	2,656,497
Lump sum DROP and share distributions	539,314
Administrative expense	118,598
Total deductions	3,314,409
Net increase in net position	4,960,566
Net position restricted for pensions	
Beginning of year	61,882,030
End of year	\$ 66,842,596

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

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

I. Organization and Summary of Significant Accounting Policies

Organization

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

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

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

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

Separate Financial Statements are not prepared for the component units.

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

A. Government-wide and fund financial statements

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

I. Organization and Summary of Significant Accounting Policies, Continued

A. Government-wide and fund financial statements

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

I. Organization and Summary of Significant Accounting Policies, Continued

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

The Debt Service Fund accounts for the accumulation of funds from specific revenue sources related to a specific debt. The General Fund transfers 1% Local Option Sales Tax revenue for debt payments on the 1% Local Option Sales Tax loan and the CRA Fund transfers tax increment financing to make debt payments on Herald Court Centre loan.

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

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

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

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

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

The Transportation Impact Fee Fund accounts for revenue received from impact fees and legal expenditures of these funds.

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following funds:

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

I. Organization and Summary of Significant Accounting Policies, Continued

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

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

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

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

C. Cash and cash equivalents

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

I. Organization and Summary of Significant Accounting Policies, Continued

D. Accounts receivable and accrued revenues

Accounts receivable in the Water and Wastewater Utility Enterprise Fund do not include amounts for unbilled services for usage due to the immateriality of amount at September 30, 2016.

E. Short-term interfund receivables/payables

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

F. Inventories

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

G. Capital assets

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

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

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

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

I. Organization and Summary of Significant Accounting Policies, Continued

H. Accumulated compensated absences

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

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

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

I. Long-term obligations

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

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

J. Fund equity

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

The City has established an unassigned fund balance minimum for the General Fund of 7.0% of total General Fund expenditures. Also the City Council established a \$3.1 million minimum for the Utilities Fund.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

I. Organization and Summary of Significant Accounting Policies, Continued

K. Intragovernmental allocation of administrative expenses

The General Fund incurs certain administrative expenses for other funds including accounting, legal, personnel administration and other services. The funds that receive these services were charged \$2,819,310 for fiscal year 2016. For the government-wide financial statements these "Indirect Expenses" have been backed out to avoid double counting.

L. New accounting standards

Beginning with fiscal year 2013, the City implemented GASB Statement No. 63; *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements. This statement requires a Statement of Net Position (rather than net assets) format which segregates deferred inflows and deferred outflows from assets and liabilities respectively. Specific Items required to be broken out as deferred inflows or deferred outflows are discussed in GASB Statements 53 and 60. These items are Derivative Investments and Service Concession Arrangements respectively. None of these items affect the City at this time. The other portion of GASB Statement 63 is nomenclature. Statement No. 64; *Derivative Instruments: Application of Hedge Accounting Termination Provisions* is not applicable to the City of Punta Gorda. Fiscal year 2014, the City implemented GASB No. 67 which amended No. 25, and fiscal year 2015 the City implemented GASB 68 which amended No. 27. These changes affect how pension plans are reported.

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including noncurrent liabilities, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$17,303,743 difference are as follows:

Noncurrent liabilities	\$17,314,805
Less: Internal Service Fund accumulated unused compensated absences included in Internal Service Fund consolidation	(11,061)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities - Noncurrent liabilities	\$17,303,744

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” Expensed items decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial uses. In the governmental funds, the proceeds from the sale of capital assets increase financial resources. However, in the statement of activities, all gains and losses resulting from sales, disposals and trade-in of capital assets are reported. The details of this \$126,522 difference are as follows:

Capital outlay	\$ 2,761,147
Depreciation expense	(2,851,026)
Net effect of misc. capital transactions (disposal, sale, trade-in of assets)	<u>(36,643)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ (126,522)</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$900,000 difference are as follows:

Principal repayments:	
Capital Improvement revenue notes	<u>\$ 900,000</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ 900,000</u></u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

III. Stewardship, compliance, and accountability

A. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. All encumbrances lapse at year-end. There were no outstanding encumbrances at September 30, 2016.

B. Budgets and budgetary accounting

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

1. On or before the fifteenth day of August, the City Manager submits to the City Council a proposed operating budget for the fiscal year then commencing. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. On or before September 30th, the budget is legally enacted for the General, most Special Revenue, Enterprise and Internal Service Funds through passage of a resolution. Project-length financial plans are adopted for all Capital Projects Funds.
4. Budget amounts are presented as originally adopted or as amended by the City Council. Unused appropriations lapse at year-end. Any revisions altering the budgeted amounts of total expenditures of any fund must be approved by the City Council. The City Manager can amend the budget within existing appropriations by fund. Supplemental appropriations approved by Council for the fiscal year ended September 30, 2016 totaled \$4,762,128.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). A budget was not prepared for the Damage Recovery Fund. There was no way to anticipate how much was going to be expended, and revenue sources are varied.

C. Interfund transactions

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds

A. Cash and Investments

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

At September 30, 2016 the carrying amounts of the City's deposits were \$6,241,369 and the bank balances were \$6,680,111. The City's deposits are comprised of cash held in a financial institution. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280).

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

At September 30, 2016, petty cash for all funds was \$1,740.

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

The City's investments consist of U.S. Government backed Agencies with a fair value of \$3,859. These investments have a weighted average maturity of 3 years.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

A. Cash and Investments, continued

Interest Rate Risk. In accordance with the City's investment policy, the City will only purchase investments with maturities that are less than or equal to three years in length. This policy reduces the City's exposure to fluctuations in interest rates over the life of the investments. Also, it is the City's policy to hold investments to maturity.

Credit Risk. The City's investments are U.S. Government backed Agencies with all of the investments having an AAA rating by Standard & Poor's, as well as top ratings by Moody's Investors Service and Fitch Ratings. It is the City's policy to purchase new issue AAA rated U.S. Government backed agencies, and to hold those investments to maturity.

Concentration of credit risk. The City holds only U.S. Government backed Agencies creating no concentration of credit risk.

Custodial Credit Risk. This is the risk that the counterparty holding the City's investments will be unable to provide the investment when it becomes necessary. This isn't an issue since the City's investments are held in a safekeeping account by a major financial institution in the City's name.

The City also has invested funds in the Florida State Board of Administration Pool which is a "2a-7" like pool as defined in GASB Statement No. 31; therefore, the City's Pool account balance may be used for financial reporting. The fair value of the position in the pool is the same as the value of the pool shares. The amount of investment was \$20,335,114.

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

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

B. Restricted Assets – All Funds

Restricted assets of the Enterprise Funds were comprised of the following at September 30, 2016:

Water and Wastewater Utility Fund, Building Fund, Marina Fund	Cash and Cash Equivalents
Water System Capacity Escrow Account - reserved to pay for future expansion of the water treatment system	\$ 724,119
Wastewater System Capacity Escrow Account - reserved to pay for future expansion of the sewage treatment system	836,810
State Revolving Loan Fund Reserve - maintained at the level required by the loan documents	377,561
Water, Building and Marina Deposit Escrow Accounts - escrow accounts established for maintaining customer deposits for utility service and building permits	75,269
Utilities Construction Account - reserved for payment of the costs of new projects and major repairs of existing assets	809,175
Utilities Renewal and Replacement Fund	1,500,000
Special Assessments - District #4 - established to account for assessments levied for utility expansion	<u>47,686</u>
	<u><u>\$ 4,370,620</u></u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

B. Restricted Assets – All Funds, continued

Restricted assets of the General Fund was comprised of the following at September 30, 2016:

Cash and Cash Equivalents		
Law enforcement activities	\$	65,699
Other purposes		565
	<u>\$</u>	<u>66,264</u>

C. Interfund Asset/Liabilities/Transfers

	<u>Asset</u>	<u>Liability</u>
Community Redevelopment Agency	\$ 3,326	\$ -
Community Development Block Grant	-	3,326
Governmental funds consolidation	(3,326)	(3,326)
Cumulative effect of internal service funds	<u>36,729</u>	<u>36,729</u>
Statement of Net Position	<u>\$ 36,729</u>	<u>\$ 36,729</u>

The \$3,326 CDBG Liability is a short-term cash flow loan from the CRA.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

C. Interfund Asset/Liabilities/Transfers, continued

The interfund transfer from General Fund to CRA is the amount of incremental tax revenue received in the district. Additional 1¢ sales tax revenue is transferred from the General Fund to the Capital Project Fund and to the Debt Fund. The transfer from the General Fund to the Additional Five Cent Gas Tax Fund was for the paving program. The transfer from the General Fund to the Capital Project Fund was for public works capital projects. The transfer from the CRA Fund to the Debt Fund was for debt service on Herald Court Centre (parking garage). The Nonmajor Governmental transfers out are impact fees transferred to General Fund and Capital Project Fund.

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

	Transfer In	Transfer Out
Governmental Funds		
General Fund	\$ 101,508	\$ 1,099,728
Debt Service Fund	1,310,790	-
1% Sales Tax	32,965	90,000
Community Redevelopment	470,728	1,310,790
Capital Projects Fund	291,978	-
Nonmajor Governmental funds	459,000	156,978
Net Governmental Funds	\$ 2,666,969	\$ 2,657,496
Business-type Funds		
Utilities		1,508
Internal Service Fund		7,965
		\$ 2,666,969

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

D. Capital assets

Capital assets activity for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Reclass/ Increases</u>	<u>Reclass/ Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$16,228,273	\$ -	\$ -	\$16,228,273
Construction in progress	1,123,330	2,189,596	(2,682,786)	630,140
Total capital assets, not being depreciated	<u>17,351,603</u>	<u>2,189,596</u>	<u>(2,682,786)</u>	<u>16,858,413</u>
Capital assets, being depreciated:				
Buildings	24,975,179	64,345	-	25,039,524
Improvements other than buildings	11,554,605	214,167	-	11,768,772
Infrastructure	82,881,315	1,243,807	-	84,125,122
Vehicles and equipment	10,698,534	2,047,214	(404,300)	12,341,448
Total capital assets, being depreciated	<u>130,109,633</u>	<u>3,569,533</u>	<u>(404,300)</u>	<u>133,274,866</u>
Less accumulated depreciation for:				
Buildings	(6,209,953)	(651,980)	-	(6,861,933)
Improvements other than buildings	(4,289,773)	(588,950)	-	(4,878,723)
Infrastructure	(64,749,973)	(949,456)	-	(65,699,429)
Vehicles and equipment	(8,708,597)	(799,263)	404,300	(9,103,560)
Total accumulated depreciation	<u>(83,958,296)</u>	<u>(2,989,649)</u>	<u>404,300</u>	<u>(86,543,645)</u>
Total capital assets, being depreciated, net	<u>46,151,337</u>	<u>579,884</u>	<u>-</u>	<u>46,731,221</u>
Governmental activities capital assets, net	<u>\$63,502,940</u>	<u>\$ 2,769,480</u>	<u>\$(2,682,786)</u>	<u>\$63,589,634</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

D. Capital assets, continued

	Beginning Balance	Reclass/ Increases	Reclass/ Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,403,346	\$ -	\$ -	\$ 5,403,346
Construction in progress	1,297,430	3,798,717	(398,557)	4,697,590
Total capital assets, not being depreciated	6,700,776	3,798,717	(398,557)	10,100,936
Capital assets, being depreciated:				
Buildings	25,789,784	-	-	25,789,784
Improvements other than buildings	18,362,640	-	-	18,362,640
System Infrastructure	83,636,098	324,151	-	83,960,249
Vehicles and equipment	7,763,518	283,947	(115,164)	7,932,301
Total capital assets, being depreciated	135,552,040	608,098	(115,164)	136,044,974
Less accumulated depreciation for:				
Buildings	(22,593,315)	(234,967)	-	(22,828,282)
Improvements other than buildings	(13,747,643)	(367,759)	-	(14,115,402)
System Infrastructure	(46,200,066)	(2,380,830)	-	(48,580,896)
Vehicles and equipment	(6,185,405)	(487,757)	115,164	(6,557,998)
Total accumulated depreciation	(88,726,429)	(3,471,313)	115,164	(92,082,578)
Total capital assets, being depreciated, net	46,825,611	(2,863,215)	-	43,962,396
Business-type activities capital assets, net	\$53,526,387	\$ 935,502	\$ (398,557)	\$54,063,332

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

Governmental activities:	
General government	\$ 1,415,250
Public safety	568,630
Transportation	722,649
Recreation	144,498
Internal service funds	138,622
Total depreciation expense -- governmental activities	\$ 2,989,649
Business-type activities:	
Public utilities	\$ 3,252,331
Sanitation/refuse collection	194,470
Building	5,422
Marina	19,090
Total depreciation expense -- business-type activities	\$ 3,471,313

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

E. Long-Term Debt

The following is a summary of changes in bonded and other indebtedness of the City for the year ended September 30, 2016:

	Governmental Activities - Long-Term Debt		
	Capital Improvement Revenue Notes	Pension Benefits Payable and Compensated Absences	Total
Debt payable at October 1, 2015	\$ 17,355,000	\$ 8,513,649	\$ 25,868,649
Debt retired	(900,000)	-	(900,000)
Additions in compensated absences	-	94,491	94,491
Deductions in compensated absences	-	(84,685)	(84,685)
Change in pension benefits payable	-	891,055	891,055
September 30, 2016 (net)	\$ 16,455,000	\$ 9,414,510	\$ 25,869,510

Internal service funds predominantly service the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$11,061 of compensated absences and \$119,227 of pension benefits payable balances for internal service funds are included in the above amounts.

Business-type Activities
Long-Term Debt

Water and Wastewater Utility Revenue Notes	Water and Wastewater Utility Notes	Pension Benefits Payable and Compensated Absences	Total
\$ 2,518,055	\$ 30,678	\$ 3,344,769	\$ 5,893,502
(871,461)	-	-	(871,461)
-	-	39,704	39,704
-	-	(40,775)	(40,775)
-	-	480,495	480,495
<u>\$ 1,646,594</u>	<u>\$ 30,678</u>	<u>\$ 3,824,193</u>	<u>\$ 5,501,465</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Bonds, notes, capital leases and accrued compensated absences payable at September 30, 2016 are comprised of the following:

Governmental Activities

Revenue Notes

\$20,030,000 Revenue Note, this note was used to pay off a number of previous loans at a more favorable rate and period. The note was issued on November 16, 2012, to be repaid with non-ad valorem revenue through a covenant to budget and appropriate. Interest is payable semi-annually at 2.43% annual interest. Principal is payable annually beginning on January 1, 2013 with Final maturity on January 1, 2028.

	<u>\$ 16,455,000</u>
Total revenue notes payable	16,455,000
Less current maturities	<u>(950,000)</u>
Noncurrent portion, revenue notes payable	<u><u>\$ 15,505,000</u></u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Business-type Activities

Water and Wastewater Utility Revenue Notes

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

\$ 1,646,594

Total revenue notes payable	1,646,594
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Less current maturities	(307,704)
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Noncurrent portion, revenue notes payable	\$ 1,338,890
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Water and Wastewater Utility Notes Payable

Noninterest-bearing advance from a local governmental agency, payable upon collection of specified sewer impact fees anticipated to be collected in the future.	\$ 30,678
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CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

The annual requirements to amortize all debts outstanding as of September 30, 2016 are as follows:

Year Ending September 30	Governmental Activities Long-Term Debt		Business-type Activities Long-Term Debt		
	Capital Improvement Revenue Notes		Water and Wastewater Utility Revenue Notes		Water and Wastewater Utility Notes
	Principal	Interest	Principal	Interest	
2017	\$ 950,000	\$ 388,314	\$ 307,704	\$ 52,868	\$ 30,678
2018	1,015,000	364,439	318,151	42,422	-
2019	1,085,000	338,924	328,952	31,620	-
2020	1,160,000	311,648	340,120	20,453	-
2021	1,235,000	282,548	351,667	8,905	-
2022-2026	7,410,000	908,213	-	-	-
2027-2030	3,600,000	88,695	-	-	-
Total	\$ 16,455,000	\$ 2,682,781	\$ 1,646,594	\$ 156,268	\$ 30,678

	Compensated Absences		Pensions Payable	Totals
	Current Portion	Noncurrent Portion		
Governmental Activities	\$ 85,981	\$ 773,824	\$ 8,554,705	\$ 9,414,510
Business-type Activities	40,669	366,015	3,417,509	3,824,193
	\$ 126,650	\$ 1,139,839	\$ 11,972,214	\$ 13,238,703

The amounts included in governmental activities for internal service funds are \$1,106 current portion of compensated absences, \$9,955 noncurrent portion compensated absences and \$119,227 pension benefits payable.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

F. Property Taxes

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Charlotte County, Florida, Tax Collector's office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services for the fiscal year ended September 30, 2016 was \$3.1969 per \$1,000 of assessed taxable property value. Property tax revenues are recognized currently in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds thus collected are remitted to the City. There were no delinquent or uncollected property taxes at year-end.

No accruals for property tax levy becoming due in November 2016 are included in the accompanying general purpose financial statements since such taxes do not meet the criteria of (NCGA) Interpretation No. 3 and GASB Interpretation No. 5. The property tax calendar is as follows:

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems

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

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

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

Plan Descriptions

(a) General Employees' Pension Plan

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

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

The Plan is closed as of July 27, 2011.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Plan Membership as of October 1, 2015:

Inactive plan members or beneficiaries currently receiving benefits	128
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	<u>107</u>
	<u>251</u>

Current membership as of September 30, 2016 is comprised of the following:

Retirees receiving benefits	89
Vested terminated employees	18
Beneficiaries	9
DROP	40
Active employees	
Fully-vested	92
Nonvested	0

Benefits Provided

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

Normal Retirement:

Eligibility: Age 60 and 5 years of credited service.

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

Early Retirement:

Eligibility: Age 55 and 5 years of credited service.

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Vesting (Termination):

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

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

Disability:

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

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

Pre-Retirement Death Benefits:

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

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

Contributions

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

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

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2016:

Asset Class	Target Allocation
Domestic Equity	40.00%
International Equity	15.00%
Domestic Fixed Income	30.00%
Global Fixed Income	5.00%
Real Estate	10.00%
Total	100.00%

Concentrations:

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Rate of Return:

For the year ended September 30, 2016 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of normal or early retirement requirements.

Participation: Not to exceed 84 months.

Rate of Return: At member's election:

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

(2) 6.50% per annum compounded monthly.

Members may elect to change form of return one time.

The DROP balance as of September 30, 2016 is \$2,488,611.

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2016 were as follows:

Total Pension Liability	\$	47,397,890
Plan Fiduciary Net Position		(39,999,643)
Sponsor's Net Pension Liability	\$	7,398,247
Plan Fiduciary Net Position as a percentage of Total Pension Liability		84.39%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions applied to all measurement periods.

Inflation		2.50%
Salary Increases	Service Based	
Discount Rate		7.50%
Investment Rate of Return		7.50%

Mortality Rates Healthy Lives:

Mortality Table – RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males-50% Annuitant White Collar, 50% Annuitant Blue Collar,

Females-100% Annuitant White Collar.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Mortality Rate Disabled Lives:

Mortality Table-R{2000 without projection, with the following adjustments:

Males-100% Disabled Male with four year setback

Females-100% Disable Female with two year set forward.

The other significant assumptions are based upon the most recent actuarial experience study dated June 9th, 2014, for the period 1987-2013.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the Pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Domestic Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2015	\$ 43,535,437	\$ 37,044,543	\$ 6,490,894
Changes for a Year:			
Service Cost	824,917	-	824,917
Interest	3,370,301	-	3,370,301
Differences between Expected and Actual Experience	(602,266)	-	(602,266)
Changes of assumptions	2,014,707	-	2,014,707
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,675,103	(1,675,103)
Contributions - Employee	-	412,586	(412,586)
Contributions - Buy Back	-	-	-
Net Investment Income	-	2,683,966	(2,683,966)
Benefit Payments, including Refunds of Employee Contributions	(1,745,206)	(1,745,206)	-
Administrative Expense	-	(71,349)	71,349
Net Changes	3,862,453	2,955,100	907,353
Balances at September 30, 2016	<u>\$ 47,397,890</u>	<u>\$ 39,999,643</u>	<u>\$ 7,398,247</u>

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

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 12,294,325	\$ 7,398,247	\$ 3,248,511

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$1,208,905

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 516,565
Changes of assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,794,606	-
Employer contributions subsequent to the measurement date	1,675,103	-
Total	\$ 3,469,709	\$ 516,565

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2016.

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

Year ended September 30:		
2017	\$	250,545
2018	\$	250,545
2019	\$	250,544
2020	\$	526,407
2021	\$	-
Thereafter	\$	-

Valuation Date: 10/01/2016
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Dollar, Closed.
Remaining Amortization Period:	26 Years (as of 10/01/2014).
Inflation:	2.5% per year.
Mortality:	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives are set forward 5 years.
Termination Rates:	See table below.
Disability Rates:	See table below (assumes none are line-of-duty).
Retirement Age:	See table below (previously age 60 with 5 years of credited service). Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early Retirement:	See table below (previously 2% per year).
Interest Rate:	7.50% net of fees through 2023 and 7.25% thereafter (prior assumption 8.0% net of fees).
Salary Increases:	See the service based table on the following page (previously 5.0% per year up to the assumed retirement age). Final salary in year of retirement is increased to account for additional non-regular compensation (determined individually).
Payroll Increase:	None.
Asset Valuation Method:	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	Prior Rates % Terminating During the Year	% Retiring During the Year
20	0.14%	17.2%	
30	0.18%	15.0%	
40	0.30%	8.2%	
50	1.00%	1.7%	
55-56	1.55%	1.2%	10.0%
57-59	1.95%	1.2%	2.5%
60		1.2%	50.0%
60-64		1.2%	25.0%
65+		1.2%	100.0%

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan

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

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

Plan Membership as of October 1, 2015:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>31</u>
	<u>62</u>

Current membership as of September 30, 2016 is comprised of the following:

Retirees receiving benefits	20
Vested terminated employees	5
Beneficiaries	2
Disability benefits	5
DROP	1
Active employees	
Fully-vested	22
Nonvested	11

Benefits Provided

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

Normal Retirement:

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

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

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

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

Early Retirement:

Eligibility: Age 45 and 10 years of credited service.

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

Vesting (Termination):

Less than 5 years: Refund of member contributions.

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Disability:

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

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

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

Pre-Retirement Death Benefits:

Service-Incurred with Spouse or Dependent Child: To Spouse: 60% of Member's AFC.

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

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

Contributions

Employee: 8.00% of total pay.

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

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

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2016:

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

Concentrations:

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

Rate of Return:

For the year ended September 30, 2016 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.83 percent.

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Deferred Retirement Option Program

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

Participation: Not to exceed 60 months.

Rate of Return: At member's election:

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

(2) 6.50% per annum compounded monthly.

The DROP balance as of September 30, 2016 is \$67,285.

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2016 were as follows:

Total Pension Liability	\$	17,280,769
Plan Fiduciary Net Position		(14,958,607)
Sponsor's Net Pension Liability	\$	2,322,162
Plan Fiduciary Net Position as a percentage of Total Pension Liability		86.56%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

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

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

The other significant assumptions are based upon the most recent actuarial experience study dated July 22nd, 2010, for the period 1991-2009.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

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

Discount Rate:

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Municipal Police Officers' Pension

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2015	\$ 16,268,436	\$ 14,141,023	\$ 2,127,413
Changes for a Year:			
Service Cost	555,746	-	555,746
Interest	1,263,445	-	1,263,445
Differences between Expected and Actual Experience	(141,785)	-	(141,785)
Changes of assumptions	377,986	-	377,986
Changes of benefit terms	-	-	-
Contributions - Employer	-	409,363	(409,363)
Contributions - State	-	189,149	(189,149)
Contributions - Employee	-	175,660	(175,660)
Net Investment Income	-	1,108,041	(1,108,041)
Benefit Payments, including Refunds of Employee Contributions	(1,043,059)	(1,043,059)	-
Administrative Expense	-	(21,570)	21,570
Net Changes	1,012,333	817,584	194,749
Balances at September 30, 2016	<u>\$ 17,280,769</u>	<u>\$ 14,958,607</u>	<u>\$ 2,322,162</u>

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

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	<u>\$ 4,297,748</u>	<u>\$ 2,322,162</u>	<u>\$ 668,317</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$462,279. On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 602,231
Changes of assumptions	123,357	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	955,361	-
Employer contributions subsequent to the measurement date	598,512	-
Total	\$ 1,677,230	\$ 602,231

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2016.

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

Year ended September 30:	
2017	\$ 68,385
2018	\$ 68,384
2019	\$ 68,384
2020	\$ 271,334
2021	\$ -
Thereafter	\$ -

Valuation Date: 10/01/2014
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Frozen entry age actuarial cost method.
Amortization Method: Level percentage of pay, closed.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Remaining Amortization Period: 28 Years (as of 10/01/2014).
Mortality: RP 2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.
Termination Rates: See table below.
Disability Rates: See table below. It is assumed that 75% of disablements and active member deaths are service related.
Retirement Age: Earlier of age 46 and the completion of 21 years of service, or age 56. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early Retirement: Commencing upon a member's eligibility for early retirement (age 45 with 10 years of credited service), Members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Interest Rate: 8.0% per year, compounded annually, net of investment related expenses.
Inflation: 3.0% per year.
Salary Increases: 7.0% per year up to the assumed retirement age. Final salary in year of retirement is increased individually to account for additional non-regular compensation (previously 20%).
Payroll Growth: 3.0% per year.
Asset Valuation Method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan

Plan Description:

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

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

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

Plan Membership as of October 1, 2015:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>24</u>
	<u>46</u>

Current membership as of September 30, 2016 is comprised of the following:

Retirees receiving benefits	11
Vested terminated employees	3
Beneficiaries	1
Disability benefits	5
DROP	2
Active employees	
Fully-vested	20
Nonvested	5

Benefits Provided

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

Normal Retirement:

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

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

3.00% of average final compensation times credited service for members hired on and after 10/1/2012.

Early Retirement:

Eligibility: Age 45 and 10 years of credited service.

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

Vesting (Termination):

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

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

Disability:

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

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

Benefit Amount: 3.50% (3.00% if hired on or after 10/1/2012) of average final compensation

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

(AFC) times credited service, but not less than 60% of AFC for service related disabilities, or 25% of AFC for non-service related disabilities.

Death Benefits:

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

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

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

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

Contributions

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

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

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

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2016:

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

Concentrations:

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

Rate of Return:

For the year ended September 30, 2016 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.22 percent.

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Deferred Retirement Option Program

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

Participation: Not to exceed 60 months.

The DROP balance as of September 30, 2016 is \$416,150.

Net Pension Liability

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2016 through September 30, 2017.

The Sponsor's Net Pension Liability was measured as of September 30, 2016.

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

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$	13,728,364
Plan Fiduciary Net Position		(11,884,346)
Sponsor's Net Pension Liability	\$	1,844,018
Plan Fiduciary Net Position as a percentage of Total Pension Liability		86.57%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

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

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

setback, no projection scale.

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

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

Discount Rate:

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Municipal Firefighters' Pension

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2015	\$ 12,678,821	\$ 10,696,464	\$ 1,982,357
Changes for a Year:			
Service Cost	411,823	-	411,823
Interest	997,747	-	997,747
Share Plan Allocation	15,001	-	15,001
Differences between Expected and Actual Experience	(169,539)	-	(169,539)
Changes of assumptions	202,057	-	202,057
Changes of benefit terms	-	-	-
Contributions - Employer	-	238,589	(238,589)
Contributions - State	-	224,407	(224,407)
Contributions - Employee	-	157,379	(157,379)
Net Investment Income	-	1,000,732	(1,000,732)
Benefit Payments, including Refunds of Employee Contributions	(407,546)	(407,546)	-
Administrative Expense	-	(25,679)	25,679
Net Changes	1,049,543	1,187,882	(138,339)
Balances at September 30, 2016	<u>\$ 13,728,364</u>	<u>\$ 11,884,346</u>	<u>\$ 1,844,018</u>

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

	1% Decrease	Current Discount	1% Increase
	6.75%	Rate 7.75%	8.75%
Sponsor's Net Pension Liability	<u>\$ 3,472,305</u>	<u>\$ 1,844,018</u>	<u>\$ 490,880</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$210,084. On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 1,021,853
Changes of assumptions	270,189	-
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	646,783	-
Employer contributions subsequent to the measurement date	462,996	-
Total	<u>\$ 1,379,968</u>	<u>\$ 1,021,853</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2016.

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

Year ended September 30:	
2017	\$ 9,084
2018	\$ 9,084
2019	\$ 9,084
2020	\$ 18,199
2021	\$ (150,332)
Thereafter	\$ -

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level percentage of pay, closed.
Remaining Amortization Period:	28 Years (as of 10/01/2014).
Mortality:	RP 2000 (combined healthy with no projection). Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.
Termination Rates:	See table below.
Disability Rates:	See table below.
Retirement Age:	Earlier of age 55 or the completion of 25 years of service. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing upon a member's eligibility for early retirement (age 45 with 10 years of credited service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Interest Rate:	8.0% per year, compounded annually, net of investment related expenses.
Salary Increases:	6.0% per year up to the assumed retirement age. Final salary in year of retirement is increased 20% (changed to individual amount with Impact Statement) to account for additional non-regular compensation.
Inflation:	2.5% per year.
Payroll Growth:	5.0% per year.
Asset Valuation Method:	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

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

(d) Florida Retirement System (FRS)

Plan Description:

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

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(d) Florida Retirement System (FRS), continued

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular 7.26% and 7.52%; Special Risk Administrative Support 32.95% and 28.06%; Special Risk 22.04% and 22.57%; Senior Management Service 21.43% and 21.77%; Elected Officers' 42.27% and 42.47%; and DROP participants 12.88% and 12.99%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$36,701 for the fiscal year ended September 30, 2016.

At September 30, 2016, the City reported a liability of \$320,242 for its proportionate share of the FRS Plan's net pension liability and a liability of \$87,546 for the HIS Plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on the City's contributions

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(d) Florida Retirement System (FRS), continued

received by FRS during the measurement period for employer payroll paid dates from July, 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2016, the City's proportion was 0.00001268279%, which was an increase of 0.00000374852% from its proportion measured as of June 30, 2015.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25% Average, Including Inflation
Investment Rate of Return	7.65%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the September 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	4.70%
Global Equity	53.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	6.00%	11.90%	8.20%	30.00%
Strategic Investments	12.00%	6.70%	6.10%	11.40%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		1.90%

The discount rate used to measure the total pension liability was 7.65% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(d) Florida Retirement System (FRS), continued

to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

FRS			
	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Sponsor's Net Pension Liability	\$ 589,586	\$ 320,241	\$ 96,048

HIS			
	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Sponsor's Net Pension Liability	\$ 100,435	\$ 87,546	\$ 76,849

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(d) Florida Retirement System (FRS), continued

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$95,996. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Florida Retirement System (FRS)

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$79,204. On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 24,520	\$ 2,982
Changes of assumptions	19,374	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	147,323	64,544
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	139,684	-
Employer contributions subsequent to the measurement date	8,597	-
Total	\$ 339,498	\$ 67,526

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2016.

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

Year ended September 30:	
2017	\$ 47,412
2018	47,412
2019	79,685
2020	64,122
2021	19,851
Thereafter	4,893

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(d) Florida Retirement System (FRS), continued

Retiree Health Insurance Subsidy Program (HIS)

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$16,792. On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 199
Changes of assumptions	13,738	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	44	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	52,352	-
Employer contributions subsequent to the measurement date	1,051	-
Total	\$ 67,185	\$ 199

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of

Year ended September 30:	
2017	\$ 11,950
2018	11,950
2019	11,942
2020	11,938
2021	11,612
Thereafter	6,543

Annual Pension Costs and Net Pension Obligations

The City has no net pension obligations as all actuarially determined amounts are contributed each year. The City's annual pension costs for the General Employees' pension plan was \$1,208,905, Municipal Police Officers' pension plan \$462,279 and Municipal Firefighters' pension plan \$210,084 for fiscal year ended September 30, 2016.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

Pension balances at September 30, 2016 were as follows:

	General Employees' Pension Plan	Municipal Police Officers' Pension Plan	Municipal Firefighters' Pension Plan	Total
ASSETS				
Cash and cash equivalents	\$ 1,011,503	\$ 472,381	\$ 133,584	\$ 1,617,468
Receivables: Investment income	50,379	27,237	4,207	81,823
Member Contributions in Transit	14,197	6,928	5,775	26,900
Investments, at fair value				
U.S. Bonds and Bills	6,998,935	2,282,344	-	9,281,279
Federal Agency Guaranteed Securities	2,980,437	924,808	-	3,905,245
Corporate Bonds	2,489,398	719,109	-	3,208,507
Stocks	14,649,588	6,121,506	2,877,342	23,648,436
Mutual Funds				
Fixed Income	-	742,720	2,991,889	3,734,609
Equity	9,685,706	2,396,714	4,744,670	16,827,090
Pooled/Common/Commingled Funds: Real Estate	2,119,500	1,264,860	1,126,879	4,511,239
Total investments at fair value	<u>38,923,564</u>	<u>14,452,061</u>	<u>11,740,780</u>	<u>65,116,405</u>
Total assets	<u>39,999,643</u>	<u>14,958,607</u>	<u>11,884,346</u>	<u>66,842,596</u>
LIABILITIES				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 39,999,643</u>	<u>\$ 14,958,607</u>	<u>\$ 11,884,346</u>	<u>\$ 66,842,596</u>

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

Pension activity for the year ended September 30, 2016 was as follows:

	General Employees' Pension Plan	Municipal Police Officers' Pension Plan	Municipal Firefighters' Pension Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 1,675,103	\$ 409,363	\$ 238,589	\$ 2,323,055
Plan Members	412,586	175,660	157,379	745,625
State	-	189,149	224,407	413,556
Total contributions	<u>2,087,689</u>	<u>774,172</u>	<u>620,375</u>	<u>3,482,236</u>
Investment income				
Net depreciation in fair value of investments	1,950,530	637,491	474,852	3,062,873
Interest and dividends	946,077	547,031	560,070	2,053,178
Less investment expense ¹	<u>(212,641)</u>	<u>(76,481)</u>	<u>(34,190)</u>	<u>(323,312)</u>
Net investment income (loss)	<u>2,683,966</u>	<u>1,108,041</u>	<u>1,000,732</u>	<u>4,792,739</u>
Total additions	<u>4,771,655</u>	<u>1,882,213</u>	<u>1,621,107</u>	<u>8,274,975</u>
DEDUCTIONS				
Benefit payments, including				
refunds of member contributions	1,565,857	683,094	407,546	2,656,497
Lump sum DROP and share distributions	179,349	359,965	-	539,314
Administrative expense	<u>71,349</u>	<u>21,570</u>	<u>25,679</u>	<u>118,598</u>
Total deductions	<u>1,816,555</u>	<u>1,064,629</u>	<u>433,225</u>	<u>3,314,409</u>
Net increase (decrease) in net position	2,955,100	817,584	1,187,882	4,960,566
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of year	<u>37,044,543</u>	<u>14,141,023</u>	<u>10,696,464</u>	<u>61,882,030</u>
End of year	<u>\$ 39,999,643</u>	<u>\$ 14,958,607</u>	<u>\$ 11,884,346</u>	<u>\$66,842,596</u>

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

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

Defined Contribution Pension Plan

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

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

Plan specifics are as follows:

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

Total Balance in the Plan as of September 30, 2016 is \$412,451, which includes City and Employee Contributions as well as earnings for the year. Three members are vested with a total account balance of \$92,314. This is included in the amount above. The total number of Plan members was forty-four as of September 30, 2016.

H. Contingencies

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

I. Risk Management

The City is a member of Public Risk Management (PRM), a local government liability risk pool.

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

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

IV. Detailed notes on all funds, Continued

J. Miscellaneous Revenue – Governmental Fund Types

At September 30, 2016, miscellaneous revenue consisted of the following:

<u>General Fund</u>	
Interest	\$ 29,157
Administrative Charges	2,819,310
Other	465,636
	<u>3,314,103</u>
<u>Community Redevelopment Agency</u>	
Interest	8,551
Other	303,549
	<u>312,100</u>
<u>P G I Canal Maintenance Fund</u>	
Interest	9,872
Service Assessments	2,877,109
Other	10,222
	<u>2,897,203</u>
<u>Capital Project Fund</u>	
Interest	3,021
Other	95,862
	<u>98,883</u>
<u>1% Local Option Sales Tax</u>	
Other	676
	<u>676</u>
<u>Charlotte Harbor National Estuary Program</u>	
Contributions	40,000
Other	1,600
	<u>41,600</u>
<u>Impact Fees - Transportation</u>	
Interest	40
Impact Fees	46,473
	<u>46,513</u>
<u>Other Governmental Funds</u>	
Interest	2,549
Service Assessments	476,634
Impact Fees	80,799
Other	228,277
	<u>788,259</u>
	<u>\$ 7,499,337</u>



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REQUIRED SUPPLEMENTARY INFORMATION

Trend Information for Pension Plans

CITY OF PUNTA GORDA, FLORIDA
 EMPLOYEES' PENSION PLANS
 SCHEDULE OF INVESTMENT RETURNS
 Last 6 Fiscal Years

Municipal General Employees' Pension

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

Municipal Police Officers' Pension

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

Municipal Firefighters' Pension

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

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

Municipal General Employees' Pension	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability			
Service Cost	\$ 824,917	\$ 936,664	\$ 1,073,877
Interest	3,370,301	3,249,754	3,082,449
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(602,266)	(688,753)	-
Changes of assumptions	2,014,707	-	-
Contributions - Buy Back	-	15,736	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,745,206)</u>	<u>(1,947,218)</u>	<u>(1,773,467)</u>
Net Change in Total Pension Liability	3,862,453	1,566,183	2,382,859
Total Pension Liability - Beginning	<u>43,535,437</u>	<u>41,969,254</u>	<u>39,586,395</u>
Total Pension Liability - Ending (a)	<u>\$ 47,397,890</u>	<u>\$ 43,535,437</u>	<u>\$ 41,969,254</u>
 Plan Fiduciary Net Position			
Contributions - Employer	1,675,103	1,891,929	1,956,900
Contributions - Employee	412,586	429,302	478,707
Contributions - Buy Back	-	15,736	-
Net Investment income	2,683,966	209,246	3,082,886
Benefit Payments, Including Refunds of Employee Contributions	(1,745,206)	(1,947,218)	(1,773,467)
Administrative Expense	<u>(71,349)</u>	<u>(42,525)</u>	<u>(32,788)</u>
Net Change in Plan Fiduciary Net Position	2,955,100	556,470	3,712,238
Plan Fiduciary Net Position - Beginning	<u>37,044,543</u>	<u>36,488,073</u>	<u>32,775,835</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 39,999,643</u>	<u>\$ 37,044,543</u>	<u>\$ 36,488,073</u>
 Net Pension Liability - Ending (a) - (b)	<u>\$ 7,398,247</u>	<u>\$ 6,490,894</u>	<u>\$ 5,481,181</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.39%	85.09%	86.94%
 Covered Employee Payroll ¹	\$ 5,093,648	\$ 6,865,470	\$ 5,909,963
Net Pension Liability as a Percentage of Covered Employee Payroll	145.24%	94.54%	92.74%

Notes to Schedule:

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

Changes of Assumptions:

For measurement date 09/360/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System.

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

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

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
FINAL COMPONENTS OF PENSION EXPENSE

Municipal General Employees' Pension

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,481,181	\$ 414,697	\$ 1,891,929	\$ -
Employer Contributions made after September, 30, 2015	-	-	1,675,103	-
Total Pension Liability Factors:				
Service Cost	936,664	-	-	936,664
Interest	3,249,754	-	-	3,249,754
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	15,736	-	-	15,736
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(688,753)	688,753	-	-
Current year amortization of experience difference	-	(172,188)	-	(172,188)
Changes in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,947,218)	-	-	(1,947,218)
Net change	<u>1,566,183</u>	<u>516,565</u>	<u>1,675,103</u>	<u>2,082,748</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,891,929	-	(1,891,929)	-
Contributions - Employee	429,302	-	-	(429,302)
Contributions - Buy Back	15,736	-	-	(15,736)
Net Investment Income	2,841,281	-	-	(2,841,281)
Difference between projected and actual earnings on Pension Plan investments	(2,632,035)	-	2,632,035	-
Current year amortization	-	(103,674)	(526,407)	422,733
Benefit Payments	(1,947,218)	-	-	1,947,218
Administrative Expenses	(42,525)	-	-	42,525
Net change	<u>556,470</u>	<u>(103,674)</u>	<u>213,699</u>	<u>(873,843)</u>
Ending balance	<u>\$ 6,490,894</u>	<u>\$ 827,588</u>	<u>\$ 3,780,731</u>	<u>\$ 1,208,905</u>

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
PRELIMINARY COMPONENTS OF PENSION EXPENSE

Municipal General Employees' Pension

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 6,490,894	\$ 827,588	\$3,780,731	\$ -
Employer Contributions made after September 30, 2016	-	-	-	-
Total Pension Liability Factors:				
Service Cost	824,917	-	-	824,917
Interest	3,370,301	-	-	3,370,301
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(602,266)	602,266	-	-
Current year amortization of experience difference	-	(322,755)	-	(322,755)
Changes in assumptions about future economic or demographic factors or other inputs	2,014,707	-	2,014,707	-
Current year amortization of change in assumptions	-	-	(503,676)	503,676
Benefit Payments	(1,745,206)	-	-	(1,745,206)
Net change	<u>3,862,453</u>	<u>279,511</u>	<u>1,511,031</u>	<u>2,630,933</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,675,103	-	(1,675,103)	-
Contributions - Employee	412,586	-	-	(412,586)
Net Investment Income	2,881,459	-	-	(2,881,459)
Difference between projected and actual earnings on Pension Plan investments	(197,493)	-	197,493	-
Current year amortization	-	(103,675)	(565,905)	462,230
Benefit Payments	(1,745,206)	-	-	1,745,206
Administrative Expenses	(71,349)	-	-	71,349
Net change	<u>2,955,100</u>	<u>(103,675)</u>	<u>(2,043,515)</u>	<u>(1,015,260)</u>
Ending balance	<u>\$ 7,398,247</u>	<u>\$1,003,424</u>	<u>\$3,248,247</u>	<u>\$ 1,615,673</u>

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

Municipal Police Officers' Pension

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability			
Service Cost	\$ 555,746	\$ 570,363	\$ 526,910
Interest	1,263,445	1,286,569	1,210,004
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(141,785)	(802,974)	-
Changes of assumptions	377,986	164,476	-
Benefit Payments, including Refunds of Employee Contributions	(1,043,059)	(923,770)	(722,843)
Net Change in Total Pension Liability	1,012,333	294,664	1,014,071
Total Pension Liability - Beginning	16,268,436	15,973,772	14,959,701
Total Pension Liability - Ending (a)	<u>\$ 17,280,769</u>	<u>\$ 16,268,436</u>	<u>\$ 15,973,772</u>
Plan Fiduciary Net Position			
Contributions - Employer	409,363	513,912	548,795
Contributions - State	189,149	174,722	173,165
Contributions - Employee	175,660	159,694	147,103
Net Investment income	1,108,041	(205,046)	1,265,663
Benefit Payments, Including Refunds of Employee Contributions	(1,043,059)	(923,770)	(722,843)
Administrative Expense	(21,570)	(23,002)	(14,496)
Net Change in Plan Fiduciary Net Position	817,584	(303,490)	1,397,387
Plan Fiduciary Net Position - Beginning	14,141,023	14,444,513	13,047,126
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,958,607</u>	<u>\$ 14,141,023</u>	<u>\$ 14,444,513</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,322,162</u>	<u>\$ 2,127,413</u>	<u>\$ 1,529,259</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.56%	86.92%	90.43%
Covered Employee Payroll ¹	\$ 2,195,754	\$ 2,171,581	\$ 1,838,786 *
Net Pension Liability as a Percentage of Covered Employee Payroll	105.76%	97.97%	83.17%

Notes to Schedule:

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

Changes of Assumptions:

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

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
FINAL COMPONENTS OF PENSION EXPENSE

Municipal Police Officers' Pension

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,529,259	\$ 173,299	\$ 688,634	\$ -
Employer Contributions made after September 30, 2015	-	-	598,512	-
Total Pension Liability Factors:				
Service Cost	570,363	-	-	570,363
Interest	1,286,569	-	-	1,286,569
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(802,974)	802,974	-	-
Current year amortization of experience difference	-	(200,743)	-	(200,743)
Changes in assumptions about future economic or demographic factors or other inputs	164,476	-	164,476	-
Current year amortization of change in assumptions	-	-	(41,119)	41,119
Benefit Payments	(923,770)	-	-	(923,770)
Net change	<u>294,664</u>	<u>602,231</u>	<u>721,869</u>	<u>773,538</u>
Plan Fiduciary Net Position:				
Contributions - Employer	513,912	-	(513,912)	-
Contributions - State	174,722	-	(174,722)	-
Contributions - Employee	159,694	-	-	(159,694)
Net Investment Income	1,151,623	-	-	(1,151,623)
Difference between projected and actual earnings on Pension Plan investments	(1,356,669)	-	1,356,669	-
Current year amortization	-	(43,324)	(271,333)	228,009
Benefit Payments	(923,770)	-	-	923,770
Administrative Expenses	(23,002)	-	-	23,002
Net change	<u>(303,490)</u>	<u>(43,324)</u>	<u>396,702</u>	<u>(136,536)</u>
Ending balance	<u><u>\$ 2,127,413</u></u>	<u><u>\$ 732,206</u></u>	<u><u>\$ 1,807,205</u></u>	<u><u>\$ 637,002</u></u>

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
PRELIMINARY COMPONENTS OF PENSION EXPENSE

Municipal Police Officers' Pension	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,127,413	\$ 732,206	\$1,807,205	\$ -
Employer Contributions made after September 30, 2016	-	-	-	-
Total Pension Liability Factors:				
Service Cost	555,746	-	-	555,746
Interest	1,263,445	-	-	1,263,445
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(141,785)	141,785	-	-
Current year amortization of experience difference	-	(236,190)	-	(236,190)
Changes in assumptions about future economic or demographic factors or other inputs	377,986	-	377,986	-
Current year amortization of change in assumptions	-	-	(135,615)	135,615
Benefit Payments	(1,043,059)	-	-	(1,043,059)
Net change	<u>1,012,333</u>	<u>(94,405)</u>	<u>242,371</u>	<u>675,557</u>
Plan Fiduciary Net Position:				
Contributions - Employer	409,363	-	(409,363)	-
Contributions - State	189,149	-	(189,149)	-
Contributions - Employee	175,660	-	-	(175,660)
Net Investment Income	1,084,674	-	-	(1,084,674)
Difference between projected and actual earnings on Pension Plan investments	23,367	23,367	-	-
Current year amortization	-	(47,999)	(271,334)	223,335
Benefit Payments	(1,043,059)	-	-	1,043,059
Administrative Expenses	(21,570)	-	-	21,570
Net change	<u>817,584</u>	<u>(24,632)</u>	<u>(869,846)</u>	<u>27,630</u>
Ending balance	<u>\$ 2,322,162</u>	<u>\$ 613,169</u>	<u>\$1,179,730</u>	<u>\$ 703,187</u>

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

Municipal Firefighters' Pension

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability			
Service Cost	\$ 411,823	\$ 353,613	\$ 433,718
Interest	997,747	1,018,193	949,706
Share Plan Allocation	15,001	37,775	38,240
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(169,539)	(1,226,224)	-
Changes of assumptions	202,057	324,227	-
Benefit Payments, including Refunds of Employee Contributions	(407,546)	(430,563)	(540,379)
Net Change in Total Pension Liability	1,049,543	77,021	881,285
Total Pension Liability - Beginning	12,678,821	12,601,800	11,720,515
Total Pension Liability - Ending (a)	<u>\$ 13,728,364</u>	<u>\$ 12,678,821</u>	<u>\$ 12,601,800</u>
Plan Fiduciary Net Position			
Contributions - Employer	238,589	399,158	460,347
Contributions - State	224,407	247,181	247,646
Contributions - Employee	157,379	146,058	140,886
Net Investment income	1,000,732	(311)	799,801
Benefit Payments, Including Refunds of Employee Contributions	(407,546)	(430,563)	(540,379)
Administrative Expense	(25,679)	(27,006)	(39,889)
Net Change in Plan Fiduciary Net Position	1,187,882	334,517	1,068,412
Plan Fiduciary Net Position - Beginning	10,696,464	10,361,947	9,293,535
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,884,346</u>	<u>\$ 10,696,464</u>	<u>\$ 10,361,947</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,844,018</u>	<u>\$ 1,982,357</u>	<u>\$ 2,239,853</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.57%	84.36%	82.23%
Covered Employee Payroll ¹	\$ 1,700,238	\$ 1,686,074	\$ 1,575,575
Net Pension Liability as a Percentage of Covered Employee Payroll	108.46%	117.57%	142.16%

Notes to Schedule:

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

Changes of Assumptions:

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

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

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
FINAL COMPONENTS OF PENSION EXPENSE

Municipal Firefighters' Pension

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,239,853	\$ 36,459	\$ 646,339	\$ -
Employer Contributions made after September 30, 2015	-	-	462,996	-
Total Pension Liability Factors:				
Service Cost	353,613	-	-	353,613
Interest	1,018,193	-	-	1,018,193
Share Plan Allocation	37,775	-	-	37,775
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(1,226,224)	1,226,224	-	-
Current year amortization of experience difference	-	(204,371)	-	(204,371)
Changes in assumptions about future economic or demographic factors or other inputs	324,227	-	324,227	-
Current year amortization of change in assumptions	-	-	(54,038)	54,038
Benefit Payments	(430,563)	-	-	(430,563)
Net change	<u>77,021</u>	<u>1,021,853</u>	<u>733,185</u>	<u>828,685</u>
Plan Fiduciary Net Position:				
Contributions - Employer	399,158	-	(399,158)	-
Contributions - State	247,181	-	(247,181)	-
Contributions - Employee	146,058	-	-	(146,058)
Net Investment Income	842,349	-	-	(842,349)
Difference between projected and actual earnings on Pension Plan investments	(842,660)	-	842,660	-
Current year amortization	-	(9,114)	(168,532)	159,418
Benefit Payments	(430,563)	-	-	430,563
Administrative Expenses	(27,006)	-	-	27,006
Net change	<u>334,517</u>	<u>(9,114)</u>	<u>27,789</u>	<u>(371,420)</u>
Ending balance	<u>\$ 1,982,357</u>	<u>\$ 1,049,198</u>	<u>\$ 1,407,313</u>	<u>\$ 457,265</u>

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
PRELIMINARY COMPONENTS OF PENSION EXPENSE

Municipal Firefighters' Pension

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,982,357	\$1,049,198	\$1,407,313	\$ -
Employer Contributions made after September 30, 2016	-	-	-	-
Total Pension Liability Factors:				
Service Cost	411,823	-	-	411,823
Interest	997,747	-	-	997,747
Share Plan Allocation	15,001	-	-	15,001
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(169,539)	169,539	-	-
Current year amortization of experience difference	-	(232,626)	-	(232,626)
Changes in assumptions about future economic or demographic factors or other inputs	202,057	-	202,057	-
Current year amortization of change in assumptions	-	-	(87,714)	87,714
Benefit Payments	(407,546)	-	-	(407,546)
Net change	<u>1,049,543</u>	<u>(63,087)</u>	<u>114,343</u>	<u>872,113</u>
Plan Fiduciary Net Position:				
Contributions - Employer	238,589	-	(238,589)	-
Contributions - State	224,407	-	(224,407)	-
Contributions - Employee	157,379	-	-	(157,379)
Net Investment Income	836,228	-	-	(836,228)
Difference between projected and actual earnings on Pension Plan investments	164,504	164,504	-	-
Current year amortization	-	(42,015)	(168,532)	126,517
Benefit Payments	(407,546)	-	-	407,546
Administrative Expenses	(25,679)	-	-	25,679
Net change	<u>1,187,882</u>	<u>122,489</u>	<u>(631,528)</u>	<u>(433,865)</u>
Ending balance	<u>\$ 1,844,018</u>	<u>\$1,108,600</u>	<u>\$ 890,128</u>	<u>\$ 438,248</u>

CITY OF PUNTA GORDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CONTRIBUTIONS

Municipal General Employees' Pension

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Actuarially Determined Contribution	\$ 1,674,763	\$ 1,886,773	\$ 1,678,429
Contributions in relation to the Actuarially Determined Contributions	<u>1,675,103</u>	<u>1,891,929</u>	<u>1,956,900</u>
Contribution Deficiency (Excess)	<u>\$ (340)</u>	<u>\$ (5,156)</u>	<u>\$ (278,471)</u>

Covered Employee Payroll ¹	\$ 5,093,648	\$ 6,865,470	\$ 5,909,963
Contributions as a percentage of Covered Employee Payroll	32.89%	27.56%	33.11%

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

Municipal Police Officers' Pension

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Actuarially Determined Contribution	\$ 576,560	\$ 688,345	\$ 704,255
Contributions in relation to the Actuarially Determined Contributions	<u>598,512</u>	<u>688,634</u>	<u>721,959</u>
Contribution Deficiency (Excess)	<u>\$ (21,952)</u>	<u>\$ (289)</u>	<u>\$ (17,704)</u>

Covered Employee Payroll ¹	\$ 2,195,754	\$ 2,171,581	\$ 1,838,786 *
Contributions as a percentage of Covered Employee Payroll	27.26%	31.71%	39.26%

Municipal Firefighters' Pension

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Actuarially Determined Contribution	\$ 447,995	\$ 608,564	\$ 609,088
Contributions in relation to the Actuarially Determined Contributions	<u>447,995</u>	<u>608,564</u>	<u>669,753</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,665)</u>

Covered Employee Payroll	\$ 1,700,238	\$ 1,686,074	\$ 1,575,575 *
Contributions as a percentage of Covered Employee Payroll	26.35%	36.09%	42.51%

* The reported Covered Employee Payroll number for the fiscal year 2014 was based on Pensionable Salary.

CITY OF PUNTA GORDA
Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

Permanent Fund

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

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

CITY OF PUNTA GORDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2016

	Special Revenue Funds		
	CDBG Fund	Impact Fees Parks	Special Use Fund
ASSETS:			
Cash and cash equivalents	\$ -	\$ 233,192	\$ 1,465,661
Accounts receivable	142	-	-
Due from other governments	10,837	-	-
	<u>10,979</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 10,979</u>	<u>\$ 233,192</u>	<u>\$ 1,465,661</u>
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 7,511	\$ -	\$ -
Retainage payable	-	-	-
Due to other funds	3,326	-	-
	<u>10,837</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>10,837</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Nonspendable:			
Permanent fund principal	-	-	-
Restricted for:			
Transportation	-	-	-
Recreation	142	233,192	-
Committed for:			
Damages or one-time expenditures	-	-	1,465,661
	<u>142</u>	<u>233,192</u>	<u>1,465,661</u>
Total Fund Balances	<u>142</u>	<u>233,192</u>	<u>1,465,661</u>
Total Liabilities and Fund Balances	<u>\$ 10,979</u>	<u>\$ 233,192</u>	<u>\$ 1,465,661</u>

Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental
BSI Canal Maintenance	Five Cent Gas Tax	Six Cent Gas Tax	Gilchrist Intention Fund	
\$ 171,147	\$ 38,707	\$ 366,445	\$ 5,113	\$ 2,280,265
264	57	4,032	-	4,495
6,017	21,231	55,504	-	93,589
<u>\$ 177,428</u>	<u>\$ 59,995</u>	<u>\$ 425,981</u>	<u>\$ 5,113</u>	<u>\$ 2,378,349</u>
\$ 4,378	\$ 2,104	\$ 51,476	\$ -	\$ 65,469
4,183	-	-	-	4,183
-	-	-	-	3,326
<u>8,561</u>	<u>2,104</u>	<u>51,476</u>	<u>-</u>	<u>72,978</u>
-	-	-	5,000	5,000
-	57,891	374,505	113	432,509
168,867	-	-	-	402,201
-	-	-	-	1,465,661
<u>168,867</u>	<u>57,891</u>	<u>374,505</u>	<u>5,113</u>	<u>2,305,371</u>
<u>\$ 177,428</u>	<u>\$ 59,995</u>	<u>\$ 425,981</u>	<u>\$ 5,113</u>	<u>\$ 2,378,349</u>

CITY OF PUNTA GORDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2016

	Special Revenue Funds		
	CDBG Fund	Impact Fees Parks	Special Use Fund
Revenues:			
Intergovernmental	\$ 26,218	\$ -	\$ -
Miscellaneous	142	80,835	44,910
Total revenues	<u>26,360</u>	<u>80,835</u>	<u>44,910</u>
Expenditures:			
Current:			
Transportation	-	-	-
Economic environment	26,218	-	-
Recreation	-	-	-
Total expenditures	<u>26,218</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>142</u>	<u>80,835</u>	<u>44,910</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	(41,828)	(115,150)
Total other financing sources (uses)	<u>-</u>	<u>(41,828)</u>	<u>(115,150)</u>
Net change in fund balances	142	39,007	(70,240)
Fund Balances, October 1, 2015	<u>-</u>	<u>194,185</u>	<u>1,535,901</u>
Fund Balances, September 30, 2016	<u>\$ 142</u>	<u>\$ 233,192</u>	<u>\$ 1,465,661</u>

Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental
BSI Canal Maintenance	Five Cent Gas Tax	Six Cent Gas Tax	Gilchrist Intention Fund	
\$ -	\$ 274,538	\$ 588,166	\$ -	\$ 888,922
478,216	213	228,826	27	833,169
<u>478,216</u>	<u>274,751</u>	<u>816,992</u>	<u>27</u>	<u>1,722,091</u>
-	718,409	732,468	-	1,450,877
-	-	-	-	26,218
368,846	-	-	-	368,846
<u>368,846</u>	<u>718,409</u>	<u>732,468</u>	<u>-</u>	<u>1,845,941</u>
109,370	(443,658)	84,524	27	(123,850)
-	459,000	-	-	459,000
-	-	-	-	(156,978)
-	<u>459,000</u>	-	-	<u>302,022</u>
109,370	15,342	84,524	27	178,172
59,497	42,549	289,981	5,086	2,127,199
<u>\$ 168,867</u>	<u>\$ 57,891</u>	<u>\$ 374,505</u>	<u>\$ 5,113</u>	<u>\$ 2,305,371</u>

CITY OF PUNTA GORDA, FLORIDA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 70,010	\$ 84,610	\$ 26,218	\$ (58,392)
	-	-	142	142
Total revenues	70,010	84,610	26,360	(58,250)
Expenditures				
Current				
Economic environment	70,010	84,610	26,218	58,392
Total expenditures	70,010	84,610	26,218	58,392
Revenues over expenditures	-	-	142	142
Net change in fund balance	\$ -	\$ -	142	\$ 142
Fund balances, October 1, 2015			-	
Fund balances, September 30, 2016			\$ 142	

CITY OF PUNTA GORDA, FLORIDA
 PARK IMPACT FEE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 70,000	\$ 70,000	\$ 80,835	\$ 10,835
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>80,835</u>	<u>10,835</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over expenditures	<u>70,000</u>	<u>70,000</u>	<u>80,835</u>	<u>10,835</u>
Other financing uses				
Transfers out	<u>(130,000)</u>	<u>(191,581)</u>	<u>(41,828)</u>	<u>149,753</u>
Total other financing uses	<u>(130,000)</u>	<u>(191,581)</u>	<u>(41,828)</u>	<u>149,753</u>
Net change in fund balance	<u><u>\$ (60,000)</u></u>	<u><u>\$ (121,581)</u></u>	39,007	<u><u>\$ 160,588</u></u>
Fund balances, October 1, 2015			<u>194,185</u>	
Fund balances, September 30, 2016			<u><u>\$ 233,192</u></u>	

CITY OF PUNTA GORDA, FLORIDA
 B S I CANAL MAINTENANCE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 475,050	\$ 475,050	\$ 478,216	\$ 3,166
Total revenues	475,050	475,050	478,216	3,166
Expenditures				
Current				
Recreation	441,832	455,714	368,846	86,868
Total expenditures	441,832	455,714	368,846	86,868
Revenues over (under) expenditures	33,218	19,336	109,370	90,034
Net change in fund balance	\$ 33,218	\$ 19,336	109,370	\$ 90,034
Fund balances, October 1, 2015			59,497	
Fund balances, September 30, 2016			\$ 168,867	

CITY OF PUNTA GORDA, FLORIDA
 FIVE CENT GAS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 262,000	\$ 262,000	\$ 274,538	\$ 12,538
Miscellaneous	300	300	213	(87)
Total revenues	<u>262,300</u>	<u>262,300</u>	<u>274,751</u>	<u>12,451</u>
Expenditures				
Current				
Transportation	<u>721,000</u>	<u>747,732</u>	<u>718,409</u>	<u>29,323</u>
Total expenditures	<u>721,000</u>	<u>747,732</u>	<u>718,409</u>	<u>29,323</u>
Revenues over (under) expenditures	<u>(458,700)</u>	<u>(485,432)</u>	<u>(443,658)</u>	<u>41,774</u>
Other financing sources				
Transfers in	<u>459,000</u>	<u>459,000</u>	<u>459,000</u>	<u>-</u>
Total other financing sources	<u>459,000</u>	<u>459,000</u>	<u>459,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 300</u>	<u>\$ (26,432)</u>	15,342	<u>\$ 41,774</u>
Fund balances, October 1, 2015			<u>42,549</u>	
Fund balances, September 30, 2016			<u>\$ 57,891</u>	

CITY OF PUNTA GORDA, FLORIDA
SIX CENT GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2016

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 570,000	\$ 570,000	\$ 588,166	\$ 18,166
Miscellaneous	217,486	224,747	228,826	4,079
Total revenues	<u>787,486</u>	<u>794,747</u>	<u>816,992</u>	<u>22,245</u>
Expenditures				
Current				
Transportation	784,480	869,941	732,468	137,473
Total expenditures	<u>784,480</u>	<u>869,941</u>	<u>732,468</u>	<u>137,473</u>
Revenues over (under) expenditures	<u>3,006</u>	<u>(75,194)</u>	<u>84,524</u>	<u>159,718</u>
Net change in fund balance	<u>\$ 3,006</u>	<u>\$ (75,194)</u>	84,524	<u>\$ 159,718</u>
Fund balances, October 1, 2015			<u>289,981</u>	
Fund balances, September 30, 2016			<u>\$ 374,505</u>	

INTERNAL SERVICE FUNDS

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

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

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
September 30, 2016

	<u>Information Technology</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 272,678
Accounts receivable	3,897
Inventories	144,931
Total current assets	<u>421,506</u>
Noncurrent Assets	
Capital assets, net of accumulated depreciation	<u>496,303</u>
Total noncurrent assets	<u>496,303</u>
Total assets	<u>917,809</u>
Deferred Outflows	
Deferred outflows related to pensions	<u>55,916</u>
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts payable	81,321
Current portion compensated absences	1,106
Accrued liabilities	6,278
Total current liabilities	<u>88,705</u>
Noncurrent Liabilities	
Accrued compensated absences	9,955
Pension benefits payable	119,227
Total noncurrent liabilities	<u>129,182</u>
Total liabilities	<u>217,887</u>
Deferred Inflows	
Deferred Inflows related to pensions	<u>8,325</u>
NET POSITION	
Net investment in capital assets	496,303
Unrestricted	251,210
Total net position	<u><u>\$ 747,513</u></u>

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
For the Fiscal Year Ended September 30, 2016

	<u>Information Technology</u>
Operating Revenues	
Charges for services	\$ 1,190,616
Miscellaneous	3,897
	<u>1,194,513</u>
Total operating revenues	
Operating Expenses	
Personnel services	387,100
Contractual services	355,698
Materials and supplies	5,979
Utilities	8,500
Depreciation	138,622
Insurance	38,837
Repairs and maintenance	51,373
Travel and training	24,864
Rent	63,915
	<u>1,074,888</u>
Total operating expenses	
Operating gain	<u>119,625</u>
Nonoperating revenues	
Interest income	59
Gain on disposal of capital assets	-
	<u>59</u>
Total nonoperating revenues	
Operating transfers out	<u>(7,965)</u>
Change in net position	111,719
Net position - beginning	<u>635,794</u>
Net position - ending	<u><u>\$ 747,513</u></u>

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Fiscal Year Ended September 30, 2016

	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from services provided	\$ 1,190,616
Cash payments to suppliers for goods and services	(703,176)
Cash payments to employees for services	(425,340)
Other receipts	5,993
Net cash used in operating activities	<u>68,093</u>
CASH FLOWS USED FOR NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers out	<u>(7,965)</u>
Net cash used in noncapital financing activities	<u>(7,965)</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of property, plant, and equipment	<u>(309,868)</u>
Net cash used in capital and related financing activities	<u>(309,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>59</u>
Net cash provided by investing activities	<u>59</u>
Net increase in cash and cash equivalents	(249,681)
Cash and cash equivalents at beginning of year	<u>522,359</u>
Cash and cash equivalents at end of year	<u>\$ 272,678</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating gain	\$ 119,625
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	138,622
Net (increase) decrease in:	
Accounts receivable	2,096
Inventories	(144,931)
Net increase (decrease) in:	
Accounts payable	(9,079)
Accrued liabilities	(10,798)
Change in net pension liability	20,149
Change in deferred inflows related to pensions	8,325
Change in deferred outflows related to pensions	(55,916)
Net cash provided by operating activities	<u>\$ 68,093</u>

STATISTICAL SECTION



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CITY OF PUNTA GORDA, FLORIDA

STATISTICAL SECTION
(Unaudited)

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

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

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

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

	Fiscal Year			
	2016	2015	2014	2013
Governmental activities				
Net Investment in capital assets	\$ 37,664,271	\$ 38,085,493	\$ 45,244,762	\$ 43,711,445
Restricted	6,195,576	5,923,953	5,112,090	4,945,700
Unrestricted	9,363,493	3,775,599	3,017,663	2,466,809
Total governmental activities net position	<u>\$ 53,223,340</u>	<u>\$ 47,785,045</u>	<u>\$ 53,374,515</u>	<u>\$ 51,123,954</u>
Business-type activities				
Net Investment in capital assets	\$ 52,611,061	\$ 50,998,883	\$ 50,177,751	\$ 47,680,340
Restricted	377,561	375,436	374,737	3,534,634
Unrestricted	11,938,979	7,330,018	7,996,830	5,486,147
Total business-type activities net position	<u>\$ 64,927,601</u>	<u>\$ 58,704,337</u>	<u>\$ 58,549,318</u>	<u>\$ 56,701,121</u>
Primary government				
Net Investment in capital assets	\$ 90,275,332	\$ 89,084,376	\$ 95,422,513	\$ 91,391,785
Restricted	6,573,137	6,299,389	5,486,827	8,480,334
Unrestricted	21,302,472	11,105,617	11,014,493	7,952,956
Total primary government net position	<u>\$ 118,150,941</u>	<u>\$ 106,489,382</u>	<u>\$ 111,923,833</u>	<u>\$ 107,825,075</u>

Per the Statement of Net Position

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 41,531,906	\$ 40,912,696	\$ 41,789,787	\$ 34,583,793	\$ 22,648,403	\$ 33,056,270
6,870,015	5,811,609	6,651,036	12,319,882	16,564,079	4,752,331
2,320,145	4,591,120	3,947,931	1,908,437	5,654,823	7,464,821
<u>\$ 50,722,066</u>	<u>\$ 51,315,425</u>	<u>\$ 52,388,754</u>	<u>\$ 48,812,112</u>	<u>\$ 44,867,305</u>	<u>\$ 45,273,422</u>
\$ 44,351,423	\$ 40,596,997	\$ 40,092,054	\$ 36,108,108	\$ 34,966,838	\$ 28,147,738
4,314,817	3,326,147	3,906,859	8,085,297	10,545,071	10,821,837
5,427,068	8,924,351	8,205,482	8,293,575	7,746,315	11,059,075
<u>\$ 54,093,308</u>	<u>\$ 52,847,495</u>	<u>\$ 52,204,395</u>	<u>\$ 52,486,980</u>	<u>\$ 53,258,224</u>	<u>\$ 50,028,650</u>
\$ 85,883,329	\$ 81,509,693	\$ 81,881,841	\$ 70,691,901	\$ 57,615,241	\$ 61,204,008
11,184,832	9,137,756	10,557,895	20,405,179	27,109,150	15,574,168
7,747,213	13,515,471	12,153,413	10,202,012	13,401,138	18,523,896
<u>\$ 104,815,374</u>	<u>\$ 104,162,920</u>	<u>\$ 104,593,149</u>	<u>\$ 101,299,092</u>	<u>\$ 98,125,529</u>	<u>\$ 95,302,072</u>

City of Punta Gorda, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government	\$ 3,228,631	\$ 3,703,548	\$ 3,104,181	\$ 3,700,758
Public safety	7,636,743	9,855,648	9,545,036	8,963,993
Transportation	2,977,812	3,863,105	2,521,786	3,135,032
Economic environment	517,709	268,170	369,530	315,774
Recreation	5,183,922	6,016,711	4,903,586	4,957,977
Interest on long-term debt	410,793	452,138	511,552	861,963
Total governmental activities expenses	<u>19,955,610</u>	<u>24,159,320</u>	<u>20,955,671</u>	<u>21,935,497</u>
Business-type activities:				
Water and wastewater	14,126,622	14,778,240	14,178,055	14,502,662
Sanitation/refuse	2,846,100	2,871,811	2,828,035	2,801,361
Building Fund	661,928	790,186	617,141	578,421
Marina Fund	365,560	359,993	313,107	262,959
Total business-type activities expenses	<u>18,000,210</u>	<u>18,800,230</u>	<u>17,936,338</u>	<u>18,145,403</u>
Total primary government expenses	<u>\$ 37,955,820</u>	<u>\$ 42,959,550</u>	<u>\$ 38,892,009</u>	<u>\$ 40,080,900</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,831,915	\$ 1,800,456	\$ 1,831,762	\$ 1,610,489
Public Safety	57,365	17,073	18,000	13,109
Transportation	216,787	190,366	181,993	164,868
Recreation	3,353,743	3,025,733	3,026,325	3,027,570
Operating grants and contributions	1,617,603	1,743,586	581,741	578,158
Capital grants and contributions	1,372,064	1,211,809	2,423,487	2,066,261
Total governmental activities program revenues	<u>8,449,477</u>	<u>7,989,023</u>	<u>8,063,308</u>	<u>7,460,455</u>
Business-type activities:				
Charges for Services:				
Water and Sewer	16,073,754	15,224,890	14,787,349	14,725,171
Sanitation/refuse	3,169,987	3,007,194	2,975,695	2,943,612
Building Fund	952,712	938,682	720,922	700,241
Marina Fund	401,755	369,635	311,782	234,247
Operating grants and contributions	-	-	30,312	-
Capital grants and contributions	3,350,066	1,403,846	737,575	2,000,105
Total business-type activities program revenues	<u>23,948,274</u>	<u>20,944,247</u>	<u>19,563,635</u>	<u>20,603,376</u>
Total primary government program revenues	<u>\$ 32,397,751</u>	<u>\$ 28,933,270</u>	<u>\$ 27,626,943</u>	<u>\$ 28,063,831</u>

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 3,761,601	\$ 3,789,465	\$ 3,932,729	\$ 4,206,952	\$ 5,058,263	\$ 4,171,880	
8,831,471	8,575,957	8,608,147	8,284,731	8,475,071	8,324,762	
2,794,684	2,928,550	2,671,254	2,489,020	2,501,444	3,632,732	
247,121	409,960	280,643	105,296	1,549,851	521,498	
4,785,081	5,298,806	4,799,940	4,545,088	4,914,306	5,346,971	
961,431	1,018,596	1,158,268	892,524	349,841	361,620	
<u>21,381,389</u>	<u>22,021,334</u>	<u>21,450,981</u>	<u>20,523,611</u>	<u>22,848,776</u>	<u>22,359,463</u>	
14,535,733	14,980,052	14,169,605	16,219,660	15,761,078	15,848,537	
2,726,802	2,583,077	2,644,978	2,653,853	2,697,547	2,696,303	
538,982	524,200	756,813	878,240	900,760	1,071,282	
245,701	243,105	226,092	184,295	214,506	114,477	
<u>18,047,218</u>	<u>18,330,434</u>	<u>17,797,488</u>	<u>19,936,048</u>	<u>19,573,891</u>	<u>19,730,599</u>	
<u>\$ 39,428,607</u>	<u>\$ 40,351,768</u>	<u>\$ 39,248,469</u>	<u>\$ 40,459,659</u>	<u>\$ 42,422,667</u>	<u>\$ 42,090,062</u>	
\$ 1,574,413	\$ 1,656,887	\$ 1,733,185	\$ 447,370	\$ 494,777	\$ 521,702	
12,730	13,939	11,244	42,485	46,151	37,316	
161,386	152,488	133,718	131,063	-	-	
3,027,944	3,026,319	3,017,860	2,497,317	2,497,130	2,509,787	
630,204	1,023,291	604,884	572,143	546,568	586,303	
1,224,478	1,893,746	5,506,701	4,674,346	2,497,389	4,312,306	
<u>6,631,155</u>	<u>7,766,670</u>	<u>11,007,592</u>	<u>8,364,724</u>	<u>6,082,015</u>	<u>7,967,414</u>	
14,718,754	14,740,246	13,433,435	13,555,767	11,644,843	12,235,089	
2,926,609	2,913,888	2,871,430	2,886,005	2,837,053	2,828,985	
498,327	476,797	481,971	393,770	778,176	1,044,109	
221,764	205,486	235,027	202,033	216,771	104,320	
5,349	-	-	-	-	61,480	
753,196	503,116	345,518	1,810,905	6,376,950	3,380,915	
<u>19,123,999</u>	<u>18,839,533</u>	<u>17,367,381</u>	<u>18,848,480</u>	<u>21,853,793</u>	<u>19,654,898</u>	
<u>\$ 25,755,154</u>	<u>\$ 26,606,203</u>	<u>\$ 28,374,973</u>	<u>\$ 27,213,204</u>	<u>\$ 27,935,808</u>	<u>\$ 27,622,312</u>	

(continued)

City of Punta Gorda, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year			
	2016	2015	2014	2013
Net (Expense)/Revenue				
Government activities	\$ (11,506,133)	\$ (16,170,297)	\$ (12,892,363)	\$ (14,475,042)
Business type activities	5,948,064	2,144,017	1,627,297	2,457,973
Total primary government net expense	<u>\$ (5,558,069)</u>	<u>\$ (14,026,280)</u>	<u>\$ (11,265,066)</u>	<u>\$ (12,017,069)</u>
General Revenues and Other Changes in Net Position				
Government activities:				
Property taxes	\$ 7,762,213	\$ 7,443,942	\$ 7,113,559	\$ 7,126,709
Franchise fees and other taxes	-	-	-	-
Utility taxes and gas taxes	4,108,696	3,976,441	3,944,839	3,839,081
Sales taxes	4,142,913	3,776,880	3,430,409	3,194,173
Investment earnings	53,246	39,818	13,322	19,477
Miscellaneous	875,852	1,948,105	640,795	697,490
Transfers	1,508	26,592	-	-
Total governmental activities	<u>16,944,428</u>	<u>17,211,778</u>	<u>15,142,924</u>	<u>14,876,930</u>
Business-type activities:				
Franchise fees and other taxes	-	-	-	-
Investment earnings	52,141	39,298	12,192	18,180
Miscellaneous	224,567	247,355	208,708	131,660
Transfers	(1,508)	(26,592)	-	-
Total business-type activities	<u>275,200</u>	<u>260,061</u>	<u>220,900</u>	<u>149,840</u>
Total primary government	<u>\$ 17,219,628</u>	<u>\$ 17,471,839</u>	<u>\$ 15,363,824</u>	<u>\$ 15,026,770</u>
Change in Net Position				
Governmental activities	\$ 5,438,295	\$ 1,041,481	\$ 2,250,561	\$ 401,888
Business-type activities	6,223,264	2,404,078	1,848,197	2,607,813
Total primary government	<u>\$ 11,661,559</u>	<u>\$ 3,445,559</u>	<u>\$ 4,098,758</u>	<u>\$ 3,009,701</u>

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ (14,750,234)	\$ (14,254,664)	\$ (10,443,389)	\$ (12,158,887)	\$ (16,766,761)	\$ (14,392,049)
1,076,781	509,099	(430,107)	(1,087,568)	2,279,902	(75,701)
<u>\$ (13,673,453)</u>	<u>\$ (13,745,565)</u>	<u>\$ (10,873,496)</u>	<u>\$ (13,246,455)</u>	<u>\$ (14,486,859)</u>	<u>\$ (14,467,750)</u>
\$ 6,239,901	\$ 6,427,277	\$ 6,829,344	\$ 7,508,812	\$ 7,319,612	\$ 7,401,394
-	-	-	1,448,111	1,365,284	1,331,145
3,732,770	3,631,650	3,669,713	3,540,381	3,348,743	3,462,681
3,016,077	2,888,533	2,913,132	2,874,856	3,192,142	3,732,044
32,632	30,563	39,548	177,625	466,383	881,752
1,135,495	203,312	568,293	553,909	683,480	961,972
-	-	-	-	(15,000)	-
<u>14,156,875</u>	<u>13,181,335</u>	<u>14,020,030</u>	<u>16,103,694</u>	<u>16,360,644</u>	<u>17,770,988</u>
-	-	-	49,850	13,757	16,060
23,047	26,601	39,390	144,879	546,821	1,035,266
145,985	107,400	108,132	121,595	374,094	746,961
-	-	-	-	15,000	-
<u>169,032</u>	<u>134,001</u>	<u>147,522</u>	<u>316,324</u>	<u>949,672</u>	<u>1,798,287</u>
<u>\$ 14,325,907</u>	<u>\$ 13,315,336</u>	<u>\$ 14,167,552</u>	<u>\$ 16,420,018</u>	<u>\$ 17,310,316</u>	<u>\$ 19,569,275</u>
\$ (593,359)	\$ (1,073,329)	\$ 3,576,641	\$ 3,944,807	\$ (406,117)	\$ 3,378,939
1,245,813	643,100	(282,585)	(771,244)	3,229,574	1,722,586
<u>\$ 652,454</u>	<u>\$ (430,229)</u>	<u>\$ 3,294,056</u>	<u>\$ 3,173,563</u>	<u>\$ 2,823,457</u>	<u>\$ 5,101,525</u>

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

	Fiscal Year			
	2016	2015	2014	2013
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	63,499	61,842	61,943	61,130
Restricted	66,264	56,057	43,040	39,272
Assigned	1,811,189	1,339,579	1,484,576	1,396,255
Unassigned	2,365,335	2,171,940	1,470,469	1,200,223
Total general fund	<u>\$ 4,306,287</u>	<u>\$ 3,629,418</u>	<u>\$ 3,060,028</u>	<u>\$ 2,696,880</u>
All Other Governmental Funds				
Reserved				
Capital projects fund	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-
Permanent fund	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Nonspendable	5,000	5,000	5,000	5,000
Restricted	5,994,579	4,502,135	5,069,050	4,901,428
Committed	1,465,661	1,535,901	550,584	783,674
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 7,465,240</u>	<u>\$ 6,043,036</u>	<u>\$ 5,624,634</u>	<u>\$ 5,690,102</u>

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 20,258	\$ 23,330	\$ 13,325	\$ 12,073
-	-	2,719,651	2,975,814	2,136,234	2,592,762
69,198	69,170	-	-	-	-
35,665	31,798	-	-	-	-
650,152	1,323,782	-	-	-	-
1,390,377	1,251,292	-	-	-	-
<u>\$ 2,145,392</u>	<u>\$ 2,676,042</u>	<u>\$ 2,739,909</u>	<u>\$ 2,999,144</u>	<u>\$ 2,149,559</u>	<u>\$ 2,604,835</u>
\$ -	\$ -	\$ 4,735,079	\$ 7,182,506	\$ 14,748,301	\$ 4,731,481
-	-	1,890,683	2,592,975	1,793,418	-
-	-	5,016	9,117	9,035	8,777
-	-	4,253,408	4,384,516	4,074,605	5,493,619
5,000	5,000	-	-	-	-
6,829,350	4,468,381	-	-	-	-
911,220	2,920,047	-	-	-	-
-	1,001,990	-	-	-	-
<u>\$ 7,745,570</u>	<u>\$ 8,395,418</u>	<u>\$ 10,884,186</u>	<u>\$ 14,169,114</u>	<u>\$ 20,625,359</u>	<u>\$ 10,233,877</u>

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

	Fiscal Year			
	2016	2015	2014	2013
Revenues				
Taxes	\$ 10,909,448	\$ 10,543,202	\$ 10,161,079	\$ 10,195,386
Licenses and permits	1,524,959	1,486,621	1,445,354	1,230,021
Intergovernmental	7,717,910	7,492,798	7,184,444	6,543,568
Charges for services	421,882	387,768	343,258	355,927
Fines and forfeits	72,172	98,977	42,961	63,605
Miscellaneous	7,544,247	8,011,528	6,723,409	6,649,596
Total revenues	<u>28,190,618</u>	<u>28,020,894</u>	<u>25,900,505</u>	<u>25,038,103</u>
Expenditures				
Current:				
General government	5,002,263	4,846,039	4,811,534	5,043,882
Public safety	9,262,835	9,108,890	9,053,951	8,424,603
Transportation	2,513,517	3,143,704	1,888,899	2,405,189
Economic environment	517,709	401,240	369,530	315,774
Recreation	5,310,909	5,414,963	4,237,088	4,218,972
Debt service:				
Principal	900,000	2,105,216	2,046,295	22,172,865 ¹
Interest and other charges	410,793	452,138	511,552	861,963
Capital outlay	2,182,992	1,622,108	2,683,976	3,070,412
Total expenditures	<u>26,101,018</u>	<u>27,094,298</u>	<u>25,602,825</u>	<u>46,513,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,089,600</u>	<u>926,596</u>	<u>297,680</u>	<u>(21,475,557)</u>
Other financing sources (uses)				
Transfers in	2,666,969	3,025,491	3,980,822	4,509,331
Transfers out	(2,657,496)	(2,964,295)	(3,980,822)	(4,567,754)
Issuance of debt	-	-	-	20,030,000 ¹
Total other financing sources (uses)	<u>9,473</u>	<u>61,196</u>	<u>-</u>	<u>19,971,577</u>
Net change in fund balances	<u>\$ 2,099,073</u>	<u>\$ 987,792</u>	<u>\$ 297,680</u>	<u>\$ (1,503,980)</u>
Debt service as a percentage of noncapital expenditures	<u>5.48%</u>	<u>10.04%</u>	<u>11.16%</u>	<u>6.92% ¹</u>

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

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 9,192,748	\$ 9,317,037	\$ 9,689,705	\$ 10,246,335	\$ 9,928,267	\$ 11,264,695
1,248,740	1,345,101	1,367,597	1,490,496	1,411,185	119,369
5,843,681	6,403,858	7,877,020	6,918,794	6,921,575	9,099,683
292,572	296,764	276,077	383,255	369,828	330,834
91,278	78,131	84,706	126,733	167,949	215,000
6,644,602	6,357,689	6,436,682	7,893,570	6,251,446	7,245,744
<u>23,313,621</u>	<u>23,798,580</u>	<u>25,731,787</u>	<u>27,059,183</u>	<u>25,050,250</u>	<u>28,275,325</u>
4,969,592	4,938,277	5,210,592	5,562,439	6,154,605	6,377,140
8,568,485	7,922,801	8,157,088	7,833,093	8,125,330	8,096,334
2,191,230	2,386,252	2,295,249	1,894,342	1,907,488	3,230,449
253,272	613,939	302,359	121,539	1,661,754	521,498
4,119,128	4,607,994	4,137,861	3,897,380	4,341,429	4,710,861
1,660,535	1,641,790	1,641,750	660,250	648,000	620,500
961,431	1,018,596	1,158,268	892,524	349,841	361,620
1,693,244	3,146,647	6,251,510	18,619,817	6,338,689	7,596,255
<u>24,416,917</u>	<u>26,276,296</u>	<u>29,154,677</u>	<u>39,481,384</u>	<u>29,527,136</u>	<u>31,514,657</u>
<u>(1,103,296)</u>	<u>(2,477,716)</u>	<u>(3,422,890)</u>	<u>(12,422,201)</u>	<u>(4,476,886)</u>	<u>(3,239,332)</u>
4,060,955	3,302,433	3,726,512	4,045,215	3,704,250	3,987,168
(4,138,157)	(3,377,352)	(3,847,785)	(4,229,674)	(3,719,250)	(3,987,168)
-	-	-	7,000,000	14,428,092	-
<u>(77,202)</u>	<u>(74,919)</u>	<u>(121,273)</u>	<u>6,815,541</u>	<u>14,413,092</u>	<u>-</u>
<u>\$ (1,180,498)</u>	<u>\$ (2,552,635)</u>	<u>\$ (3,544,163)</u>	<u>\$ (5,606,660)</u>	<u>\$ 9,936,206</u>	<u>\$ (3,239,332)</u>
<u>11.54%</u>	<u>11.50%</u>	<u>12.23%</u>	<u>7.44%</u>	<u>4.30%</u>	<u>4.11%</u>

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

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2016	\$ 2,945,135,176	\$ 182,943,467	\$ 614,313,894	\$ 2,513,764,749	3.1969
2015	2,815,013,377	188,769,555	605,534,870	2,398,248,062	3.1969
2014	2,700,515,874	202,436,500	594,728,298	2,308,224,076	3.1969
2013	2,640,313,961	199,879,382	581,427,730	2,258,765,613	3.2462
2012	2,748,747,297	196,395,091	577,549,653	2,367,592,735	2.7462
2011	2,820,488,011	159,561,099	549,821,787	2,430,227,323	2.7251
2010	3,224,453,130	172,848,079	751,168,457	2,646,132,752	2.6996
2009	3,773,457,668	174,944,721	886,364,162	2,712,148,785	2.5689
2008	4,489,549,443	181,787,031	1,151,893,564	3,519,442,910	2.1728
2007	4,929,676,708	168,814,978	1,529,441,491	3,568,269,513	2.4772

Source: Charlotte County Property Appraiser (DR 403)

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

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

Fiscal Year Ended September 30,	Total Direct Rate		Overlapping Rates ^a					Charlotte County School Board	Total Direct and Overlapping Rates
	Operating Millage	SWFWMD	Peace River Basin ^b	WCIND	Other	Charlotte County			
2016	3.1969	0.3488	0.0000	0.0394	0.2000	6.3007	7.2110	17.2968	
2015	3.1969	0.3658	0.0000	0.0394	0.2000	6.3007	7.3650	17.4678	
2014	3.1969	0.3818	0.0000	0.0394	0.2000	6.3007	7.5810	17.6998	
2013	3.2462	0.3928	0.0000	0.0394	0.2000	6.2796	7.4910	17.6490	
2012	2.7462	0.3928	0.0000	0.0394	0.2000	6.2796	7.3440	17.0020	
2011	2.7251	0.3770	0.1827	0.0394	0.2000	6.0892	7.8410	17.4544	
2010	2.6996	0.3866	0.1827	0.0394	0.2000	5.7096	7.3570	16.5749	
2009	2.5689	0.3866	0.1827	0.0394	0.0000	5.9096	6.3600	15.4472	
2008	2.1728	0.3866	0.1827	0.0394	0.2000	4.5426	6.2388	13.7629	
2007	2.1772	0.4220	0.1950	0.0400	0.0000	4.8409	6.1540	13.8291	

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

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

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

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

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

Rank	Taxpayer/Type of Business	Taxable Assessed Value (in millions)									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
1	Florida Power & Light Co. Electric Utility	\$ 49.2	\$ 43.4	\$ 43.0	\$ 45.1	\$ 40.7	\$ 40.2	\$ 39.1	\$ 41.4	\$ 38.4	\$ 37.3
2	Punta Gorda Medical Center, Inc. Hospital	25.4	26.1	26.4	29.6	30.0	29.0	33.1	47.1	46.5	47.0
3	Embarq Sprint-United Telephone Co. of FL Telephone Utility	10.3	10.6	11.4	13.3	12.8	11.4	11.9	20.9	21.8	23.7
4	Nu-West Florida, Inc. Shopping Center Fishermen's Village	8.9	8.4	7.2	12.5	11.3	14.9	10.8	13.0	13.0	15.5
5	Punta Gorda Assoc., Ltd. Life Care Center	7.4	7.3	6.8	7.8	7.9	7.8	8.1	-	7.7	-
6	Punta Gorda AA Hotel, LLC PG Waterfront Hotel	7.0	7.6	8.2	9.5	11.0	10.5	11.2	13.3	15.2	15.5
7	Home Depot USA, Inc	6.5	6.5	6.9	7.1	7.2	7.4	7.8	9.0	9.6	10.8
8	Colonial Realty, Limited-shopping center Shopping Center Burnt Store	5.9	6.0	6.1	6.0	6.3	6.2	7.0	-	-	8.5
9	Isles Yacht Club Inc.	5.7	5.7	5.7	5.2	5.7	5.6	-	9.0	9.1	-
10	2323 Tamiami LLC Palm Chrysler Jeep Dodge Harbor Resort Hotel, LLC Four Points by Sheraton SunLoft LLC	5.4	5.3	-	-	-	-	-	-	-	-
	Integrated Control Systems, Inc.- Training Center & Impac University	-	-	-	-	-	-	10.2	-	-	12.3
	Palm Isles Condo Dev LLC Condo- Vivante	-	-	-	-	-	-	-	9.5	18.5	20.1
	Punta Gorda Partners LLC Condo- Vivante	-	-	-	-	-	-	-	9.1	20.3	10.3
	Total	\$ 131.7	\$ 126.9	\$ 129.3	\$ 141.4	\$ 138.7	\$ 140.6	\$ 147.2	\$ 185.9	\$ 200.1	\$ 201.0
	City Total Taxable Assessed Value	\$ 2,664.7	\$ 2,398.2	\$ 2,308.2	\$ 2,258.8	\$ 2,367.6	\$ 2,430.2	\$ 2,646.1	\$ 2,712.1	\$ 3,519.4	\$ 3,568.3
	Principal Taxpayer's Percentage of total	4.94%	5.29%	5.60%	6.26%	5.86%	5.79%	5.56%	6.85%	5.69%	5.63%

Source: Charlotte County Property Appraiser

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

<u>Fiscal year Ended September 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2016	\$ 8,034,956	\$ 7,762,139	96.60%	\$ 74	\$ 7,762,213	96.61%
2015	7,684,073	7,443,084	96.86%	858	7,443,942	96.87%
2014	7,379,151	7,113,559	96.40%	-	7,113,559	96.40%
2013	7,332,405	7,126,709	97.19%	-	7,126,709	97.19%
2012	6,502,365	6,239,901	95.97%	-	6,239,901	95.97%
2011	6,622,612	6,424,928	97.02%	2,349	6,427,277	97.05%
2010	7,143,500	6,829,121	95.60%	-	6,829,121	95.60%
2009	7,866,623	7,495,907	95.29%	3,196	7,499,103	95.33%
2008	7,646,888	7,319,612	95.72%	-	7,319,612	95.72%
2007	7,654,022	7,371,453	96.31%	29,941	7,401,394	96.70%

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

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

Fiscal Year Ended September 30,	Governmental	Business-Type Activities		
	Capital Revenue Notes	Water and Wastewater Bonds	Water and Wastewater Notes	Capital Leases
2016	\$ 16,455,000	\$ -	\$ 1,677,272	\$ -
2015	17,355,000	-	2,548,732	-
2014	19,460,217	-	3,392,401	-
2013	21,506,512	1,525,000	4,209,541	-
2012	23,649,684	2,980,000	5,000,987	98,886
2011	25,310,219	4,360,000	5,785,571	215,871
2010	26,952,009	5,680,000	6,528,031	349,990
2009	28,593,759	6,940,000	7,247,148	479,092
2008	22,254,009	8,150,000	7,943,727	603,365
2007	8,473,917	9,290,000	8,569,640	774,394

* FY 2010 Population adjusted to 2010 US Census

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

Total Primary Government	Ratio of Outstanding Debt to	
	Total Personal Income	Per Capita
\$ 18,132,272	2.7%	\$ 1,017
19,903,732	2.8%	1,129
22,852,618	3.3%	1,302
27,241,053	4.3%	1,570
31,729,557	4.9%	1,847
35,671,661	6.0%	2,144
39,510,030	6.9%	2,374
43,259,999	7.3%	2,546
38,951,101	6.2%	2,207
27,107,951	4.5%	1,567

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

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

City of Punta Gorda, Florida
 Direct and Overlapping Governmental Activities Debt
 General Obligation Bonds
 As of September 30, 2016

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

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

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

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

Water & Sewer Utility Revenue Bonds

Fiscal Year Ended September 30,	Pledged Revenues (a)	Less: Operating Expenses (b)	Net Available Revenue	Debt Service Requirements	Coverage
2016	\$ -	\$ -	\$ -	\$ -	
2015	-	-	-	-	-
2014	Revenue Bonds Retired				
2013	16,766,618	10,119,087	6,647,531	1,565,031	4.2
2012	15,592,877	9,920,795	5,672,082	1,573,260	3.6
2011	15,326,489	10,402,002	4,924,487	1,573,260	3.1
2010	13,877,616	9,379,526	4,498,090	1,578,540	2.8
2009	15,604,951	10,808,535	4,796,416	1,578,540	3.0
2008	18,884,053	10,363,438	8,520,615	1,581,040	5.4
2007	14,772,138	10,437,434	4,334,704	1,581,040	2.7

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

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

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

Fiscal year Ended September 30,	Population City of Punta Gorda (a)	Population Charlotte County (a)	Per Capita Income (b)	Total Personal Income City of Punta Gorda (in thousands)	Unemployment Rate (c)
2016	17,835	173,115	\$ 37,745	\$ 673,182	5.6%
2015	17,632	173,115	39,997	705,227	5.5%
2014	17,556	164,739	39,457	692,707	6.2%
2013	17,349	162,449	36,694	636,604	6.6%
2012	17,177	160,511	37,424	642,832	9.1%
2011	16,641	159,978	35,858	596,713	10.1%
2010	16,641*	159,978*	34,587	575,562 *	12.0%
2009	16,989	159,127	34,978	594,241	13.0%
2008	17,651	159,889	35,837	632,559	9.6%
2007	17,302	164,584	34,978	605,189	6.2%

Note: Information presented is the most current available.

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

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

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

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

FY 2005 through 2012, the source used for Per Capita Income and Total Personal Income of Punta Gorda was the Florida Statistical Abstract or U.S. Department of Labor, Bureau of Statistics.

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

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

Fiscal Year End 2016

Employer	Employees	Rank	Percentage of Total MSA Employment
Charlotte County School Board	2,140	1	3.13%
Bayfront Health Punta Gorda	1,739	2	2.54%
Publix Super Markets, Inc.	1,361	3	1.99%
Walmart Stores, Inc.	1,300	4	1.90%
City of Port Charlotte/Charlotte County	1,027	5	1.50%
Bayfront Health Port Charlotte	1,000	6	1.46%
Charlotte County Board of Commisioners	1,000	7	1.46%
Fawcett Memorial Hospital	854	8	1.25%
Palm Automall	670	9	0.98%
Winn-Dixie Stores, Inc.	664	10	0.97%

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

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager's Office	1.50	1.50	1.50	1.50	1.63	1.63	1.50	2.50	3.00	3.00
Human Resources	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
City Clerk	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Procurement	6.50	6.50	6.50	6.90	7.00	7.25	7.25	8.00	9.00	9.00
Finance	8.00	8.00	7.50	9.00	8.00	8.00	8.00	8.00	8.00	8.00
Legal	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00
Public Works										
Public Works Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Engineering	4.00	4.00	4.80	4.80	4.90	4.90	5.00	6.00	6.00	6.00
Right of Way Maint	13.00	13.00	13.00	14.00	14.00	14.00	15.00	16.00	17.00	18.00
Parks and Grounds	10.00	10.00	10.00	10.00	10.00	11.50	12.00	14.00	16.00	16.00
Facilities Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Police	49.00	49.00	49.00	49.00	49.00	49.00	52.00	51.00	52.00	52.00
Fire	28.00	28.00	28.00	28.00	28.00	28.00	28.00	29.00	30.00	30.00
Urban Design										
(1) Urban Design/Growth Mgmt	5.00	5.00	5.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Zoning & Code Compliance	6.00	6.00	6.00	3.00	4.00	4.00	4.00	5.00	6.00	7.00
Urban Design	-	-	-	6.80	6.80	6.80	6.80	7.00	7.00	7.00
Punta Gorda Isles Canal Maintenance	9.00	9.00	9.00	9.00	9.00	9.00	9.50	10.50	10.50	10.50
(2) Charlotte Harbor Natl Estuary Prog	4.00	4.00								
Utilities										
Billing and Collections	6.00	5.00	5.00	5.00	5.00	5.00	4.60	8.00	8.00	8.00
Utilities Administration	5.00	5.00	5.00	5.00	5.00	6.00	6.00	7.00	7.00	7.00
Water Treatment	17.00	16.00	16.00	16.00	16.00	14.50	13.50	16.00	18.00	18.00
Wastewater Collection	15.00	15.00	15.00	15.00	15.00	14.80	15.00	15.00	15.00	15.00
Wastewater Treatment	15.00	14.00	13.50	13.50	13.50	13.50	13.50	13.50	15.00	15.00
Water Distribution	16.50	18.00	18.00	18.00	18.00	17.50	20.00	18.00	20.00	20.00
Fleet Maintenance	1.50	1.50	1.50	1.60	1.60	2.00	3.00	4.00	5.00	5.00
Sanitation/Refuse	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Building	8.00	6.56	6.56	5.00	4.87	4.00	8.00	8.00	8.00	11.00
Information Technology										
Information Technology (IT)	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Geographic Information Services(GIS)	-	-	-	-	-	-	-	-	1.00	1.00
Total	270.50	267.56	263.36	264.60	264.80	264.88	276.15	291.00	308.50	313.50

Source: City of Punta Gorda Amended Authorized Budget Position Summary

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

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

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Calls for Service	12,894	13,151	11,858	12,333	13,289	14,874	15,687	16,177	14,222	13,026
Citations Issued	7,194	7,901	10,567	9,842	8,562	11,446	12,626	13,708	15,652	20,030
Traffic crashes	595	582	493	441	444	447	491	465	448	534
Narcotics arrests	200	244	190	113	187	285	277	247	226	250
Fire Department										
Fires	58	78	68	50	80	97	52	81	70	87
EMS and Police assistance calls	2,640	2,573	2,323	2,248	2,202	2,343	2,529	2,403	2,115	2,047
Building										
Building permits issued	1,932	1,804	1,580	1,553	812	1,297	1,170	939	1,429	1,723
Building inspections conducted	6,316	5,279	4,139	3,806	2,575	2,613	2,415	2,552	4,834	6,799
Dwelling units permitted	246	120	100	99	57	30	43	18	98	92
Streets and Highways										
Streets resurfaced (<i>miles</i>)	5.0	5.0	1.5	5.0	7.3	6.3	6.5	6.2	0.0	6.5
New sidewalks (linear feet)	0	1,090	350	2,084	6,020	2,000	4,490	6,547	5,180	0
Water										
New connections	316	278	148	111	62	51	9	45	192	322
Average daily consumption (<i>thousands of gallons</i>)	4,687	4,442	4,364	4,352	4,261	4,456	4,299	4,101	4,018	4,580
Peak daily consumption (<i>thousands of gallons</i>)	6,969	6,481	5,318	6,067	6,216	6,471	6,400	6,602	7,061	6,023
Water equivalent residential units (ERU)	21,511	21,103	20,870	20,790	20,656	20,645	20,512	20,651	21,430	21,611
Wastewater										
Average daily sewage treatment (<i>thousands of gallons</i>)	2,618	2,409	2,507	2,281	2,178	2,092	2,210	1,840	1,884	1,740
Sewer equivalent residential units (ERU)	16,228	15,904	15,694	15,557	15,422	15,390	15,292	15,062	15,688	15,569
Solid waste collection										
Solid waste collected (<i>tons per day</i>)	27.8	24.8	23.9	23.5	24.7	22.7	24.8	23.5	26.1	30.3
Recyclables collected (<i>tons per day</i>) includes yardwaste	16.9	13.5	13.3	13.4	13.2	11.7	11.4	10.8	10.3	12.4
Punta Gorda Isles Canal										
Seawall replacement (feet)	7,164	6,984	7,398	6,414	6,609	8,436	6,484	4,221	4,248	4,786
Seawall cap replacement (feet)	1,062	559	929	6,126	5,304	4,420	6,479	5,076	4,676	6,155
Total miles of seawall	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0
Total miles of canals	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5	45.5
Burnt Store Isles Canal										
Seawall replacement (feet)	1,206	1,284	1,484	1,788	1,740	1,594	694	750	474	410
Seawall cap replacement (feet)	118	51	0	699	556	2,637	898	1,036	421	2,624
Total miles of seawall	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Total miles of canals	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0

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

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

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	2	2	2	2	2	2	2	2	0	0
Number of Police Officers Authorized	34	34	34	34	34	34	34	35	36	36
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Firefighters Authorized	26	26	26	26	26	26	26	26	27	27
Streets and Highways										
Streets (<i>miles</i>)	116	116	116	116	116	116	116	110	110	110
Unpaved streets (<i>miles</i>)	2	2	2	2	2	2	2	2	2	2
Streetlights	720	720	720	720	720	720	590	566	566	566
Traffic signal intersections	19	19	19	19	19	19	18	18	18	18
Water										
Water mains (<i>miles</i>)	238	238	237	237	237	237	237	237	235	235
Storage capacity (<i>thousands of gallons</i>)	6,870	6,870	6,870	6,870	6,870	6,870	6,870	6,870	6,870	6,870
Fire hydrants	1,230	1,230	1,253	1,234	1,234	1,193	1,177	1,173	979	979
Wastewater										
Sanitary sewers (<i>miles</i>)	130	130	130	130	130	129	129	129	129	129
Treatment capacity (<i>thousands</i>)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Solid waste collection										
Collection trucks	10	10	10	10	10	10	10	10	10	10
Parks and recreation										
Acreage	120.0	110.8	104.0	104.0	104.0	90.7	90.7	90.7	90.7	90.7
Number of Parks	22	20	19	19	19	12	12	12	12	12

Source: City of Punta Gorda Finance Department.

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

Management Letter

Honorable Mayor and City Council
City of Punta Gorda, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Punta Gorda, Florida (the "City"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated April 7, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 7, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting on 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 determined that there are no special district component units required to report to the City.

Other Matters

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

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

Purpose of this Letter

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

Punta Gorda, Florida
April 7, 2017

Ashley Brown & Co.



CITY OF PUNTA GORDA, FLORIDA

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

April 14, 2017

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

AUDITORS' COMMENTS:

I. Prior year comments which continue to apply.

None.

II. Current year comments and recommendations.

None.

I agree with the management letter comments from the auditing firm of Ashley, Brown & Co.

David W. Drury, CPA
Director of Finance

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

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Punta Gorda, Florida, (the "City") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 7, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Punta Gorda, Florida
April 7, 2017

Ashley, Brown & Co.

Report of Independent Accountant on Compliance With Local Government Investment Policies

Honorable Mayor and City Council
City of Punta Gorda, Florida

Report on Compliance

We have examined the City of Punta Gorda, Florida's (the "City's") compliance with the local government investment policy requirements of 218.415, Florida Statutes, during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Scope

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

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

Punta Gorda, Florida
April 7, 2017

Ashley, Brown & Co.

Independent Auditor's Report on Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited the financial statements of the City of Punta Gorda, Florida, (the "City") as of and for the year ended September 30, 2016, and have issued our report thereon dated April 7, 2017 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill (no activity) is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Punta Gorda, Florida
April 7, 2017

Ashley, Brown & Co.