



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

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

PREPARED BY THE FINANCE DEPARTMENT

David W. Drury, CPA
Director of Finance

CITY COUNCIL

As of September 30, 2017

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

CITY MANAGER

HOWARD KUNIK

CITY OF PUNTA GORDA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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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 30, 2018

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, 2017.

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, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2017 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 18,588. 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 7.5%. 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, 2016. This was the thirty-first 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.

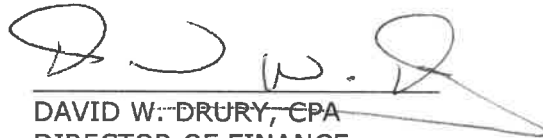
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 unfailing 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

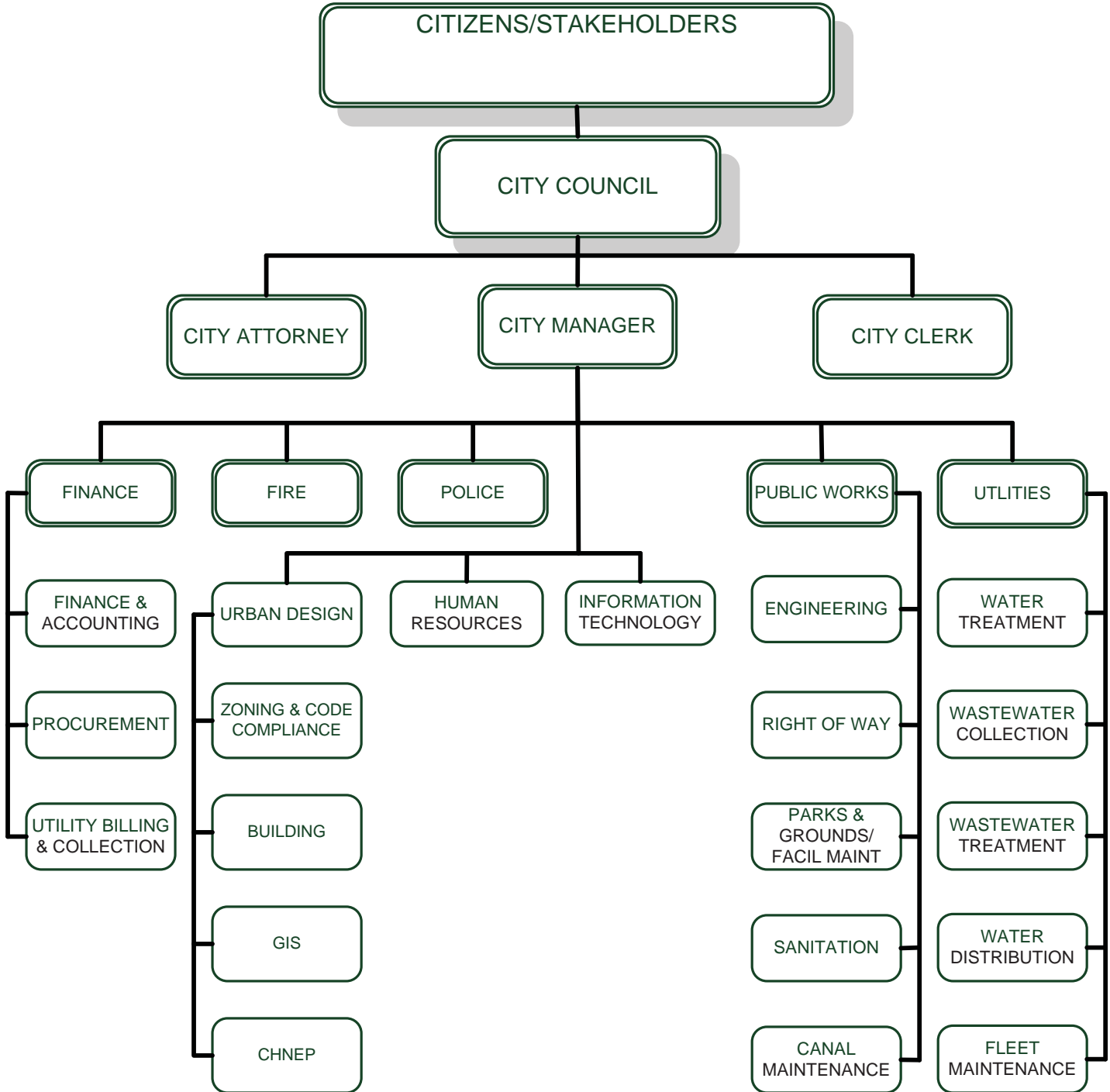


DAVID W. DRURY, CPA
DIRECTOR OF FINANCE

City of Punta Gorda
List of Principal Officials
As of September 30, 2017

| <u>Title</u> | <u>Name</u> |
|---------------------------|--------------------|
| Mayor | Rachel B. Keesling |
| Vice Mayor | Gary Wein |
| Councilmember | Jaha F. Cummings |
| Councilmember | Lynne R. Matthews |
| Councilmember | Nancy B. Prafke |
| City Manager | Howard Kunik |
| City Attorney | David M. Levin |
| City Clerk | Karen Smith |
| Chief of Police (Interim) | Jason Ciaschini |
| 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, 2016. 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-one consecutive years (fiscal years ended 1985 through 2016). 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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

This section contains
the following subsections:

Report of Independent Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund
Statements and Schedules

REPORT OF THE INDEPENDENT AUDITOR

Honorable Mayor and City Council
City of Punta Gorda, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Punta Gorda, Florida (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 4-21 and 99-106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Handwritten signature in blue ink that reads "Ashley, Brown & Co."

Punta Gorda, Florida
April 30, 2018

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, 2017.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2017, by \$131.9 million (net position). Of this amount, \$19.2 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 \$13.7 million.
- As of September 30, 2017 the City's governmental funds reported combined ending net position of \$60.5 million. This is an increase of \$7.2 million.
- As of September 30, 2017 the business-type activities reported combined ending net position of \$71.4 million. This is an increase of \$6.5 million.
- The City's total long-term liabilities decreased by \$0.5 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 2017. 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

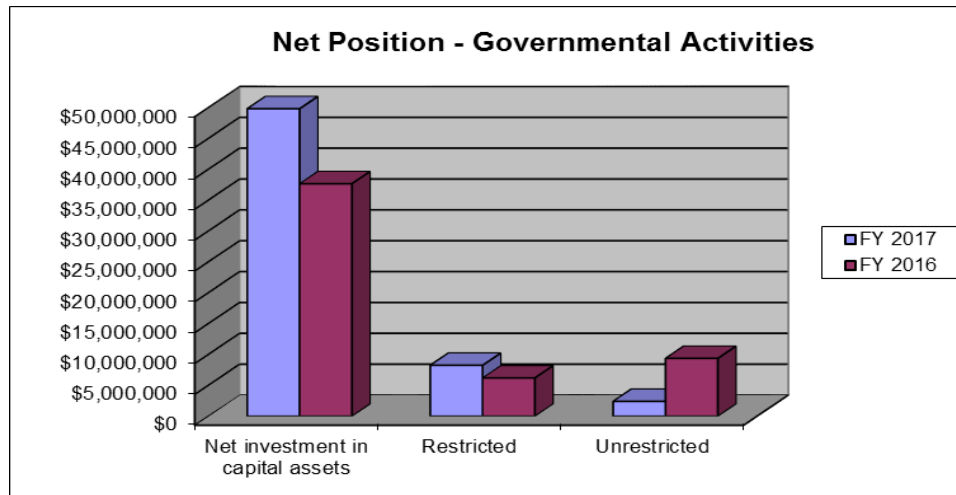
The City's combined net position as of September 30, 2017 was \$131.9 million (Table 1). The City's combined revenues, including contributions, grants, taxes and charges for services were \$57.5 million. Total city-wide expenses were \$42.0 million. The overall increase to city-wide net position was \$15.5 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 | |
|----------------------------------|--------------------------------|------------------|---------------------------------|------------------|---------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current and other assets | \$ 19,937 | \$ 13,573 | \$ 22,661 | \$ 16,923 | \$ 42,598 | \$ 30,496 |
| Capital assets | 65,320 | 63,589 | 57,963 | 54,063 | 123,283 | 117,652 |
| Total assets | <u>85,257</u> | <u>77,162</u> | <u>80,624</u> | <u>70,986</u> | <u>165,881</u> | <u>148,148</u> |
| Deferred Outflow s Pensions | <u>2,141</u> | <u>5,331</u> | <u>1,056</u> | <u>1,603</u> | <u>3,197</u> | <u>6,934</u> |
| Long-term liabilities | (23,400) | (25,869) | (7,426) | (5,502) | (30,826) | (31,371) |
| Other liabilities | (1,794) | (1,431) | (2,596) | (1,921) | (4,390) | (3,352) |
| Total liabilities | <u>(25,194)</u> | <u>(27,300)</u> | <u>(10,022)</u> | <u>(7,423)</u> | <u>(35,216)</u> | <u>(34,723)</u> |
| Deferred Inflow s Pensions | <u>(1,744)</u> | <u>(1,970)</u> | <u>(224)</u> | <u>(238)</u> | <u>(1,968)</u> | <u>(2,208)</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 49,815 | 37,664 | 54,274 | 52,611 | 104,089 | 90,275 |
| Restricted | 8,245 | 6,196 | 382 | 378 | 8,627 | 6,574 |
| Unrestricted | <u>2,400</u> | <u>9,363</u> | <u>16,778</u> | <u>11,939</u> | <u>19,178</u> | <u>21,302</u> |
| Total net position | <u>\$ 60,460</u> | <u>\$ 53,223</u> | <u>\$ 71,434</u> | <u>\$ 64,928</u> | <u>\$ 131,894</u> | <u>\$ 118,151</u> |

The largest portion of the City's net position (78.9%) 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 6.5% of total net position) are subject to external restrictions on how they may be used. The remaining 14.6% balance of unrestricted net position, \$19.2 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 \$7.2 million or 13.6%. Last fiscal year there was a \$5.4 million increase in net position. The analysis of revenues and expenses for governmental activities can be found in this MD&A on pages 10-12. The business-type activities net position increased \$6.5 million or 10.0%. The last fiscal year increase was \$6.2 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 \$13.7 million or 11.6%. The prior year increase was \$11.6 million.

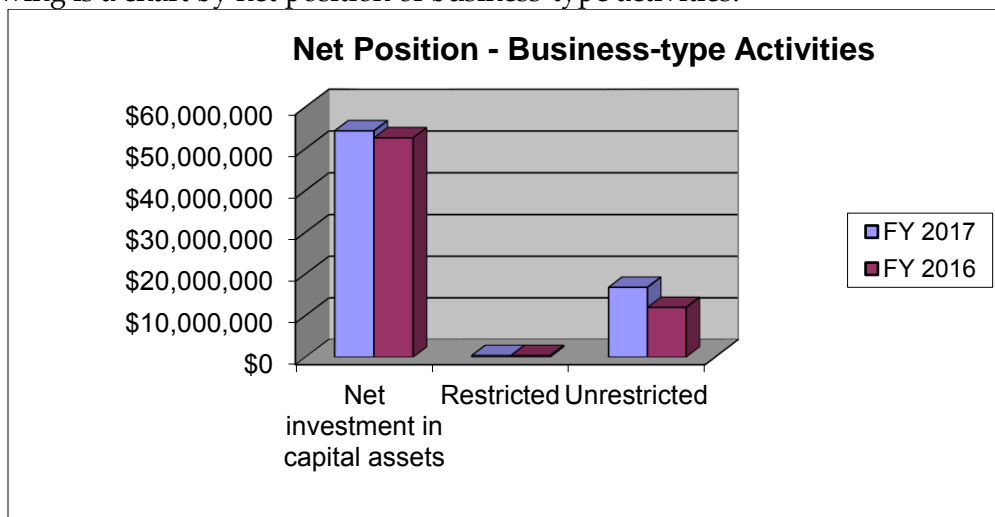
The following is a chart by net position of governmental-type activities.



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

- Current and other assets increased \$6.3 million - primarily cash & due from other governments
- Chanel Dredge, \$0.5 million
- Parks and Pathway projects, \$2.5 million
- Fire Department Fire Truck, \$0.4 million
- Other capital improvement projects and asset purchases, \$1.6 million
- Accumulated depreciation, net of disposals, (\$0.6) million
- Capital asset disposals, \$3.8 million (\$3.6 million seawall)
- Net pension related deferred charges decreased \$3.0 million (including \$1.5 million prior period adjustment)
- Principal reduction on long-term liabilities, \$1.0 million
- Other liabilities increased \$0.4 million
- Benefits payable decreased \$1.5 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 \$5.7 million - primarily cash
- Water plant expansion and water main upgrade projects, \$5.8 million
- Gravity sewer, force main, and lift station projects, \$0.5 million
- Water and wastewater vehicles and plant equipment, \$0.7 million

- Accumulated depreciation, net of disposals, \$2.7 million
- Capital asset disposals, \$0.5 million
- Net pension related deferred charges decreased \$0.5 million (including a \$0.3 million prior period adjustment)
- Principal reduction on long-term liabilities, \$0.3 million
- New Principal on long-term liabilities, \$2.4 million
- Accounts/retainage payables and accrued liabilities increased \$0.7 million
- Benefits payable decreased \$0.1 million

Table 2
Changes in Net Position
(in Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|------------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,604 | \$ 5,460 | \$ 22,789 | \$ 20,598 | \$ 28,393 | \$ 26,058 |
| Operating grants and contributions | 1,491 | 1,618 | 6 | - | 1,497 | 1,618 |
| Capital grants and contributions | 3,116 | 1,372 | 2,619 | 3,350 | 5,735 | 4,722 |
| General revenues: | | | | | | |
| Property taxes | 8,288 | 7,762 | - | - | 8,288 | 7,762 |
| Other taxes | 8,779 | 8,251 | - | - | 8,779 | 8,251 |
| Other | 4,500 | 929 | 356 | 277 | 4,856 | 1,206 |
| Total revenues | <u>31,778</u> | <u>25,392</u> | <u>25,770</u> | <u>24,225</u> | <u>57,548</u> | <u>49,617</u> |
| Expenses: | | | | | | |
| General government | 3,581 | 3,228 | - | - | 3,581 | 3,228 |
| Public safety | 9,930 | 7,637 | - | - | 9,930 | 7,637 |
| Transportation | 3,242 | 2,978 | - | - | 3,242 | 2,978 |
| Economic environment | 762 | 518 | - | - | 762 | 518 |
| Recreation | 5,172 | 5,184 | - | - | 5,172 | 5,184 |
| Interest on long-term debt | 388 | 411 | - | - | 388 | 411 |
| Water and wastewater | - | - | 14,483 | 14,127 | 14,483 | 14,127 |
| Sanitation/refuse | - | - | 3,241 | 2,846 | 3,241 | 2,846 |
| Building Fund | - | - | 848 | 661 | 848 | 661 |
| Marina | - | - | 365 | 365 | 365 | 365 |
| Total expenses | <u>23,075</u> | <u>19,956</u> | <u>18,937</u> | <u>17,999</u> | <u>42,012</u> | <u>37,955</u> |
| Transfers In (Out) | - | 2 | - | (2) | - | - |
| Increase (decrease) in net position | 8,703 | 5,438 | 6,833 | 6,224 | 15,536 | 11,662 |
| Net position-beginning | 53,223 | 47,785 | 64,928 | 58,704 | 118,151 | 106,489 |
| Prior Period Adjustments | (1,466) | - | (327) | - | (1,793) | - |
| Net position-ending | <u>\$ 60,460</u> | <u>\$ 53,223</u> | <u>\$ 71,434</u> | <u>\$ 64,928</u> | <u>\$ 131,894</u> | <u>\$ 118,151</u> |

The analysis of Table 2 states the overall Total Primary Government revenues increased \$7.9 million or 16.0% from the prior year. The Governmental Activities revenues increased \$6.4 million or 25.2%. The Business-type Activities revenues increased \$1.5 million or 6.4%.

The Total Primary Government expenses increased \$4.1 million or 10.7% from the prior year. The Governmental Activities expenses increased by \$3.1 million or 15.6%. The expenses in Business-type Activities increased \$0.9 million or 5.2%.

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, 2017 consisted of \$2.9 million for unassigned fund balance; \$2.3 million was assigned for subsequent year's budget, and \$0.1 million was for non-spendable inventories and restricted funds for public safety. This is a \$1.0 million increase in fund balance from September 30, 2016. The City Council's financial policy on fund balance minimum is 7.5% 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 \$69 thousand. Revenues increased \$81 thousand over the prior year, mainly in Herald Ct Centre rents from increased rental space and TIF (tax increment financing) revenues. The rollover of purchase orders \$264,396 related to leak repairs needed in Herald Ct Centre parking garage and the adding of 42 parking spaces in the Laisley Park lot resulted in the overall fund balance decrease.

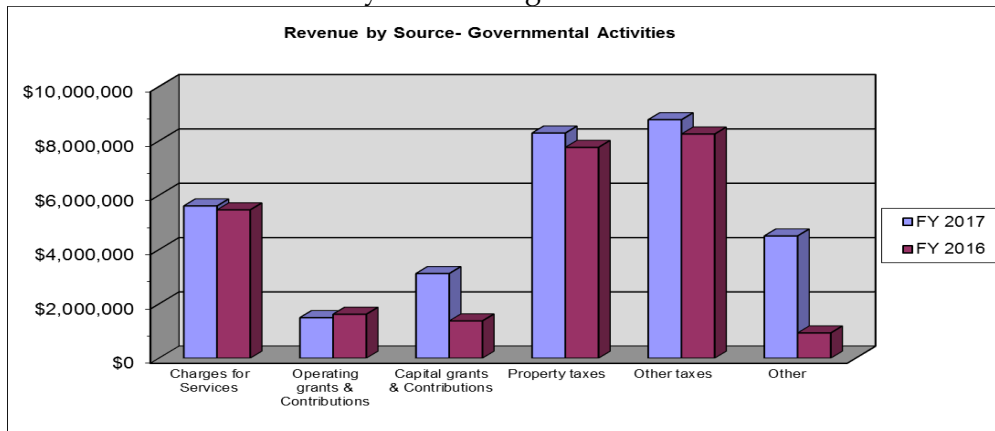
The PGI Canal Maintenance Fund balance increased \$415 thousand. Assessments were \$2 thousand more than the prior year. There was a \$50 increase in the assessment rate in fiscal year 2016. The small net increase in revenues were offset by a similarly small decrease in expenditures from personnel and seawalls. Therefore the fund balance increase was \$104 thousand more than that of FY 2016.

The Transportation Impact Fee Fund balance increased \$58 thousand. Total revenues received in FY 2017 were \$58 thousand. No transfers to general construction projects were made due to delays in scheduled projects.

The Water and Wastewater Utility Fund net position increased \$6.2 million net of a \$221 thousand prior period adjustment. Capital assets net of accumulated depreciation had a net increase of \$4.1 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 a minimal increase operating expenses increased \$5.0 million. Net deferred charges related to pension decreased \$0.4 million. Current year revenues were used to pay debt reducing liabilities by \$0.3 million, although an additional \$2.4 million of Utility Notes were received to partially fund the reverse osmosis project. Benefits payable decreased \$69 thousand, accounts payable and retainage payable increased \$0.5 million.

Governmental Activities

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



The following details the revenue variances between fiscal years 2016 and 2017. Charges for services increased \$114 thousand, 2.6%, when compared to FY 2016.

- Canal Maintenance and lot mowing assessments increased \$111 thousand, permits decreased \$25 thousand, traffic signal maintenance contract increased \$23 thousand, and other charges for services increased \$5 thousand.

Operating grants and contributions decreased by \$127 thousand.

- Decrease in CHNEP operating grants and contributions of \$211 thousand.
- Increase in Public Safety Operating grants and contributions of \$79 thousand which included a contribution for the Gilchrist Playground.
- Increase in other operating grants and contributions of \$5 thousand.

Capital grants & contributions increased by \$1.7 million due to the following:

- Decrease in Community Development Block Grant of \$26 thousand.
- Increase in FDOT Lap, SHIP & WCIND grants of \$1.7 Million.
- Increase in CRA TIF (tax increment financing) revenue, \$61 thousand.
- Decrease in other capital grants and contributions of \$23 thousand.

Property tax revenues increased by \$526 thousand. Taxes levied increased by \$550 thousand in FY 2017, and the percentage of levy collected decrease by 0.07%.

Other taxes increased by \$528 thousand.

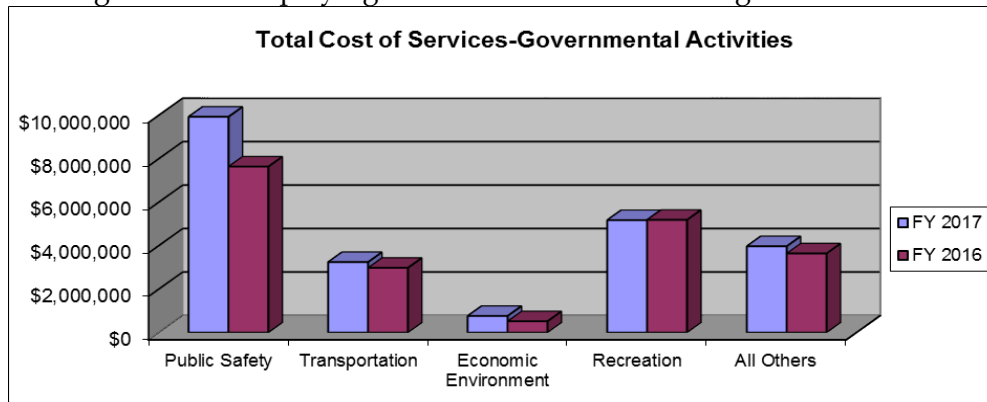
- Utility and Gas taxes increased by \$216 thousand
- Sales Taxes had an increase of \$312 thousand

Other revenues increased \$3.6 million as a result of a \$3.5 million one-time sale of land, \$0.1 million in other miscellaneous revenues.

The cost of all governmental activities this year, including allocations, was \$25.8 million as compared to \$22.5 million in FY 2016. As shown in the Statement of Activities on page 23, the program expenses net of indirect expense allocations (\$2.7 million) were paid through:

- \$5.6 million in charges for services; consisting of \$3.5 million canal maintenance districts assessments and \$1.9 million fees for general government services
- \$1.5 million in operating grants and contributions
- \$3.1 million in capital grants and contributions
- \$21.6 million in general revenues (primarily taxes)

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



- Public safety costs increased by \$2.3 million, mainly as a result of the initial recording of \$1.7 million net deferred charges from pension related activities in

FY 2016. Overtime increased by \$0.1 million due primarily because of Hurricane Irma. Other Public Safety Employee wages and benefits increase by \$0.3 million or 3.0%. Other public safety expenses increased by \$0.2 million or 2.6%.

- Transportation costs increased by \$264 thousand in FY 2017, mainly attributed to the recording of net deferred charges related to pension activities in FY 2016, which resulted in an increase of \$214 thousand in FY 2017. There was an increase in depreciation expense of \$25 thousand, an increase in wages and benefits of \$43 thousand (4.5%), an increase contractual and landfill services of \$71 thousand due to Hurricane Irma debris removal, an increase of \$5 thousand in other expenses and a decrease of \$94 thousand in traffic signal maintenance and storm sewer services from the prior year.
- Economic environment costs increased by \$244 thousand. Repair and maintenance at the Herald Court Centre increased by \$82 thousand. Soil preparation for the Charlotte County Library increased \$165 thousand. Other economic environment costs decreased by \$3 thousand.
- Recreation costs decreased by \$12 thousand mainly due to the recording of net deferred charges from pension activities of \$184 thousand in FY 2016 resulting in an increase from pension cost of \$163 thousand and an increase in depreciation expense of \$76 thousand. A reduction in CHNEP wages, printing and program cost due primarily to retirements of \$263 thousand and an increase in other expenditures of \$12 thousand.
- All Others increased \$0.5 million mainly attributable to recording of net deferred charges from pension related activities in FY 2016 resulting in a \$0.3 million net increase in FY 2017 and overall general government operating expenses increased \$0.2 million.

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

Table 3
Governmental Activities
(in Thousands)

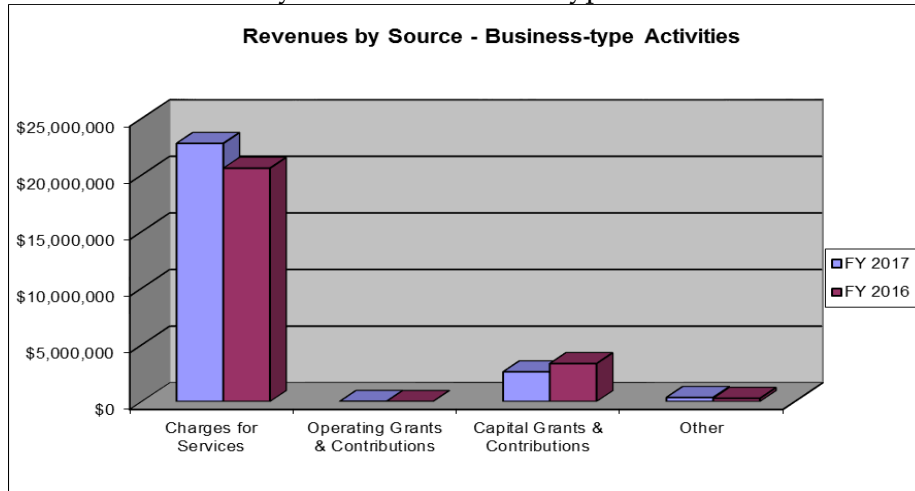
| | Total Cost of Services (less indirect expense allocation) | | Net Cost of Services | |
|----------------------|--|------------------|-----------------------------|--------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Public Safety | \$ 9,930 | \$ 7,637 | \$ (9,778) | \$ (7,540) |
| Transportation | 3,242 | 2,978 | (2,944) | (2,714) |
| Economic Environment | 762 | 518 | 226 | 436 |
| Recreation | 5,172 | 5,184 | (807) | (748) |
| All Others | 3,969 | 3,639 | 438 | (940) |
| Totals | \$ 23,075 | \$ 19,956 | \$ (12,865) | \$ (11,506) |

Business-type Activities

Revenues of the City’s Business-type activities (see Table 2) totaled \$25.8 million. Operating expenses were \$18.9 million, showing an increase in net position of \$6.8 million or 9.8%

The analysis of revenues and expenses disclosed that revenues increased 6.4% and expenses increased 5.2% from the prior fiscal year.

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



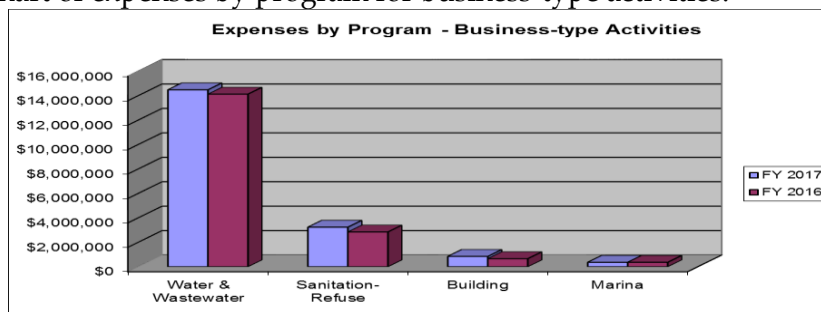
Charges for services reported in business-type activities increased \$2.1 million, or 10.6%, in comparison to the prior year. Water & Wastewater Utility experienced an increase in charges for services of \$1.7 million mainly due to a rate increase of 4% and increased consumption. Sanitation's charges for services increased \$187 thousand in refuse collection. Building's charges for services increased \$66 thousand consisting of a \$75 thousand increase in permit activity and a \$9 thousand decrease in other miscellaneous charges. The Laishley Park Marina charges for services for FY 2017 increased \$8 thousand and is the mainly the result of increased semi-annual and monthly slip rentals.

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

| | Revenues (in thousands) | | From 2016 to 2017 |
|--|-------------------------|---------|-------------------|
| | 2017 | 2016 | % incr (decr) |
| Water Billings | \$10,467 | \$9,069 | 15.4% |
| Wastewater Billings | \$7,303 | \$6,743 | 8.3% |
| Refuse Collection | \$3,357 | \$3,170 | 5.9% |
| Licenses, Permits, & Special Assessments | \$1,019 | \$ 915 | 11.4% |

Capital grants and contributions decreased \$0.7 million, or 21.8%. Water and Sewer Impact fees increased \$0.3 million from the prior year. The Reverse Osmosis (RO) plant in Utilities has two approved capital grants. Total grant revenues for this project were \$1.1 million less than FY 2016.

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



The Water & Wastewater Utility expenses increased \$356 thousand, or 2.5%, in comparison to the prior year. Personnel expenses increased \$917 thousand. Recording net deferred charges from pension related activities in FY 2016 resulted in an increase of \$644

thousand. Increase in other pension expenses was \$83 thousand. Other personnel costs increased \$190 thousand or 4.0% due to increase of 1.5 FTE (Full-time equivalent) in staffing. Contractual services decreased \$616 thousand due to the first \$500 thousand contribution to a regional pipeline project in FY 2016 but not in FY 2017 and \$86 thousand reduction in sludge hauling in FY 2017 and net decreases of \$30 thousand in other contractual services. Interest expense decreased \$10 thousand. The remaining increase of \$65 thousand is related to an increase in materials & supplies, repairs & maintenance, utilities, and legal services.

The Sanitation expenses increased by \$395 thousand, or 13.9%. Personnel expenses increased \$185 thousand. Net deferred charges from pension related activities resulted in an increase of \$185 thousand. Increase in other pension expenses was \$27 thousand. Other personnel costs increased \$38 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 \$173 thousand due to recycling charges increase with change to automated recycling service with 48 gallon carts and increased landfill fees. Operating supplies including gasoline expenses increased \$24 thousand. Fleet maintenance costs increased \$39 thousand, depreciation decreased \$41, asset loss on disposal increased \$26 thousand. Various other expenses decreased \$11 thousand.

The Building Fund's expenses increased by \$187 thousand, or 28.2%. Personnel expenses increased \$187 thousand. Net deferred charges from pension related activities resulted in an increase of \$151 thousand. Decrease in other pension expenses was \$15 thousand. Other personnel costs increased \$51 thousand due to adding a building inspector and increasing a part-time permit technician to full-time. Contractual charges decreased by \$12 thousand while various other operating expenses increased by \$12 thousand.

The Laishley Park Marina expenses remained at \$365 thousand. Activity at Laishley Park Marina was very stable which resulted in very similar expenses to the prior year.

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 \$639 thousand or 3.4% from the original budget, which can be briefly summarized as follows:

- Supplemental appropriations Fire Marshall's vehicle, \$32 thousand; Legal Fees and Settlements, \$80 thousand; Insurance recoveries and subsequent repairs, \$18 thousand; ROW Boom Mower, \$71 thousand; and other operating expenditures, \$27 thousand; Various grants and donations, \$37 thousand; Fresh Market Garden project, \$40 thousand and various; and various other operating expenditures, \$34 thousand
- Purchase order rollovers from prior year for Public Risk Management, \$27 thousand; various other operating expenditures, \$14 thousand
- Re-appropriations from prior year for police programs, \$98 thousand; new police dispatcher position, \$40 thousand; landscaping and lot mowing, \$90 thousand; City Hall repairs, 25 thousand; and various other operating expenditures, \$33 thousand

The final revenue budget increased by \$3.9 million (including transfers) or 20.1%, from the original budget, which can be briefly summarized as follows:

- Half cent sales tax revenue increase of \$68 thousand as a result of increased consumer spending
- Police department grant awards and contributions of \$39 thousand
- Fire department contributions of \$10 thousand
- Insurance recoveries related to repairs and accidents, \$18 thousand
- Sale of Land; \$3.5 million
- Contributions for the Gilchrist playground, \$103 thousand
- Transfer from Special Use Fund, \$154 thousand
- Other miscellaneous revenues increase of \$8 thousand

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

Revenues:

- Ad Valorem Taxes were over budget \$63 thousand due to tax sale receipts.
- FPL Utility Taxes and FPL Franchise fees were over budget \$102 thousand due to an increase in customer usage.
- Sales Taxes were over budget \$147 thousand due to better than projected economic conditions.
- Water Utility Tax, \$97 thousand and Communications Tax, \$67 thousand because of higher usage.
- Police program revenues, code compliance violations, and sale of fixed assets were over budget \$59 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 \$194 thousand. The remaining \$120 thousand is spread among several other revenues.

Expenditures:

- General government expenditures were under budget by \$1.7 million. \$18 thousand was intended funding for the fleet/equipment reserve. \$60 thousand was intended funding for the Settlement reserve. Personnel expenditures were \$116 thousand under budget due to fewer claims for unemployment, turnover changes, and dependent health insurance elections. Election expenses were under budget \$50 thousand as there was no election. Lot Mowing was \$130 thousand under budget primarily due to a decrease in the amount of lots being mowed. Fire General Liability Insurance were under budget by \$19 thousand. In Facilities Maintenance the following main operating accounts were under budget: contractual services such as janitorial and air conditioning, \$12 thousand; various other supply and repair & maintenance, \$61 thousand of which. Reserves held for future capital outlay and future year budget expenditures, \$995 thousand. All other operating expenditures in all general government department/divisions were under budget \$239 thousand due to continued efforts to contain costs.
- Public Safety police operating expenditures were under budget by \$166 thousand. Law Enforcement Trust Funds were under budget, \$19 thousand, police capital expenditures were under budget by \$145 thousand and were re-appropriated to FY 2018. Personnel expenditures were over budget by \$74 thousand, mainly due to overtime, other operating accounts were under budget by \$76 thousand.
- Public Safety fire was under budget by \$72 thousand. Personnel expenditures were over budget by \$43 thousand, mainly due to overtime, changes in health

insurance elections and FICA taxes. Re-appropriations to FY 2018 included: R&M for apparatus and building, \$42 thousand; and supplies, \$12 thousand. Fire capital expenditures were under budget by \$61 thousand and were re-appropriated in FY 2018.

- Transportation - Right of Way expenditures were \$180 thousand under budget. Right of Way personnel expenditures were \$7 thousand over budget, operating expenditures were \$7 thousand under budget, and equipment expenditures were \$180 thousand under budget.
- Recreation - Parks and Grounds expenditures were \$178 thousand under budget. Expenditures under budget are: Personnel expenditures, \$18 thousand, Contractual services, \$121 thousand which was re-appropriated for a tree removal and mangrove trimming; fuel, \$7 thousand; repair & maintenance, \$9 thousand; agricultural & department supplies, \$46 thousand of which \$30 thousand was re-appropriated to FY 2018. Utilities were \$23 thousand over budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of September 30, 2017 reflect an investment of \$123.3 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 | |
|-----------------------------|----------------------------|------------------|-----------------------------|------------------|-----------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 16,169 | \$ 16,228 | \$ 5,403 | \$ 5,403 | \$ 21,572 | \$ 21,631 |
| Buildings | 17,541 | 18,178 | 2,991 | 2,962 | 20,532 | 21,140 |
| Improvements | | | | | | |
| other than buildings | 6,518 | 6,890 | 3,881 | 4,247 | 10,399 | 11,137 |
| Vehicles and equipment | 3,675 | 3,238 | 34,104 | 1,374 | 37,779 | 4,612 |
| Infrastructure / System | 17,898 | 18,426 | 1,629 | 35,379 | 19,527 | 53,805 |
| Construction | | | | | | |
| work in progress | 3,519 | 630 | 9,955 | 4,698 | 13,474 | 5,328 |
| Total Capital Assets | \$ 65,320 | \$ 63,590 | \$ 57,963 | \$ 54,063 | \$ 123,283 | \$ 117,653 |

Significant changes to assets this year include:

- Cat Wheel Loader for Water Treatment, \$56 thousand
- Fire Engine for Fire Department, \$449 thousand
- Vacuum Truck for Wastewater Collection, \$332 thousand
- Pickup Truck for Wastewater Collection, \$29 thousand
- Tractor for Wastewater Treatment, \$91 thousand
- (6) Xylem pumps for Wastewater Treatment, \$92 thousand
- John Deere Compact Excavator for Water Distribution, \$40 thousand
- (2) Belt Presses for Wastewater Treatment, \$16 thousand
- Golf Cart for the Marina, \$5 thousand
- Pickup Truck for Building, \$19 thousand
- (4) Police vehicles, \$154 thousand
- Heavy Duty Pickup Truck for Public Works Right of Way, \$56 thousand

- Pickup Truck for Parks and Grounds, \$25 thousand
- (8) Tasers for Police Department, \$10 thousand
- Training Lab for Police Department, \$22 thousand
- City Council Chamber Improvements, \$22 thousand
- Perimeter Dredging BSI, \$468 thousand
- Harborwalk projects, \$2.5 million
- Library Land Preparation, \$165 thousand
- Network phone system, \$168 thousand
- Backup Appliance, \$84 thousand
- VPN Equip. with Software & (4) Network Switches, \$74 thousand
- (46) laptops, (52) computers, (24) Tablets & peripheral equip., \$141 thousand
- Water plant expansion (Reverse Osmosis), \$5.7 million
- Water main upgrades, \$82 thousand
- Wastewater gravity sewer, force main, and lift station rehabs, \$477 thousand
- Wastewater plant roof replacement, \$54 thousand

Debt

As of September 30, 2017 the City had \$15.5 million of revenue note debt in the Governmental Activities. This is a net decrease of \$1.0 million as compared to the prior year. The business-type activities note debt was \$3.7 million. This is an increase of \$2.0 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 economic forecast from the Congressional Budget Office (CBO) includes the following key points:

- Federal budget deficits will remain below 3% of the Gross Domestic Product (GDP) through 2019 but would rise to 5% of GDP by 2027, based on projected spending and revenue trends and particularly for Social Security, Medicare and net interest.
- Outlays will remain near 21% of GDP for the next few years, which is higher than the average of 20% over the past 50 years. By 2027, outlays would rise to 23% of GDP.
- Debt held by the public will rise from 77% of GDP (\$15 trillion) by the end of 2017 to 89% of GDP (\$25 trillion) by 2027. This trend will have negative consequences for the federal budget and nation as a whole. Lawmakers will have less flexibility to use tax and spending policies to mitigate this trend.

- GDP will expand at an average annual pace of 2.1% through 2018. Most of the growth in output will be driven by consumer spending, business investment and residential construction. That rate will average 1.9% per year through 2027.
- Unemployment rate is projected to be 4.4% by the end of 2018. This rate will average 4.9% over the latter part of the projection period.
- Inflation will rise at a modest pace over the next few years. This will rise to 1.9% in 2017 and to 2% in 2018. It will remain on average 2% through the year 2020.
- As the slack in the economy continues to diminish, the Federal Reserve will continue to reduce its support of economic growth. The federal funds rate is expected to rise gradually over the next few years, reaching 1.1% by the end of 2017, 1.6% by the end of 2018 and 3.1% in the latter part of the projection period.

Florida/Southwest Florida Regional Economic Outlook

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

- One of the main factors used to measure the economic health of an individual state is personal income growth. Using the latest revised series, Florida's personal income growth in the third quarter of 2017 was 0.7 percent over the second quarter of 2017, ranking Florida 18th in the country among all states. The current rank is lower than previous quarter's results, but higher than the first quarter of 2017 with a growth rate the same as the nation for the current quarter. The forecast expects personal income growth to accelerate to 4.3 percent in Fiscal Year 2017-18 and to 5.5 percent in Fiscal Year 2018-19
- Two key measures of employment are job growth and the unemployment rate. The job market in Florida continues to grow at modest rates, with a 2.1 percent growth rate for nonfarm employment for the third quarter of 2017 compared to the same period last year. The forecast expects total non-farm employment to grow 2.5 percent in Fiscal Year 2017-2018.
- Florida's unemployment rate continues to drift downward and is now below the "full employment" unemployment rate (assumed to be about 4 percent). The state's actual unemployment rate in December was lower than the nation at 3.7 percent, compared to 4.1 percent in the U.S. The rate was as low as 3.1 percent from March through April 2006 (the lowest unemployment rate in more than thirty years), and most recently peaked at 11.2 percent from November 2009 through January 2010.
- Overall, the housing market continues to trudge forward, although slowing from the stronger growth over the past few years. For the third quarter of 2017, single-family building permits were 8.2 percent higher than the same period last year, while multi-family building permits were 7.9 percent higher. Combined, total private housing starts are expected to increase 10.8 percent in Fiscal Year 2017-2018 before easing to a rate of 8.6 percent in Fiscal Year 2018-19 and to much more modest growth rates in the rest of the forecast. Total private housing starts are still well below the peak Fiscal Year 2004-05 level of 272,000 units; they do not recover to their previous peak level at any time during the ten-year forecast period. Total construction expenditures

including nonresidential and public, as well as residential) continue to grow throughout the entire forecast period, with 11.8 percent growth in Fiscal Year 2017-2018 and 8.0 percent in Fiscal Year 2018-19 before gradually settling in the 4.3 to 4.7 percent range towards the end of the period. Helped by the nonresidential component, total construction expenditures return to peak levels by Fiscal Year 2019-20, although the private residential component does not return to peak levels until Fiscal Year 2021-22. In a related measure, the construction employment sector does not get back to its peak level at any time during the ten-year forecast period.

- Florida tourism is a major component of the state's economy and continues to show its strength. Preliminary estimates indicate that 29.2 million visitors came to Florida during the third quarter of 2017 for an increase of 3.5 percent over the same period in 2016. The forecast for Fiscal Year 2017-2018 expects this trend to continue with a projected overall growth rate of 4.7 percent, in spite of a reduction in the number of overseas visitors compared to the prior year. After an acceleration to 5.1 percent in Fiscal Year 2018-19.
- Florida's unemployment rate was 4.3 percent in May 2017, down from 4.9 percent one year ago.
- The Southwest Florida economy continues its recovery. Seasonally-adjusted taxable sales in the region were \$2.162 billion in March 2017, an increase of 4% over March 2016. Passenger activity for the three Southwest Florida airports amounted to in 1,273,647 in April 2017, an increase of 13% over April 2016.

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. The County ranks second in the state for its population age 65 and older, according to 2016 population estimates from the University of Florida, Bureau of Economic Business Research.
- For the fifth consecutive year, the taxable property value in the County has increased, up 8.5% from the previous year. Of that amount, new construction accounted for 2.5%.
- Unemployment was 4.4% in May 2017, slightly higher than the state's rate of 4.3%. One year ago, the unemployment rate in the County was 4.9%.
- The median sales price of an existing single family home in the Punta Gorda Metropolitan Statistical Area (all of Charlotte County) was \$216,513 in May 2017, an increase of 12.5% from the previous year. The supply in the single-family home market was 5.1 months, which suggest a market slightly favoring sellers.
- The County's taxable sales grew by 12%, from \$215.9 million in March 2016 to \$242.6 million in March 2017.
- 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 open for business about one year. Allegiant's service area from Punta Gorda flies to 38 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 |
| 2017 | 1,293,337 |
| 2018 | 455,924 thru March |

Commissioned by the Airport Authority, an economic impact study conducted by Volaire Aviation Consulting indicates that the Punta Gorda Airport has an economic impact of \$208.3 million in Charlotte County and \$353.2 million regionally. The airport is home to 399 aircraft and 18 non-airline aviation entities. It employs 1,699 people full time in the County and 3,618 full-time jobs regionally. The study points out that each new route creates over 50 new jobs and \$1.6 labor income in the County.

- 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. In March 2017, the WMU Board of Trustees approved an economic development investment agreement with Charlotte County which paves the way for improvements at the Airport to enable the university to deliver aviation flight training at the facility. Up to \$500,000 in capital improvements are underway by the County to an airport hangar complex WMU is leasing for the program. The agreement also calls for:

Establish and begin the flight training program no later than January 2018

Invest no less than \$2 million in building improvements and/or equipment and graining prior to July 1, 2018 to support a bachelor's degree in aviation flight training

Continuously operate the program at the Airport for no less than five years

Appropriately staff and maintain an average student enrollment of 150 students per academic year

In addition, WMU plans to offer more than 20 fields of study in a variety of educational areas.

- 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. In November 2016, a Private Equity Group signed a contract with Charlotte County to purchase 452 acres for a mixed-use development consisting of over 2,000 residential units, 200,000 square feet of commercial and a hotel. In addition, Project Hills, a developer of sports and entertainment venues, submitted plans for a phased construction water park, hotels and other amenities on 160 acres. These plans are still in the developmental stage.
- The County's strategic plan recommends 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 2018 population of 18,811, 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 2018) increased Citywide by 7.4% from the final previous fiscal year, including \$50.6 million of new construction, annexation, and changes in exemption. This is the fifth 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 2017 demonstrates a positive trend in new residential construction from FY 2009.

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

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

| Year | Units Permitted |
|---------|--------------------|
| FY 2015 | 125 |
| FY 2016 | 113 |
| FY 2017 | 116 (through June) |
| | |
| | |

- Marriott Springhill Suites-A 103-room hotel is under construction at the northeast corner of Marketplace property (US 41 and Harborside). Once completed, the hotel will assist the Charlotte County Event & Conference Center in enhancing attraction for larger conference and event venues.
- LOOP development update - Goodkin Consulting (GC) was hired by the property owner to conduct a market analysis concerning development possibilities for Village Center, a proposed 171-acre mixed-use residential and commercial development. The site is at the intersection of Jones Loop Road and I-75 in Punta Gorda. The report's findings, published in August 2015, are highlighted below:
 - ✓ Residential component - 290 residential units of which 128 are single family detached, 90 single family semi attached and 72 townhome attached.
 - ✓ Retail component - 540,000 square feet of which 300,000 is an outlet mall and 240,000 a village center.
 - ✓ Office component - 150,000 square feet consisting of 80,000 in village center with office over retail, and 70,000 of two or three single users.
 - ✓ Hotel component - dual branded with 200 rooms.

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

- Aquí Esta development - a 100+ acre parcel of undeveloped property along Aquí Esta that is zoned for up to 500 single family homes. Under consideration is a multi-family residential development to include private docking facilities for 49 slips.
- 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, 2017

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$17,343,749 | \$12,864,235 | \$ 30,207,984 |
| Receivables (net of allowance for uncollectibles) | 696,414 | 1,080,864 | 1,777,278 |
| Due from other governments | 1,730,648 | 272,407 | 2,003,055 |
| Internal balances | 29,607 | (29,607) | - |
| Inventories | 70,083 | 86,098 | 156,181 |
| Prepays | - | 178,485 | 178,485 |
| Restricted assets: | | | |
| Cash and cash equivalents | 66,499 | 8,208,809 | 8,275,308 |
| Capital assets (net of accumulated depreciation): | | | |
| Land | 16,168,273 | 5,403,346 | 21,571,619 |
| Buildings | 17,540,584 | 2,991,011 | 20,531,595 |
| Improvements other than buildings | 6,518,388 | 3,880,743 | 10,399,131 |
| Vehicles and equipment | 3,674,869 | 34,103,751 | 37,778,620 |
| Infrastructure/System | 17,898,409 | 1,629,320 | 19,527,729 |
| Construction in progress | 3,519,421 | 9,954,393 | 13,473,814 |
| Total assets | <u>85,256,944</u> | <u>80,623,855</u> | <u>165,880,799</u> |
| DEFERRED OUTFLOWS | | | |
| Deferred outflows related to pensions | <u>2,140,506</u> | <u>1,056,019</u> | <u>3,196,525</u> |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | 1,418,740 | 2,521,381 | 3,940,121 |
| Unearned revenue | 375,326 | - | 375,326 |
| Liabilities payable from restricted assets | - | 75,091 | 75,091 |
| Long-term liabilities: | | | |
| Due within one year | 1,096,946 | 388,679 | 1,485,625 |
| Due in more than one year | 15,227,512 | 3,729,789 | 18,957,301 |
| Pensions payable | 7,075,511 | 3,306,802 | 10,382,313 |
| Total liabilities | <u>25,194,035</u> | <u>10,021,742</u> | <u>35,215,777</u> |
| DEFERRED INFLOWS | | | |
| Deferred inflows related to pensions | <u>1,743,505</u> | <u>224,494</u> | <u>1,967,999</u> |
| NET POSITION | | | |
| Net investment in capital assets | 49,814,944 | 54,273,261 | 104,088,205 |
| Restricted for: | | | |
| Highways and streets | 810,831 | - | 810,831 |
| Capital projects | 4,153,565 | - | 4,153,565 |
| Debt service | - | 382,212 | 382,212 |
| CRA District | 1,191,953 | - | 1,191,953 |
| Recreation | 1,947,002 | - | 1,947,002 |
| Public Safety | 66,303 | - | 66,303 |
| Other Purposes | 75,455 | - | 75,455 |
| Unrestricted | <u>2,399,857</u> | <u>16,778,165</u> | <u>19,178,022</u> |
| Total net position | <u>\$60,459,910</u> | <u>\$71,433,638</u> | <u>\$ 131,893,548</u> |

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

| | 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 | \$ 6,618,762 | \$ (3,037,860) | \$ 1,866,062 | \$ 562,413 | \$ 1,978,574 |
| Public Safety | 9,929,664 | - | 32,397 | 119,120 | - |
| Transportation | 3,175,875 | 65,809 | 240,094 | - | 58,323 |
| Economic environment | 748,873 | 13,500 | - | - | 988,358 |
| Recreation | 4,957,674 | 214,610 | 3,465,713 | 809,235 | 90,249 |
| Interest on long-term debt | 388,313 | - | - | - | - |
| Total Governmental Activities | 25,819,161 | (2,743,941) | 5,604,266 | 1,490,768 | 3,115,504 |
| Business-type Activities: | | | | | |
| Water and wastewater | 12,221,596 | 2,261,785 | 17,983,634 | - | 2,619,498 |
| Sanitation/refuse | 2,878,382 | 362,415 | 3,376,456 | - | - |
| Building Fund | 761,299 | 86,889 | 1,018,537 | - | - |
| Marina Fund | 331,820 | 32,852 | 410,002 | 5,726 | - |
| Total Business-type Activities | 16,193,097 | 2,743,941 | 22,788,629 | 5,726 | 2,619,498 |
| Total Functions/Programs | \$ 42,012,258 | \$ - | \$ 28,392,895 | \$ 1,496,494 | \$ 5,735,002 |

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

See Accompanying Notes.

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ 826,147 | \$ - | \$ 826,147 |
| (9,778,147) | - | (9,778,147) |
| (2,943,267) | - | (2,943,267) |
| 225,985 | - | 225,985 |
| (807,087) | - | (807,087) |
| (388,313) | - | (388,313) |
| (12,864,682) | - | (12,864,682) |
| - | 6,119,751 | 6,119,751 |
| - | 135,659 | 135,659 |
| - | 170,349 | 170,349 |
| - | 51,056 | 51,056 |
| - | 6,476,815 | 6,476,815 |
| (12,864,682) | 6,476,815 | (6,387,867) |
| 8,288,276 | - | 8,288,276 |
| 4,324,289 | - | 4,324,289 |
| 4,454,904 | - | 4,454,904 |
| 144,617 | 151,448 | 296,065 |
| 4,355,310 | 204,973 | 4,560,283 |
| 21,567,396 | 356,421 | 21,923,817 |
| 8,702,714 | 6,833,236 | 15,535,950 |
| 51,757,196 | 64,600,402 | 116,357,598 |
| <u>\$ 60,459,910</u> | <u>\$ 71,433,638</u> | <u>\$ 131,893,548</u> |

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017

| ASSETS | General | Debt Service Fund | Community Redevelopment Agency Fund | P G I Canal Maintenance Fund |
|---|------------------------|-------------------------|--|---------------------------------------|
| Cash and cash equivalents | \$4,607,581 | \$ - | \$ 1,234,874 | \$ 1,588,443 |
| Accounts receivable (net of allowance of \$38,236) | 580,387 | - | 4,516 | 3,074 |
| Restricted cash and equivalents | 66,499 | - | - | - |
| Due from other funds | 367,866 | - | - | - |
| Due from other governments | 207,980 | - | - | 58,588 |
| Inventories | 70,083 | - | - | - |
| Total assets | <u>\$5,900,396</u> | <u>\$ - 0 -</u> | <u>\$ 1,239,390</u> | <u>\$ 1,650,105</u> |

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> |
|-------------------------------------|--|--|---|---|---|
| \$ 45,104 | \$ 3,215,094 | \$ 342,770 | \$ 213,918 | \$5,819,835 | \$17,067,619 |
| 3,068 | 95 | 3,805 | - | 99,595 | 694,540 |
| - | - | - | - | - | 66,499 |
| - | - | - | - | - | 367,866 |
| 1,048,109 | 178,748 | 148,500 | - | 88,723 | 1,730,648 |
| - | - | - | - | - | 70,083 |
| <u>\$ 1,096,281</u> | <u>\$ 3,393,937</u> | <u>\$ 495,075</u> | <u>\$ 213,918</u> | <u>\$6,008,153</u> | <u>\$19,997,255</u> |

CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017
(Continued)

| LIABILITIES AND FUND BALANCES | General | Debt Service Fund | Community Redevelopment Agency Fund | P G I Canal Maintenance Fund |
|--|---------------------|-------------------------|--|---------------------------------------|
| Accounts payable | \$ 271,198 | \$ - | \$ 23,835 | \$ 120,997 |
| Retainage payable | - | - | - | 22,840 |
| Accrued liabilities | 170,161 | - | - | 7,186 |
| Due to other funds | - | - | - | - |
| Due to other governments | 3,533 | - | - | - |
| Unearned revenue | 104,170 | - | 23,602 | - |
| Total liabilities | <u>549,062</u> | <u>-</u> | <u>47,437</u> | <u>151,023</u> |
| Fund balances | | | | |
| Nonspendable: | | | | |
| Inventories and prepaids | 70,083 | - | - | - |
| Permanent fund principal | - | - | - | - |
| Restricted for: | | | | |
| Police programs | 66,303 | - | - | - |
| Transportation | - | - | - | - |
| Recreation | - | - | - | 1,499,082 |
| CRA district | - | - | 1,191,953 | - |
| Capital projects | - | - | - | - |
| Other purposes | 196 | - | - | - |
| Committed for: | | | | |
| Damages and one-time expenditures | - | - | - | - |
| Assigned to: | | | | |
| Subsequent year's budget | 2,318,195 | - | - | - |
| Unassigned | 2,896,557 | - | - | - |
| Total fund balances | <u>5,351,334</u> | <u>-</u> | <u>1,191,953</u> | <u>1,499,082</u> |
| Total liabilities and fund balances | <u>\$ 5,900,396</u> | <u>\$ - 0 -</u> | <u>\$ 1,239,390</u> | <u>\$ 1,650,105</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 |
|----------------------------|---------------------------------|-------------------------------------|----------------------------------|--------------------------------|--------------------------------|
| \$ 119,114 | \$ 175,744 | \$ 58,106 | \$ - | \$ 317,863 | \$ 1,086,857 |
| 26,883 | 14,912 | - | - | 52,941 | 117,576 |
| - | - | 5,074 | - | - | 182,421 |
| - | - | - | - | 367,866 | 367,866 |
| - | - | - | - | - | 3,533 |
| - | - | 247,554 | - | - | 375,326 |
| <u>145,997</u> | <u>190,656</u> | <u>310,734</u> | <u>-</u> | <u>738,670</u> | <u>2,133,579</u> |
| - | - | - | - | - | 70,083 |
| - | - | - | - | 5,176 | 5,176 |
| - | - | - | - | - | 66,303 |
| - | - | - | 213,918 | 596,913 | 810,831 |
| - | - | 184,341 | - | 263,579 | 1,947,002 |
| - | - | - | - | - | 1,191,953 |
| 950,284 | 3,203,281 | - | - | - | 4,153,565 |
| - | - | - | - | - | 196 |
| - | - | - | - | 4,403,815 | 4,403,815 |
| - | - | - | - | - | 2,318,195 |
| - | - | - | - | - | 2,896,557 |
| <u>950,284</u> | <u>3,203,281</u> | <u>184,341</u> | <u>213,918</u> | <u>5,269,483</u> | <u>17,863,676</u> |
| <u>\$ 1,096,281</u> | <u>\$ 3,393,937</u> | <u>\$ 495,075</u> | <u>\$ 213,918</u> | <u>\$6,008,153</u> | |



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CITY OF PUNTA GORDA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017
(Continued)

Total fund balance - governmental funds (page 25) \$ 17,863,676

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 \$65,319,944 less amount included in internal services \$617,675 | 64,702,269 |
| 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 \$2,140,506 less Internal Service Fund \$37,780 | 2,102,726 |
| 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. | 763,837 |
| Cumulative effect of business type portion of internal services | 29,607 |
| 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 \$16,324,457 less amount included in internal services \$14,936. | (16,309,521) |
| Pension plans when unfunded are a liability on the statement of net position but are not a financial use. Total Pension Plans payable \$7,075,511 less amount included in internal services \$118,302. | (6,957,209) |
| Deferred inflows of resources related to pension liability are not recognized in the governmental funds: however, they are recorded in the statement of net position under full accrual accounting. Total \$1,743,506 less Internal Service Fund \$8,031. | (1,735,475) |
| Net position of governmental activities (page 22) | <u>\$ 60,459,910</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, 2017

| | General | Debt Service Fund | Community Redevelopment Agency Fund | P G I Canal Maintenance Fund |
|--|-------------------|-------------------------|--|---------------------------------------|
| Revenues | | | | |
| Taxes | \$11,636,110 | \$ - | \$ - | \$ - |
| Permits, fees and special assessments | 1,531,520 | - | - | 2,874,876 |
| Intergovernmental revenues | 2,249,776 | - | 988,358 | 21,635 |
| Charges for services | 429,500 | - | - | - |
| Judgments, fines and forfeits | 81,856 | - | - | - |
| Miscellaneous | 7,118,027 | - | 332,472 | 29,009 |
| Total revenues | 23,046,789 | - | 1,320,830 | 2,925,520 |
| Expenditures | | | | |
| Current | | | | |
| General government | 5,176,802 | - | - | - |
| Public safety | 9,405,454 | - | - | - |
| Transportation | 1,174,865 | - | - | - |
| Economic environment | - | - | 475,633 | - |
| Recreation | 1,366,050 | - | - | 2,510,877 |
| Capital outlay | - | - | 78,512 | - |
| Debt service | | | | |
| Principal retirement | - | 950,000 | - | - |
| Interest and fiscal charges | - | 388,313 | - | - |
| Total expenditures | 17,123,171 | 1,338,313 | 554,145 | 2,510,877 |
| Excess expenditures (over) under revenues | 5,923,618 | (1,338,313) | 766,685 | 414,643 |

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> |
|-------------------------------------|--|--|---|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$11,636,110 |
| - | - | - | - | - | 4,406,396 |
| 1,968,574 | 2,861,601 | 694,750 | - | 871,375 | 9,656,069 |
| - | - | - | - | - | 429,500 |
| - | - | - | - | - | 81,856 |
| 11,211 | 9,782 | 93,155 | 58,323 | 953,469 | 8,605,448 |
| <u>1,979,785</u> | <u>2,871,383</u> | <u>787,905</u> | <u>58,323</u> | <u>1,824,844</u> | <u>34,815,379</u> |
| - | - | - | - | - | 5,176,802 |
| - | - | - | - | - | 9,405,454 |
| - | - | - | - | 1,480,653 | 2,655,518 |
| 283,732 | - | - | - | 3,008 | 762,373 |
| - | - | 735,707 | - | 821,241 | 5,433,875 |
| 2,249,125 | 1,623,258 | - | - | - | 3,950,895 |
| - | - | - | - | - | 950,000 |
| - | - | - | - | - | 388,313 |
| <u>2,532,857</u> | <u>1,623,258</u> | <u>735,707</u> | <u>-</u> | <u>2,304,902</u> | <u>28,723,230</u> |
| <u>(553,072)</u> | <u>1,248,125</u> | <u>52,198</u> | <u>58,323</u> | <u>(480,058)</u> | <u>6,092,149</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, 2017
(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>5,923,618</u> | <u>(1,338,313)</u> | <u>766,685</u> | <u>414,643</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 233,735 | 1,338,313 | 502,566 | - |
| Transfers out | <u>(5,112,306)</u> | <u>-</u> | <u>(1,338,313)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(4,878,571)</u> | <u>1,338,313</u> | <u>(835,747)</u> | <u>-</u> |
| Net change in fund balances | 1,045,047 | - | (69,062) | 414,643 |
| Fund balances, October 1, 2016 | <u>4,306,287</u> | <u>-</u> | <u>1,261,015</u> | <u>1,084,439</u> |
| Fund balances, September 30, 2017 | <u>\$ 5,351,334</u> | <u>\$ - 0 -</u> | <u>\$1,191,953</u> | <u>\$1,499,082</u> |

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> |
|-------------------------------------|--|--|---|---|---|
| <u>(553,072)</u> | <u>1,248,125</u> | <u>52,198</u> | <u>58,323</u> | <u>(480,058)</u> | <u>6,092,149</u> |
| 1,021,835 | - | - | - | 3,969,000 | 7,065,449 |
| <u>-</u> | <u>(90,000)</u> | <u>-</u> | <u>-</u> | <u>(524,830)</u> | <u>(7,065,449)</u> |
| <u>1,021,835</u> | <u>(90,000)</u> | <u>-</u> | <u>-</u> | <u>3,444,170</u> | <u>-</u> |
| 468,763 | 1,158,125 | 52,198 | 58,323 | 2,964,112 | 6,092,149 |
| <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>\$ 950,284</u> | <u>\$ 3,203,281</u> | <u>\$ 184,341</u> | <u>\$ 213,918</u> | <u>\$ 5,269,483</u> | <u>\$17,863,676</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, 2017

Net change in fund balances -- total governmental funds (page 28) \$ 6,092,149

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. | 1,608,939 |
| Repayment of the principal of long-term debt \$950,000 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. | 950,000 |
| 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 \$44,222. | 44,222 |
| 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. | 20,616 |
| Changes in net pension obligations are only reported in the Statement of Activities. | <u>(13,212)</u> |
| Change in net position of governmental activities (page 23) | <u><u>\$ 8,702,714</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, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 11,272,256 | \$ 11,272,256 | \$ 11,636,110 | \$ 363,854 |
| Permits, fees and special assessments | 1,523,982 | 1,523,982 | 1,531,520 | 7,538 |
| Intergovernmental revenue | 1,990,950 | 2,071,090 | 2,249,776 | 178,686 |
| Charges for services | 354,230 | 354,230 | 429,500 | 75,270 |
| Judgments, fines and forfeits | 23,880 | 23,880 | 81,856 | 57,976 |
| Miscellaneous | 3,292,872 | 6,952,639 | 7,118,027 | 165,388 |
| Total revenues | <u>18,458,170</u> | <u>22,198,077</u> | <u>23,046,789</u> | <u>848,712</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 6,525,428 | 6,828,430 | 5,176,802 | 1,651,628 |
| Public safety | 9,431,830 | 9,623,583 | 9,405,454 | 218,129 |
| Transportation | 1,254,571 | 1,354,416 | 1,174,865 | 179,551 |
| Recreation | 1,499,740 | 1,544,276 | 1,366,050 | 178,226 |
| Total expenditures | <u>18,711,569</u> | <u>19,350,705</u> | <u>17,123,171</u> | <u>2,227,534</u> |
| Excess revenues over (under) expenditures | <u>(253,399)</u> | <u>2,847,372</u> | <u>5,923,618</u> | <u>3,076,246</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 100,000 | 253,735 | 233,735 | (20,000) |
| Transfers out | (1,469,000) | (5,112,306) | (5,112,306) | - |
| Total other financing uses | <u>(1,369,000)</u> | <u>(4,858,571)</u> | <u>(4,878,571)</u> | <u>(20,000)</u> |
| Net change in fund balances | <u>\$ (1,622,399)</u> | <u>\$ (2,011,199)</u> | 1,045,047 | <u>\$ 3,056,246</u> |
| Fund balances, October 1, 2016 | | | <u>4,306,287</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ 5,351,334</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, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|-------------|--------------|--------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental revenues | \$ 982,031 | \$ 982,031 | \$ 988,358 | \$ 6,327 |
| Miscellaneous | 345,427 | 345,427 | 332,472 | (12,955) |
| Total revenues | 1,327,458 | 1,327,458 | 1,320,830 | (6,628) |
| Expenditures | | | | |
| Economic environment | 332,576 | 616,973 | 475,633 | 141,340 |
| Capital outlay | - | 337,905 | 78,512 | 259,393 |
| Total expenditures | 332,576 | 954,878 | 554,145 | 400,733 |
| Excess revenues over expenditures | 994,882 | 372,580 | 766,685 | 394,105 |
| Other financing sources (uses) | | | | |
| Transfers in | 500,000 | 500,000 | 502,566 | 2,566 |
| Transfers out | (1,338,313) | (1,338,313) | (1,338,313) | - |
| Total other financing uses | (838,313) | (838,313) | (835,747) | 2,566 |
| Net change in fund balances | \$ 156,569 | \$ (465,733) | (69,062) | \$ 396,671 |
| Fund balances, October 1, 2016 | | | 1,261,015 | |
| Fund balances, September 30, 2017 | | | \$ 1,191,953 | |

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, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------------------|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental revenues | \$ - | \$ 80,000 | \$ 21,635 | \$ (58,365) |
| Miscellaneous | | | | |
| Interest | 5,150 | 5,150 | 23,825 | 18,675 |
| Service assessments | 2,861,750 | 2,861,750 | 2,874,876 | 13,126 |
| Other | - | - | 5,184 | 5,184 |
| Total revenues | <u>2,866,900</u> | <u>2,946,900</u> | <u>2,925,520</u> | <u>(21,380)</u> |
| Expenditures | | | | |
| Current | | | | |
| Recreation | <u>2,699,997</u> | <u>3,134,392</u> | <u>2,510,877</u> | <u>623,515</u> |
| Total expenditures | <u>2,699,997</u> | <u>3,134,392</u> | <u>2,510,877</u> | <u>623,515</u> |
| Revenues over/(under) expenditures | <u>166,903</u> | <u>(187,492)</u> | <u>414,643</u> | <u>602,135</u> |
| Net change in fund balance | <u>\$ 166,903</u> | <u>\$ (187,492)</u> | 414,643 | <u>\$ 602,135</u> |
| Fund balances, October 1, 2016 | | | <u>1,084,439</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ 1,499,082</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, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------------|--------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental revenue | 910,500 | 1,069,439 | 694,750 | \$ (374,689) |
| Miscellaneous | 40,000 | 40,000 | 93,155 | 53,155 |
| Total revenues | <u>950,500</u> | <u>1,109,439</u> | <u>787,905</u> | <u>(321,534)</u> |
| Expenditures | | | | |
| Current | | | | |
| Recreation | 936,047 | 1,174,986 | 735,707 | 439,279 |
| Total expenditures | <u>936,047</u> | <u>1,174,986</u> | <u>735,707</u> | <u>439,279</u> |
| Excess revenues over/(under) expenditures | <u>14,453</u> | <u>(65,547)</u> | <u>52,198</u> | <u>117,745</u> |
| Net change in fund balances | <u>\$ 14,453</u> | <u>\$ (65,547)</u> | 52,198 | <u>\$ 117,745</u> |
| Fund balances, October 1, 2016 | | | <u>132,143</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ 184,341</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, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|-----------|--------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Miscellaneous | \$ 40,000 | \$ 40,000 | \$ 58,323 | \$ 18,323 |
| Total revenues | 40,000 | 40,000 | 58,323 | 18,323 |
| Expenditures | | | | |
| Total expenditures | 40,000 | 154,787 | - | (154,787) |
| Excess revenues over expenditures | - | (114,787) | 58,323 | 173,110 |
| Net change in fund balance | \$ - | \$ (114,787) | 58,323 | \$ 173,110 |
| Fund balances, October 1, 2016 | | | 155,595 | |
| Fund balances, September 30, 2017 | | | \$ 213,918 | |

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017

| | Business-type Activities Enterprise Funds | |
|---|--|-------------------------------|
| | Water and Wastewater Utility | Sanitation/ Refuse Fund |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 8,756,149 | \$2,433,095 |
| Accounts and refund receivable (net of allowance of \$306,883) | 857,040 | 209,397 |
| Due from other governments | 271,675 | - |
| Inventories | 86,098 | - |
| Prepaid items | 22,333 | - |
| Restricted cash and cash equivalents | 8,166,731 | - |
| Total current assets | 18,160,026 | 2,642,492 |
| NONCURRENT ASSETS | | |
| Capital assets, net of accumulated depreciation | 57,513,675 | 395,878 |
| Prepaid rent | 139,944 | - |
| Total noncurrent assets | 57,653,619 | 395,878 |
| Total assets | \$75,813,645 | \$3,038,370 |
| DEFERRED OUTFLOWS | | |
| Deferred outflows related to pensions | \$ 722,656 | \$ 203,211 |

See Accompanying Notes.

| Business-type Activities Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|-------------------|---------------------|--|
| Building Fund | Marina Fund | Total | |
| \$1,305,410 | \$ 369,581 | \$12,864,235 | \$ 276,130 |
| 255 | 14,172 | 1,080,864 | 1,874 |
| - | 732 | 272,407 | - |
| - | - | 86,098 | - |
| - | 16,208 | 38,541 | - |
| 19,714 | 22,364 | 8,208,809 | - |
| <u>1,325,379</u> | <u>423,057</u> | <u>22,550,954</u> | <u>278,004</u> |
| 38,419 | 14,592 | 57,962,564 | 617,675 |
| - | - | 139,944 | - |
| <u>38,419</u> | <u>14,592</u> | <u>58,102,508</u> | <u>617,675</u> |
| <u>\$1,363,798</u> | <u>\$ 437,649</u> | <u>\$80,653,462</u> | <u>\$ 895,679</u> |
| <u>\$ 130,152</u> | <u>\$ -</u> | <u>\$ 1,056,019</u> | <u>\$ 37,780</u> |

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017
(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 | \$ 1,453,577 | \$ 240,734 |
| Retainage payable | 588,371 | - |
| Notes payable | 30,678 | - |
| Current portion of revenue notes payable | 318,151 | - |
| Accumulated unused compensated absences | 31,277 | 6,165 |
| Accrued liabilities | 143,049 | 16,704 |
| Total payable from current assets | 2,565,103 | 263,603 |
| Payable from restricted assets | | |
| Customer deposits | 33,013 | - |
| Total payable from restricted assets | 33,013 | - |
| Total current liabilities | 2,598,116 | 263,603 |
| NONCURRENT LIABILITIES | | |
| Revenue notes payable | 3,371,152 | - |
| Accrued compensated absences | 281,489 | 55,482 |
| Pension benefits payable | 2,262,914 | 636,331 |
| Total noncurrent liabilities | 5,915,555 | 691,813 |
| Total liabilities | 8,513,671 | 955,416 |
| DEFERRED INFLOWS | | |
| Deferred inflows related to pensions | \$ 153,627 | \$ 43,199 |
| NET POSITION | | |
| Net investment in capital assets | 53,824,372 | 395,878 |
| Restricted for debt service | 382,212 | - |
| Unrestricted | 13,662,419 | 1,847,088 |
| Total net position | \$67,869,003 | \$2,242,966 |
| 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 | |
| \$ 47,255 | \$ 22,240 | \$ 1,763,806 | \$ 21,741 |
| - | - | 588,371 | - |
| - | - | 30,678 | - |
| - | - | 318,151 | - |
| 2,407 | - | 39,849 | 1,494 |
| 9,452 | - | 169,205 | 6,612 |
| <u>59,114</u> | <u>22,240</u> | <u>2,910,060</u> | <u>29,847</u> |
| 19,714 | 22,364 | 75,091 | - |
| <u>19,714</u> | <u>22,364</u> | <u>75,091</u> | <u>-</u> |
| <u>78,828</u> | <u>44,604</u> | <u>2,985,151</u> | <u>29,847</u> |
| - | - | 3,371,152 | - |
| 21,666 | - | 358,637 | 13,442 |
| 407,557 | - | 3,306,802 | 118,302 |
| <u>429,223</u> | <u>-</u> | <u>7,036,591</u> | <u>131,744</u> |
| <u>508,051</u> | <u>44,604</u> | <u>10,021,742</u> | <u>161,591</u> |
| \$ <u>27,668</u> | \$ <u>-</u> | \$ <u>224,494</u> | \$ <u>8,031</u> |
| 38,419 | 14,592 | 54,273,261 | 617,675 |
| - | - | 382,212 | - |
| <u>919,812</u> | <u>378,453</u> | <u>16,807,772</u> | <u>146,162</u> |
| \$ <u>958,231</u> | \$ <u>393,045</u> | 71,463,245 | \$ <u>763,837</u> |
| | | <u>(29,607)</u> | |
| | | <u>\$71,433,638</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, 2017

| | Business-type Activities | |
|---|------------------------------------|-------------------------------|
| | Enterprise Funds | |
| | Water and Wastewater Utility | Sanitation/ Refuse Fund |
| Operating revenue | | |
| Charges for services | \$ 17,983,634 | \$ 3,357,064 |
| Licenses and permits | - | 19,392 |
| Miscellaneous | 113,019 | 10,674 |
| Total operating revenues | 18,096,653 | 3,387,130 |
| Operating expenses | | |
| Personnel services | 5,546,298 | 1,283,555 |
| Contractual services | 521,942 | 1,076,189 |
| Materials and supplies | 1,369,061 | 118,263 |
| Utilities | 680,483 | 2,429 |
| Depreciation | 3,016,556 | 153,926 |
| Insurance | 282,246 | 23,916 |
| Administrative charges | 2,509,685 | 376,220 |
| Repairs and maintenance | 417,138 | 202,706 |
| Travel and training | 29,119 | 2,542 |
| Rent | 64,975 | 1,368 |
| Total operating expenses | 14,437,503 | 3,241,114 |
| Operating income | 3,659,150 | 146,016 |
| Nonoperating revenues (expenses) | | |
| Interest income | 118,878 | 20,630 |
| Insurance proceeds | 874 | - |
| Intergovernmental | - | - |
| Interest expense and fiscal charges | (51,574) | - |
| Gain (loss) on disposition of capital assets | 61,144 | (26,291) |
| Total nonoperating revenues (expenses) | 129,322 | (5,661) |
| Income (loss) before transfers and contributions | 3,788,472 | 140,355 |
| Totals carried forward | 3,788,472 | 140,355 |

See Accompanying Notes.

| Business-type Activities Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|----------------|-------------------|--|
| Building Fund | Marina Fund | Total | |
| \$ 29,045 | \$ 410,002 | \$ 21,779,745 | \$ 1,189,119 |
| 989,492 | - | 1,008,884 | - |
| 18,654 | 26,899 | 169,246 | 2,374 |
| <u>1,037,191</u> | <u>436,901</u> | <u>22,957,875</u> | <u>1,191,493</u> |
| 670,663 | - | 7,500,516 | 444,576 |
| 5,350 | 164,392 | 1,767,873 | 400,941 |
| 10,283 | 13,686 | 1,511,293 | 10,259 |
| 1,121 | 63,929 | 747,962 | 8,039 |
| 9,047 | 18,242 | 3,197,771 | 181,144 |
| 4,993 | 9,108 | 320,263 | 10,330 |
| 135,149 | 32,852 | 3,053,906 | - |
| 3,023 | 45,678 | 668,545 | 22,728 |
| 7,578 | - | 39,239 | 10,073 |
| 2,090 | 16,785 | 85,218 | 76,079 |
| <u>849,297</u> | <u>364,672</u> | <u>18,892,586</u> | <u>1,164,169</u> |
| <u>187,894</u> | <u>72,229</u> | <u>4,065,289</u> | <u>27,324</u> |
| 11,940 | - | 151,448 | - |
| - | - | 874 | - |
| - | 5,726 | 5,726 | - |
| - | - | (51,574) | - |
| - | - | 34,853 | 414 |
| <u>11,940</u> | <u>5,726</u> | <u>141,327</u> | <u>414</u> |
| <u>199,834</u> | <u>77,955</u> | <u>4,206,616</u> | <u>27,738</u> |
| <u>199,834</u> | <u>77,955</u> | <u>4,206,616</u> | <u>27,738</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, 2017
(Continued)

| | Business-type Activities Enterprise Funds | |
|--------------------------------|--|-------------------------------|
| | Water and Wastewater Utility | Sanitation/ Refuse Fund |
| Totals brought forward | <u>\$ 3,788,472</u> | <u>\$ 140,355</u> |
| Contributions | <u>2,619,498</u> | <u>-</u> |
| Change in net position | 6,407,970 | 140,355 |
| Prior period adjustment | (221,383) | (61,793) |
| Total net position - beginning | <u>61,682,416</u> | <u>2,164,404</u> |
| Total net position - ending | <u>\$ 67,869,003</u> | <u>\$ 2,242,966</u> |

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 | |
| \$ 199,834 | \$ 77,955 | \$ 4,206,616 | \$ 27,738 |
| - | - | 2,619,498 | - |
| 199,834 | 77,955 | 6,826,114 | 27,738 |
| (44,023) | - | | (11,414) |
| 802,420 | 315,090 | | 747,513 |
| <u>\$ 958,231</u> | <u>\$ 393,045</u> | | <u>\$ 763,837</u> |
| | | 7,122 | |
| | | <u>\$ 6,833,236</u> | |

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2017

| | Business-type Activities Enterprise Funds | |
|--|--|-------------------------------|
| | Water and Wastewater Utility | Sanitation/ Refuse Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 17,939,921 | \$ 3,352,942 |
| Cash payments to suppliers for goods and services | (5,780,636) | (1,684,711) |
| Cash payments to employees for services | (5,460,927) | (1,242,262) |
| Other receipts | 92,124 | 30,066 |
| | <u>6,790,482</u> | <u>456,035</u> |
| CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition of property, plant and equipment | (6,635,436) | (3,010) |
| Sale of property, plant and equipment | 61,144 | 22,998 |
| Principal paid on debt | (307,704) | - |
| Interest and fiscal charges paid | (52,869) | - |
| New debt | 2,350,413 | - |
| Contributions | 2,619,498 | - |
| Intergovernmental | 348,808 | - |
| Insurance proceeds | 874 | - |
| | <u>(1,615,272)</u> | <u>19,988</u> |
| Net cash used in capital and related financing activities | | |
| | <u>5,175,210</u> | <u>476,023</u> |
| Totals carried forward | | |

See Accompanying Notes.

| Business-type Activities Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|----------------|--------------------|--|
| Building Fund | Marina Fund | Total | |
| \$ 1,017,821 | \$ 395,304 | \$ 22,705,988 | \$ 1,189,119 |
| (169,286) | (345,994) | (7,980,627) | (598,029) |
| (681,482) | - | (7,384,671) | (434,864) |
| 18,654 | 26,899 | 167,743 | 4,397 |
| <u>185,707</u> | <u>76,209</u> | <u>7,508,433</u> | <u>160,623</u> |
| (19,006) | (4,846) | (6,662,298) | (157,585) |
| - | - | 84,142 | 414 |
| - | - | (307,704) | - |
| - | - | (52,869) | - |
| - | - | 2,350,413 | - |
| - | - | 2,619,498 | - |
| - | 6,366 | 355,174 | - |
| - | - | 874 | - |
| <u>(19,006)</u> | <u>1,520</u> | <u>(1,612,770)</u> | <u>(157,171)</u> |
| <u>166,701</u> | <u>77,729</u> | <u>5,895,663</u> | <u>3,452</u> |

(Continued)

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2017
(Continued)

| | Business-type Activities | |
|---|------------------------------------|-------------------------------|
| | Enterprise Funds | |
| | Water and Wastewater Utility | Sanitation/ Refuse Fund |
| Totals brought forward | \$ 5,175,210 | \$ 476,023 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received | 118,878 | 20,630 |
| Net cash provided by investing activities | 118,878 | 20,630 |
| Net increase (decrease) in cash and cash equivalents | 5,294,088 | 496,653 |
| Balances - beginning of the year | 11,628,792 | 1,936,442 |
| Balances - end of year | \$ 16,922,880 | \$ 2,433,095 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 3,659,150 | \$ 146,016 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 3,016,556 | 153,926 |
| Net (increase) decrease in: | | |
| Receivables | (56,183) | (4,102) |
| Inventories | 11,023 | - |
| Prepays | (5,420) | 1,260 |
| Net increase (decrease) in: | | |
| Accounts payable | 58,739 | 117,662 |
| Accrued liabilities | 21,940 | 14,533 |
| Customer deposits | 1,470 | - |
| Change in net pension liability | (49,370) | (9,083) |
| Change in deferred outflows related to pensions | 227,760 | 62,073 |
| Change in deferred inflows related to pensions | (95,183) | (26,250) |
| Net cash provided by (used in) operating activities | \$ 6,790,482 | \$ 456,035 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | |
| Disposal of fully depreciated capital assets | \$ 513,576 | \$ 49,289 |

See Accompanying Notes.

| Business-type Activities Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|-------------------|----------------------|--|
| Building Fund | Marina Fund | Total | |
| \$ 166,701 | \$ 77,729 | \$ 5,895,663 | \$ 3,452 |
| 11,940 | - | 151,448 | - |
| 11,940 | - | 151,448 | - |
| 178,641 | 77,729 | 6,047,111 | 3,452 |
| 1,146,483 | 314,216 | 15,025,933 | 272,678 |
| <u>\$ 1,325,124</u> | <u>\$ 391,945</u> | <u>\$ 21,073,044</u> | <u>\$ 276,130</u> |
| \$ 187,894 | \$ 72,229 | \$ 4,065,289 | \$ 27,324 |
| 9,047 | 18,242 | 3,197,771 | 181,144 |
| (75) | (13,051) | (73,411) | 2,023 |
| - | - | 11,023 | - |
| - | 1,882 | (2,278) | - |
| 301 | (1,446) | 175,256 | (59,580) |
| 4,400 | (640) | 40,233 | 4,209 |
| (641) | (1,007) | (178) | - |
| (52,254) | - | (110,707) | (925) |
| 58,844 | - | 348,677 | 11,226 |
| (21,809) | - | (143,242) | (4,798) |
| <u>\$ 185,707</u> | <u>\$ 76,209</u> | <u>\$ 7,508,433</u> | <u>\$ 160,623</u> |
| \$ - | \$ - | \$ 562,865 | \$ 98,635 |

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2017

| | <u>Pension Funds</u> |
|---|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,135,989 |
| Receivables: Investment income | 81,768 |
| Member Contributions in Transit | - |
| Investments, at fair value | |
| U.S. Bonds and Bills | 10,008,899 |
| Federal Agency Guaranteed Securities | 2,573,721 |
| Corporate Bonds | 5,561,637 |
| Stocks | 11,797,964 |
| Mutual Funds | |
| Fixed Income | 4,099,609 |
| Equity | 31,660,028 |
| Pooled/Common/Commingled Funds: | |
| Real Estate | <u>6,809,516</u> |
| Total investments at fair value | <u>72,511,374</u> |
| Total assets | <u>73,729,131</u> |
| LIABILITIES | |
| Total liabilities | <u>25,212</u> |
| NET POSITION RESTRICTED FOR PENSIONS | <u><u>\$ 73,703,919</u></u> |

See Accompanying Notes.

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year September 30, 2017

| | Pension Funds |
|--|------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 2,352,801 |
| Plan members | 722,644 |
| Buy-Back | 65,232 |
| State | 391,240 |
| Total contributions | 3,531,917 |
| Investment earnings | |
| Net appreciation in fair value of investments | 5,830,557 |
| Interest and dividends | 1,999,969 |
| Less investment expense ¹ | (292,986) |
| Net investment income | 7,537,540 |
| Total additions | 11,069,457 |
| DEDUCTIONS | |
| Benefit payments, including refunds of member contributions | 2,979,225 |
| Lump sum DROP and share distributions | 1,115,920 |
| Administrative expense | 112,989 |
| Total deductions | 4,208,134 |
| Net increase in net position | 6,861,323 |
| Net position restricted for pensions | |
| Beginning of year | 66,842,596 |
| End of year | \$ 73,703,919 |

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, 2017

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, 2017

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, 2017

I. Organization and Summary of Significant Accounting Policies, Continued

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

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

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

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

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

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

The 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, 2017

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, 2017

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, 2017.

E. Short-term interfund receivables/payables

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

F. Inventories

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

G. Capital assets

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

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

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

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

I. Organization and Summary of Significant Accounting Policies, Continued

H. Accumulated compensated absences

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

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

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

I. Long-term obligations

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

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

J. Fund equity

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

I. Organization and Summary of Significant Accounting Policies, Continued

K. Intragovernmental allocation of administrative expenses

The General Fund incurs certain administrative expenses for other funds including accounting, legal, personnel administration and other services. The funds that receive these services were charged \$3,037,860 for fiscal year 2017. For the government-wide financial statements these “Indirect Expenses” have been backed out to avoid double counting.

L. New accounting standards

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

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 \$16,309,521 difference are as follows:

| | |
|---|--------------|
| Noncurrent liabilities | \$16,324,457 |
| Less: Internal Service Fund accumulated unused compensated absences included in Internal Service Fund consolidation | (14,936) |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities - Noncurrent liabilities | \$16,309,521 |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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 \$1,608,939 difference are as follows:

| | |
|--|---------------------------------|
| Capital outlay | \$ 3,950,895 |
| Depreciation expense | (3,055,737) |
| Net effect of misc. capital transactions (disposal, sale, trade-in of assets) | <u>713,781</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 1,608,939</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 \$950,000 difference are as follows:

| | |
|--|-------------------------------|
| Principal repayments: | |
| Capital Improvement revenue notes | <u>\$ 950,000</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 950,000</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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, 2017.

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, 2017 totaled \$9,376,322.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

C. Interfund transactions

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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, 2017 the carrying amounts of the City's deposits were \$7,190,219 and the bank balances were \$7,514,153. 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, 2017, petty cash for all funds was \$1,740.

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

A. Cash and Investments, continued

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

The City 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 \$31,291,333.

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

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

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

Additionally, to comply with GASB Statement No. 79 requirements, Florida PRIME is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate as a qualifying external investment pool. Thus, this pool operates essentially as a money market fund. Florida PRIME has a Standard & Poor's rating of AAAM at September 30, 2017 and is measured at amortized cost. There are currently no limitations as to the frequency of redemptions; however, Florida PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and Florida PRIME's responsibilities should such an event occur is described in Section 218.409(8)(a), Florida Statutes.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2017

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, 2017:

| | Cash and Cash Equivalents |
|---|---------------------------------|
| Water and Wastewater Utility Fund, Building Fund, Marina Fund | |
| Water System Capacity Escrow Account - reserved to pay for future expansion of the water treatment system | \$ 1,471,930 |
| Wastewater System Capacity Escrow Account - reserved to pay for future expansion of the sewage treatment system | 1,016,098 |
| State Revolving Loan Fund Reserve - maintained at the level required by the loan documents | 382,212 |
| Water, Building and Marina Deposit Escrow Accounts - escrow accounts established for maintaining customer deposits for utility service and building permits | 75,391 |
| Utilities Construction Account - reserved for payment of the costs of new projects and major repairs of existing assets | 3,714,910 |
| Utilities Renewal and Replacement Fund | 1,500,000 |
| Special Assessments - District #4 - established to account for assessments levied for utility expansion | <u>48,268</u> |
| | <u><u>\$ 8,208,809</u></u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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, 2017:

| | |
|----------------------------|------------------|
| Cash and Cash Equivalents | |
| Law enforcement activities | \$ 66,303 |
| Other purposes | 196 |
| | <u>\$ 66,499</u> |

C. Interfund Asset/Liabilities/Transfers

| | <u>Asset</u> | <u>Liability</u> |
|---|------------------|------------------|
| General Fund | \$ 367,866 | \$ - |
| Burnt Store Isles Maintenance | | 365,000 |
| Community Development Block Grant | - | 2,866 |
| Governmental funds consolidation | (367,866) | (367,866) |
| Cumulative effect of internal service funds | <u>29,607</u> | <u>29,607</u> |
| Statement of Net Position | <u>\$ 29,607</u> | <u>\$ 29,607</u> |

The \$2,866 CDBG Liability is a short-term cash flow loan from the CRA.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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.

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------------------|---------------------|---------------------|
| Governmental Funds | | |
| General Fund | \$ 233,735 | \$ 5,112,306 |
| Debt Service Fund | 1,338,313 | - |
| 1% Sales Tax | - | 90,000 |
| Community Redevelopment | 502,566 | 1,338,313 |
| Capital Projects Fund | 1,021,835 | - |
| Nonmajor Governmental funds | 3,969,000 | 524,830 |
| Net Governmental Funds | <u>\$ 7,065,449</u> | <u>\$ 7,065,449</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

D. Capital assets

Capital assets activity for the year ended September 30, 2017 was as follows:

| | Beginning Balance | Reclass/ Increases | Reclass/ Decreases | Ending Balance |
|---|----------------------|-----------------------|-----------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 16,228,273 | \$ - | \$ (60,000) | \$ 16,168,273 |
| Construction in progress | 630,140 | 4,729,408 | (1,840,127) | 3,519,421 |
| Total capital assets, not being depreciated | <u>16,858,413</u> | <u>4,729,408</u> | <u>(1,900,127)</u> | <u>19,687,694</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 25,039,524 | 17,450 | - | 25,056,974 |
| Improvements other than buildings | 11,768,772 | 227,524 | - | 11,996,296 |
| Infrastructure | 84,125,122 | 552,066 | (3,649,845) | 81,027,343 |
| Vehicles and equipment | 12,341,448 | 1,382,217 | (222,341) | 13,501,324 |
| Total capital assets, being depreciated | <u>133,274,866</u> | <u>2,179,257</u> | <u>(3,872,186)</u> | <u>131,581,937</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (6,861,933) | (654,457) | - | (7,516,390) |
| Improvements other than buildings | (4,878,723) | (599,185) | - | (5,477,908) |
| Infrastructure | (65,699,429) | (1,038,005) | 3,608,500 | (63,128,934) |
| Vehicles and equipment | (9,103,560) | (945,234) | 222,341 | (9,826,453) |
| Total accumulated depreciation | <u>(86,543,645)</u> | <u>(3,236,881)</u> | <u>3,830,841</u> | <u>(85,949,685)</u> |
| Total capital assets, being depreciated, net | <u>46,731,221</u> | <u>(1,057,624)</u> | <u>(41,345)</u> | <u>45,632,252</u> |
| Governmental activities capital assets, net | <u>\$ 63,589,634</u> | <u>\$ 3,671,784</u> | <u>\$ (1,941,472)</u> | <u>\$ 65,319,946</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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 | 4,697,590 | 6,415,353 | (1,158,550) | 9,954,393 |
| Total capital assets, not being depreciated | <u>10,100,936</u> | <u>6,415,353</u> | <u>(1,158,550)</u> | <u>15,357,739</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 25,789,784 | 271,067 | - | 26,060,851 |
| Improvements other than buildings | 18,362,640 | - | - | 18,362,640 |
| System Infrastructure | 83,960,249 | 808,607 | - | 84,768,856 |
| Vehicles and equipment | 7,932,301 | 760,938 | (513,576) | 8,179,663 |
| Total capital assets, being depreciated | <u>136,044,974</u> | <u>1,840,612</u> | <u>(513,576)</u> | <u>137,372,010</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (22,828,282) | (241,558) | - | (23,069,840) |
| Improvements other than buildings | (14,115,402) | (366,495) | - | (14,481,897) |
| System Infrastructure | (48,580,896) | (2,084,209) | - | (50,665,105) |
| Vehicles and equipment | (6,557,998) | (505,511) | 513,166 | (6,550,343) |
| Total accumulated depreciation | <u>(92,082,578)</u> | <u>(3,197,773)</u> | <u>513,166</u> | <u>(94,767,185)</u> |
| Total capital assets, being depreciated, net | <u>43,962,396</u> | <u>(1,357,161)</u> | <u>(410)</u> | <u>42,604,825</u> |
| Business-type activities capital assets, net | <u>\$ 54,063,332</u> | <u>\$ 5,058,192</u> | <u>\$ (1,158,960)</u> | <u>\$ 57,962,564</u> |

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

Governmental activities:

| | |
|---|---------------------|
| General government | \$ 1,440,078 |
| Public safety | 646,759 |
| Transportation | 747,621 |
| Recreation | 221,279 |
| Internal service funds | 181,144 |
| Total depreciation expense -- governmental activities | <u>\$ 3,236,881</u> |

Business-type activities:

| | |
|--|---------------------|
| Public utilities | \$ 3,016,558 |
| Sanitation/refuse collection | 153,926 |
| Building | 9,047 |
| Marina | 18,242 |
| Total depreciation expense -- business-type activities | <u>\$ 3,197,773</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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, 2017:

| | Governmental Activities - Long-Term Debt | | | Total |
|---------------------------------------|---|--------------------------------|-------------------------|---------------|
| | Capital Improvement Revenue Notes | Pension Benefits Payable | Compensated Absences | |
| Debt payable at October 1, 2016 | \$ 16,455,000 | \$ 8,554,705 | \$ 859,805 | \$ 25,869,510 |
| Debt issued | - | - | - | - |
| Debt retired | (950,000) | - | - | (950,000) |
| Additions in compensated absences | - | - | 91,347 | 91,347 |
| Deductions in compensated absences | - | - | (131,694) | (131,694) |
| Change in pension benefits payable | - | (1,479,194) | - | (1,479,194) |
| September 30, 2017 (net) | \$ 15,505,000 | \$ 7,075,511 | \$ 819,458 | \$ 23,399,969 |

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, \$14,936 of compensated absences and \$118,302 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 | Compensated Absences | Total |
|--|---|--------------------------------|-------------------------|---------------------|
| \$ 1,646,594 | \$ 30,678 | \$ 3,417,509 | \$ 406,684 | \$ 5,501,465 |
| 2,350,413 | - | - | - | 2,350,413 |
| (307,704) | - | - | - | (307,704) |
| - | - | - | 32,471 | 32,471 |
| - | - | - | (40,668) | (40,668) |
| - | - | (110,707) | - | (110,707) |
| <u>\$ 3,689,303</u> | <u>\$ 30,678</u> | <u>\$ 3,306,802</u> | <u>\$ 398,487</u> | <u>\$ 7,425,270</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

Bonds, notes, capital leases and accrued compensated absences payable at September 30, 2017 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>\$ 15,505,000</u> |
| Total revenue notes payable | 15,505,000 |
| Less current maturities | <u>(1,015,000)</u> |
| Noncurrent portion, revenue notes payable | <u><u>\$ 14,490,000</u></u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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. \$ 1,338,890

\$2,350,413 Revenue Note for the construction of a Groundwater Reverse Osmosis Water Treatment Plant. State Revolving Fund Loan Agreement DW080310 authorizing a loan amount of \$28,250,289 excluding capitalized interest. The \$2,350,413 represents the first of two draws. The Interest is payable semi-annually at a rate to be determined. Principal is payable semi-annually. Both principal and interest payments will commence July 15, 2020 and semi-annually thereafter on January 15 and July 15 of each year until all amounts due have been fully paid. 2,350,413

| | |
|-----------------------------|-----------|
| Total revenue notes payable | 3,689,303 |
|-----------------------------|-----------|

| | |
|-------------------------|-----------|
| Less current maturities | (318,151) |
|-------------------------|-----------|

| | |
|---|--------------|
| Noncurrent portion, revenue notes payable | \$ 3,371,152 |
|---|--------------|

Water and Wastewater Utility Notes Payable

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

E. Long-Term Debt, Continued

The annual requirements to amortize all debts outstanding as of September 30, 2017 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 | |
| 2018 | \$ 1,015,000 | \$ 364,439 | \$ 318,151 | \$ 42,422 | \$ 30,678 |
| 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 | 410,427 | 8,905 | - |
| 2022 | 1,315,000 | 251,566 | 117,520 | - | - |
| 2023-2027 | 7,845,000 | 722,865 | 587,600 | - | - |
| 2028-2032 | 1,850,000 | 22,477 | 587,600 | - | - |
| 2033-2037 | - | - | 587,600 | - | - |
| 2038-2042 | - | - | 411,333 | - | - |
| Total | \$ 15,505,000 | \$ 2,294,467 | \$ 3,689,303 | \$ 103,400 | \$ 30,678 |

| | Compensated Absences | | Pensions Payable | Totals |
|--------------------------|----------------------|-----------------------|----------------------|----------------------|
| | Current Portion | Noncurrent Portion | | |
| Governmental Activities | \$ 81,946 | \$ 737,512 | \$ 7,075,511 | \$ 7,894,969 |
| Business-type Activities | 39,849 | 358,638 | 3,306,802 | 3,705,289 |
| | \$ 121,795 | \$ 1,096,150 | \$ 10,382,313 | \$ 11,600,258 |

The amounts included in governmental activities for internal service funds are \$1,494 current portion of compensated absences, \$13,442 noncurrent portion compensated absences and \$118,302 pension benefits payable.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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, 2017 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 2017 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, 2017

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, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Plan Membership as of October 1, 2016:

| | |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 138 |
| Inactive plan members entitled to but not yet receiving benefits | 18 |
| Active plan members | <u>92</u> |
| | <u>248</u> |

Current membership as of September 30, 2017 is comprised of the following:

| | |
|-----------------------------|----|
| Retirees receiving benefits | 93 |
| Vested terminated employees | 15 |
| Beneficiaries | 8 |
| DROP | 34 |
| Active employees | |
| Fully-vested | 87 |
| 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, 2017

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, 2017:

| 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, 2017

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, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.41 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, 2017 is \$2,785,551.

Net Pension Liability

The measurement date is September 30, 2017.

The measurement period for the pension expense was October 1, 2016 to September 30, 2017.

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

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

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, 2017 were as follows:

| | | |
|--|-----------|------------------|
| Total Pension Liability | \$ | 50,743,504 |
| Plan Fiduciary Net Position | | (43,771,446) |
| Sponsor's Net Pension Liability | <u>\$</u> | <u>6,972,058</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | | 86.26% |

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

| | |
|---------------------------|---------------|
| Inflation | 2.50% |
| Salary Increases | Service Based |
| Discount Rate | 7.25% |
| Investment Rate of Return | 7.25% |

Mortality Rates Healthy Inactive Lives:

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

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

Mortality Rates Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy (previously Annuitant) White Collar, Scale BB.

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

Mortality Rate Disabled Lives:

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

Male-100% RP2000 Disable Male setback four years.

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

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

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. For 2017 the inflation rate assumption of the investment advisor was 2.5%.

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, 2017 are summarized in the following table:

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

| <u>Asset Class</u> | <u>Long Term Expected Real Rate of Return</u> |
|-----------------------|---|
| Domestic Equity | 7.50% |
| International Equity | 8.50% |
| 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 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY

| | <u>Increase (Decrease)</u> | | |
|---|------------------------------------|--|----------------------------------|
| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
| | <u>(a)</u> | <u>(b)</u> | <u>(a)-(b)</u> |
| Balances at September 30, 2016 | \$ 47,397,890 | \$ 39,999,643 | \$ 7,398,247 |
| Changes for a Year: | | | |
| Service Cost | 779,310 | - | 779,310 |
| Interest | 3,518,739 | - | 3,518,739 |
| Differences between Expected and Actual Experience | 257,764 | - | 257,764 |
| Changes of assumptions | 1,280,668 | - | 1,280,668 |
| Changes of benefit terms | - | - | - |
| Contributions - Employer | - | 1,712,254 | (1,712,254) |
| Contributions - Employee | - | 375,985 | (375,985) |
| Contributions - Buy Back | 30,496 | 30,496 | - |
| Net Investment Income | - | 4,235,468 | (4,235,468) |
| Benefit Payments, including Refunds of Employee Contributions | (2,521,363) | (2,521,363) | - |
| Administrative Expense | - | (61,037) | 61,037 |
| Net Changes | <u>3,345,614</u> | <u>3,771,803</u> | <u>(426,189)</u> |
| Balances at September 30, 2017 | <u>\$ 50,743,504</u> | <u>\$ 43,771,446</u> | <u>\$ 6,972,058</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

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

| | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|---------------------------------|----------------------|-----------------------------------|----------------------|
| Sponsor's Net Pension Liability | \$ 12,255,381 | \$ 6,972,058 | \$ 2,500,733 |

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$1,777,699.

On September 30, 2017, 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 | \$ 193,323 | \$ 473,322 |
| Changes of assumptions | 1,967,855 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 65,333 | - |
| Employer contributions subsequent to the measurement date | - | - |
| Total | <u>\$ 2,226,511</u> | <u>\$ 473,322</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, 2017.

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 | \$ 777,186 |
| 2018 | \$ 1,053,048 |
| 2019 | \$ 173,531 |
| 2020 | \$ (250,576) |
| 2021 | \$ - |
| Thereafter | \$ - |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(a) General Employees' Pension Plan, continued

Valuation Date: 10/01/2015

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 Dollar, Closed.

Remaining Amortization Period: 25 Years (as of 10/01/2015).

Mortality: RP2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives are set forward 5 years. We feel this assumption accommodates expected mortality improvements.

Termination Rates: See service based table below.

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

Retirement Age: See table below. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.

Early Retirement: See table below.

Interest Rate: 7.75% net of fees through 2023 and 7.25% thereafter.

Salary Increases: See the service based table on the following page. Final salary in year of retirement is increased to account for additional non-regular compensation (determined individually).

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, 2017

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

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

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2017

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, 2016:

| | |
|---|-----------|
| Inactive plan members or beneficiaries currently receiving benefits | 28 |
| Inactive plan members entitled to but not yet receiving benefits | 5 |
| Active plan members | <u>33</u> |
| | <u>66</u> |

Current membership as of September 30, 2017 is comprised of the following:

| | |
|-----------------------------|----|
| Retirees receiving benefits | 20 |
| Vested terminated employees | 11 |
| Beneficiaries | 2 |
| Disability benefits | 5 |
| DROP | 1 |
| Active employees | |
| Fully-vested | 20 |
| Nonvested | 10 |

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, 2017

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, 2017:

| 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, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.94 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, 2017

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, 2017 is \$129,356.

Net Pension Liability

The measurement date is September 30, 2017.

The measurement period for the pension expense was October 1, 2016 to September 30, 2017.

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

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

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, 2017 were as follows:

| | | |
|--|----|--------------|
| Total Pension Liability | \$ | 18,628,510 |
| Plan Fiduciary Net Position | | (16,611,370) |
| Sponsor's Net Pension Liability | \$ | 2,017,140 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | | 89.17% |

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 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.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Mortality Rate Disabled Lives:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2017 the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 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, 2017

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, 2016 | \$ 17,280,769 | \$ 14,958,607 | \$ 2,322,162 |
| Changes for a Year: | | | |
| Service Cost | 636,723 | - | 636,723 |
| Interest | 1,360,108 | - | 1,360,108 |
| Changes in Excess State Money | (134) | - | (134) |
| Differences between Expected and Actual Experience | 51,450 | - | 51,450 |
| Contributions-Buy Back | 34,736 | 34,736 | - |
| Contributions - Employer | - | 356,145 | (356,145) |
| Contributions - State | - | 194,170 | (194,170) |
| Contributions - Employee | - | 185,399 | (185,399) |
| Net Investment Income | - | 1,646,451 | (1,646,451) |
| Benefit Payments, including Refunds of Employee Contributions | (735,142) | (735,142) | - |
| Administrative Expense | - | (28,996) | 28,996 |
| Net Changes | 1,347,741 | 1,652,763 | (305,022) |
| Balances at September 30, 2017 | \$ 18,628,510 | \$ 16,611,370 | \$ 2,017,140 |

| | Current Discount | | |
|--|---------------------------------|---------------|----------------------|
| | 1% Decrease 6.75% | Rate 7.75% | 1% Increase 8.75% |
| | Sponsor's Net Pension Liability | \$ 4,121,233 | \$ 2,017,140 |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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, 2017, the Sponsor will recognize a Pension Expense of \$718,996.

On September 30, 2017, 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 | \$ 38,589 | \$ 271,636 |
| Changes of assumptions | 230,113 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 95,792 | - |
| Employer contributions subsequent to the measurement date | - | - |
| Total | <u>\$ 364,494</u> | <u>\$ 271,636</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, 2017.

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 | \$ 38,242 |
| 2018 | \$ 241,192 |
| 2019 | \$ (89,193) |
| 2020 | \$ (97,383) |
| 2021 | \$ - |
| Thereafter | \$ - |

Valuation Date: 10/01/2015

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, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(b) Municipal Police Officers' Pension Plan, continued

Remaining Amortization Period: 27 Years (as of 10/01/2015).
 Mortality: RP2000 Table with no projection – (Disabled lives set forward 5 years). Based on other studies of municipal Police Officers, we feel that this assumption sufficiently accommodates expected future mortality improvements.
 Termination Rates: See table below. This assumption was adopted as a result of the July 22, 2010 experience study.
 Disability Rates: See table below. It is assumed that 75% of disablements and active member deaths are service related.
 Retirement Age: Earlier of age 46 and the completion of 21 years of service, or age 56. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing upon a member's eligibility for early retirement (age 45 with 10 years of credited service), Members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
 Interest Rate: 7.75% per year, compounded annually, net of investment related expenses.
 Salary Increases: 6.0% per year up to the assumed retirement age. Final salary in year of retirement is increased individually to account for additional non-regular compensation
 Payroll Growth: 2.96% per year.
 Asset Valuation Method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

| Termination and Disability Rate Table: | % Terminating | % Becoming Disabled |
|--|------------------------|------------------------|
| <u>Age</u> | <u>During the Year</u> | <u>During the Year</u> |
| 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, 2017

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>25</u> |
| | <u>47</u> |

Current membership as of September 30, 2017 is comprised of the following:

| | |
|-----------------------------|----|
| Retirees receiving benefits | 12 |
| Vested terminated employees | 4 |
| Beneficiaries | 0 |
| Disability benefits | 5 |
| DROP | 2 |
| Active employees | |
| Fully-vested | 18 |
| Nonvested | 7 |

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.

CITY OF PUNTA GORDA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

b) Total and permanent disability prior to normal retirement date.
 Benefit Amount: 3.50% (3.00% if hired on or after 10/1/2012) of average final compensation (AFC) times credited service, but not less than 60% of AFC for service related disabilities, or 25% of AFC for non-service related disabilities.

Death Benefits:

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

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

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

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

Contributions

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

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

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

Investments

Investment Policy:

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

| 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, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.04 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, 2017

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, 2017 is \$231,697.

Net Pension Liability

The measurement date is September 30, 2017.

The measurement period for the pension expense was October 1, 2016 to September 30, 2017.

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

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

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, 2017 were as follows:

| | | |
|---|----|--------------|
| Total Pension Liability | \$ | 14,507,447 |
| Plan Fiduciary Net Position | | (13,321,103) |
| Sponsor's Net Pension Liability | \$ | 1,186,344 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | | 91.82% |

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 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
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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. For 2017 the inflation rate assumption of the investment advisor was 2.50%

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 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, 2017

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, 2016 | \$ 13,728,364 | \$ 11,884,346 | \$ 1,844,018 |
| Changes for a Year: | | | |
| Service Cost | 455,334 | - | 455,334 |
| Interest | 1,065,754 | - | 1,065,754 |
| Share Plan Allocation | - | - | - |
| Differences between Expected and Actual Experience | 96,635 | - | 96,635 |
| Changes of assumptions | - | - | - |
| Changes of benefit terms | - | - | - |
| Contributions - Employer | - | 284,402 | (284,402) |
| Contributions - State | - | 197,070 | (197,070) |
| Contributions - Employee | - | 161,260 | (161,260) |
| Net Investment Income | - | 1,655,621 | (1,655,621) |
| Benefit Payments, including Refunds of Employee Contributions | (838,640) | (838,640) | - |
| Administrative Expense | - | (22,956) | 22,956 |
| Net Changes | 779,083 | 1,436,757 | (657,674) |
| Balances at September 30, 2017 | <u>\$ 14,507,447</u> | <u>\$ 13,321,103</u> | <u>\$ 1,186,344</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 | \$ 2,926,333 | \$ 1,186,344 | \$ (261,364) |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$319,324.

On September 30, 2017, 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 | \$ 80,530 | \$ 726,140 |
| Changes of assumptions | 296,818 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 365,206 |
| Employer contributions subsequent to the measurement date | - | - |
| Total | \$ 377,348 | \$ 1,091,346 |

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, 2017.

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 | \$ (150,904) |
| 2018 | \$ (141,790) |
| 2019 | \$ (310,322) |
| 2020 | \$ (127,088) |
| 2021 | \$ 16,106 |
| Thereafter | \$ - |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(c) Municipal Firefighters' Pension Plan, continued

Valuation Date: 10/01/2015

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: | 27 Years (as of 10/01/2015). |
| Mortality: | RP2000 Table with no projection, disabled lives set forward 5 years. We believe this sufficiently accounts for future mortality improvements. |
| 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: | 7.75% per year, compounded annually, net of investment related expenses. |
| Salary Increases: | 6.0% per year up to the assumed retirement age. Final salary in year of retirement is increased 20% (changed to individual amount with Impact Statement) to account for additional non-regular compensation. |
| Payroll Growth: | 5.0% per year. (4.33% for 10/1/2014 valuation) |
| 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, 2017

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, 2017

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, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular 7.52% and 7.92%; Special Risk Administrative Support 28.06% and 34.63%; Special Risk 22.57% and 23.27%; Senior Management Service 21.77% and 22.71%; Elected Officers' 42.47% and 45.50%; and DROP participants 12.99% and 13.26%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$16,527 for the fiscal year ended September 30, 2017.

At September 30, 2017, the City reported a liability of \$163,391 for its proportionate share of the FRS Plan's net pension liability and a liability of \$43,382 for the HIS Plan. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2017

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, 2016, through June 30, 2017, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2017, the City's proportion was 0.000552382%, which was a decrease of 0.000715897% from its proportion measured as of June 30, 2016.

The total pension liability in the June 30, 2017 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 | 7.10%, Net of Pension Plan Investment Expense, Including Inflation |

Mortality rates were based on the Generational RP2000 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:

| Asset Class | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|-------------------|-----------------------------|--|-----------------------|
| Cash | 1% | 3.0% | 3.0% | 1.8% |
| Fixed Income | 18% | 4.5% | 4.4% | 4.2% |
| Global Equity | 53% | 7.8% | 6.6% | 17.0% |
| Real Estate (Property) | 10% | 6.6% | 5.9% | 12.8% |
| Private Equity | 6% | 11.5% | 7.8% | 30.0% |
| Strategic Investments | 12% | 6.1% | 5.6% | 9.7% |
| Total | <u>100%</u> | | | |
| Assumed Inflation - Mean | | | 2.6% | 1.9% |

The discount rate used to measure the total pension liability was 7.10% 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
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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.

The same demographic and pay-related assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2016, ("Funding valuation") were used for the HIS program, unless otherwise noted. In a given membership class and tier, the same assumptions for both Investment Plan, members and for FRS Pension Plan members were used.

HIS Discount Rate

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used in the 2017 valuation was updated from 2.85 percent to 3.58 percent, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2017.

Other Key Actuarial Assumptions-HIS

The actuarial assumptions that determine the total pension liability as of June 30, 2017, were based on the results of an actuarial experience study of the FRS for the period July 1, 2008-June 30, 2013. The Valuation date was July 1, 2016 with a measurement date of June 30, 2017, inflation assumed of 2.60 percent, Salary increases including inflation of 3.25 percent, mortality schedule –Generational RP-2000 with Projection Scale BB and an actuarial cost method of Individual Entry Age.

Program Contribution Rates

The HIS essentially uses a "Pay-as-you-go" funding structure. As of June 30, 2017, accumulated HIS assets constituted approximately five months of projected benefit payments. The ability of the current statutory contribution rate to pay full HIS benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

(d) Florida Retirement System (FRS), continued

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

| FRS | | | |
|---------------------------------|----------------------|-----------------------------------|----------------------|
| | 1% Decrease 6.10% | Current Discount Rate 7.10% | 1% Increase 8.10% |
| Sponsor's Net Pension Liability | \$ 295,728 | \$ 163,391 | \$ 53,521 |

| HIS | | | |
|---------------------------------|----------------------|-----------------------------------|----------------------|
| | 1% Decrease 2.58% | Current Discount Rate 3.58% | 1% Increase 4.58% |
| Sponsor's Net Pension Liability | \$ 49,504 | \$ 43,382 | \$ 38,282 |

Florida Retirement System (FRS)

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$40,253.

On September 30, 2017, 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 | \$ 14,995 | \$ 905 |
| Changes of assumptions | 54,911 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 4,049 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 109,310 | 93,610 |
| Employer contributions subsequent to the measurement date | - | - |
| Total | \$ 179,216 | \$ 98,564 |

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, 2017.

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: | |
|--------------------------|-----------|
| 2018 | \$ 21,518 |
| 2019 | 35,573 |
| 2020 | 28,795 |
| 2121 | 770 |
| 2022 | (3,147) |
| Thereafter | (2,857) |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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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, 2017, the Sponsor will recognize a Pension Expense of \$8,094. On September 30, 2017, 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 | \$ - | \$ 90 |
| Changes of assumptions | 6,098 | 3,751 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 24 | - |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 42,834 | 29,290 |
| Employer contributions subsequent to the measurement date | - | - |
| Total | \$ 48,956 | \$ 33,131 |

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

| Year ended September 30: | |
|--------------------------|----------|
| 2017 | \$ 5,505 |
| 2018 | 5,500 |
| 2019 | 5,498 |
| 2020 | 5,322 |
| 2021 | (326) |
| Thereafter | (5,674) |

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 \$1,615,673, Municipal Police Officers' pension plan \$703,187, Municipal Firefighters' pension plan \$438,248, FRS Pension Plan \$14,380 and HIS Plan \$2,147 for fiscal year ended September 30, 2017.

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

| | General Employees' Pension Plan | Municipal Police Officers' Pension Plan | Municipal Firefighters' Pension Plan | Total |
|---|---------------------------------------|--|--|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 528,901 | \$ 360,912 | \$ 246,176 | \$ 1,135,989 |
| Receivables: Investment income | 53,694 | 23,750 | 4,324 | 81,768 |
| Investments, at fair value | | | | |
| U.S. Bonds and Bills | 7,927,133 | 2,081,766 | - | 10,008,899 |
| Federal Agency Guaranteed Securities | 1,916,819 | 656,902 | - | 2,573,721 |
| Corporate Bonds | 4,266,892 | 1,294,745 | - | 5,561,637 |
| Stocks | 4,027,674 | 4,776,788 | 2,993,502 | 11,797,964 |
| Mutual Funds | | | | |
| Fixed Income | - | 845,356 | 3,254,253 | 4,099,609 |
| Equity | 20,728,893 | 5,308,724 | 5,622,411 | 31,660,028 |
| Pooled/Common/Commingled Funds: Real Estate | 4,346,652 | 1,262,427 | 1,200,437 | 6,809,516 |
| Total investments at fair value | <u>43,214,063</u> | <u>16,226,708</u> | <u>13,070,603</u> | <u>72,511,374</u> |
| Total assets | <u>43,796,658</u> | <u>16,611,370</u> | <u>13,321,103</u> | <u>73,729,131</u> |
| LIABILITIES | | | | |
| Total liabilities | <u>25,212</u> | <u>-</u> | <u>-</u> | <u>25,212</u> |
| NET POSITION RESTRICTED FOR PENSIONS | | | | |
| | <u>\$43,771,446</u> | <u>\$16,611,370</u> | <u>\$13,321,103</u> | <u>\$73,703,919</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

Pension activity for the year ended September 30, 2017 was as follows:

| | General Employees' Pension Plan | Municipal Police Officers' Pension Plan | Municipal Firefighters' Pension Plan | Total |
|---|---------------------------------------|--|--|----------------------|
| ADDITIONS | | | | |
| Contributions | | | | |
| Employer | \$ 1,712,254 | \$ 356,145 | \$ 284,402 | \$ 2,352,801 |
| Plan Members | 375,985 | 185,399 | 161,260 | 722,644 |
| Buy-Back | 30,496 | 34,736 | - | 65,232 |
| State | - | 194,170 | 197,070 | 391,240 |
| Total contributions | <u>2,118,735</u> | <u>770,450</u> | <u>642,732</u> | <u>3,531,917</u> |
| Investment income | | | | |
| Net depreciation in fair value of investments | 3,452,572 | 1,348,989 | 1,028,996 | 5,830,557 |
| Interest and dividends | 955,862 | 367,976 | 676,131 | 1,999,969 |
| Less investment expense ¹ | <u>(172,966)</u> | <u>(70,514)</u> | <u>(49,506)</u> | <u>(292,986)</u> |
| Net investment income (loss) | <u>4,235,468</u> | <u>1,646,451</u> | <u>1,655,621</u> | <u>7,537,540</u> |
| Total additions | <u>6,354,203</u> | <u>2,416,901</u> | <u>2,298,353</u> | <u>11,069,457</u> |
| DEDUCTIONS | | | | |
| Benefit payments, including | | | | |
| refunds of member contributions | 1,754,122 | 735,142 | 489,961 | 2,979,225 |
| Lump sum DROP and share distributions | 767,241 | - | 348,679 | 1,115,920 |
| Administrative expense | <u>61,037</u> | <u>28,996</u> | <u>22,956</u> | <u>112,989</u> |
| Total deductions | <u>2,582,400</u> | <u>764,138</u> | <u>861,596</u> | <u>4,208,134</u> |
| Net increase (decrease) in net position | 3,771,803 | 1,652,763 | 1,436,757 | 6,861,323 |
| NET POSITION RESTRICTED FOR PENSIONS | | | | |
| Beginning of year | <u>39,999,643</u> | <u>14,958,607</u> | <u>11,884,346</u> | <u>66,842,596</u> |
| End of year | <u>\$ 43,771,446</u> | <u>\$ 16,611,370</u> | <u>\$ 13,321,103</u> | <u>\$ 73,703,919</u> |

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

G. Employee Retirement Systems, continued

Below is a summary of the pension plans.

| | Fiduciary Net Position | Pension Liabilities | Net Pension Liability | Deferred Outflows | Deferred Inflows | Pension Expense |
|---|---------------------------|------------------------|--------------------------|----------------------|---------------------|---------------------|
| General Employees Pension | \$ 43,771,446 | \$ 50,743,502 | \$ 6,972,056 | \$ 2,226,511 | \$ 473,323 | \$ 1,777,699 |
| Police Pension | 16,611,370 | 18,628,510 | 2,017,140 | 364,494 | 271,636 | 718,996 |
| Firefighters Pension | 13,321,103 | 14,507,447 | 1,186,344 | 377,348 | 1,091,346 | 319,324 |
| Florida Retirement System and HIS Pensions | 851,686 | 1,058,459 | 206,773 | 228,172 | 131,694 | 48,347 |
| Total | \$ 74,555,605 | \$ 84,937,918 | \$ 10,382,313 | \$ 3,196,525 | \$ 1,967,999 | \$ 2,864,366 |

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, 2017 is \$661,283, which includes City and Employee Contributions as well as earnings for the year. Six members are vested with a total account balance of \$217,637. This is included in the amount above. The total number of Plan members was fifty-nine as of September 30, 2017.

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, 2017

IV. Detailed notes on all funds, Continued

I. Risk Management

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

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

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

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

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

J. Miscellaneous Revenue – Governmental Fund Types

At September 30, 2017, miscellaneous revenue consisted of the following:

| | |
|--|---------------------|
| <u>General Fund</u> | |
| Interest | \$ 73,668 |
| Administrative Charges | 3,037,860 |
| Land Sale | 3,510,000 |
| Other | 496,499 |
| | <u>7,118,027</u> |
| <u>Community Redevelopment Agency</u> | |
| Interest | 15,268 |
| Other | 317,204 |
| | <u>332,472</u> |
| <u>P G I Canal Maintenance Fund</u> | |
| Interest | 23,825 |
| Other | 5,184 |
| | <u>29,009</u> |
| <u>Capital Project Fund</u> | |
| Contributions from Private Sources | 10,000 |
| Other | 1,211 |
| | <u>11,211</u> |
| <u>1% Local Option Sales Tax</u> | |
| Other | 9,782 |
| | <u>9,782</u> |
| <u>Charlotte Harbor National Estuary Program</u> | |
| Contributions | 92,850 |
| Other | 305 |
| | <u>93,155</u> |
| <u>Impact Fees - Transportation</u> | |
| Impact Fees | 58,323 |
| | <u>58,323</u> |
| <u>Other Governmental Funds</u> | |
| Interest | 31,856 |
| Service Assessments | 590,837 |
| Impact Fees | 90,249 |
| Other | 240,527 |
| | <u>953,469</u> |
| | <u>\$ 8,605,448</u> |

CITY OF PUNTA GORDA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

IV. Detailed notes on all funds, Continued

K. Prior Period Adjustments

The City reported in its Fiscal Year 2016 Comprehensive Annual Financial Report the General, Police and Firefighters Pension plans with a liability measurement Date of September 30, 2016 but a reporting period of October 1, 2016 through September 30, 2017. This resulted in a misstatement of the deferred outflows, deferred inflows and net pension expense for the fiscal year.

The prior period adjustment resulted in the reduction of the Deferred Outflows, Deferred inflows and Net Position. The following table shows the net effect of the misstatement.

| | Deferred Outflows | Deferred Inflows | Net Position |
|------------------------------------|----------------------|---------------------|-----------------|
| Governmental Activities | \$ 1,473,244 | \$ (7,100) | \$ 1,466,144 |
| Beginning Net Position | | | 53,223,340 |
| Beginning Net Position as Restated | | | \$ 51,757,196 |
| | | | |
| Business Type Activities | | | |
| Water & Wastewater Utility | \$ 134,023 | \$ 87,360 | \$ 221,383 |
| Sanitation/Refuse Fund | 37,409 | 24,384 | 61,793 |
| Building Fund | 26,651 | 17,372 | 44,023 |
| Total Business Type Activities | 198,083 | 129,116 | 327,199 |
| Beginning Net Position | | | 64,927,601 |
| Beginning Net Position as Restated | | | \$ 64,600,402 |

REQUIRED SUPPLEMENTARY INFORMATION

Trend Information for Pension Plans

CITY OF PUNTA GORDA, FLORIDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF INVESTMENT RETURNS
Last 7 Fiscal Years

Municipal General Employees' Pension

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

Municipal Police Officers' Pension

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

Municipal Firefighters' Pension

| Year ended September 30: | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return | | | | | | | |
| Net of Investment Expense | 14.04% | 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

| | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 |
|--|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 779,310 | \$ 824,917 | \$ 936,664 | \$ 1,073,877 |
| Interest | 3,518,739 | 3,370,301 | 3,249,754 | 3,082,449 |
| Changes of benefit terms | - | - | - | - |
| Differences between Expected and Actual Experience | 257,764 | (602,266) | (688,753) | - |
| Changes of assumptions | 1,280,668 | 2,014,707 | - | - |
| Contributions - Buy Back | 30,496 | - | 15,736 | - |
| Benefit Payments, including Refunds of Employee Contributions | (2,521,363) | (1,745,206) | (1,947,218) | (1,773,467) |
| Net Change in Total Pension Liability | 3,345,614 | 3,862,453 | 1,566,183 | 2,382,859 |
| Total Pension Liability - Beginning | 47,397,890 | 43,535,437 | 41,969,254 | 39,586,395 |
| Total Pension Liability - Ending (a) | <u>\$ 50,743,504</u> | <u>\$ 47,397,890</u> | <u>\$ 43,535,437</u> | <u>\$ 41,969,254</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | 1,712,254 | 1,675,103 | 1,891,929 | 1,956,900 |
| Contributions - Employee | 375,985 | 412,586 | 429,302 | 478,707 |
| Contributions - Buy Back | 30,496 | - | 15,736 | - |
| Net Investment income | 4,235,468 | 2,683,966 | 209,246 | 3,082,886 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,521,363) | (1,745,206) | (1,947,218) | (1,773,467) |
| Administrative Expense | (61,037) | (71,349) | (42,525) | (32,788) |
| Net Change in Plan Fiduciary Net Position | 3,771,803 | 2,955,100 | 556,470 | 3,712,238 |
| Plan Fiduciary Net Position - Beginning | 39,999,643 | 37,044,543 | 36,488,073 | 32,775,835 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 43,771,446</u> | <u>\$ 39,999,643</u> | <u>\$ 37,044,543</u> | <u>\$ 36,488,073</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 6,972,058</u> | <u>\$ 7,398,247</u> | <u>\$ 6,490,894</u> | <u>\$ 5,481,181</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.26% | 84.39% | 85.09% | 86.94% |
| Covered Employee Payroll ¹ | \$ 4,641,783 | \$ 5,093,648 | \$ 6,865,470 | \$ 5,909,963 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 150.20% | 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 09/30/2017, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report.

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

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation

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 | \$ 7,398,247 | \$ 1,003,424 | \$ 3,248,247 | \$ - |
| Total Pension Liability Factors: | | | | |
| Service Cost | 779,310 | - | - | 779,310 |
| Interest | 3,518,739 | - | - | 3,518,739 |
| Changes in benefit terms | - | - | - | - |
| Contributions - Buy Back | 30,496 | - | - | 30,496 |
| Differences between Expected and Actual Experience with regard to economic or demographic assumptions | 257,764 | - | 257,764 | - |
| Current year amortization of experience difference | - | (322,754) | (64,441) | (258,313) |
| Changes in assumptions about future economic or demographic factors or other inputs | 1,280,668 | - | 1,280,668 | - |
| Current year amortization of change in assumptions | - | - | (823,844) | 823,844 |
| Benefit Payments | (2,521,363) | - | - | - |
| Net change | <u>3,345,614</u> | <u>(322,754)</u> | <u>650,147</u> | <u>4,894,076</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - Employer | 1,712,254 | - | - | - |
| Contributions - Employee | 375,985 | - | - | (375,985) |
| Contributions - Buy Back | 30,496 | - | - | (30,496) |
| Net Investment Income | 2,982,586 | - | - | (2,982,586) |
| Difference between projected and actual earnings on Pension Plan investments | 1,252,882 | 1,252,882 | - | - |
| Current year amortization | - | (354,252) | (565,905) | 211,653 |
| Benefit Payments | (2,521,363) | - | - | - |
| Administrative Expenses | (61,037) | - | - | 61,037 |
| Net change | <u>3,771,803</u> | <u>898,630</u> | <u>(565,905)</u> | <u>(3,116,377)</u> |
| Ending balance | <u>\$ 6,972,058</u> | <u>\$ 1,579,300</u> | <u>\$ 3,332,489</u> | <u>\$ 1,777,699</u> |

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

Municipal Police Officers' Pension

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

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

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

For measurement date 09/30/2015 the investment rate of return has been lowered from 8.00% to 7.75% per year, net of investment related expenses and the salary increase assumption has been lowered from 7.00% to 6.00%.

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 | \$ 2,322,162 | \$ 613,169 | \$ 1,179,730 | \$ - |
| Employer Contributions made after September 30, 2016 | - | - | - | - |
| Total Pension Liability Factors: | | | | |
| Service Cost | 636,723 | - | - | 636,723 |
| Interest | 1,360,108 | - | - | 1,360,108 |
| Share Plan Allocation | (134) | - | - | (134) |
| Changes in benefit terms | - | - | - | - |
| Contributions - Buy Back | 34,736 | - | - | 34,736 |
| Differences between Expected and Actual Experience with regard to economic or demographic assumptions | 51,450 | - | 51,450 | - |
| Current year amortization of experience difference | - | (236,190) | (12,861) | (223,329) |
| Changes in assumptions about future economic or demographic factors or other inputs | - | - | - | - |
| Current year amortization of change in assumptions | - | - | (135,615) | 135,615 |
| Benefit Payments | (735,142) | - | - | - |
| Net change | <u>1,347,741</u> | <u>(236,190)</u> | <u>(97,026)</u> | <u>1,943,719</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - Employer | 356,145 | - | - | - |
| Contributions - State | 194,170 | - | - | - |
| Contributions - Employee | 185,399 | - | - | (185,399) |
| Contributions - Buy Back | 34,736 | - | - | (34,736) |
| Net Investment Income | 1,159,537 | - | - | (1,159,537) |
| Difference between projected and actual earnings on Pension Plan investments | 486,914 | 486,914 | - | - |
| Current year amortization | - | (145,381) | (271,334) | 125,953 |
| Benefit Payments | (735,142) | - | - | - |
| Administrative Expenses | (28,996) | - | - | 28,996 |
| Net change | <u>1,652,763</u> | <u>341,533</u> | <u>(271,334)</u> | <u>(1,224,723)</u> |
| Ending balance | <u>\$ 2,017,140</u> | <u>\$ 718,512</u> | <u>\$ 811,370</u> | <u>\$ 718,996</u> |

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

Municipal Firefighters' Pension

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

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

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 | \$ 1,844,018 | \$ 1,108,600 | \$ 890,128 | \$ - |
| Employer Contributions made after September 30, 2016 | - | - | - | - |
| Total Pension Liability Factors: | | | | |
| Service Cost | 455,334 | - | - | 455,334 |
| Interest | 1,065,754 | - | - | 1,065,754 |
| Share Plan Allocation | - | - | - | - |
| Changes in benefit terms | - | - | - | - |
| Differences between Expected and Actual Experience with regard to economic or demographic assumptions | 96,635 | - | 96,635 | - |
| Current year amortization of experience difference | - | (232,626) | (16,105) | (216,521) |
| Changes in assumptions about future economic or demographic factors or other inputs | - | - | - | - |
| Current year amortization of change in assumptions | - | - | (87,714) | 87,714 |
| Benefit Payments | (838,640) | - | - | - |
| Net change | <u>779,083</u> | <u>(232,626)</u> | <u>(7,184)</u> | <u>1,392,281</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - Employer | 284,402 | - | - | - |
| Contributions - State | 197,070 | - | - | - |
| Contributions - Employee | 161,260 | - | - | (161,260) |
| Net Investment Income | 912,556 | - | - | (912,556) |
| Difference between projected and actual earnings on Pension Plan investments | 743,065 | 743,065 | - | - |
| Current year amortization | - | (190,629) | (168,532) | (22,097) |
| Benefit Payments | (838,640) | - | - | - |
| Administrative Expenses | (22,956) | - | - | 22,956 |
| Net change | <u>1,436,757</u> | <u>552,436</u> | <u>(168,532)</u> | <u>(1,072,957)</u> |
| Ending balance | <u>\$ 1,186,344</u> | <u>\$ 1,428,410</u> | <u>\$ 714,412</u> | <u>\$ 319,324</u> |

CITY OF PUNTA GORDA
EMPLOYEES' PENSION PLANS
SCHEDULE OF CONTRIBUTIONS

Municipal General Employees' Pension

| | <u>09/30/2017</u> | <u>09/30/2016</u> | <u>09/30/2015</u> | <u>09/30/2014</u> |
|---|---------------------|-------------------|-------------------|---------------------|
| Actuarially Determined Contribution | \$ 1,452,020 | \$ 1,674,763 | \$ 1,886,773 | \$ 1,678,429 |
| Contributions in relation to the Actuarially Determined Contributions | <u>1,712,254</u> | <u>1,675,103</u> | <u>1,891,929</u> | <u>1,956,900</u> |
| Contribution Deficiency (Excess) | <u>\$ (260,234)</u> | <u>\$ (340)</u> | <u>\$ (5,156)</u> | <u>\$ (278,471)</u> |
| Covered Employee Payroll ¹ | \$ 4,641,783 | \$ 5,093,648 | \$ 6,865,470 | \$ 5,909,963 |
| Contributions as a percentage of Covered Employee Payroll | 36.89% | 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>09/30/2017</u> | <u>09/30/2016</u> | <u>09/30/2015</u> | <u>09/30/2014</u> |
|---|--------------------|--------------------|-------------------|--------------------|
| Actuarially Determined Contribution | \$ 531,593 | \$ 576,560 | \$ 688,345 | \$ 704,255 |
| Contributions in relation to the Actuarially Determined Contributions | <u>550,315</u> | <u>598,512</u> | <u>688,634</u> | <u>721,959</u> |
| Contribution Deficiency (Excess) | <u>\$ (18,722)</u> | <u>\$ (21,952)</u> | <u>\$ (289)</u> | <u>\$ (17,704)</u> |
| Covered Employee Payroll ¹ | \$ 2,317,484 | \$ 2,195,754 | \$ 2,171,581 | \$ 1,838,786 * |
| Contributions as a percentage of Covered Employee Payroll | 23.75% | 27.26% | 31.71% | 39.26% |

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.

Municipal Firefighters' Pension

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

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



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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, 2017

| | Special Revenue Funds | | |
|---|-----------------------|-------------------------|------------------------|
| | CDBG Fund | Impact Fees Parks | Special Use Fund |
| ASSETS: | | | |
| Cash and cash equivalents | \$ - | \$ 323,441 | \$ 4,386,242 |
| Accounts receivable | - | - | 88,520 |
| Due from other governments | - | - | - |
| Total Assets | \$ - | \$ 323,441 | \$ 4,474,762 |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ 70,947 |
| Retainage payable | - | - | - |
| Due to other funds | 2,866 | - | - |
| Total Liabilities | 2,866 | - | 70,947 |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Permanent fund principal | - | - | - |
| Restricted for: | | | |
| Transportation | - | - | - |
| Recreation | (2,866) | 323,441 | - |
| Committed for: | | | |
| Damages or one-time expenditures | - | - | 4,403,815 |
| Total Fund Balances | (2,866) | 323,441 | 4,403,815 |
| Total Liabilities and Fund Balances | \$ -0- | \$ 323,441 | \$ 4,474,762 |

| Special Revenue Funds | | | Permanent Fund | Total Nonmajor Governmental |
|-----------------------|-------------------|-------------------|--------------------------|-----------------------------|
| BSI Canal Maintenance | Five Cent Gas Tax | Six Cent Gas Tax | Gilchrist Intention Fund | |
| \$ 536,016 | \$ 33,888 | \$ 535,072 | \$ 5,176 | \$ 5,819,835 |
| 87 | 32 | 10,956 | - | 99,595 |
| <u>7,594</u> | <u>21,354</u> | <u>59,775</u> | <u>-</u> | <u>88,723</u> |
| <u>\$ 543,697</u> | <u>\$ 55,274</u> | <u>\$ 605,803</u> | <u>\$ 5,176</u> | <u>\$ 6,008,153</u> |
| | | | | |
| \$ 182,752 | \$ - | \$ 64,164 | \$ - | \$ 317,863 |
| 52,941 | - | - | - | 52,941 |
| 365,000 | - | - | - | 367,866 |
| <u>600,693</u> | <u>-</u> | <u>64,164</u> | <u>-</u> | <u>738,670</u> |
| | | | | |
| - | - | - | 5,176 | 5,176 |
| - | 55,274 | 541,639 | - | 596,913 |
| (56,996) | - | - | - | 263,579 |
| - | - | - | - | 4,403,815 |
| <u>(56,996)</u> | <u>55,274</u> | <u>541,639</u> | <u>5,176</u> | <u>5,269,483</u> |
| | | | | |
| <u>\$ 543,697</u> | <u>\$ 55,274</u> | <u>\$ 605,803</u> | <u>\$ 5,176</u> | <u>\$ 6,008,153</u> |

CITY OF PUNTA GORDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2017

| | Special Revenue Funds | | |
|---|-----------------------|-------------------------|------------------------|
| | CDBG Fund | Impact Fees Parks | Special Use Fund |
| Revenues: | | | |
| Intergovernmental | \$ - | \$ - | \$ - |
| Miscellaneous | - | 90,249 | 23,931 |
| Total revenues | <u>-</u> | <u>90,249</u> | <u>23,931</u> |
| Expenditures: | | | |
| Current: | | | |
| Transportation | - | - | 70,947 |
| Economic environment | 3,008 | - | - |
| Recreation | - | - | - |
| Total expenditures | <u>3,008</u> | <u>-</u> | <u>70,947</u> |
| Excess (deficiency) of revenue over expenditures | <u>(3,008)</u> | <u>90,249</u> | <u>(47,016)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | - | - | 3,510,000 |
| Transfers out | - | - | (524,830) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>2,985,170</u> |
| Net change in fund balances | (3,008) | 90,249 | 2,938,154 |
| Fund Balances, October 1, 2016 | <u>142</u> | <u>233,192</u> | <u>1,465,661</u> |
| Fund Balances, September 30, 2017 | <u>\$ (2,866)</u> | <u>\$ 323,441</u> | <u>\$ 4,403,815</u> |

| Special Revenue Funds | | | Permanent Fund | Total Nonmajor Governmental |
|-----------------------|-------------------|-------------------|--------------------------|-----------------------------|
| BSI Canal Maintenance | Five Cent Gas Tax | Six Cent Gas Tax | Gilchrist Intention Fund | |
| \$ - | \$ 277,456 | \$ 593,919 | \$ - | \$ 871,375 |
| 595,378 | 346 | 243,502 | 63 | 953,469 |
| <u>595,378</u> | <u>277,802</u> | <u>837,421</u> | <u>63</u> | <u>1,824,844</u> |
| - | 739,419 | 670,287 | - | 1,480,653 |
| - | - | - | - | 3,008 |
| 821,241 | - | - | - | 821,241 |
| <u>821,241</u> | <u>739,419</u> | <u>670,287</u> | <u>-</u> | <u>2,304,902</u> |
| (225,863) | (461,617) | 167,134 | 63 | (480,058) |
| - | 459,000 | - | - | 3,969,000 |
| - | - | - | - | (524,830) |
| - | <u>459,000</u> | - | - | <u>3,444,170</u> |
| (225,863) | (2,617) | 167,134 | 63 | 2,964,112 |
| 168,867 | 57,891 | 374,505 | 5,113 | 2,305,371 |
| <u>\$ (56,996)</u> | <u>\$ 55,274</u> | <u>\$ 541,639</u> | <u>\$ 5,176</u> | <u>\$ 5,269,483</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, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------------------|---------------|----------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 73,111 | \$ 131,503 | \$ - | \$ (131,503) |
| Total revenues | <u>73,111</u> | <u>131,503</u> | <u>-</u> | <u>(131,503)</u> |
| Expenditures | | | | |
| Current | | | | |
| Economic environment | 73,111 | 131,503 | 3,008 | 128,495 |
| Total expenditures | <u>73,111</u> | <u>131,503</u> | <u>3,008</u> | <u>128,495</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(3,008)</u> | <u>(3,008)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>(3,008)</u> | <u>\$ (3,008)</u> |
| Fund balances, October 1, 2016 | | | <u>142</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ (2,866)</u> | |

CITY OF PUNTA GORDA, FLORIDA
 PARK IMPACT FEE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|--------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Miscellaneous | \$ 70,000 | \$ 70,000 | \$ 90,249 | \$ 20,249 |
| Total revenues | <u>70,000</u> | <u>70,000</u> | <u>90,249</u> | <u>20,249</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>90,249</u> | <u>20,249</u> |
| Other financing uses | | | | |
| Transfers out | <u>(80,000)</u> | <u>(229,753)</u> | <u>-</u> | <u>229,753</u> |
| Total other financing uses | <u>(80,000)</u> | <u>(229,753)</u> | <u>-</u> | <u>229,753</u> |
| Net change in fund balance | <u>\$ (10,000)</u> | <u>\$ (159,753)</u> | 90,249 | <u>\$ 250,002</u> |
| Fund balances, October 1, 2016 | | | <u>233,192</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ 323,441</u> | |

CITY OF PUNTA GORDA, FLORIDA
SPECIAL USE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------------------|-------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Miscellaneous | \$ - | \$ - | \$ 23,931 | \$ 23,931 |
| Total revenues | - | - | 23,931 | 23,931 |
| Expenditures | | | | |
| Current | | | | |
| Transportation | - | - | 70,947 | (70,947) |
| Total expenditures | - | - | 70,947 | (70,947) |
| Revenues over (under) expenditures | - | - | (47,016) | (47,016) |
| Other financing uses | | | | |
| Transfers in | - | 3,510,000 | 3,510,000 | - |
| Transfers out | - | (620,987) | (524,830) | 96,157 |
| Total other financing uses | - | 2,889,013 | 2,985,170 | 96,157 |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 2,889,013</u> | 2,938,154 | <u>\$ 49,141</u> |
| Fund balances, October 1, 2016 | | | <u>1,465,661</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ 4,403,815</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, 2017

| | <u>Budgets</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|------------------------------------|----------------------------|----------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | <u>\$ 585,457</u> | <u>\$ 585,457</u> | <u>\$ 595,378</u> | <u>\$ 9,921</u> |
| Total revenues | <u>585,457</u> | <u>585,457</u> | <u>595,378</u> | <u>9,921</u> |
| Expenditures | | | | |
| Current | | | | |
| Recreation | <u>962,327</u> | <u>1,002,627</u> | <u>821,241</u> | <u>181,386</u> |
| Total expenditures | <u>962,327</u> | <u>1,002,627</u> | <u>821,241</u> | <u>181,386</u> |
| Revenues over (under) expenditures | <u>(376,870)</u> | <u>(417,170)</u> | <u>(225,863)</u> | <u>191,307</u> |
| Net change in fund balance | <u><u>\$ (376,870)</u></u> | <u><u>\$ (417,170)</u></u> | <u>(225,863)</u> | <u><u>\$ 191,307</u></u> |
| Fund balances, October 1, 2016 | | | <u>168,867</u> | |
| Fund balances, September 30, 2017 | | | <u><u>\$ (56,996)</u></u> | |

CITY OF PUNTA GORDA, FLORIDA
 FIVE CENT GAS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Fiscal Year Ended September 30, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------------------|------------------|--------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 271,000 | \$ 271,000 | \$ 277,456 | \$ 6,456 |
| Miscellaneous | - | - | 346 | 346 |
| Total revenues | <u>271,000</u> | <u>271,000</u> | <u>277,802</u> | <u>6,802</u> |
| Expenditures | | | | |
| Current | | | | |
| Transportation | 730,000 | 759,300 | 739,419 | 19,881 |
| Total expenditures | <u>730,000</u> | <u>759,300</u> | <u>739,419</u> | <u>19,881</u> |
| Revenues over (under) expenditures | <u>(459,000)</u> | <u>(488,300)</u> | <u>(461,617)</u> | <u>26,683</u> |
| Other financing sources | | | | |
| Transfers in | 459,000 | 459,000 | 459,000 | - |
| Total other financing sources | <u>459,000</u> | <u>459,000</u> | <u>459,000</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (29,300)</u> | (2,617) | <u>\$ 26,683</u> |
| Fund balances, October 1, 2016 | | | <u>57,891</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ 55,274</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, 2017

| | Budgets | | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------------------|------------------|--------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 575,000 | \$ 575,000 | \$ 593,919 | \$ 18,919 |
| Miscellaneous | 221,828 | 221,828 | 243,502 | 21,674 |
| Total revenues | <u>796,828</u> | <u>796,828</u> | <u>837,421</u> | <u>40,593</u> |
| Expenditures | | | | |
| Current | | | | |
| Transportation | 776,839 | 840,806 | 670,287 | 170,519 |
| Total expenditures | <u>776,839</u> | <u>840,806</u> | <u>670,287</u> | <u>170,519</u> |
| Revenues over (under) expenditures | <u>19,989</u> | <u>(43,978)</u> | <u>167,134</u> | <u>211,112</u> |
| Net change in fund balance | <u>\$ 19,989</u> | <u>\$ (43,978)</u> | 167,134 | <u>\$ 211,112</u> |
| Fund balances, October 1, 2016 | | | <u>374,505</u> | |
| Fund balances, September 30, 2017 | | | <u>\$ 541,639</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, 2017

| | <u>Information Technology</u> |
|---|-----------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and cash equivalents | \$ 276,130 |
| Accounts receivable | <u>1,874</u> |
| Total current assets | <u>278,004</u> |
| Noncurrent Assets | |
| Capital assets, net of accumulated depreciation | <u>617,675</u> |
| Total noncurrent assets | <u>617,675</u> |
| Total assets | <u>895,679</u> |
| Deferred Outflows | |
| Deferred outflows related to pensions | <u>37,780</u> |
| LIABILITIES AND FUND EQUITY | |
| Current Liabilities | |
| Accounts payable | 21,741 |
| Current portion compensated absences | 1,494 |
| Accrued liabilities | <u>6,612</u> |
| Total current liabilities | <u>29,847</u> |
| Noncurrent Liabilities | |
| Accrued compensated absences | 13,442 |
| Pension benefits payable | <u>118,302</u> |
| Total noncurrent liabilities | <u>131,744</u> |
| Total liabilities | <u>161,591</u> |
| Deferred Inflows | |
| Deferred Inflows related to pensions | <u>8,031</u> |
| NET POSITION | |
| Net investment in capital assets | 617,675 |
| Unrestricted | <u>146,162</u> |
| Total net position | <u><u>\$ 763,837</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, 2017

| | <u>Information Technology</u> |
|------------------------------------|-----------------------------------|
| Operating Revenues | |
| Charges for services | \$ 1,189,119 |
| Miscellaneous | <u>2,374</u> |
| Total operating revenues | <u>1,191,493</u> |
| Operating Expenses | |
| Personnel services | 444,576 |
| Contractual services | 400,941 |
| Materials and supplies | 10,259 |
| Utilities | 8,039 |
| Depreciation | 181,144 |
| Insurance | 10,330 |
| Repairs and maintenance | 22,728 |
| Travel and training | 10,073 |
| Rent | <u>76,079</u> |
| Total operating expenses | <u>1,164,169</u> |
| Operating gain | <u>27,324</u> |
| Nonoperating revenues | |
| Gain on disposal of capital assets | <u>414</u> |
| Total nonoperating revenues | <u>414</u> |
| Change in net position | 27,738 |
| Prior period adjustment | (11,414) |
| Net position - beginning | <u>747,513</u> |
| Net position - ending | <u><u>\$ 763,837</u></u> |

CITY OF PUNTA GORDA, FLORIDA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Fiscal Year Ended September 30, 2017

| | <u>Information Technology</u> |
|--|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from services provided | \$ 1,189,119 |
| Cash payments to suppliers for goods and services | (598,029) |
| Cash payments to employees for services | (434,864) |
| Other receipts | 4,397 |
| Net cash provided by operating activities | <u>160,623</u> |
| CASH FLOWS (USED FOR) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Acquisition of property, plant, and equipment | (157,585) |
| Sale of equipment | 414 |
| Net cash used in capital and related financing activities | <u>(157,171)</u> |
| Net increase in cash and cash equivalents | 3,452 |
| Cash and cash equivalents at beginning of year | <u>272,678</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 276,130</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating gain | \$ 27,324 |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 181,144 |
| Net (increase) decrease in: | |
| Accounts receivable | 2,023 |
| Net increase (decrease) in: | |
| Accounts payable | (59,580) |
| Accrued liabilities | 4,209 |
| Change in net pension liability | (925) |
| Change in deferred inflows related to pensions | (4,798) |
| Change in deferred outflows related to pensions | 11,226 |
| Net cash provided by operating activities | <u><u>\$ 160,623</u></u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | |
| Disposal of fully depreciated capital assets | \$ 98,635 |

STATISTICAL SECTION

CITY OF PUNTA GORDA, FLORIDA

STATISTICAL SECTION
(Unaudited)

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

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends | 118 |
| 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 | 123 |
| 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 | 127 |
| 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 | 131 |
| 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 | 133 |
| 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 | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2015 | 2014 |
| Governmental activities | | | | |
| Net Investment in capital assets | \$ 49,814,944 | \$ 37,664,271 | \$ 38,085,493 | \$ 45,244,762 |
| Restricted | 8,245,109 | 6,195,576 | 5,923,953 | 5,112,090 |
| Unrestricted | <u>2,399,857</u> | <u>9,363,493</u> | <u>3,775,599</u> | <u>3,017,663</u> |
| Total governmental activities net position | <u>\$ 60,459,910</u> | <u>\$ 53,223,340</u> | <u>\$ 47,785,045</u> | <u>\$ 53,374,515</u> |
| Business-type activities | | | | |
| Net Investment in capital assets | \$ 54,273,261 | \$ 52,611,061 | \$ 50,998,883 | \$ 50,177,751 |
| Restricted | 382,212 | 377,561 | 375,436 | 374,737 |
| Unrestricted | <u>16,778,165</u> | <u>11,938,979</u> | <u>7,330,018</u> | <u>7,996,830</u> |
| Total business-type activities net position | <u>\$ 71,433,638</u> | <u>\$ 64,927,601</u> | <u>\$ 58,704,337</u> | <u>\$ 58,549,318</u> |
| Primary government | | | | |
| Net Investment in capital assets | \$ 104,088,205 | \$ 90,275,332 | \$ 89,084,376 | \$ 95,422,513 |
| Restricted | 8,627,321 | 6,573,137 | 6,299,389 | 5,486,827 |
| Unrestricted | <u>19,178,022</u> | <u>21,302,472</u> | <u>11,105,617</u> | <u>11,014,493</u> |
| Total primary government net position | <u>\$ 131,893,548</u> | <u>\$ 118,150,941</u> | <u>\$ 106,489,382</u> | <u>\$ 111,923,833</u> |

Per the Statement of Net Position

Fiscal Year

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| \$ 43,711,445 | \$ 41,531,906 | \$ 40,912,696 | \$ 41,789,787 | \$ 34,583,793 | \$22,648,403 |
| 4,945,700 | 6,870,015 | 5,811,609 | 6,651,036 | 12,319,882 | 16,564,079 |
| 2,466,809 | 2,320,145 | 4,591,120 | 3,947,931 | 1,908,437 | 5,654,823 |
| <u>\$ 51,123,954</u> | <u>\$ 50,722,066</u> | <u>\$ 51,315,425</u> | <u>\$ 52,388,754</u> | <u>\$ 48,812,112</u> | <u>\$44,867,305</u> |
| | | | | | |
| \$ 47,680,340 | \$ 44,351,423 | \$ 40,596,997 | \$ 40,092,054 | \$ 36,108,108 | \$34,966,838 |
| 3,534,634 | 4,314,817 | 3,326,147 | 3,906,859 | 8,085,297 | 10,545,071 |
| 5,486,147 | 5,427,068 | 8,924,351 | 8,205,482 | 8,293,575 | 7,746,315 |
| <u>\$ 56,701,121</u> | <u>\$ 54,093,308</u> | <u>\$ 52,847,495</u> | <u>\$ 52,204,395</u> | <u>\$ 52,486,980</u> | <u>\$53,258,224</u> |
| | | | | | |
| \$ 91,391,785 | \$ 85,883,329 | \$ 81,509,693 | \$ 81,881,841 | \$ 70,691,901 | \$57,615,241 |
| 8,480,334 | 11,184,832 | 9,137,756 | 10,557,895 | 20,405,179 | 27,109,150 |
| 7,952,956 | 7,747,213 | 13,515,471 | 12,153,413 | 10,202,012 | 13,401,138 |
| <u>\$ 107,825,075</u> | <u>\$ 104,815,374</u> | <u>\$ 104,162,920</u> | <u>\$ 104,593,149</u> | <u>\$ 101,299,092</u> | <u>\$98,125,529</u> |

City of Punta Gorda, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 | 2014 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 3,580,902 | \$ 3,228,631 | \$ 3,703,548 | \$ 3,104,181 |
| Public safety | 9,929,664 | 7,636,743 | 9,855,648 | 9,545,036 |
| Transportation | 3,241,684 | 2,977,812 | 3,863,105 | 2,521,786 |
| Economic environment | 762,373 | 517,709 | 268,170 | 369,530 |
| Recreation | 5,172,284 | 5,183,922 | 6,016,711 | 4,903,586 |
| Interest on long-term debt | 388,313 | 410,793 | 452,138 | 511,552 |
| Total governmental activities expenses | <u>23,075,220</u> | <u>19,955,610</u> | <u>24,159,320</u> | <u>20,955,671</u> |
| Business-type activities: | | | | |
| Water and wastewater | 14,483,381 | 14,126,622 | 14,778,240 | 14,178,055 |
| Sanitation/refuse | 3,240,797 | 2,846,100 | 2,871,811 | 2,828,035 |
| Building Fund | 848,188 | 661,928 | 790,186 | 617,141 |
| Marina Fund | 364,672 | 365,560 | 359,993 | 313,107 |
| Total business-type activities expenses | <u>18,937,038</u> | <u>18,000,210</u> | <u>18,800,230</u> | <u>17,936,338</u> |
| Total primary government expenses | <u>\$ 42,012,258</u> | <u>\$ 37,955,820</u> | <u>\$ 42,959,550</u> | <u>\$ 38,892,009</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 1,866,062 | \$ 1,831,915 | \$ 1,800,456 | \$ 1,831,762 |
| Public Safety | 32,397 | 57,365 | 17,073 | 18,000 |
| Transportation | 240,094 | 216,787 | 190,366 | 181,993 |
| Recreation | 3,465,713 | 3,353,743 | 3,025,733 | 3,026,325 |
| Operating grants and contributions | 1,490,768 | 1,617,603 | 1,743,586 | 581,741 |
| Capital grants and contributions | 3,115,504 | 1,372,064 | 1,211,809 | 2,423,487 |
| Total governmental activities program revenues | <u>10,210,538</u> | <u>8,449,477</u> | <u>7,989,023</u> | <u>8,063,308</u> |
| Business-type activities: | | | | |
| Charges for Services: | | | | |
| Water and Sewer | 17,983,634 | 16,073,754 | 15,224,890 | 14,787,349 |
| Sanitation/refuse | 3,376,456 | 3,169,987 | 3,007,194 | 2,975,695 |
| Building Fund | 1,018,537 | 952,712 | 938,682 | 720,922 |
| Marina Fund | 410,002 | 401,755 | 369,635 | 311,782 |
| Operating grants and contributions | 5,726 | - | - | 30,312 |
| Capital grants and contributions | 2,619,498 | 3,350,066 | 1,403,846 | 737,575 |
| Total business-type activities program revenues | <u>25,413,853</u> | <u>23,948,274</u> | <u>20,944,247</u> | <u>19,563,635</u> |
| Total primary government program revenues | <u>\$ 35,624,391</u> | <u>\$ 32,397,751</u> | <u>\$ 28,933,270</u> | <u>\$ 27,626,943</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ 3,700,758 | \$ 3,761,601 | \$ 3,789,465 | \$ 3,932,729 | \$ 4,206,952 | \$ 5,058,263 |
| 8,963,993 | 8,831,471 | 8,575,957 | 8,608,147 | 8,284,731 | 8,475,071 |
| 3,135,032 | 2,794,684 | 2,928,550 | 2,671,254 | 2,489,020 | 2,501,444 |
| 315,774 | 247,121 | 409,960 | 280,643 | 105,296 | 1,549,851 |
| 4,957,977 | 4,785,081 | 5,298,806 | 4,799,940 | 4,545,088 | 4,914,306 |
| 861,963 | 961,431 | 1,018,596 | 1,158,268 | 892,524 | 349,841 |
| <u>21,935,497</u> | <u>21,381,389</u> | <u>22,021,334</u> | <u>21,450,981</u> | <u>20,523,611</u> | <u>22,848,776</u> |
| 14,502,662 | 14,535,733 | 14,980,052 | 14,169,605 | 16,219,660 | 15,761,078 |
| 2,801,361 | 2,726,802 | 2,583,077 | 2,644,978 | 2,653,853 | 2,697,547 |
| 578,421 | 538,982 | 524,200 | 756,813 | 878,240 | 900,760 |
| 262,959 | 245,701 | 243,105 | 226,092 | 184,295 | 214,506 |
| <u>18,145,403</u> | <u>18,047,218</u> | <u>18,330,434</u> | <u>17,797,488</u> | <u>19,936,048</u> | <u>19,573,891</u> |
| <u>\$ 40,080,900</u> | <u>\$ 39,428,607</u> | <u>\$ 40,351,768</u> | <u>\$ 39,248,469</u> | <u>\$ 40,459,659</u> | <u>\$ 42,422,667</u> |
| | | | | | |
| \$ 1,610,489 | \$ 1,574,413 | \$ 1,656,887 | \$ 1,733,185 | \$ 447,370 | \$ 494,777 |
| 13,109 | 12,730 | 13,939 | 11,244 | 42,485 | 46,151 |
| 164,868 | 161,386 | 152,488 | 133,718 | 131,063 | - |
| 3,027,570 | 3,027,944 | 3,026,319 | 3,017,860 | 2,497,317 | 2,497,130 |
| 578,158 | 630,204 | 1,023,291 | 604,884 | 572,143 | 546,568 |
| 2,066,261 | 1,224,478 | 1,893,746 | 5,506,701 | 4,674,346 | 2,497,389 |
| <u>7,460,455</u> | <u>6,631,155</u> | <u>7,766,670</u> | <u>11,007,592</u> | <u>8,364,724</u> | <u>6,082,015</u> |
| | | | | | |
| 14,725,171 | 14,718,754 | 14,740,246 | 13,433,435 | 13,555,767 | 11,644,843 |
| 2,943,612 | 2,926,609 | 2,913,888 | 2,871,430 | 2,886,005 | 2,837,053 |
| 700,241 | 498,327 | 476,797 | 481,971 | 393,770 | 778,176 |
| 234,247 | 221,764 | 205,486 | 235,027 | 202,033 | 216,771 |
| - | 5,349 | - | - | - | - |
| 2,000,105 | 753,196 | 503,116 | 345,518 | 1,810,905 | 6,376,950 |
| <u>20,603,376</u> | <u>19,123,999</u> | <u>18,839,533</u> | <u>17,367,381</u> | <u>18,848,480</u> | <u>21,853,793</u> |
| <u>\$ 28,063,831</u> | <u>\$ 25,755,154</u> | <u>\$ 26,606,203</u> | <u>\$ 28,374,973</u> | <u>\$ 27,213,204</u> | <u>\$ 27,935,808</u> |

(continued)

City of Punta Gorda, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|------------------------|------------------------|
| | 2017 | 2016 | 2015 | 2014 |
| Net (Expense)/Revenue | | | | |
| Government activities | \$ (12,864,682) | \$ (11,506,133) | \$ (16,170,297) | \$ (12,892,363) |
| Business type activities | 6,476,815 | 5,948,064 | 2,144,017 | 1,627,297 |
| Total primary government net expense | <u>\$ (6,387,867)</u> | <u>\$ (5,558,069)</u> | <u>\$ (14,026,280)</u> | <u>\$ (11,265,066)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Government activities: | | | | |
| Property taxes | \$ 8,288,276 | \$ 7,762,213 | \$ 7,443,942 | \$ 7,113,559 |
| Franchise fees and other taxes | - | - | - | - |
| Utility taxes and gas taxes | 4,324,289 | 4,108,696 | 3,976,441 | 3,944,839 |
| Sales taxes | 4,454,904 | 4,142,913 | 3,776,880 | 3,430,409 |
| Investment earnings | 144,617 | 53,246 | 39,818 | 13,322 |
| Miscellaneous | 4,355,310 | 875,852 | 1,948,105 | 640,795 |
| Transfers | - | 1,508 | 26,592 | - |
| Total governmental activities | <u>21,567,396</u> | <u>16,944,428</u> | <u>17,211,778</u> | <u>15,142,924</u> |
| Business-type activities: | | | | |
| Franchise fees and other taxes | - | - | - | - |
| Investment earnings | 151,448 | 52,141 | 39,298 | 12,192 |
| Miscellaneous | 204,973 | 224,567 | 247,355 | 208,708 |
| Transfers | - | (1,508) | (26,592) | - |
| Total business-type activities | <u>356,421</u> | <u>275,200</u> | <u>260,061</u> | <u>220,900</u> |
| Total primary government | <u>\$ 21,923,817</u> | <u>\$ 17,219,628</u> | <u>\$ 17,471,839</u> | <u>\$ 15,363,824</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 8,702,714 | \$ 5,438,295 | \$ 1,041,481 | \$ 2,250,561 |
| Business-type activities | 6,833,236 | 6,223,264 | 2,404,078 | 1,848,197 |
| Total primary government | <u>\$ 15,535,950</u> | <u>\$ 11,661,559</u> | <u>\$ 3,445,559</u> | <u>\$ 4,098,758</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 | | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ (14,475,042) | \$ (14,750,234) | \$ (14,254,664) | \$ (10,443,389) | \$ (12,158,887) | \$ (16,766,761) |
| 2,457,973 | 1,076,781 | 509,099 | (430,107) | (1,087,568) | 2,279,902 |
| <u>\$ (12,017,069)</u> | <u>\$ (13,673,453)</u> | <u>\$ (13,745,565)</u> | <u>\$ (10,873,496)</u> | <u>\$ (13,246,455)</u> | <u>\$ (14,486,859)</u> |
| | | | | | |
| \$ 7,126,709 | \$ 6,239,901 | \$ 6,427,277 | \$ 6,829,344 | \$ 7,508,812 | \$ 7,319,612 |
| - | - | - | - | 1,448,111 | 1,365,284 |
| 3,839,081 | 3,732,770 | 3,631,650 | 3,669,713 | 3,540,381 | 3,348,743 |
| 3,194,173 | 3,016,077 | 2,888,533 | 2,913,132 | 2,874,856 | 3,192,142 |
| 19,477 | 32,632 | 30,563 | 39,548 | 177,625 | 466,383 |
| 697,490 | 1,135,495 | 203,312 | 568,293 | 553,909 | 683,480 |
| - | - | - | - | - | (15,000) |
| <u>14,876,930</u> | <u>14,156,875</u> | <u>13,181,335</u> | <u>14,020,030</u> | <u>16,103,694</u> | <u>16,360,644</u> |
| | | | | | |
| - | - | - | - | 49,850 | 13,757 |
| 18,180 | 23,047 | 26,601 | 39,390 | 144,879 | 546,821 |
| 131,660 | 145,985 | 107,400 | 108,132 | 121,595 | 374,094 |
| - | - | - | - | - | 15,000 |
| <u>149,840</u> | <u>169,032</u> | <u>134,001</u> | <u>147,522</u> | <u>316,324</u> | <u>949,672</u> |
| <u>\$ 15,026,770</u> | <u>\$ 14,325,907</u> | <u>\$ 13,315,336</u> | <u>\$ 14,167,552</u> | <u>\$ 16,420,018</u> | <u>\$ 17,310,316</u> |
| | | | | | |
| \$ 401,888 | \$ (593,359) | \$ (1,073,329) | \$ 3,576,641 | \$ 3,944,807 | \$ (406,117) |
| 2,607,813 | 1,245,813 | 643,100 | (282,585) | (771,244) | 3,229,574 |
| <u>\$ 3,009,701</u> | <u>\$ 652,454</u> | <u>\$ (430,229)</u> | <u>\$ 3,294,056</u> | <u>\$ 3,173,563</u> | <u>\$ 2,823,457</u> |

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

| | Fiscal Year | | | |
|------------------------------------|----------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2015 | 2014 |
| General Fund | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - |
| Nonspendable | 70,083 | 63,499 | 61,842 | 61,943 |
| Restricted | 66,499 | 66,264 | 56,057 | 43,040 |
| Assigned | 2,318,195 | 1,811,189 | 1,339,579 | 1,484,576 |
| Unassigned | 2,896,557 | 2,365,335 | 2,171,940 | 1,470,469 |
| Total general fund | <u>\$ 5,351,334</u> | <u>\$ 4,306,287</u> | <u>\$ 3,629,418</u> | <u>\$ 3,060,028</u> |
| All Other Governmental Funds | | | | |
| Reserved | | | | |
| Capital projects fund | \$ - | \$ - | \$ - | \$ - |
| Debt service | - | - | - | - |
| Permanent fund | - | - | - | - |
| Unreserved, reported in: | | | | |
| Special revenue funds | - | - | - | - |
| Nonspendable | 5,176 | 5,000 | 5,000 | 5,000 |
| Restricted | 8,103,351 | 5,994,579 | 4,502,135 | 5,069,050 |
| Committed | 4,403,815 | 1,465,661 | 1,535,901 | 550,584 |
| Assigned | - | - | - | - |
| Total all other governmental funds | <u>\$ 12,512,342</u> | <u>\$ 7,465,240</u> | <u>\$ 6,043,036</u> | <u>\$ 5,624,634</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 | | | | | |
|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ - | \$ - | \$ - | \$ 20,258 | \$ 23,330 | \$ 13,325 |
| - | - | - | 2,719,651 | 2,975,814 | 2,136,234 |
| 61,130 | 69,198 | 69,170 | - | - | - |
| 39,272 | 35,665 | 31,798 | - | - | - |
| 1,396,255 | 650,152 | 1,323,782 | - | - | - |
| 1,200,223 | 1,390,377 | 1,251,292 | - | - | - |
| <u>\$ 2,696,880</u> | <u>\$ 2,145,392</u> | <u>\$ 2,676,042</u> | <u>\$ 2,739,909</u> | <u>\$ 2,999,144</u> | <u>\$ 2,149,559</u> |
| \$ - | \$ - | \$ - | \$ 4,735,079 | \$ 7,182,506 | \$ 14,748,301 |
| - | - | - | 1,890,683 | 2,592,975 | 1,793,418 |
| - | - | - | 5,016 | 9,117 | 9,035 |
| - | - | - | 4,253,408 | 4,384,516 | 4,074,605 |
| 5,000 | 5,000 | 5,000 | - | - | - |
| 4,901,428 | 6,829,350 | 4,468,381 | - | - | - |
| 783,674 | 911,220 | 2,920,047 | - | - | - |
| - | - | 1,001,990 | - | - | - |
| <u>\$ 5,690,102</u> | <u>\$ 7,745,570</u> | <u>\$ 8,395,418</u> | <u>\$ 10,884,186</u> | <u>\$ 14,169,114</u> | <u>\$ 20,625,359</u> |

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

| | Fiscal Year | | | |
|--|----------------------------|----------------------------|--------------------------|--------------------------|
| | 2017 | 2016 | 2015 | 2014 |
| Revenues | | | | |
| Taxes | \$ 11,636,110 | \$ 10,909,448 | \$ 10,543,202 | \$ 10,161,079 |
| Licenses and permits | 4,406,396 | 1,524,959 | 1,486,621 | 1,445,354 |
| Intergovernmental | 9,656,069 | 7,717,910 | 7,492,798 | 7,184,444 |
| Charges for services | 429,500 | 421,882 | 387,768 | 343,258 |
| Fines and forfeits | 81,856 | 72,172 | 98,977 | 42,961 |
| Miscellaneous | 8,605,448 | 7,544,247 | 8,011,528 | 6,723,409 |
| Total revenues | <u>34,815,379</u> | <u>28,190,618</u> | <u>28,020,894</u> | <u>25,900,505</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 5,176,802 | 5,002,263 | 4,846,039 | 4,811,534 |
| Public safety | 9,405,454 | 9,262,835 | 9,108,890 | 9,053,951 |
| Transportation | 2,655,518 | 2,513,517 | 3,143,704 | 1,888,899 |
| Economic environment | 762,373 | 517,709 | 401,240 | 369,530 |
| Recreation | 5,433,875 | 5,310,909 | 5,414,963 | 4,237,088 |
| Debt service: | | | | |
| Principal | 950,000 | 900,000 | 2,105,216 | 2,046,295 |
| Interest and other charges | 388,313 | 410,793 | 452,138 | 511,552 |
| Capital outlay | 3,950,895 | 2,182,992 | 1,622,108 | 2,683,976 |
| Total expenditures | <u>28,723,230</u> | <u>26,101,018</u> | <u>27,094,298</u> | <u>25,602,825</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>6,092,149</u> | <u>2,089,600</u> | <u>926,596</u> | <u>297,680</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 7,065,449 | 2,666,969 | 3,025,491 | 3,980,822 |
| Transfers out | (7,065,449) | (2,657,496) | (2,964,295) | (3,980,822) |
| Issuance of debt | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>9,473</u> | <u>61,196</u> | <u>-</u> |
| Net change in fund balances | <u><u>\$ 6,092,149</u></u> | <u><u>\$ 2,099,073</u></u> | <u><u>\$ 987,792</u></u> | <u><u>\$ 297,680</u></u> |
| Debt service as a percentage of noncapital expenditures | <u>5.40%</u> | <u>5.62%</u> | <u>10.04%</u> | <u>11.16%</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 | | | | | |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| \$ 10,195,386 | \$ 9,192,748 | \$ 9,317,037 | \$ 9,689,705 | \$ 10,246,335 | \$ 9,928,267 |
| 1,230,021 | 1,248,740 | 1,345,101 | 1,367,597 | 1,490,496 | 1,411,185 |
| 6,543,568 | 5,843,681 | 6,403,858 | 7,877,020 | 6,918,794 | 6,921,575 |
| 355,927 | 292,572 | 296,764 | 276,077 | 383,255 | 369,828 |
| 63,605 | 91,278 | 78,131 | 84,706 | 126,733 | 167,949 |
| 6,649,596 | 6,644,602 | 6,357,689 | 6,436,682 | 7,893,570 | 6,251,446 |
| <u>25,038,103</u> | <u>23,313,621</u> | <u>23,798,580</u> | <u>25,731,787</u> | <u>27,059,183</u> | <u>25,050,250</u> |
| 5,043,882 | 4,969,592 | 4,938,277 | 5,210,592 | 5,562,439 | 6,154,605 |
| 8,424,603 | 8,568,485 | 7,922,801 | 8,157,088 | 7,833,093 | 8,125,330 |
| 2,405,189 | 2,191,230 | 2,386,252 | 2,295,249 | 1,894,342 | 1,907,488 |
| 315,774 | 253,272 | 613,939 | 302,359 | 121,539 | 1,661,754 |
| 4,218,972 | 4,119,128 | 4,607,994 | 4,137,861 | 3,897,380 | 4,341,429 |
| 22,172,865 ¹ | 1,660,535 | 1,641,790 | 1,641,750 | 660,250 | 648,000 |
| 861,963 | 961,431 | 1,018,596 | 1,158,268 | 892,524 | 349,841 |
| 3,070,412 | 1,693,244 | 3,146,647 | 6,251,510 | 18,619,817 | 6,338,689 |
| <u>46,513,660</u> | <u>24,416,917</u> | <u>26,276,296</u> | <u>29,154,677</u> | <u>39,481,384</u> | <u>29,527,136</u> |
| <u>(21,475,557)</u> | <u>(1,103,296)</u> | <u>(2,477,716)</u> | <u>(3,422,890)</u> | <u>(12,422,201)</u> | <u>(4,476,886)</u> |
| 4,509,331 | 4,060,955 | 3,302,433 | 3,726,512 | 4,045,215 | 3,704,250 |
| (4,567,754) | (4,138,157) | (3,377,352) | (3,847,785) | (4,229,674) | (3,719,250) |
| 20,030,000 ¹ | - | - | - | 7,000,000 | 14,428,092 |
| <u>19,971,577</u> | <u>(77,202)</u> | <u>(74,919)</u> | <u>(121,273)</u> | <u>6,815,541</u> | <u>14,413,092</u> |
| <u>\$ (1,503,980)</u> | <u>\$ (1,180,498)</u> | <u>\$ (2,552,635)</u> | <u>\$ (3,544,163)</u> | <u>\$ (5,606,660)</u> | <u>\$ 9,936,206</u> |
| <u>6.92% ¹</u> | <u>11.54%</u> | <u>11.50%</u> | <u>12.23%</u> | <u>7.44%</u> | <u>4.30%</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> |
|--|--------------------------|------------------------------|--|---|--------------------------------------|
| 2017 | \$3,132,857,200 | \$ 185,081,357 | \$ 632,635,398 | \$2,685,303,159 | 3.1969 |
| 2016 | 2,945,135,176 | 182,943,467 | 614,313,894 | 2,513,764,749 | 3.1969 |
| 2015 | 2,815,013,377 | 188,769,555 | 605,534,870 | 2,398,248,062 | 3.1969 |
| 2014 | 2,700,515,874 | 202,436,500 | 594,728,298 | 2,308,224,076 | 3.1969 |
| 2013 | 2,640,313,961 | 199,879,382 | 581,427,730 | 2,258,765,613 | 3.2462 |
| 2012 | 2,748,747,297 | 196,395,091 | 577,549,653 | 2,367,592,735 | 2.7462 |
| 2011 | 2,820,488,011 | 159,561,099 | 549,821,787 | 2,430,227,323 | 2.7251 |
| 2010 | 3,224,453,130 | 172,848,079 | 751,168,457 | 2,646,132,752 | 2.6996 |
| 2009 | 3,773,457,668 | 174,944,721 | 886,364,162 | 2,712,148,785 | 2.5689 |
| 2008 | 4,489,549,443 | 181,787,031 | 1,151,893,564 | 3,519,442,910 | 2.1728 |

Source: Charlotte County County Property Appraiser (DR 403)

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

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

| Fiscal Year Ended September 30, | Total Direct Rate | | Overlapping Rates ^a | | | | Charlotte County School Board | Total Direct and Overlapping Rates |
|---------------------------------------|----------------------|--------|-----------------------------------|--------|--------|---------------------|--|---|
| | Operating Millage | SWFWMD | Peace River Basin ^b | WCIND | Other | Charlotte County | | |
| 2017 | 3.1969 | 0.3307 | 0.0000 | 0.0394 | 0.2000 | 6.3007 | 6.9270 | 16.9947 |
| 2016 | 3.1969 | 0.3488 | 0.0000 | 0.0394 | 0.2000 | 6.3007 | 7.2110 | 17.2968 |
| 2015 | 3.1969 | 0.3658 | 0.0000 | 0.0394 | 0.2000 | 6.3007 | 7.3650 | 17.4678 |
| 2014 | 3.1969 | 0.3818 | 0.0000 | 0.0394 | 0.2000 | 6.3007 | 7.5810 | 17.6998 |
| 2013 | 3.2462 | 0.3928 | 0.0000 | 0.0394 | 0.2000 | 6.2796 | 7.4910 | 17.6490 |
| 2012 | 2.7462 | 0.3928 | 0.0000 | 0.0394 | 0.2000 | 6.2796 | 7.3440 | 17.0020 |
| 2011 | 2.7251 | 0.3770 | 0.1827 | 0.0394 | 0.2000 | 6.0892 | 7.8410 | 17.4544 |
| 2010 | 2.6996 | 0.3866 | 0.1827 | 0.0394 | 0.2000 | 5.7096 | 7.3570 | 16.5749 |
| 2009 | 2.5689 | 0.3866 | 0.1827 | 0.0394 | 0.0000 | 5.9096 | 6.3600 | 15.4472 |
| 2008 | 2.1728 | 0.3866 | 0.1827 | 0.0394 | 0.2000 | 4.5426 | 6.2388 | 13.7629 |

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) | | | | | | | | | |
|---|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| 1 Florida Power & Light Co. Electric Utility | \$ 59.8 | \$ 49.2 | \$ 43.4 | \$ 43.0 | \$ 45.1 | \$ 40.7 | \$ 40.2 | \$ 39.1 | \$ 41.4 | \$ 38.4 |
| 2 Punta Gorda Medical Center, Inc. Hospital | 23.2 | 25.4 | 26.1 | 26.4 | 29.6 | 30.0 | 29.0 | 33.1 | 47.1 | 46.5 |
| 3 Embarq Sprint-United Telephone Co. of FL Telephone Utility | 9.5 | 10.3 | 10.6 | 11.4 | 13.3 | 12.8 | 11.4 | 11.9 | 20.9 | 21.8 |
| 4 ATA Fishville, LLC Shopping Center Fishermen's Village | 7.5 | 8.9 | 8.4 | 7.2 | 12.5 | 11.3 | 14.9 | 10.8 | 13.0 | 13.0 |
| 5 Wyvern Hospitality, LLC | 7.2 | 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 | 7.0 | 7.6 | 8.2 | 9.5 | 11.0 | 10.5 | 11.2 | 13.3 | 15.2 |
| 7 Home Depot USA, Inc | 6.2 | 6.5 | 6.5 | 6.9 | 7.1 | 7.2 | 7.4 | 7.8 | 9.0 | 9.6 |
| 8 Gettel PG Dealership | 6.2 | 5.4 | 5.3 | - | - | - | - | - | - | - |
| 9 Isles Yacht Club Inc. | 5.9 | 5.7 | 5.7 | 5.7 | 5.2 | 5.7 | 5.6 | - | 9.0 | 9.1 |
| 10 Harbor Resort Hotel, LLC Four Points by Sheraton | 5.0 | - | - | 7.6 | 5.3 | 5.8 | - | - | - | - |
| Colonial Realty, Limited-shopping center Shopping Center Burnt Store | - | 5.9 | 6.0 | 6.1 | 6.0 | 6.3 | 6.2 | 7.0 | - | - |
| SunLoft LLC | - | - | - | - | - | - | 7.6 | 8.0 | 13.6 | - |
| Integrated Control Systems, Inc.- Training Center & Impac University | - | - | - | - | - | - | - | 10.2 | - | - |
| Palm Isles Condo Dev LLC Condo- Vivante | - | - | - | - | - | - | - | - | 9.5 | 18.5 |
| Punta Gorda Partners LLC Condo- Vivante | - | - | - | - | - | - | - | - | 9.1 | 20.3 |
| Total | \$ 137.5 | \$ 131.7 | \$ 126.9 | \$ 129.3 | \$ 141.4 | \$ 138.7 | \$ 140.6 | \$ 147.2 | \$ 185.9 | \$ 200.1 |
| City Total Taxable Assessed Value | \$2,685.3 | \$2,513.8 | \$2,398.2 | \$2,308.2 | \$2,258.8 | \$2,367.6 | \$2,430.2 | \$2,646.1 | \$2,712.1 | \$3,519.4 |
| Principal Taxpayer's Percentage of total | 5.12% | 5.24% | 5.29% | 5.60% | 6.26% | 5.86% | 5.79% | 5.56% | 6.85% | 5.69% |

Source: Charlotte County Property Appraiser

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

| Fiscal year Ended September 30, | Taxes Levied for the Fiscal Year | Collections within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2017 | \$ 8,584,633 | \$ 8,286,481 | 96.53% | \$ 1,795 | \$ 8,288,276 | 96.55% |
| 2016 | 8,034,956 | 7,762,139 | 96.60% | 74 | 7,762,213 | 96.61% |
| 2015 | 7,684,073 | 7,443,084 | 96.86% | 858 | 7,443,942 | 96.87% |
| 2014 | 7,379,151 | 7,113,559 | 96.40% | - | 7,113,559 | 96.40% |
| 2013 | 7,332,405 | 7,126,709 | 97.19% | - | 7,126,709 | 97.19% |
| 2012 | 6,502,365 | 6,239,901 | 95.97% | - | 6,239,901 | 95.97% |
| 2011 | 6,622,612 | 6,424,928 | 97.02% | 2,349 | 6,427,277 | 97.05% |
| 2010 | 7,143,500 | 6,829,121 | 95.60% | - | 6,829,121 | 95.60% |
| 2009 | 7,866,623 | 7,495,907 | 95.29% | 3,196 | 7,499,103 | 95.33% |
| 2008 | 7,646,888 | 7,319,612 | 95.72% | - | 7,319,612 | 95.72% |

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 |
| 2017 | \$ 15,505,000 | \$ - | \$ 1,369,568 | \$ - |
| 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 |

* 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 |
|---|---|-----------------------|
| \$ 16,874,568 | 2.4% | \$ 908 |
| 18,132,272 | 2.6% | 1,028 |
| 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 |

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, 2017

| <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 | - | | - |
| 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 Charlott

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 |
|---------------------------------------|-------------------------|------------------------------------|-----------------------------|---------------------------------|----------|
| 2017 | \$ - | \$ - | \$ - | \$ - | - |
| 2016 | - | - | - | - | - |
| 2015 | - | - | - | - | - |
| 2014 | Revenue Bonds Retired | | | | |
| 2013 | 16,766,618 | 10,119,087 | 6,647,531 | 1,565,031 | 4.2 |
| 2012 | 15,592,877 | 9,920,795 | 5,672,082 | 1,573,260 | 3.6 |
| 2011 | 15,326,489 | 10,402,002 | 4,924,487 | 1,573,260 | 3.1 |
| 2010 | 13,877,616 | 9,379,526 | 4,498,090 | 1,578,540 | 2.8 |
| 2009 | 15,604,951 | 10,808,535 | 4,796,416 | 1,578,540 | 3.0 |
| 2008 | 18,884,053 | 10,363,438 | 8,520,615 | 1,581,040 | 5.4 |

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

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

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

| <u>Fiscal year Ended September 30,</u> | <u>Population City of Punta Gorda (a)</u> | <u>Population Charlotte County (a)</u> | <u>Per Capita Income (b)</u> | <u>Total Personal Income City of Punta Gorda (in thousands)</u> | <u>Unemployment Rate (c)</u> |
|--|---|--|----------------------------------|---|----------------------------------|
| 2017 | 18,588 | 178,465 | \$ 38,473 | \$ 715,136 | 4.0% |
| 2016 | 17,835 | 173,115 | 37,745 | 673,182 | 5.6% |
| 2015 | 17,632 | 173,115 | 39,997 | 705,227 | 5.5% |
| 2014 | 17,556 | 164,739 | 39,457 | 692,707 | 6.2% |
| 2013 | 17,349 | 162,449 | 36,694 | 636,604 | 6.6% |
| 2012 | 17,177 | 160,511 | 37,424 | 642,832 | 9.1% |
| 2011 | 16,641 | 159,978 | 35,858 | 596,713 | 10.1% |
| 2010 | 16,641* | 159,978* | 34,587 | 575,562 * | 12.0% |
| 2009 | 16,989 | 159,127 | 34,978 | 594,241 | 13.0% |
| 2008 | 17,651 | 159,889 | 35,837 | 632,559 | 9.6% |

Note: Information presented is the most current available.

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

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

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

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

FY 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 2017

| Employer | Employees | Rank | Percentage of Total MSA Employment |
|--|------------------|-------------|---|
| Charlotte County School Board | > 2,000 | 1 | 4.21% |
| Publix Super Markets, Inc. | 1,665 | 2 | 3.51% |
| Walmart Stores, Inc. | 1,500 | 3 | 3.16% |
| St. Joseph Healthcare, Inc. | 1,400 | 4 | 2.95% |
| Charlotte County | > 1,100 | 5 | 2.32% |
| HMA, Inc. Health Port Charlotte | 1,080 | 6 | 2.27% |
| Charlotte County Board of Commisioners | > 1,000 | 7 | 2.11% |
| Fawcett Memorial Hospital | 895 | 8 | 1.88% |
| Gettel Automall | 595 | 9 | 1.25% |
| Sun Coast Media Group Inc. | 493 | 10 | 1.04% |

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 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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 | 1.50 | 1.63 | 1.63 | 1.50 | 2.50 | 3.00 |
| Human Resources | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 |
| City Clerk | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Procurement | 7.50 | 6.50 | 6.50 | 6.50 | 6.90 | 7.00 | 7.25 | 7.25 | 8.00 | 9.00 |
| Finance | 8.00 | 8.00 | 8.00 | 7.50 | 9.00 | 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 | 0.50 | 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 | 4.00 | 4.80 | 4.80 | 4.90 | 4.90 | 5.00 | 6.00 | 6.00 |
| Right of Way Maint | 13.00 | 13.00 | 13.00 | 13.00 | 14.00 | 14.00 | 14.00 | 15.00 | 16.00 | 17.00 |
| Parks and Grounds | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 11.50 | 12.00 | 14.00 | 16.00 |
| Facilities Maintenance | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 |
| Police | 49.00 | 49.00 | 49.00 | 49.00 | 49.00 | 49.00 | 49.00 | 52.00 | 51.00 | 52.00 |
| Fire | 29.00 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 29.00 | 30.00 |
| Urban Design | | | | | | | | | | |
| (1) Urban Design/Growth Mgmt | 6.00 | 5.00 | 5.00 | 5.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 |
| Zoning & Code Compliance | 5.00 | 6.00 | 6.00 | 6.00 | 3.00 | 4.00 | 4.00 | 4.00 | 5.00 | 6.00 |
| Urban Design | - | - | - | - | 6.80 | 6.80 | 6.80 | 6.80 | 7.00 | 7.00 |
| Punta Gorda Isles Canal Maintenance | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.50 | 10.50 | 10.50 |
| (2) Charlotte Harbor Natl Estuary Prog | 4.00 | 4.00 | 4.00 | | | | | | | |
| Utilities | | | | | | | | | | |
| Billing and Collections | 6.00 | 6.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.60 | 8.00 | 8.00 |
| Utilities Administration | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 | 6.00 | 7.00 | 7.00 |
| Water Treatment | 17.00 | 17.00 | 16.00 | 16.00 | 16.00 | 16.00 | 14.50 | 13.50 | 16.00 | 18.00 |
| Wastewater Collection | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 14.80 | 15.00 | 15.00 | 15.00 |
| Wastewater Treatment | 15.00 | 15.00 | 14.00 | 13.50 | 13.50 | 13.50 | 13.50 | 13.50 | 13.50 | 15.00 |
| Water Distribution | 16.50 | 16.50 | 18.00 | 18.00 | 18.00 | 18.00 | 17.50 | 20.00 | 18.00 | 20.00 |
| Fleet Maintenance | 1.50 | 1.50 | 1.50 | 1.50 | 1.60 | 1.60 | 2.00 | 3.00 | 4.00 | 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 | 8.00 | 6.56 | 6.56 | 5.00 | 4.87 | 4.00 | 8.00 | 8.00 | 8.00 |
| Information Technology | | | | | | | | | | |
| Information Technology (IT) | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Geographic Information Services(GIS) | - | - | - | - | - | - | - | - | - | 1.00 |
| Total | 272.50 | 270.50 | 267.56 | 263.36 | 264.60 | 264.80 | 264.88 | 276.15 | 291.00 | 308.50 |

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 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Calls for Service | 12,597 | 12,894 | 13,151 | 11,858 | 12,333 | 13,289 | 14,874 | 15,687 | 16,177 | 14,222 |
| Citations Issued | 4,435 | 7,194 | 7,901 | 10,567 | 9,842 | 8,562 | 11,446 | 12,626 | 13,708 | 15,652 |
| Traffic crashes | 604 | 595 | 582 | 493 | 441 | 444 | 447 | 491 | 465 | 448 |
| Narcotics arrests | 160 | 200 | 244 | 190 | 113 | 187 | 285 | 277 | 247 | 226 |
| Fire Department | | | | | | | | | | |
| Fires | 70 | 58 | 78 | 68 | 50 | 80 | 97 | 52 | 81 | 70 |
| EMS and Police assistance calls | 2,688 | 2,640 | 2,573 | 2,323 | 2,248 | 2,202 | 2,343 | 2,529 | 2,403 | 2,115 |
| Building | | | | | | | | | | |
| Building permits issued | 2,001 | 1,932 | 1,804 | 1,580 | 1,553 | 812 | 1,297 | 1,170 | 939 | 1,429 |
| Building inspections conducted | 5,969 | 6,316 | 5,279 | 4,139 | 3,806 | 2,575 | 2,613 | 2,415 | 2,552 | 4,834 |
| Dwelling units permitted | 128 | 246 | 120 | 100 | 99 | 57 | 30 | 43 | 18 | 98 |
| Streets and Highways | | | | | | | | | | |
| Streets resurfaced (<i>miles</i>) | 4.6 | 5.0 | 5.0 | 1.5 | 5.0 | 7.3 | 6.3 | 6.5 | 6.2 | 0.0 |
| New sidewalks (linear feet) | 0 | 0 | 1,090 | 350 | 2,084 | 6,020 | 2,000 | 4,490 | 6,547 | 5,180 |
| Water | | | | | | | | | | |
| New connections | 227 | 316 | 278 | 148 | 111 | 62 | 51 | 9 | 45 | 192 |
| Average daily consumption (<i>thousands of gallons</i>) | 5,165 | 4,687 | 4,442 | 4,364 | 4,352 | 4,261 | 4,456 | 4,299 | 4,101 | 4,018 |
| Peak daily consumption (<i>thousands of gallons</i>) | 7,072 | 6,969 | 6,481 | 5,318 | 6,067 | 6,216 | 6,471 | 6,400 | 6,602 | 7,061 |
| Water equivalent residential units (ERU) | 22,114 | 21,511 | 21,103 | 20,870 | 20,790 | 20,656 | 20,645 | 20,512 | 20,651 | 21,430 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (<i>thousands of gallons</i>) | 2,451 | 2,618 | 2,409 | 2,507 | 2,281 | 2,178 | 2,092 | 2,210 | 1,840 | 1,884 |
| Sewer equivalent residential units (ERU) | 16,602 | 16,228 | 15,904 | 15,694 | 15,557 | 15,422 | 15,390 | 15,292 | 15,062 | 15,688 |
| Solid waste collection | | | | | | | | | | |
| Solid waste collected (<i>tons per day</i>) | 28.5 | 27.8 | 24.8 | 23.9 | 23.5 | 24.7 | 22.7 | 24.8 | 23.5 | 26.1 |
| Recyclables collected (<i>tons per day</i>) includes yardwaste | 17.3 | 16.9 | 13.5 | 13.3 | 13.4 | 13.2 | 11.7 | 11.4 | 10.8 | 10.3 |
| Punta Gorda Isles Canal | | | | | | | | | | |
| Seawall replacement (feet) | 8,173 | 7,164 | 6,984 | 7,398 | 6,414 | 6,609 | 8,436 | 6,484 | 4,221 | 4,248 |
| Seawall cap replacement (feet) | 916 | 1,062 | 559 | 929 | 6,126 | 5,304 | 4,420 | 6,479 | 5,076 | 4,676 |
| Total miles of seawall | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 | 91.0 |
| Total miles of canals | 45.5 | 45.5 | 45.5 | 45.5 | 45.5 | 45.5 | 45.5 | 45.5 | 45.5 | 45.5 |
| Burnt Store Isles Canal | | | | | | | | | | |
| Seawall replacement (feet) | 1,114 | 1,206 | 1,284 | 1,484 | 1,788 | 1,740 | 1,594 | 694 | 750 | 474 |
| Seawall cap replacement (feet) | 331 | 118 | 51 | 0 | 699 | 556 | 2,637 | 898 | 1,036 | 421 |
| Total miles of seawall | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 |
| Total miles of canals | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |

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

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

| Function/Program | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sub-Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 0 |
| Number of Police Officers Authorized | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 35 | 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 | 26 | 27 |
| Streets and Highways | | | | | | | | | | |
| Streets (<i>miles</i>) | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 116 | 110 | 110 |
| Unpaved streets (<i>miles</i>) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Streetlights | 720 | 720 | 720 | 720 | 720 | 720 | 720 | 590 | 566 | 566 |
| Traffic signal intersections | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 18 | 18 | 18 |
| Water | | | | | | | | | | |
| Water mains (<i>miles</i>) | 238 | 238 | 238 | 237 | 237 | 237 | 237 | 237 | 237 | 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 | 1,230 | 1,253 | 1,234 | 1,234 | 1,193 | 1,177 | 1,173 | 979 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (<i>miles</i>) | 129 | 130 | 130 | 130 | 130 | 130 | 129 | 129 | 129 | 129 |
| Treatment capacity (<i>millions</i>) | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Solid waste collection | | | | | | | | | | |
| Collection trucks | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 120.0 | 120.0 | 110.8 | 104.0 | 104.0 | 104.0 | 90.7 | 90.7 | 90.7 | 90.7 |
| Number of Parks | 22 | 22 | 20 | 19 | 19 | 19 | 12 | 12 | 12 | 12 |

Source: City of Punta Gorda Finance Department.

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

SUPPLEMENTAL INFORMATION

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Punta Gorda, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Punta Gorda, Florida (the “City”), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated April 30, 2018.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Awards Program and on Internal Control over Compliance Required by Uniform Guidance; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 219.39(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.

Additional Matters

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

Purpose of this Letter

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



Punta Gorda, Florida
April 30, 2018

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

Honorable Mayor and City Council
City of Punta Gorda, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Punta Gorda, Florida (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in blue ink that reads "Ashley, Brown & Co."

Punta Gorda, Florida
April 30, 2018



366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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, 2017. 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 City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

The purpose of this report is to comply with the audit requirements of Section 218.415 Florida Statute and Rules of the Auditor General.

Punta Gorda, Florida
April 30, 2018

A handwritten signature in blue ink that reads "Ashley, Brown & Co." in a cursive script.

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, 2017, and have issued our report thereon dated April 30, 2018 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ashley, Brown & Co.

Punta Gorda, Florida
April 30, 2018

CITY OF PUNTA GORDA, FLORIDA
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
 RELATED TO THE DEEPWATER HORIZON OIL SPILL
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>Source</u> | <u>Amount Received in the 2017 Fiscal Year</u> | <u>Amount Expended in the 2017 Fiscal Year</u> |
|---------------------------------|--|--|
| British Petroleum: | | |
| Class Action Lawsuit - | | |
| Agreement No. _MRID: 535409.000 | <u>\$ -</u> | <u>\$ 479,666</u> |

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

SINGLE AUDIT REPORT

Independent Auditor's Report on Compliance for Each Major Federal Awards Program and on Internal Control over Compliance Required by Uniform Guidance

Honorable Mayor and City Council
City of Punta Gorda, Florida:

Report on Compliance for Each Major Federal Awards Program

We have audited the City of Punta Gorda, Florida's (the "City") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of City's major federal awards program for the year ended September 30, 2017. The City's major federal award programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal awards program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). The *Uniform Guidance* standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal award program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal awards program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Awards Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal awards program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal awards program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Ashley, Brown & Co.

Punta Gorda, Florida
April 30, 2018

CITY OF PUNTA GORDA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

YEAR ENDED SEPTEMBER 30, 2017

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Award Programs

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal award programs:

| <u>Major Federal Programs:</u> | <u>CFDA No.</u> |
|---|-----------------|
| U.S. Department of Transportation – Highway Planning and Construction Cluster | 20.205 |
| U.S. Environmental Protection Agency – Capitalization Grants for Drinking Water State Revolving Funds | 66.468 |

Dollar threshold used to determine Type A programs:

Federal programs \$ 750,000

Auditee qualified as low-risk auditee for federal purposes? X Yes No

CITY OF PUNTA GORDA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2017

Part II – Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III – Federal Award Programs - Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

CITY OF PUNTA GORDA, FLORIDA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN –
FEDERAL AWARD PROGRAMS**

YEAR ENDED SEPTEMBER 30, 2017

Prior Year Audit Findings:

There were no prior year audit findings.

Corrective Action Plan:

There were no audit findings in the current year independent auditor's reports that required corrective action.

CITY OF PUNTA GORDA, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

| FEDERAL AGENCY <i>Pass-through entity</i> Federal Program - Project Name | Federal CFDA Number | Grant/Contract/Identifying Number | Federal Expenditures |
|---|---------------------------|--------------------------------------|-------------------------|
| <u>DEPARTMENT OF AGRICULTURE</u> | | | |
| <i>Passed through the Florida Department of Agriculture and Consumer Services</i> | | | |
| Cooperative Forestry Assistance | 10.664 | 023865 | \$ 1,775 |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | 1,775 |
| <u>DEPARTMENT OF COMMERCE</u> | | | |
| <i>Passed through the Florida Department of Environmental Protection</i> | | | |
| Coastal Partnership Initiative Grant | 11.419 | CM615 | 4,372 |
| TOTAL DEPARTMENT OF COMMERCE | | | 4,372 |
| <u>DEPARTMENT OF THE INTERIOR</u> | | | |
| <i>Passed through the Florida Department of Environmental Protection</i> | | | |
| Clean Vessel Act | 15.616 | MV178 | 4,060 |
| TOTAL DEPARTMENT OF THE INTERIOR | | | 4,060 |
| <u>DEPARTMENT OF JUSTICE</u> | | | |
| <i>Passed through the Florida Department of Law Enforcement</i> | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2017-JAGC-CHAR-3-F9-145 | 13,822 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2017-JAGD-CHAR-1-F8-002 | 1,757 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2016-DJ-BX-0701 | 5,741 |
| TOTAL DEPARTMENT OF JUSTICE | | | 21,320 |
| <u>DEPARTMENT OF TRANSPORTATION</u> | | | |
| <i>Passed through the Florida Department of Transportation</i> | | | |
| Highway Planning and Construction Cluster | 20.205 | 431220 | 1,697,329 |
| TOTAL DEPARTMENT OF THE INTERIOR | | | 1,697,329 |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | |
| National Estuary Program | 66.456 | 00D22214 | 414,758 |
| Regional Wetland Program Development Grant | 66.461 | 00D23814 | 3,350 |
| <i>Passed through the Florida Department of Environmental Protection</i> | | | |
| Capitalization Grants for Drinking Water State Revolving Funds - 2017 | 66.468 | DW080310 | 3,860,329 |
| *** Capitalization Grants for Drinking Water State Revolving Funds - 2016 | 66.468 | DW080310 | 809,239 |
| | | | 4,669,568 |
| TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY | | | 5,087,676 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 6,816,532 |

*** Due to unforeseen timing delays during the grant/loan approval process, the Florida Department of Environmental Protection allowed the City to recapture these prior year expenditures, not previously reported on the schedule of expenditures of federal awards.

The notes to Schedules of Expenditures of Federal Awards is an integral part of this schedule.

CITY OF PUNTA GORDA, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal awards of the City of Punta Gorda, Florida (the “City”) for the year ended September 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“*Uniform Guidance*”). Because the Schedule presents only a selected portion of the operations of the City, the schedule is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City’s reporting entity is defined in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2017. All federal award programs received directly from federal agencies, as well as federal award programs passed through other government agencies, are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2017. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City did not utilize the 10-percent de minimis indirect cost rate for reimbursement of grant expenditures as covered in 2 CFR 200.414 (f) Indirect Costs.

NOTE 3 – CONTINGENCIES

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2017, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant funding are recorded in the year the adjustment occurs.

NOTE 4 – SUBRECIPIENTS

Of the federal awards presented in the Schedule, the City did not provide any amounts to subrecipients.