



CITY OF NORTH PORT, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED SEPTEMBER 30, 2016



City of North Port, 4970 City Hall Boulevard, North Port, FL 34286

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
September 30, 2016**



CITY OF NORTH PORT, FLORIDA

Prepared by the Finance Department

Peter D. Lear, CPA, CGMA
Finance Director

**CITY OF NORTH PORT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	i-v
Certificate of Achievement	vi
List of Principal Officers	vii
Organization Chart	viii
 FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-20
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	23
Statement of Activities	24-25
Fund Financial Statements:	
Balance Sheet - Governmental Funds	26-27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	30-31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Net Position - Proprietary Funds	33
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	34
Statement of Cash Flows - Proprietary Funds	35-36
Statement of Fiduciary Net Position - Fiduciary Funds	37

**CITY OF NORTH PORT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

TABLE OF CONTENTS

FINANCIAL SECTION (continued)	<u>Page</u>
Statement of Changes in Fiduciary Net Position - Pension Trust Fiduciary Funds	38
Notes to the Financial Statements	39-81
Required Supplementary Information:	
Budgetary Comparison Schedules - General Fund and Major Special Revenue Funds:	
General Fund	84-85
Road and Drainage District Special Revenue Fund	86
Fire Rescue District Special Revenue Fund	87
Solid Waste District Special Revenue Fund	88
Florida Retirement System (FRS) Information	89-92
Pension Trusts' Information	93-98
GASB Statement 45 Postemployment Benefits Other Than Pension	99
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	102-105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	106-109
Budgetary Comparison Schedules:	
Inspector Education Special Revenue Fund	110
Special Law Enforcement Special Revenue Fund	111
Police Education Special Revenue Fund	112
Tree Replacement Special Revenue Fund	113
Warm Mineral Springs Special Revenue Fund	114
Building Department Special Revenue Fund	115
Escheated Lots - Land and Future Projects Special Revenue Fund	116
Escheated Lots - Parks Special Revenue Fund	117
Law Enforcement Impact Fees Special Revenue Fund	118
Fire Impact Fees Special Revenue Fund	119
Parks and Recreation Impact Fees Special Revenue Fund	120
Transportation Impact Fees Special Revenue Fund	121
Solid Waste Impact Fees Special Revenue Fund	122
General Government Impact Fees Special Revenue Fund	123
Environmental Management Special Revenue Fund	124
Fleet Maintenance Special Revenue Fund	125

**CITY OF NORTH PORT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

TABLE OF CONTENTS

FINANCIAL SECTION (continued)	<u>Page</u>
Road Reconstruction Bond Debt Service Fund	126
Surtax II Capital Projects Fund	127
Surtax III Capital Projects Fund	128
Capital Acquisition Capital Projects Fund	129
Road Reconstruction Capital Projects Fund	130
Combining Statement of Fiduciary Net Position - Fiduciary Funds	132
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	133
Combining Statement of Changes in Assets and Liabilities - Agency Funds	134-135
 STATISTICAL SECTION	
Net Position by Component - Last Ten Fiscal Years	138
Changes in Net Position - Last Ten Fiscal Years	139-140
Fund Balances of Governmental Funds - Last Ten Fiscal Years	141
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	142-143
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	144
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	145
Principal Property Tax Payers - Current Year and Nine Years Ago	146
Property Tax Levies and Tax Collections - Last Ten Fiscal Years	147
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	148
Ratios of General Bonded Debt Outstanding - Last Nine Fiscal Years	149
Direct and Overlapping Governmental Activities Debt	150
Legal Debt Margin Information	151
Pledged-Revenue Coverage - Last Ten Fiscal Years	152-153
Demographic and Economic Statistics - Last Ten Calendar Years	154

**CITY OF NORTH PORT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

TABLE OF CONTENTS

STATISTICAL SECTION (continued)	<u>Page</u>
Principal Employers - Current Year and Nine Years Ago	155
Full-time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	156
Operating Indicators by Function/Program - Last Ten Fiscal Years	157
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	158
 SUPPLEMENTAL INFORMATION SECTION	
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 <i>Government Auditing Standards</i>	159-160
Schedule of Findings and Responses	161
Independent Auditor's Management Letter	162-163
Independent Auditor's Report - Compliance with F.S. Section 218.415	164



City of North Port

4970 City Hall Boulevard
North Port, Florida 34286-4100
(941) 429-7000
www.cityofnorthport.com

March 28, 2017

The Honorable Mayor and Vice-Mayor,
Members of the City Commission,
Citizens of the City of North Port
North Port, Florida

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of North Port, Florida (the City) for the fiscal year ended September 30, 2016. The purpose of this report is to provide City Commission, citizens, financial institutions and others with detailed information concerning the financial condition and performance of the City of North Port. This report meets Florida Statute requirements that each local government entity 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 independent certified public accountants. In addition, the audit was also designed to meet the requirements of the Federal Single Audit Act.

This report consists of management's representations concerning the finances of the City of North Port. Consequently, management assumes full responsibility for the completeness and reliability of all 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 City'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. The City of North Port has designed internal controls to provide reasonable, not absolute, assurance that the financial statements are free from any material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) that the evaluation of the costs and benefits requires estimates and judgments by management. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, and that all disclosures necessary to enable the reader to obtain a comprehensive understanding of the City's financial activity have been included.

The City's financial statements for the fiscal year ended September 30, 2016 have been audited by Mauldin & Jenkins LLC, a firm of licensed certified public accountants. The 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. In addition to meeting the requirements of the state statutes, the audit was also designed to meet the requirements of the

Federal Single Audit Act. The independent auditor's report on the basic financial statements and combining and individual fund statements and the schedules is presented as the first component of the financial section. The independent auditor's report related specifically to the Single Audit is included in a separate Single Audit report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements the letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of North Port was incorporated on June 18, 1959. The City is managed under a Commission-City Manager form of government. The legislative and governing body of the City consists of five elected citizens who are qualified voters in the City. The five elected commissioners annually select a Mayor. Each commissioner is elected to a four year staggered term. There is a limit of two terms that any commissioner may serve. The Commission appoints the City Manager, who is the chief administrative officer of the City and directs the business of the City and its various departments. The Commission determines policy, adopts legislation, approves the City's budget, sets taxes and fees, and appoints the City Clerk, Deputy City Clerk and the City Attorney.

The City of North Port provides a range of municipal services. The public safety operation includes police and fire protection, as well as building, code enforcement and zoning. Recreational services include neighborhood parks, a skate park facility and recreational centers. Public Works provides essential street and road maintenance, drainage, traffic signalization, landscape maintenance, as well as solid waste collection. The Public Utilities provides water and sewer service and reuse water for irrigation. Other services provided include planning, engineering, economic development, as well as general administrative services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing a recommended budget. The City Manager then presents this recommended budget to the Commission for review during the month of July. The Commission is required to hold public hearings on the proposed budget and adopt a final budget no later than September 30, the close of the City of North Port's fiscal year. The appropriated budget is prepared by fund, function and department. 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 and major special revenue funds, the comparisons are presented as part of the required supplementary information. The other governmental budget-to-actual presentations are presented in the combining and individual fund statements and schedules subsection.

Local Economy

The City of North Port is the southernmost city in Sarasota County, midway between the cities of Tampa and Fort Myers, near the Gulf of Mexico. The City is comprised of 104.8 square miles and 813 miles of paved road and has 81 miles of freshwater canals.

As of the 2010 census data, North Port is Sarasota County's largest municipality in population. The population of North Port has steadily increased from 53,732 in 2007 to 64,472 in 2016.

For the fiscal year 2016, the City adopted the millage rate of 3.5974 mils. Ad valorem taxes make up approximately 32% of the budgeted General Fund revenues, excluding transfers and fund balance.

Long-term Financial Planning

The City of North Port's Capital Improvement Program (CIP) consists of capital projects that reflect the City's infrastructure needs over a five-year time frame and includes assets with long term value, such as buildings, roads, bridges and parks. The CIP not only includes on-going capital requirements but also includes capital additions that are necessary to comply with the Growth Management Act of 1985, as amended. The Growth Management Act requires the adoption of the Comprehensive Plan, which details the additional infrastructure necessary to handle projected population increases. The CIP differentiates these capital projects from those of an on-going nature by designating them as level of service projects.

The primary objective of the City's investment program is the preservation of capital. Investment transactions are managed so as to avoid loss of principal, whether by security default or by erosion of market value. Generally, operating capital is kept at the local bank, in an earnings credit based checking account. The remainder of the City's funds is invested according to the City's investment policy, which is adopted by the Commission and can only be amended by the Commission. The most recent amendment was done on April 26, 2016 by City Ordinance 2016-10.

On April 20, 2011 the City formally adopted a Fund Balance Policy with Resolution No. 2011-R-14. This policy established fund balance ranges for several of the operating funds of the City. The General Fund has a fund balance policy with a range of total spendable fund balance of 15% to 25% of the ensuing year's budgeted General Fund expenditures. The dependent special district funds have fund balance policies with a range of total spendable fund balance of 20% to 25% of the ensuing year's annual budgeted expenditures. The fund balances are designed to be used in the event of a significant financial emergency. Appropriations of fund balances may be set aside for specific purposes, such as capital projects, for known significant future cost items or one-time, non-recurring expenditures and are not to be used for operating purposes. For operating budgets, the fund balance shall be maintained such that emergency needs may be met and sufficient funds are available to operate before tax proceeds are received.

On July 28, 2016 the City formally adopted an Economic Stability Policy with Resolution No. 2016-R-20. This policy addresses any surplus in excess of the Fund Balance Policy range. The City Commission will, through Resolution, commit up to an additional 10% of the ensuing year's

budgeted expenditures to cover any anticipated short-term budgetary shortfalls in the ensuing 5 years. Establishment of such policy not only helps improve the City's financial position, but increases the likelihood of the City's bond rating being increased, thus resulting in lower borrowing costs for the City.

Major Initiatives

- Atwater Community Park splash pad, playground, and restroom building constructed
- George Mullen Activity Center construction of sidewalks, dark fiber, and lighting
- Oaks Park and Myakkahatchee Creek Trail improvements
- Park and facility enhancements and amenities
- Highland Ridge Park playground equipment replaced
- Warm Mineral Springs parking lot improvements
- Road Rehabilitation of 42 miles of city roads
- Sidewalks and pedestrian bridge construction
- Water plant upgrade of alum and ammonia systems, transfer pumps, and clarifier

Awards and Acknowledgements

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 North Port for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2015. This was the twentieth consecutive year that the City has received this prestigious award. We are pleased to continue to achieve this distinction. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report 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 City also received the GFOA's Award for Distinguished Budget Presentation for its annual financial plan for the fiscal year beginning October 1, 2015, the same period covered by this Comprehensive Annual Financial Report. This was the eighth consecutive year that the City received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, organization, and as a communications medium.

The City received an Overall Excellence Award from Vision Internet's What's Next Awards, receiving national recognition as having an all-around, excellent website. Further, the City's technology efforts placed sixth in the nation for cities our size in the national 2016 Digital Cities Survey hosted by the Center for Digital Government. The City received the Silver Circle Award from the City-County Communications and Marketing Association for its overall social media strategy. The City also received the Savvy Award from the same organization for the City's Gopher

Tortoise Awareness Program. In addition, the City's Police Department received the national Golden Post Award from the Government Social Media Organization for the department's strategy in solving crime.


This report represents countless hours of preparation and could not have been accomplished without the dedicated efforts of the Finance Department. A special note of appreciation is extended to these employees for their work to ensure the accuracy of this report.

The financial responsibility exhibited by the Commission throughout the year is commendable. Your interest in the fiscal matters of the City, combined with a commitment to assure continued sufficient financial capacity, is appreciated.

Sincerely,

A handwritten signature in blue ink, reading "Jonathan R. Lewis".

Jonathan R. Lewis, ICMA-CM
City Manager

A handwritten signature in blue ink, reading "Peter D. Lear".

Peter D. Lear, CPA, CGMA
Finance Director



Government Finance Officers Association

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

Presented to

**City of North Port
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

City of North Port, Florida

Principal Officers As of September 30, 2016

City Commission

Jacqueline Moore, Mayor
Rhonda Y. DiFranco, Vice-Mayor
Tom Jones, Commissioner
Linda M. Yates, Commissioner
Cheryl Cook, Commissioner

City Manager

Jonathan R. Lewis, ICMA-CM

Assistant City Manager

Daniel P. Schult

Department Directors

Juliana B. Bellia	Public Works
Robin A. Carmichael	General Services
Peter D. Lear, CPA, CGMA	Finance
Christine McDade	Human Resources/Risk Management
Richard J. Newkirk	Public Utilities
William J. Taaffe	Fire Rescue/EMS
Kevin T. Vespia	Police
Scott E. Williams	Neighborhood Development Services

City Clerk

Patsy C. Adkins, MMC

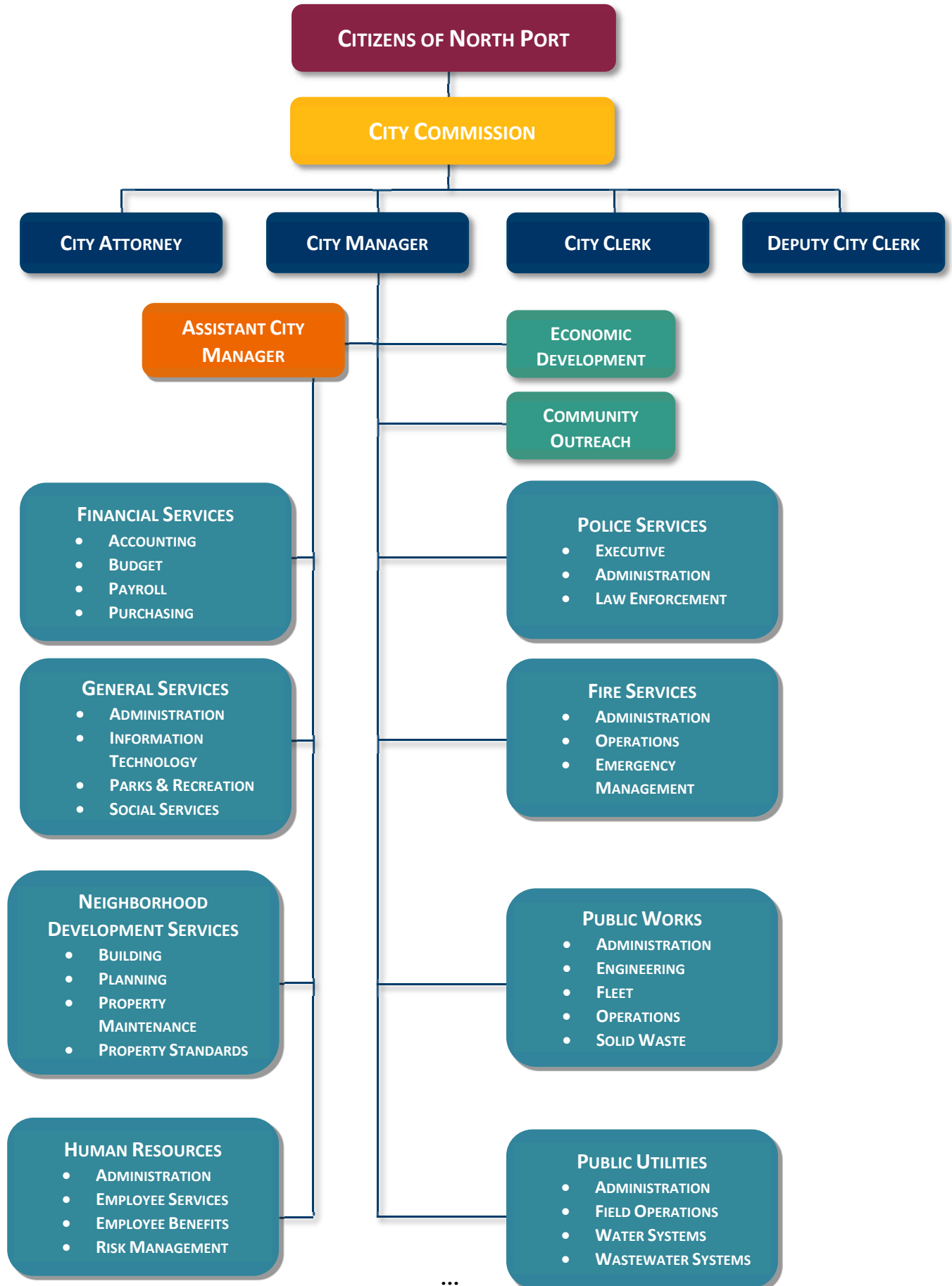
Deputy City Clerk

Vacant

City Attorney

Mark C. Moriarty

**CITY OF NORTH PORT, FLORIDA
ORGANIZATION CHART**





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commission
and City Manager
City of North Port , 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 North Port, Florida (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 of North Port, Florida, as of September 30, 2016, 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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge 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 fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2017, 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 28, 2017



Management's Discussion and Analysis

As management of the City of North Port (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report and the City's financial statements beginning on page 23.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year 2016 by \$434,819,433 (*net position*). Of this amount, \$20,741,126 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Regarding the \$20,741,126, the reader of these statements should look at the fund level statements in order to get a better understanding of the requirements of how these funds can be spent. Also, the City has a fund balance policy with minimum amounts of 15% - 25% of the ensuing year's annual budgeted expenditures depending on the operating fund.
- At the close of fiscal year 2016, the City's governmental funds reported combined ending fund balances of \$108,362,972, an increase of \$900,651 (see page 16 for analysis) in comparison with the prior year. Approximately 9.8% of the total amount, \$10,566,834, is available for spending at the City's discretion (unassigned fund balance).
- At the close of fiscal year 2016, unassigned fund balance for the general fund was \$10,566,834 or approximately 34% of total general fund expenditures.
- There was an increase in total net position of \$23.9 million during the current fiscal year.
- Total governmental activities revenues increased \$7,689,699, or 9.72% in comparison to the prior year. Due to the continuing rise in construction activity, permits revenue increased over \$280,000 in fiscal year 2016. Also, due to increased construction, more land was cleared resulting in an increase of approximately \$178,000 in tree mitigation assessments and fines compared to last fiscal year. Warm Mineral Springs revenues increased over \$70,000 due mainly to extended summer hours. The Road and Drainage District's non-ad valorem revenues collected in fiscal year 2016 rose approximately \$370,000 due to a 4% increase in rates; delinquent assessments increased over \$114,000. Construction traffic road fees increased over \$115,000 due to the rise in construction activity; Road and Drainage District's cost recovery income included a reimbursement of \$186,436 from Charlotte County for 50% of the expenses related to the Hillsborough Boulevard repairs project. Also, the Solid Waste District's non-ad valorem revenues rose over \$171,000 due to the increased number of new residences. Commercial collections also rose over \$120,000 due to

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

the growth in commercial accounts. The Fire Rescue District's non-ad valorem revenues rose over \$550,000 due to a 1% increase in rates and the rise in the number of developed properties. Ambulance transport fees increased approximately \$128,000 due to the increase in services. Ad valorem taxes rose over \$850,000 due to the upturn in assessed property values and the rise in the number of developed properties. Discretionary sales tax, municipal revenue sharing, one-half cent local sales tax and fuel taxes rose approximately \$506,500, \$138,000, \$349,000 and \$135,900, respectively, due to the recovering economy and continued growth of North Port. The Fleet Maintenance Fund's charges for services increased approximately \$351,500; more billable hours accounted for this rise in labor charges. Capital grants and contributions increased over \$1.9 million in fiscal year 2016 mainly due to the \$1.6 million increase in transportation impact fees. A moratorium on transportation impact fees was approved by the City Commission and extended from January 30, 2012 to January 30, 2015. The moratorium was lifted as of January 31, 2015, allowing for the collection of transportation impact fees for only eight months in fiscal year 2015. Finally, a new fund was created in fiscal year 2016 – Self Insurance Fund - for risk insurance; the self-insurance fees totaling over \$1.6 million also contributed to the increase in governmental activities revenues. There were many increases, with the major ones listed above, but there were also two notable decreases. There was a decrease of approximately \$247,770 in fuel charges associated with the in-house fleet fueling program due to lower fuel prices. Special assessments revenue decreased; the City returned funds that had been collected on a performance bond totaling \$393,286 to a developer due to compliance in fiscal year 2016.

- Total governmental activities expenses increased \$538,922, or 0.75% in comparison to the prior year. Major increases occurred in general government and public safety activities. In the current year, eleven new positions were added; health insurance costs rose over \$367,000; Florida Retirement System (FRS) employer contributions increased over \$237,000. Four city buildings were painted in 2016 costing over \$120,000. The Self-Insurance Fund had \$946,803 in general and administrative expenses that contributed to the increase in general government expenses; as was mentioned above, this was the first year for this fund. Uniform costs rose over \$77,000, particularly in the Police Department (\$78,921). In 2016, the police department went through a reorganization, resulting in six new commander positions overseeing various police operations rather than four lieutenant positions. New uniforms were needed for the commanders and the special response team that was newly formed. Training costs increased approximately \$89,660, particularly in the Police Department (\$60,039). Again, training was necessary for the new commanders and special response team. Physical environment activities also rose due to the following increases: tipping fees (\$115,615), trees (\$80,131) and minor operating costs (\$135,762). Recycling totes were purchased for the new Solid Waste Pilot Program. Trees were planted along Sumter Boulevard. Finally, culture and recreation expenses increased due to the following: the Warm Mineral Springs fund began paying a general fund allocation of \$61,700 in fiscal year 2016 and the fees paid to National and State Park Concessions to manage the springs increased approximately \$45,000 due to the extended summer hours. While most governmental

activities incurred increases, there was a reduction in transportation expenses of over \$1.5 million. Routine road maintenance costs decreased approximately \$428,500 in fiscal year 2016. The road reconstruction bond project - a three-year project that will rehabilitate approximately 266 miles of substandard roads – continued in fiscal year 2016. Bond proceeds are paying for these expenses; thus, fewer routine road maintenance costs were paid with operating funds. Fiscal year 2015 included over \$570,000 in bridge repairs and rehabilitation while no bridge repair costs were expended in fiscal year 2016. Also, pension expense for transportation decreased over \$500,000. Fuel costs decreased approximately \$330,000 due to lower fuel prices. FRS pension expense (per the actuarial valuations) for general government, public safety, physical environment and culture and recreation decreased \$998,870, \$512,488, \$234,183 and \$83,937, respectively, in comparison to last fiscal year due to changes in the City's proportionate share.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector financial statements.

The *Statement of Net Position* presents information on all of the City's assets plus deferred outflows of resources less liabilities, with the difference 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 revenue and expenses and shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private sector business in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, culture and recreation, human services and economic environment. The business-type activities of the City include the water and sewer utilities.

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

Effective October 1, 2014, the City implemented the provisions of GASB No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the City's accounting for pension amounts by requiring that the total net pension liability and the deferred inflows and outflows of resources related to the net pension liability be reported in the government-wide financial statements. Specifically, the net pension liability is listed on the Statement of Net Position and the amount is explained in the related note disclosures.

The City's government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of North Port, 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, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of North Port maintains many individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Drainage District Special Revenue Fund, the Fire Rescue District Special Revenue Fund, the Solid Waste District Special Revenue Fund, the Surtax III Capital Projects Fund and the Road Reconstruction Capital Projects Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual budget as described in Note B to the financial statements. A budgetary comparison statement has been provided in the Required Supplementary Information for the General Fund and each major special revenue fund with a legally adopted budget in order to demonstrate compliance with this budget. Budgetary comparison

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

schedules for nonmajor governmental funds and major capital projects funds are presented in the *combining and individual fund statements and schedules* section elsewhere in this report.

The basic governmental fund financial statements can be found on pages 26-32 of this report.

Proprietary Funds. The City maintains two types of proprietary funds. An *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer Utilities.

An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses a separate internal service fund to account for its self-insurance program. Because this fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type information as reported as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the major enterprise fund, which is the Water and Sewer Utility System. The internal service fund is considered to be a non-major fund and is also separately presented on the proprietary funds financial statements.

The basic proprietary funds financial statements can be found on pages 33-36.

Fiduciary 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 much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 37-38 of this report.

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 to the financial statements can be found on pages 39-81 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information.

Required and other supplementary information can be found on pages 83-130 of this report.

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$434,819,433 at the close of the most recent fiscal year for the City of North Port.

A major portion of the City's net position (76%) reflects its investment in capital assets such as land, buildings, various infrastructure, equipment and construction in progress, less any related outstanding debt used to acquire those assets. The City of North Port uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Following is a summary chart of the City's net position for fiscal years ending 2016 and 2015:

City of North Port's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 116,375,158	\$ 118,023,539	\$ 32,397,609	\$ 25,180,870	\$ 148,772,767	\$ 143,204,409
Capital assets	265,208,798	253,740,755	122,801,921	122,994,785	388,010,719	376,735,540
Total assets	381,583,956	371,764,294	155,199,530	148,175,655	536,783,486	519,939,949
Deferred outflows of resources	13,667,899	7,580,122	1,660,844	1,558,235	15,328,743	9,138,357
Long-term liabilities	68,547,529	63,872,397	37,737,282	39,281,980	106,284,811	103,154,377
Other liabilities	8,902,742	9,768,102	655,398	1,065,846	9,558,140	10,833,948
Total liabilities	77,450,271	73,640,499	38,392,680	40,347,826	115,842,951	113,988,325
Deferred inflows of resources	1,370,312	3,522,864	79,533	669,113	1,449,845	4,191,977
Net position:						
Net investment						
in capital assets	241,472,557	237,026,274	89,029,570	86,998,132	330,502,127	324,024,406
Restricted	71,250,430	62,452,659	12,325,750	7,094,824	83,576,180	69,547,483
Unrestricted	3,708,285	2,702,120	17,032,841	14,623,995	20,741,126	17,326,115
Total net position	\$ 316,431,272	\$ 302,181,053	\$ 118,388,161	\$ 108,716,951	\$ 434,819,433	\$ 410,898,004

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

An additional portion of the City's net position (19%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position (\$20,741,126 or 5%) may be used to meet the government's ongoing obligations to citizens and creditors within the specified purposes of the individual funds.

As of September 30, 2016, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$14.0 million in restricted net position reported for fiscal year 2016. This increase was primarily due to the accumulation of funds for multi-year capital projects not yet completed.

Governmental Activities. Governmental activities increased the City's net position by \$14,250,219 as the result of current fiscal year activities, accounting for 60% of the total growth in the City's net position.

- Total general revenues increased \$2,095,619 (6.50%). Ad valorem taxes (\$858,319), discretionary sales surtax (\$506,526), the one-half cent local sales tax (\$349,664), state shared revenues (\$138,093) and the fuel taxes (\$135,897) increased in the current fiscal year due to the recovering economy and continued growth in the City. Miscellaneous revenues (\$36,076) increased due to the \$38,958 rise in rental income from two cell tower leases.
- Charges for services increased \$3,584,893 (7.97%) during the current fiscal year. As was mentioned above, due to the continuing rise in construction activity, permits revenue increased over \$280,000 in fiscal year 2016. Also, due to increased construction, more land was cleared and more trees were cut down resulting in an increase of approximately \$175,000 in tree fines from last fiscal year. Warm Mineral Springs revenues increased over \$70,000 due mainly to extended summer hours. The Road and Drainage District's non-ad valorem revenues collected in fiscal year 2016 rose approximately \$370,000 due to a 4% increase in rates; delinquent assessments increased over \$114,000. Construction traffic road fees increased over \$115,000 due to the rise in construction activity; Road and Drainage District's cost recovery income included a reimbursement of \$186,436 from Charlotte County for 50% of the expenditures related to the Hillsborough Boulevard repairs project. Also, the Solid Waste District's non-ad valorem revenues rose over \$171,000 due to the increased number of new residences. Commercial collections also rose over \$120,000 due to the growth in commercial accounts. The Fire Rescue District's non-ad valorem revenues rose over \$550,000 due to a 1% increase in rates and the increase in the number of developed properties. Ambulance transport fees increased approximately \$128,000 due to increased service. The Fleet Maintenance Fund's charges for services increased approximately \$351,500; more billable hours accounted for this rise in labor charges. Finally, the newly created Self Insurance Fund contributed over \$1.6 million in self-insurance fees.

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

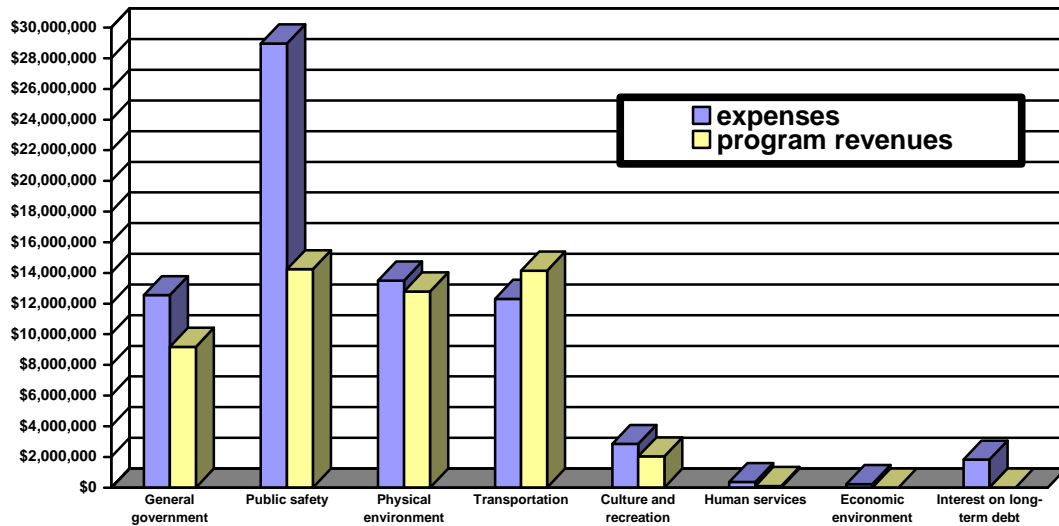
- Governmental activities expenses increased approximately \$538,900 (0.75%) during the current year. In fiscal year 2016, eleven new positions were added; health insurance costs rose over \$367,000; Florida Retirement System (FRS) employer contributions increased over \$237,000. Four city buildings were painted in 2016 costing over \$120,000. The newly created Self-Insurance Fund had \$946,803 in general and administrative expenses that contributed to the increase in general government expenses. Uniform costs rose over \$77,000, particularly in the Police Department (\$78,921). In 2016, the police department went through a reorganization, resulting in six new commander positions overseeing various police operations rather than four lieutenant positions. New uniforms were needed for the commanders and the special response team that was newly formed. Training costs increased approximately \$89,660, particularly in the Police Department (\$60,039). Again, training was necessary for the new commanders and special response team. Physical environment activities also rose due to the following increases: tipping fees (\$115,615), trees (\$80,131) and minor operating costs (\$135,762). Recycling totes were purchased for the new Solid Waste Pilot Program. Trees were planted along Sumter Boulevard. Finally, culture and recreation expenses increased due to the following: the Warm Mineral Springs fund began paying a general fund allocation of \$61,700 in fiscal year 2016 and the fees paid to National and State Park Concessions to manage the springs increased approximately \$45,000 due to the extended summer hours. While most governmental activities incurred increases, there was a reduction in transportation expenses of over \$1.5 million. Routine road maintenance costs decreased approximately \$428,500 in fiscal year 2016. The road reconstruction bond project - a three-year project that will rehabilitate approximately 266 miles of substandard roads – continued in fiscal year 2016. Bond proceeds are paying for these expenses; thus, fewer routine road maintenance costs were paid with operating funds. Fiscal year 2015 included over \$570,000 in bridge repairs and rehabilitation while no bridge repair costs were expended in fiscal year 2016. Also, pension expense for transportation decreased over \$500,000. As was mentioned above, fuel costs decreased approximately \$330,000 due to lower fuel prices. FRS pension expense (per actuarial valuations) for general government, public safety, physical environment and culture and recreation decreased \$998,870, \$512,488, \$234,183 and \$83,937, respectively, in comparison to last fiscal year due to changes in the City's proportionate share.

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

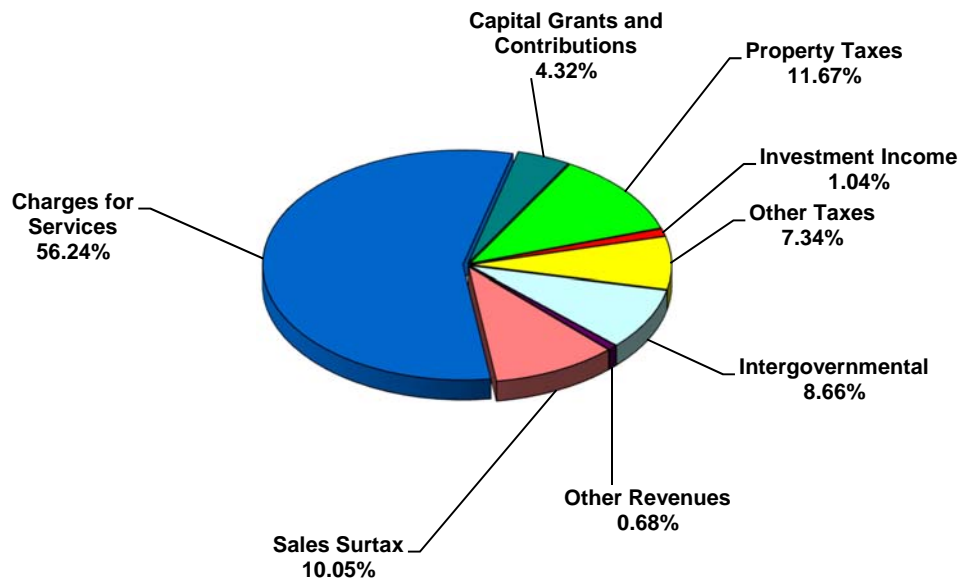
City of North Port's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$48,606,438	\$45,021,545	\$19,678,748	\$18,563,645	\$68,285,186	\$63,585,190
Operating grants and contributions	146,689	123,435	1,000	-	147,689	123,435
Capital grants and contributions	3,732,510	1,746,577	7,940,452	4,191,521	11,672,962	5,938,098
General Revenues:						
Ad valorem taxes	10,087,025	9,228,706	-	-	10,087,025	9,228,706
Discretionary sales surtaxes	8,679,097	8,172,571	-	-	8,679,097	8,172,571
Other taxes	6,348,179	6,188,839	-	-	6,348,179	6,188,839
Intergovernmental	7,487,367	6,982,072	-	-	7,487,367	6,982,072
Other	1,344,492	1,308,753	156,134	227,526	1,500,626	1,536,279
Total Revenues	86,431,797	78,772,498	27,776,334	22,982,692	114,208,131	101,755,190
Expenses:						
Governmental Activities:						
General government	12,548,288	11,030,818	-	-	12,548,288	11,030,818
Public safety	28,963,557	28,523,541	-	-	28,963,557	28,523,541
Physical environment	13,501,369	13,366,178	-	-	13,501,369	13,366,178
Transportation	12,308,111	13,860,150	-	-	12,308,111	13,860,150
Culture & recreation	2,844,658	2,791,605	-	-	2,844,658	2,791,605
Human services	361,663	392,101	-	-	361,663	392,101
Economic environment	218,487	225,113	-	-	218,487	225,113
Interest on long-term debt	1,823,375	1,841,080	-	-	1,823,375	1,841,080
Business-type Activities:						
Water and sewer	-	-	17,717,194	17,855,795	17,717,194	17,855,795
Total Expenses	72,569,508	72,030,586	17,717,194	17,855,795	90,286,702	89,886,381
Change in net position before transfers	13,862,289	6,741,912	10,059,140	5,126,897	23,921,429	11,868,809
Transfers	387,930	357,530	(387,930)	(357,530)	-	-
Change in Net Position	14,250,219	7,099,442	9,671,210	4,769,367	23,921,429	11,868,809
Net Position-beginning	302,181,053	295,081,611	108,716,951	103,947,584	410,898,004	399,029,195
Net Position-end of year	\$316,431,272	\$302,181,053	\$118,388,161	\$108,716,951	\$434,819,433	\$410,898,004

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

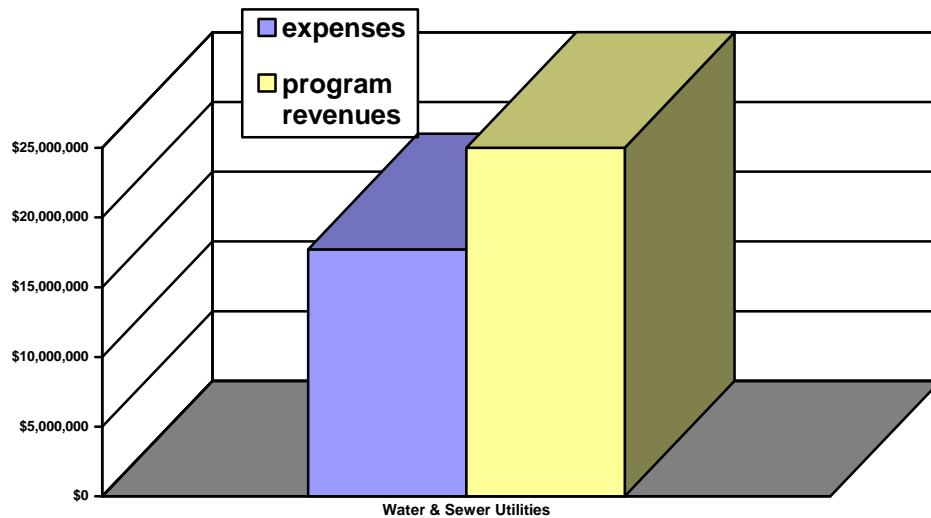


**Excludes transfers-in*

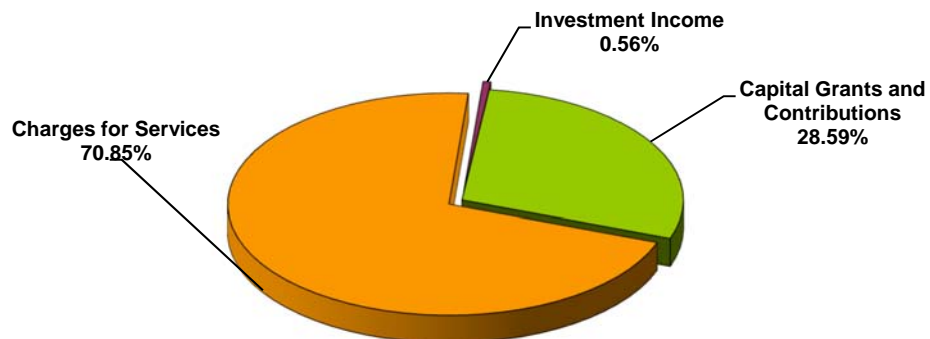
Business-type Activities. Business-type activities were responsible for an increase of \$9,671,210 in the total change of net position as the result of current fiscal year activities. The key elements causing the increase in the current fiscal year are:

- Developer contributed assets of \$1,664,468 were capitalized during the fiscal year.
- Water and sewer impact fees collected for the fiscal year were \$5,831,092.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the close of fiscal year 2016, the City's governmental funds reported combined ending fund balances of \$108,362,972, an increase of \$900,651 in comparison with the prior year. Approximately 9.8% of this total amount (\$10,566,834) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance available for spending is restricted, committed or assigned; these totaled \$94,402,744 or 87.1% of ending fund balance. Of this amount, \$80,582,096 is restricted by law or externally imposed requirements, \$13,237,800 is committed for specific purposes by the Commission and \$582,848 is assigned for various purposes. There was also an amount of non-spendable fund balance totaling \$3,393,394 or 3.1% of ending fund balance.

The General Fund is the chief operating fund of the City. The General Fund manages 34% of the total governmental revenues. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,566,834, while the total fund balance was \$11,469,164. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34% of total General Fund expenditures, while total fund balance represents 37% of that same amount.

The fund balance of the City's General Fund increased \$516,309 during the current fiscal year. Key factors for this increase are: ad valorem taxes increased over \$850,000 due to the upturn in assessed property values and the rise in the number of developed properties; and municipal revenue sharing and one-half cent local sales tax rose approximately \$469,502 due to the recovering economy and continued growth of North Port.

In the governmental funds, a final budget to actual comparison is done. A favorable budget variance is referred to as a positive variance or gain, while an unfavorable budget variance is referred to as a negative variance or loss. Budget variances occur because budget forecasting is a plan and the City is unable to predict the future with complete accuracy. The General fund had some noteworthy positive variances in Finance (\$118,726), Planning and Zoning (\$292,701), Police (\$682,487), Emergency Medical Services (\$239,066) and Economic Development (\$118,430). The Finance budget had savings in personnel due to the turnover in a Purchasing position and in auditing costs. Planning and Zoning consultant fees were lower than budgeted because the ULDC update did not occur in fiscal year 2016. The police department's personnel costs were lower than budgeted due to employee turnover and attrition. Also, the department had savings in fuel costs of approximately \$293,410 again due to employee turnover and lower fuel prices. Emergency Medical Services personnel

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

expenditures were lower than budgeted due to employee turnover and attrition and the department had savings in fuel costs of approximately \$15,000. Economic Development had savings in personnel costs; with the reorganization of the department, a new position, Economic Development Program Manager, was created. The Business Advocate was promoted to the new position, leaving the existing position vacant for approximately four and a half months. Also, savings occurred in professional services of approximately \$50,000. Two budgeted expenditures did not occur in fiscal year 2016 – the retail gap analysis implementation and the community profile for site selectors.

The fund balance of the Road and Drainage District increased \$1,787,318 in fiscal year 2016. The District's non-ad valorem revenues collected in fiscal year 2016 rose approximately \$370,000 due to a 4% increase in rates; delinquent assessments increased over \$114,000. Construction traffic road fees increased over \$115,000 due to the rise in construction activity; Road and Drainage District's cost recovery income included a reimbursement of \$186,436 from Charlotte County for 50% of the expenditures related to the Hillsborough Boulevard repairs project. In the current fiscal year, the District only transferred \$450,000 to the Capital Acquisitions Fund for future capital purchases versus the \$850,000 transferred last fiscal year. Also, capital outlay, particularly infrastructure (\$920,528) decreased approximately \$1.1 million from last fiscal year. A large intersection project was completed in fiscal year 2015. Finally, pension expense for transportation decreased over \$500,000.

The fund balance of the Fire Rescue District increased \$1,034,868 during the current fiscal year. The District's non-ad valorem revenues rose over \$550,000 due to a 1% increase in rates and the increase in the number of developed properties. The District only transferred \$552,000 to the Capital Acquisitions Fund for future capital purchases in fiscal year 2016, compared to the \$597,000 transferred last fiscal year.

The fund balance of the Solid Waste District increased by \$468,836 during the current fiscal year. The District's non-ad valorem revenues rose over \$171,000 due to the increased number of new residences. Commercial collections also rose over \$120,000 due to the growth in commercial accounts. Also, the District had savings in fuel costs of approximately \$122,000.

The fund balance of the Surtax III Fund increased \$3,856,520 in the current fiscal year. As in the past, revenues continue to accumulate in the Surtax III Fund at a rate faster than project expenditures are being made resulting in the increase.

The fund balance of the Road Reconstruction Fund decreased \$10,961,295. The road reconstruction bond project is on-going and expected to last three years, with fiscal year 2014 as the first year of the project. This accounts for the large fund balance in the Road Reconstruction Fund. As the road reconstruction project continues to progress, the balance will diminish.

Proprietary funds. The fund financial statements for the City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but in greater detail.

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

Unrestricted net position of the Water and Sewer Utilities increased \$2,408,846. The Self Insurance Fund has an unrestricted net position of \$683,942. Other factors concerning the finances of the proprietary funds have been addressed in the discussion of the City's business-type activities (Water and Sewer Utilities) and the City's governmental activities (Self Insurance).

General Fund Budgetary Highlights

During the current fiscal year, there was a \$63,440 increase in appropriations between the original and final amended budget. Following are the two components of the increase that were adopted using available fund balance:

- Increased the original budget by \$39,940 to roll funding for a City Manager Intern position.
- Increased the original budget by \$23,500 for the \$13,500 purchase of a pool heater and to budget \$10,000 for the use of funding from the Patterson Foundation grant.

Actual revenues were less than the final budget by \$287,335. Special assessments revenue decreased \$504,326; the City returned funds that had been collected on a performance bond totaling \$393,286 to a developer due to compliance in fiscal year 2016. Also, the electric franchise fees were overestimated by \$158,009.

Actual expenditures were less than the final budget by \$1,560,382. Following are some of the significant items causing a positive variance: \$1 million less-than-expected salaries and wages due to employee turnover and attrition; \$83,000 less-than-expected professional services; \$265,900 less-than-expected consultant costs; \$179,600 less-than expected fuel costs; diligent efforts by City departments to control costs and find savings throughout the year.

Capital Asset and Debt Administration

Capital assets. As of September 30, 2016, the City's investment in capital assets for its governmental and business-type activities amounts to \$388,010,719 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings, improvements, various infrastructure, utility systems and equipment. The overall total increase in the City's capital assets for the current fiscal year was 2.99% (a 4.52% increase for governmental activities and a 0.16% decrease for business-type activities).

Some of the major capital asset additions during the current fiscal year included the following:

- Roads and intersection improvements
- Sidewalks
- Neighborhood park refurbishments
- Water control structure design and improvements
- Water and sewer line improvements
- Neighborhood water and sewer line extensions

City of North Port, Florida
Management's Discussion and Analysis
September 30, 2016

- Dewatering system at wastewater treatment plant
- Connector bridge
- VolP phone system
- Sumter widening phase III

City of North Port's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 17,885,470	\$ 17,857,896	\$ 948,266	\$ 948,266	\$18,833,736	\$18,806,162
Buildings	37,233,632	38,521,137	2,324,703	2,396,917	39,558,335	40,918,054
Infrastructure	190,989,894	180,835,895	112,283,681	112,900,234	303,273,575	293,736,129
Equipment	15,182,638	14,593,046	6,421,054	6,479,763	21,603,692	21,072,809
Construction in progress	3,917,164	1,932,781	824,217	269,605	4,741,381	2,202,386
Total	\$265,208,798	\$253,740,755	\$122,801,921	\$122,994,785	\$388,010,719	\$376,735,540

Additional information on the City's capital assets can be found in Note F - Capital Assets on pages 54-55 of this report.

Long term debt. As of year-end, the City had \$75,227,238 in total bonded debt outstanding compared to the \$81,350,986 last year.

	<u>2016</u>	<u>2015</u>
Governmental:		
Transportation Improvement Assessment Bonds	\$ 36,115,000	\$ 36,995,000
Bond Premium	992,679	1,065,314
State Revolving Loan Funds	4,347,208	7,294,019
Subtotal	41,454,887	45,354,333
Business-type:		
State Revolving Loan Funds	20,391,364	21,504,673
Utility System Refunding		
Revenue Bonds, Series 2005	5,975,677	5,999,548
Utility System Refunding		
Revenue Bonds, Series 2014	8,099,000	9,352,000
Deferred loss on defeasance of debt	(693,690)	(859,568)
Subtotal	33,772,351	35,996,653
Total	<u>\$ 75,227,238</u>	<u>\$ 81,350,986</u>

Additional information on the City's long-term debt can be found in Note I - Long-Term Liabilities found on pages 57-62 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City of North Port had an unemployment rate of 5.2% at fiscal year-end. The City's unemployment rate is higher compared to unemployment rates for Florida and the nation during the same time period.
- The General Fund property tax millage was decreased by 0.1204 to 3.477 mills for fiscal year 2017.
- The City's population increased by 3.44% during the fiscal year from 62,325 to 64,472.
- The taxable value of real estate located in the City rose to \$3.26 billion in the current fiscal year, which is an increase of approximately \$375 million or 12.99% over the prior fiscal year.
- Single family home starts are continuing to increase.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

Financial Contact

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to:

City of North Port, Florida
Finance Department
4970 City Hall Boulevard
North Port, FL 34286-4100

Or visit our website: <http://www.cityofnorthport.com>

BASIC FINANCIAL STATEMENTS



CITY OF NORTH PORT, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 91,888,990	\$ 17,050,935	\$ 108,939,925
Receivables (net)	3,566,346	2,752,820	6,319,166
Internal balances	129,758	(129,758)	-
Inventories	59,152	322,525	381,677
Prepaid items	1,606,904	-	1,606,904
Restricted assets:			
Cash and investments	19,124,008	11,916,522	31,040,530
Receivables (net)	-	484,565	484,565
Capital assets:			
Non-depreciable	21,802,634	1,772,483	23,575,117
Depreciable (net)	243,406,164	121,029,438	364,435,602
Total Assets	<u>381,583,956</u>	<u>155,199,530</u>	<u>536,783,486</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on debt refundings	-	693,690	693,690
Deferred amount on pensions	13,667,899	967,154	14,635,053
Total Deferred Outflows of Resources	<u>13,667,899</u>	<u>1,660,844</u>	<u>15,328,743</u>
LIABILITIES			
Accounts payable	5,494,267	505,203	5,999,470
Accrued liabilities	1,583,698	-	1,583,698
Payable from restricted assets:			
Accounts payable	1,364,591	32,528	1,397,119
Interest payable	430,098	117,667	547,765
Unearned revenue	30,088	-	30,088
Noncurrent liabilities:			
Due within one year	3,082,618	2,526,639	5,609,257
Due in more than one year	65,464,911	35,210,643	100,675,554
Total Liabilities	<u>77,450,271</u>	<u>38,392,680</u>	<u>115,842,951</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount on pensions	1,370,312	79,533	1,449,845
Total Deferred Inflows of Resources	<u>1,370,312</u>	<u>79,533</u>	<u>1,449,845</u>
NET POSITION			
Net investment in capital assets	241,472,557	89,029,570	330,502,127
Restricted for:			
Renewal and replacement	-	1,051,749	1,051,749
Capital projects	38,517,915	11,274,001	49,791,916
Debt service	626,883	-	626,883
Public safety	9,112,318	-	9,112,318
Physical environment	7,725,204	-	7,725,204
Transportation	12,919,050	-	12,919,050
Culture and recreation	2,024,560	-	2,024,560
General government	324,500	-	324,500
Unrestricted	3,708,285	17,032,841	20,741,126
Total Net Position	<u>\$ 316,431,272</u>	<u>\$ 118,388,161</u>	<u>\$ 434,819,433</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF NORTH PORT, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 12,548,288	\$ 9,037,324	\$ 1,000	\$ 140,745
Public safety	28,963,557	13,798,654	42,719	393,375
Physical environment	13,501,369	12,474,915	500	316,186
Transportation	12,308,111	11,765,016	500	2,381,458
Economic environment	218,487	-	-	-
Human services	361,663	-	101,970	-
Culture and recreation	2,844,658	1,530,529	-	500,746
Interest on long-term debt	1,823,375	-	-	-
Total governmental activities	<u>72,569,508</u>	<u>48,606,438</u>	<u>146,689</u>	<u>3,732,510</u>
Business type activities:				
Water and sewer utilities	<u>17,717,194</u>	<u>19,678,748</u>	<u>1,000</u>	<u>7,940,452</u>
Total business-type activities	<u>17,717,194</u>	<u>19,678,748</u>	<u>1,000</u>	<u>7,940,452</u>
Total government	<u>\$ 90,286,702</u>	<u>\$ 68,285,186</u>	<u>\$ 147,689</u>	<u>\$ 11,672,962</u>

General revenues:

Taxes:

Ad Valorem

Insurance premium

Service

Local business

Fuel

Discretionary sales surtax

Intergovernmental - unrestricted

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position

Net position - beginning

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,369,219)	\$ -	\$ (3,369,219)
(14,728,809)	-	(14,728,809)
(709,768)	-	(709,768)
1,838,863	-	1,838,863
(218,487)	-	(218,487)
(259,693)	-	(259,693)
(813,383)	-	(813,383)
(1,823,375)	-	(1,823,375)
(20,083,871)	-	(20,083,871)
-	9,903,006	9,903,006
-	9,903,006	9,903,006
(20,083,871)	9,903,006	(10,180,865)
10,087,025	-	10,087,025
750,107	-	750,107
2,597,884	-	2,597,884
142,197	-	142,197
2,857,991	-	2,857,991
8,679,097	-	8,679,097
7,487,367	-	7,487,367
898,381	196,305	1,094,686
446,111	(40,171)	405,940
387,930	(387,930)	-
34,334,090	(231,796)	34,102,294
14,250,219	9,671,210	23,921,429
302,181,053	108,716,951	410,898,004
\$ 316,431,272	\$ 118,388,161	\$ 434,819,433

CITY OF NORTH PORT, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Road and Drainage District	Fire Rescue District	Solid Waste District
ASSETS:				
Cash and investments	\$ 12,283,078	\$ 13,602,093	\$ 4,659,969	\$ 3,906,700
Receivables (net of allowance for uncollectibles)	1,193,233	19,810	4,912	27,975
Due from other funds	692,406	-	-	-
Due from other governments	592,491	490,619	29,618	12
Prepaid items	230,664	-	12,029	-
Inventories	-	-	-	-
Total assets	14,991,872	14,112,522	4,706,528	3,934,687
LIABILITIES:				
Accounts payable	1,745,097	1,572,193	82,407	586,463
Due to other funds	-	128,442	314,622	57,091
Due to other governments	1,806	-	-	-
Accrued liabilities	1,419,372	-	-	154,380
Unearned revenue	30,088	-	-	-
Total liabilities	3,196,363	1,700,635	397,029	797,934
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - other receivables	326,345	13,281	3,000	-
Total deferred inflows of resources	326,345	13,281	3,000	-
FUND BALANCES:				
Nonspendable	230,664	-	12,029	-
Restricted	-	12,398,606	4,294,470	3,136,753
Committed	88,818	-	-	-
Assigned	582,848	-	-	-
Unassigned	10,566,834	-	-	-
Total fund balances	11,469,164	12,398,606	4,306,499	3,136,753
Total liabilities, deferred inflows of resources and fund balances	\$ 14,991,872	\$ 14,112,522	\$ 4,706,528	\$ 3,934,687

The notes to the financial statements are an integral part of this statement.

Surtax III	Road Reconstruction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 24,831,134	\$ 19,124,008	\$ 31,912,128	\$ 110,319,110
163,120	-	5,082	1,414,132
-	-	-	692,406
1,013,447	-	26,027	2,152,214
459,849	-	2,631,700	3,334,242
-	-	59,152	59,152
<u>26,467,550</u>	<u>19,124,008</u>	<u>34,634,089</u>	<u>117,971,256</u>
321,215	1,364,591	1,179,694	6,851,660
-	-	62,493	562,648
-	-	5,392	7,198
-	-	-	1,573,752
-	-	-	30,088
<u>321,215</u>	<u>1,364,591</u>	<u>1,247,579</u>	<u>9,025,346</u>
240,312	-	-	582,938
<u>240,312</u>	<u>-</u>	<u>-</u>	<u>582,938</u>
459,849	-	2,690,852	3,393,394
25,446,174	17,759,417	17,546,676	80,582,096
-	-	13,148,982	13,237,800
-	-	-	582,848
-	-	-	10,566,834
<u>25,906,023</u>	<u>17,759,417</u>	<u>33,386,510</u>	<u>108,362,972</u>
<u>\$ 26,467,550</u>	<u>\$ 19,124,008</u>	<u>\$ 34,634,089</u>	<u>\$ 117,971,256</u>



CITY OF NORTH PORT, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Fund balances - total governmental funds	\$ 108,362,972
---	-----------------------

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

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

Non-depreciable capital assets	\$ 21,802,634	
Depreciable capital assets	243,406,164	265,208,798

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

Prepaid bond insurance (net of accumulated amortization)	93,922
--	--------

A prepaid debt service expenditure in the governmental funds is reported as interest expense and a reduction of loans payable in governmental activities.	(1,821,260)
---	-------------

An internal service fund is used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.

683,942

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

Interest payable	(430,098)	
Loans payable	(4,347,208)	
Assessment bonds payable	(37,107,679)	
Capital leases payable	(40,771)	
Compensated absences payable	(2,485,105)	
Other postemployment benefits payable	(2,128,098)	(46,538,959)

Certain deferred inflows in governmental funds are susceptible to full accrual on the entity-wide statements.

582,938

Deferred outflows, deferred inflows and the net pension asset (liability) related to the City's pension plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the governmental funds.

Deferred pension outflows	13,667,899	
Net pension liability	(22,438,668)	
Deferred pension inflows	(1,370,312)	(10,141,081)

Net position of governmental activities	\$ 316,431,272
--	-----------------------

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Road and Drainage District	Fire Rescue District	Solid Waste District
REVENUES:				
Taxes	\$ 13,342,995	\$ 2,857,991	\$ 234,218	\$ -
Permits, fees and special assessments	2,862,074	-	15,960	-
Intergovernmental	7,066,447	964,702	32,943	500
Charges for services	7,186,594	12,371,101	8,457,848	8,650,926
Fines and forfeiture	108,575	-	-	-
Investment income	138,884	122,660	54,424	52,180
Miscellaneous	482,476	220,388	41,318	4,740
Total revenues	<u>31,188,045</u>	<u>16,536,842</u>	<u>8,836,711</u>	<u>8,708,346</u>
EXPENDITURES:				
Current:				
General government	10,531,447	-	-	-
Public safety	18,607,967	-	7,272,776	-
Physical environment	-	4,417,946	-	6,451,694
Transportation	-	8,969,770	-	-
Economic environment	213,540	-	-	-
Human services	304,826	-	-	-
Culture and recreation	1,005,653	-	-	-
Capital outlay	345,078	941,559	550	302,786
Debt service	41,465	-	-	-
Total expenditures	<u>31,049,976</u>	<u>14,329,275</u>	<u>7,273,326</u>	<u>6,754,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>138,069</u>	<u>2,207,567</u>	<u>1,563,385</u>	<u>1,953,866</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	-	-
Transfers in	387,930	-	-	-
Transfers out	(27,000)	(450,000)	(552,000)	(1,485,030)
Insurance recoveries	17,310	29,751	23,483	-
Total other financing sources and (uses)	<u>378,240</u>	<u>(420,249)</u>	<u>(528,517)</u>	<u>(1,485,030)</u>
Net change in fund balances	516,309	1,787,318	1,034,868	468,836
Fund balances - beginning	<u>10,952,855</u>	<u>10,611,288</u>	<u>3,271,631</u>	<u>2,667,917</u>
Fund balances - ending	<u>\$ 11,469,164</u>	<u>\$ 12,398,606</u>	<u>\$ 4,306,499</u>	<u>\$ 3,136,753</u>

The notes to the financial statements are an integral part of this statement.

Surtax III	Road Reconstruction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 8,679,097	\$ -	\$ -	\$ 25,114,301
-	-	9,074,268	11,952,302
163,120	-	-	8,227,712
15,094	-	5,075,989	41,757,552
-	-	468,681	577,256
172,931	129,444	223,875	894,398
-	-	3,537	752,459
9,030,242	129,444	14,846,350	89,275,980
55,126	-	4,391,038	14,977,611
198,651	-	1,425,373	27,504,767
-	-	168,593	11,038,233
82,436	26,862	32,603	9,111,671
-	-	-	213,540
-	-	-	304,826
68,542	-	965,060	2,039,255
4,768,967	11,063,877	2,133,944	19,556,761
-	-	4,456,854	4,498,319
5,173,722	11,090,739	13,573,465	89,244,983
3,856,520	(10,961,295)	1,272,885	30,997
-	-	411,180	411,180
-	-	2,604,030	2,991,960
-	-	(90,000)	(2,604,030)
-	-	-	70,544
-	-	2,925,210	869,654
3,856,520	(10,961,295)	4,198,095	900,651
22,049,503	28,720,712	29,188,415	107,462,321
\$ 25,906,023	\$ 17,759,417	\$ 33,386,510	\$ 108,362,972

**CITY OF NORTH PORT, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds \$ 900,651

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

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

Expenditures for capital assets	\$ 19,556,761	
Less current year depreciation	<u>(9,085,214)</u>	10,471,547

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, asset transfers to/from enterprise funds).		996,496
--	--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Also, revenue related to prior periods that became available during the current period are reported in the funds but are eliminated in the statement of activities. This amount is the net adjustment.		(47,858)
---	--	----------

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 insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Loan proceeds	(411,180)	
Lease principal payments	40,089	
Bond principal payments	880,000	
Loan principal payments	3,357,991	
Amortization of bond premium	72,635	
Amortization of prepaid bond insurance costs	<u>(6,872)</u>	3,932,663

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in government funds.

Pension expense	(1,050,732)	
Change in other postemployment benefits liability	(130,461)	
Change in accrued interest	145,489	
Change in compensated absences	<u>169,742</u>	(865,962)

A prepaid debt service expenditure in the governmental funds is reported as interest expense and a reduction of loans payable in governmental activities.		(1,821,260)
---	--	-------------

An internal service fund is used by management to charge the cost of self-insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		<u>683,942</u>
---	--	----------------

Change in net position of governmental activities		<u><u>\$ 14,250,219</u></u>
--	--	-----------------------------

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Fund Water & Sewer Utilities	Government-type Activities - Internal Service Fund Self Insurance
ASSETS		
Current assets:		
Cash and investments	\$ 17,050,935	\$ 693,888
Accounts receivable (net of allowance for uncollectibles)	2,752,810	-
Due from other governments	10	-
Inventories	322,525	-
Total current assets	20,126,280	693,888
Noncurrent assets:		
Restricted assets:		
Cash and investments	11,916,522	-
Accounts receivable (net of allowance for uncollectibles)	484,565	-
Capital assets:		
Land	948,266	-
Buildings	3,609,214	-
Infrastructure	153,441,901	-
Equipment	12,162,191	-
Construction in progress	824,217	-
Less: accumulated depreciation	(48,183,868)	-
Total noncurrent assets	135,203,008	-
Total assets	155,329,288	693,888
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on debt refundings	693,690	-
Deferred amount on pension	967,154	-
Total deferred outflows of resources	1,660,844	-
LIABILITIES		
Current liabilities:		
Accounts payable	505,203	-
Liability for unpaid claims	-	9,946
Payable from restricted assets:		
Accounts payable	32,528	-
Customer deposits payable	30,762	-
Due to other funds	129,758	-
Loans payable	1,144,349	-
Revenue bonds payable	1,305,513	-
Interest payable	117,667	-
Accrued compensated absences	46,015	-
Total current liabilities	3,311,795	9,946
Noncurrent liabilities:		
Customer deposits payable	12,047	-
Loans payable	19,247,015	-
Revenue bonds payable	12,769,164	-
Accrued compensated absences	230,018	-
Other postemployment benefits payable	118,148	-
Net pension liability	2,834,251	-
Total noncurrent liabilities	35,210,643	-
Total liabilities	38,522,438	9,946
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on pension	79,533	-
Total deferred inflows of resources	79,533	-
NET POSITION		
Net investment in capital assets	89,029,570	-
Restricted for renewal and replacement requirements	1,051,749	-
Restricted for capital projects	11,274,001	-
Unrestricted	17,032,841	683,942
Total net position	\$ 118,388,161	\$ 683,942

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Fund	Government-type Activities - Internal Service Fund
	Water & Sewer Utilities	Self Insurance
OPERATING REVENUES		
Charges for services:		
Water charges	\$ 9,905,202	\$ -
Sewer charges	9,482,394	-
Self-insurance fees	-	1,600,010
Miscellaneous	291,152	26,752
Total operating revenues	<u>19,678,748</u>	<u>1,626,762</u>
OPERATING EXPENSES		
General and administrative	3,363,420	946,803
Water treatment and distribution	4,298,681	-
Sewer collection and treatment	1,320,332	-
Field operations	3,344,008	-
Depreciation	4,197,726	-
Total operating expenses	<u>16,524,167</u>	<u>946,803</u>
Operating income	<u>3,154,581</u>	<u>679,959</u>
NONOPERATING REVENUES (EXPENSES)		
Operating grants	1,000	-
Investment income	196,305	3,983
Interest expense	(1,193,027)	-
Loss on asset disposals	(40,171)	-
Total nonoperating revenues (expenses)	<u>(1,035,893)</u>	<u>3,983</u>
Income before capital contributions and transfers	2,118,688	683,942
Capital contributions	7,940,452	-
Transfers out	<u>(387,930)</u>	<u>-</u>
Change in net position	9,671,210	683,942
NET POSITION - BEGINNING OF YEAR	<u>108,716,951</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ 118,388,161</u></u>	<u><u>\$ 683,942</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Fund	Government-type Activities - Internal Service Fund
	Water & Sewer Utilities	Self Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 19,684,185	\$ 1,626,762
Payments to vendors for goods and services	(8,093,984)	(788,052)
Payments to employees and benefit programs	(4,372,335)	-
Claims paid	-	(148,805)
Net cash provided by operating activities	<u>7,217,866</u>	<u>689,905</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash transfers to other funds	<u>(387,930)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>(387,930)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,487,462)	-
Proceeds from sale of capital assets	550	-
Capital grants	22,536	-
Principal paid on bonds and loans	(2,390,179)	-
Interest paid on bonds and loans	(1,033,571)	-
Special assessments	24,409	-
Capacity fees received	<u>5,791,378</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(72,339)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	<u>196,305</u>	<u>3,983</u>
Net cash provided by investing activities	<u>196,305</u>	<u>3,983</u>
Net increase in cash and cash equivalents	6,953,902	693,888
Cash and cash equivalents, October 1	<u>22,013,555</u>	<u>-</u>
Cash and cash equivalents, September 30	<u><u>\$ 28,967,457</u></u>	<u><u>\$ 693,888</u></u>
Classified as:		
Current assets	\$ 17,050,935	\$ 693,888
Restricted assets	<u>11,916,522</u>	<u>-</u>
Total	<u><u>\$ 28,967,457</u></u>	<u><u>\$ 693,888</u></u>

(Continued)

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Fund	Government-type Activities - Internal Service Fund
	Water & Sewer Utilities	Self Insurance
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,154,581	\$ 679,959
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	4,197,726	-
Decrease in accounts receivable	26,422	-
Decrease in due from other governments	492	-
Decrease in inventories	86,312	-
Increase in deferred outflows - pensions	(268,487)	-
Decrease in accounts payable	(268,605)	-
Increase in due to other funds	30,847	-
Decrease in customer deposits payable	(20,985)	-
Increase in compensated absences	23,341	-
Increase in benefits payable	2,676	-
Increase in claims payable	-	9,946
Increase in other postemployment benefits payable	2,485	-
Increase in net pension liability	840,641	-
Decrease in deferred inflows - pensions	(589,580)	-
Total adjustments	4,063,285	9,946
Net cash provided by operating activities	\$ 7,217,866	\$ 689,905
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Amortization of deferred amount on defeasance of debt	\$ 165,878	\$ -
Capital asset contributions	1,664,468	-

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	<u>PENSION TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
ASSETS		
Cash and equivalents	\$ 750,989	\$ 7,344
Receivables:		
Contributions receivable	762,090	-
Interest and dividends receivable	<u>103,602</u>	<u>-</u>
Total receivables	<u>865,692</u>	<u>-</u>
Investments, at fair market value:		
U.S. Government and agency securities	6,536,453	-
Money market funds	1,060,511	-
Mortgage/asset-backed securities	4,012,399	-
Equity securities	44,849,358	-
Corporate obligations	5,267,193	-
Fixed income mutual funds	7,025,928	-
Commingled real estate funds	6,955,047	-
International equity securities	554,527	-
Municipal obligations	<u>79,830</u>	<u>-</u>
Total investments	<u>76,341,246</u>	<u>-</u>
 Total assets	 <u>77,957,927</u>	 <u>7,344</u>
 LIABILITIES		
Accounts payable and accrued expenses	66,819	-
Due to other entities	<u>-</u>	<u>7,344</u>
 Total liabilities	 <u>66,819</u>	 <u>7,344</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u><u>\$ 77,891,108</u></u>	 <u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>PENSION TRUST FUNDS</u>
ADDITIONS	
Contributions:	
Plan members	\$ 1,029,941
State of Florida	750,108
City of North Port	<u>3,271,351</u>
Total contributions	<u>5,051,400</u>
Investment income	
Net change in fair value of investments	4,388,031
Interest and dividends	<u>1,424,630</u>
Investment income	5,812,661
Less investment expenses	<u>(499,453)</u>
Net investment income	<u>5,313,208</u>
Total additions	<u>10,364,608</u>
DEDUCTIONS	
Benefits to participants	2,257,410
Share account distributions	101,113
Administrative expenses	162,252
Refund of participant contributions	<u>629,957</u>
Total deductions	<u>3,150,732</u>
NET INCREASE	7,213,876
NET POSITION - BEGINNING	<u>70,677,232</u>
NET POSITION - ENDING	<u><u>\$ 77,891,108</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH PORT, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of North Port, Florida (the City) have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. THE FINANCIAL REPORTING ENTITY

The City of North Port, Florida was created, as of June 18, 1959, pursuant to the provisions of the Constitution of the State of Florida, the laws of the State of Florida and the Special Legislative Enactment of Chapter 59-1617 as amended by Chapter 59-1618. The City operates under a form of government that is comprised of five elected City Commissioners and a commission appointed City Manager. The following services are provided: public safety, road improvements, planning and zoning, building permitting and inspections, water and sewer service, refuse collection service, stormwater management, and related general administrative services.

As required by GAAP, these financial statements present the activities of the City of North Port, Florida.

Blended Component Units: The financial statements also include three special districts, which are reported as blended component units. The districts operate under the guidance of the City Commission, which meets separately as the districts' governing body to approve the adoption of the annual budget and subsequent amendments, the issuance of debt and the execution of contracts. The financial transactions of these component units are merged in with similar transactions of the City as part of the primary government. Blended component units of the City of North Port include the Road and Drainage District, the Fire Rescue District and the Solid Waste District. Separate financial statements of the three districts are not available.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. 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.

The statement of activities demonstrates 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* include 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 funds are reported as separate columns in the fund financial statements.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 government 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 fees, 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 City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *road and drainage district special revenue fund* is used to account for proceeds of the local option gas taxes and district assessments that are restricted to transportation and/or stormwater drainage services.

The *fire rescue district special revenue fund* is used to account for proceeds of district assessments that are restricted for fire rescue emergency services and public safety.

The *solid waste district special revenue fund* is used to account for proceeds of district assessments that are restricted for solid waste collection and transportation of refuse, yard waste and recyclable material.

The *surtax III capital projects fund* is used to account for resources that are restricted for the acquisition and/or construction of specific capital projects. This fund represents the fifteen (15) year extension of the one cent sales surtax program.

The *road reconstruction capital projects fund* is used to account for bond proceeds that are restricted for the reconstruction of various roads throughout the City.

The City reports the following major proprietary fund:

The *water and sewer utilities fund* accounts for the activities associated with providing water and sewer services to the residents of the City. The City operates a sewage treatment plant, sewage pumping stations and collection systems, and a water treatment/distribution plant.

Additionally, the City reports the following fund types:

The *self-insurance fund* (internal service fund) accounts for the activity of the workers' compensation self-insurance, the auto self-insurance and the general liability self-insurance provided to other departments on a cost reimbursement basis.

The *pension trust funds* (fiduciary funds) account for the activities of the City's firefighters' and police officers' pension trust funds, which accumulate resources for pension benefit payments to qualified pension participants.

The *county road impact fees agency fund* (fiduciary fund) accounts for the impact fees collected for and disbursed to Sarasota County.

The *county justice impact fees agency fund* (fiduciary fund) accounts for the impact fees collected for and disbursed to Sarasota County.

The *county general government impact fees agency fund* (fiduciary fund) accounts for the impact fees collected for and disbursed to Sarasota County.

The *education impact fees agency fund* (fiduciary fund) accounts for the impact fees collected for and disbursed to Sarasota County School Board.

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 for services between the City's various funds. Elimination of these charges would distort the direct costs and program revenues reported for the 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 sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned and unassigned resources as they are needed.

4. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE

a) Cash and investments

The City is authorized by City Ordinance 2016-10, adopted April 26, 2016, to invest surplus funds in accordance with Florida Statute 218.415. Investment guidelines have been defined in the policy and authorize the City to invest in the following:

- 1) U.S. Treasuries and Government Guaranteed Obligations

- 2) Federal Agencies and Government Sponsored Enterprises (GSE)
- 3) Supranationals
- 4) Corporates
- 5) Municipals
- 6) Agency Mortgage Backed Securities
- 7) Asset-backed securities
- 8) Non-Negotiable Certificates of Deposit and Savings Accounts
- 9) Commercial Paper
- 10) Repurchase Agreements
- 11) Money Market Funds
- 12) Fixed Income Mutual Funds
- 13) Local Government Investment Pools
- 14) The Florida Local Government Surplus Funds Trust Funds ("Florida Prime")

All funds participate in the pooled cash investment program. Investment income and loss is allocated to individual funds based upon their average daily balance in the cash pool. Each fund's individual equity in the City's investment pool is considered to be a cash equivalent, since the funds can deposit or withdraw cash at any time without prior notice or penalty.

Investments for the City are reported at fair value based upon quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or values obtained from independent pricing services.

b) Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans.) All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The non-current advances between funds, as reported in the fund financial statements, are offset by a corresponding nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

c) Inventories

Inventories are adjusted to annual counts and are valued at cost, using the first-in/first-out method.

d) Restricted assets

The balances of restricted asset accounts in the governmental activities column at September 30, 2016 are as follows:

Bond proceeds restricted for road rehabilitation	\$ 19,124,008
--	---------------

The balances of restricted asset accounts in the business-type activities column at September 30, 2016 are as follows:

Customer deposits	\$ 42,809
Renewal and replacement funds	1,051,749
Capital project construction funds	10,821,964
	<u>\$ 11,916,522</u>
Capacity fees receivables	\$ 484,565

e) Capital assets

Capital assets, which include property, plant, and equipment, 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 \$5,000 or more (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	5-50
Furniture and fixtures	5-10
Equipment	7-30
Vehicles	5

f) Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of net position and the governmental funds balance sheet will sometimes report separate sections for deferred outflows/inflows of resources. *Deferred outflows of resources* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that period. *Deferred inflows of resources* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that period. The City has various items that qualify for reporting in these categories. In the business-type activities column of the government-wide statement of net position, a deferred charge on debt refunding is reported as a deferred outflow, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item, unavailable revenue, arises only under the modified accrual basis and accordingly, the unavailable revenue is reported as a deferred inflow only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: other receivables. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Additionally, the City has deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by actuaries, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. The changes in proportion and differences between City contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

g) Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay and other employee benefit amounts. These amounts are accrued when incurred in the government-wide and proprietary fund financial statements. In the case of governmental funds, the only portion of the liability reported would be the amount of reimbursable unused leave payable to employees who had terminated their employment as of the end of the fiscal year.

h) 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. Bond premiums, discounts and insurance costs are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize debt proceeds, including capital leases, during the current period. The face amount of debt issued is reported as "other financing sources."

i) Net position

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

Net Investment in Capital Assets – this component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted – this component of net position has constraints placed on them either externally by third parties (creditors, grantors, contributors or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Unrestricted – this component consists of net position that does not meet the definition of “net investment in capital assets” and “restricted”.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as *restricted* net position on the balance sheet because their use is limited by applicable bond covenants. District revenues and impact fee revenues are set aside to be used for their respective purposes in accordance with state statutes, regulations, and City ordinances.

j) Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Classifications of fund balance are established as authorized by City Resolution No. 2011-R-14. Fund balance is reported in up to five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable Fund Balance – consists of funds that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid items) and long-term loans and notes receivable.

Restricted Fund Balance – consists of funds that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – consists of funds that are set aside for a specific purpose by the City’s highest level of decision making authority (ordinance). Formal action must be taken prior to the end of the fiscal year, but the amount, which will be subject to the constraint, may be determined in the subsequent period. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance – consists of funds that are set aside with the intent to be used for a specific purpose. The intended use can be established by the City Commission, delegated to a group (Management Team) or delegated to an individual City Manager or Finance Director. Projects that have been budgeted in prior fiscal years but are not complete are assigned the resources necessary to complete if not committed under contract. This amount would represent the portion of fund balance to be used in the subsequent year’s budget or to accumulate resources for a future capital project. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned Fund Balance – consists of excess funds that have not been classified in the previous four categories. The City reports positive unassigned fund balances only in the General Fund. Negative unassigned fund balances may be reported in the other funds.

When a governmental fund has multiple classifications of fund balance, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

The City's formal General Fund fund balance policy establishes a targeted minimum spendable fund balance range between 15% and 25% of the ensuing year's General Fund budgeted expenditures. The unassigned portion of the fund balance is targeted at 5% to 10% of the ensuing year's General Fund budgeted expenditures. The formal fund balance policy also includes the City's three dependent districts (Road & Drainage, Fire Rescue and Solid Waste). The targeted minimum fund balance range of these three districts is 20% - 25% of the ensuing year's annual budgeted expenditures of each respective fund.

The composition of nonspendable, restricted, committed, assigned and unassigned fund balances at September 30, 2016 is following:

	Major Funds			
	General Fund	Road and Drainage District	Fire Rescue District	Solid Waste District
<u>Governmental Fund Balance Components:</u>				
<u>Nonspendable:</u>				
Prepaid items	\$ 230,664	\$ -	\$ 12,029	\$ -
Inventories	-	-	-	-
Total nonspendable	<u>230,664</u>	<u>-</u>	<u>12,029</u>	<u>-</u>
<u>Restricted:</u>				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Enabling legislation - dependent districts	-	12,398,606	4,294,470	3,136,753
Law enforcement	-	-	-	-
Building Department construction standards enforcement	-	-	-	-
Impact fees	-	-	-	-
Environmental management	-	-	-	-
Total restricted	<u>-</u>	<u>12,398,606</u>	<u>4,294,470</u>	<u>3,136,753</u>
<u>Committed:</u>				
Capital projects	-	-	-	-
Building inspectors' education	-	-	-	-
Tree replacement	-	-	-	-
Parks and recreation	-	-	-	-
General government	-	-	-	-
Fleet maintenance	-	-	-	-
Other - contractual	88,818	-	-	-
Total committed	<u>88,818</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Assigned:</u>				
Subsequent year expenditures	274,420	-	-	-
Other purposes	308,428	-	-	-
Total assigned	<u>582,848</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unassigned</u>	<u>10,566,834</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 11,469,164</u>	<u>\$ 12,398,606</u>	<u>\$ 4,306,499</u>	<u>\$ 3,136,753</u>

	Major Funds			
		Road Reconstruction	Other Governmental Funds	Total Governmental Funds
<u>Governmental Fund Balance Components:</u>	<u>Surtax III</u>			
Nonspendable:				
Prepaid items	\$ 459,849	\$ -	\$ 2,631,700	\$ 3,334,242
Inventories	-	-	59,152	59,152
Total nonspendable	459,849	-	2,690,852	3,393,394
Restricted:				
Debt service	-	-	1,056,981	1,056,981
Capital projects	25,446,174	17,759,417	2,560,319	45,765,910
Enabling legislation - dependent districts	-	-	-	19,829,829
Law enforcement	-	-	91,894	91,894
Building Department construction standards enforcement	-	-	4,275,740	4,275,740
Impact fees	-	-	9,030,526	9,030,526
Environmental management	-	-	531,216	531,216
Total restricted	25,446,174	17,759,417	17,546,676	80,582,096
Committed:				
Capital projects	-	-	8,906,900	8,906,900
Building inspectors' education	-	-	122,268	122,268
Tree replacement	-	-	815,270	815,270
Parks and recreation	-	-	796,487	796,487
General government	-	-	2,093,094	2,093,094
Fleet maintenance	-	-	414,963	414,963
Other - contractual	-	-	-	88,818
Total committed	-	-	13,148,982	13,237,800
Assigned:				
Subsequent year expenditures	-	-	-	274,420
Other purposes	-	-	-	308,428
Total assigned	-	-	-	582,848
Unassigned	-	-	-	10,566,834
Total fund balances	\$ 25,906,023	\$ 17,759,417	\$ 33,386,510	\$ 108,362,972

5. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. BUDGETARY INFORMATION

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

- During the month of July, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing October 1st for the purpose of determining millage requirements. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at City Hall to obtain taxpayer comments during September.
- On or before September 30th, the budget is legally enacted for funds through passage of an ordinance.
- The City Commission must approve any revisions altering the budgeted amounts of total expenditures of any fund.
- Budgets have been adopted for the governmental and enterprise funds on a basis consistent with generally accepted accounting principles (GAAP). Expenditures may not legally exceed appropriations plus accumulated fund equity at the fund level. All annual appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutorily required budgetary process. All encumbrances lapse at year-end; however, it is the City's intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. Encumbrances outstanding at year-end were \$97,886 for the General Fund, \$4,276,987 for the Road and Drainage District, \$3,024,651 for the Surtax III Fund, \$3,352,680 for the Road Reconstruction Fund, \$2,453,502 for nonmajor funds, and \$1,092,183 for the Water and Sewer Utilities Fund.

Budgeted amounts are as originally adopted or amended by the City. Supplemental appropriations made during the fiscal year are included in the "Final Budgeted Amount" columns on the *Budgetary Comparison Schedules*. Supplemental budgetary appropriations for major funds made during the year included the following:

- The General Fund expenditure budget increased \$63,440 to fund the City Manager Intern position, purchase a pool heater for the YMCA pool and budget for the use of funding from the Patterson Foundation Grant received in the prior fiscal year.
- The Road and Drainage District expenditure budget was increased \$1,100,000 to provide additional funding for the routine road maintenance project.
- The Fire Rescue District expenditure budget was increased \$200,000 to provide additional funding for the construction of Fire Station 85.
- The Solid Waste District expenditure budget was increased \$180,000 to purchase automated totes for 2,100 residences, a pilot program conducted in FY 15-16.
- The Surtax III Fund expenditure budget was increased \$1,416,300 to provide additional funding for police vehicles and several projects: construction of Fire Station 85, construction of multipurpose fields at Butler Park, the construction of a connector bridge, and the Chesebro/Italy looping project.
- The Capital Acquisition Fund expenditure budget was increased \$1,851,882 for the purchase of six auto recycle trucks as part of the new recycling program.

All other supplementary budgetary appropriations in the major funds were not material in relation to the original budget.

NOTE C – DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its securities that are in possession of an outside party.

At September 30, 2016, City's book balance of cash was \$9,360,777 and the bank balance was \$9,649,366. The difference between the book balance and the bank balance is deposits in transit and uncleared checks. The bank balances are insured by the Federal Depository Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. The remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss. The City's investment policy requires that securities be secured through third-party custody in the City's name.

Interest Rate Risk

As of September 30, 2016, the City had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1-5
U.S. Treasuries	\$ 21,624,859	\$ 5,708,136	\$ 15,916,723
Federal Instrumentalities	47,840,253	9,418,229	38,422,024
Supra-national bonds	2,085,005	-	2,085,005
Municipal bonds	3,036,107	-	3,036,107
Corporate notes	15,545,908	-	15,545,908
Commercial paper	4,486,506	2,496,100	1,990,406
Asset backed securities	661,204	-	661,204
SBA - LGIP	15,041,866	15,041,866	-
FEITF	20,182,858	20,182,858	-
Money Markets	106,456	106,456	-
	<u>\$ 130,611,022</u>	<u>\$ 52,953,645</u>	<u>\$ 77,657,377</u>

Following is a reconciliation of the investment schedule above to cash and investments reported on the entity-wide statement of net position:

Reconciliation with Statement of Net Position:

Cash and investments	\$ 108,939,925
Cash and investments - restricted	31,040,530
	<u>139,980,455</u>
Add agency funds' cash	7,344
Less cash book balance	(9,360,777)
Less cash on hand	(16,000)
Fair value total	<u>\$ 130,611,022</u>

In compliance with the City's investment policy, as of September 30, 2016, the City minimized the interest rate risk by limiting the effective duration of security types not to exceed five years and structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations.

Credit Risk

The City's investment policy limits credit risk by restricting the authorized investments to those stated in Note A, Section 4(a). The following table illustrates the credit quality distribution with credit exposure as a percentage of the City's investment securities:

Investment Type	S&P Credit Rating	Percent of Portfolio
U.S. Treasury Notes	AA+	17%
Federal Instrumentalities:		
Federal National Mortgage Association	AA+	14%
Federal Home Loan Mortgage Corporation	AA+	8%
Federal Home Loan Bank	AA+	15%
Supra-national agencies	AAA	2%
Corporate notes	A- to AAA	12%
Commercial paper	A-1	3%
Municipal bonds	AA	2%
Principal stability funds:		
Florida Educational Investment Trust Fund	AAAm	15%
SBA Florida Prime	AAAm	12%

The City's investment policy establishes limitations on portfolio composition by investment type in order to control concentration of credit risk. The following maximum limits are guidelines established for diversification by instrument:

U.S. Government Guaranteed Securities	100%
Federal Agencies/GSE	75%
Supranationals	25%
Corporates	50%
Municipals	25%
Agency Mortgage Backed Securities	25%
Asset Backed Securities	25%
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%
Commercial Paper	50%
Repurchase Agreements	40%
Money Market Funds	50%
Fixed Income Mutual Funds	20%
Intergovernmental Pools (LGIPs)	50%
Florida Local Government Surplus Funds Trust Funds	25%

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates,

foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the City's own assumptions, as there is little, if any, related market activity.

Investments that are measured at fair value using the net asset value (NAV) per share, or its equivalent, as a practical expedient are not classified in the fair value hierarchy.

The City had the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2016:

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 21,624,859	\$ -	\$ -	\$ 21,624,859
Federal Instrumentalities	-	47,840,253	-	47,840,253
Supra-national bonds	-	2,085,005	-	2,085,005
Municipal bonds	-	3,036,107	-	3,036,107
Corporate notes	-	15,545,908	-	15,545,908
Commercial paper	-	4,486,506	-	4,486,506
Asset backed securities	-	661,204	-	661,204
Money Markets	106,456	-	-	106,456
	<u>\$ 21,731,315</u>	<u>\$ 73,654,983</u>	<u>\$ -</u>	<u>\$ 95,386,298</u>
SBA Florida Prime LGIP				15,041,866
FL Education Investment Trust Fund				20,182,858
				<u>\$ 130,611,022</u>

See separate disclosures in Note J for the investments held in the City's Fire and Police pension funds.

NOTE D- RECEIVABLES

Receivables as of year-end for the City's individual major funds, nonmajor funds in the aggregate and proprietary fund, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road & Drainage District	Fire Rescue District	Solid Waste District
Receivables:				
Taxes	\$ 75,849	\$ -	\$ -	\$ -
Franchise fees	587,483	-	-	-
Accounts	2,924,604	19,810	4,912	27,975
Intergovernmental	592,491	490,619	29,618	12
Special assessments	-	-	-	-
Gross receivables	4,180,427	510,429	34,530	27,987
Less: allowance for uncollectibles	(2,394,703)	-	-	-
Net total receivables	\$ 1,785,724	\$ 510,429	\$ 34,530	\$ 27,987

	Surtax III	Water & Sewer Utilities	Nonmajor Funds	Total (all columns)
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ 75,849
Franchise fees	-	-	-	587,483
Accounts	163,120	3,378,783	5,082	6,524,286
Intergovernmental	1,013,447	10	26,027	2,152,224
Special assessments	-	116,870	-	116,870
Gross receivables	1,176,567	3,495,663	31,109	9,456,712
Less: allowance for uncollectibles	-	(258,278)	-	(2,652,981)
Net total receivables	\$ 1,176,567	\$ 3,237,385	\$ 31,109	\$ 6,803,731

NOTE E– PROPERTY TAX

Property taxes are levied on November 1 of each year and are due and payable upon receipt of the notice of levy. The Sarasota County, Florida, Tax Collector's Office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services for the fiscal year ended September 30, 2016 was \$3.5974 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 later sold at public auction and the proceeds thus collected are remitted to the City.

No accrual for the property tax levy becoming due in November 2016 is included in the accompanying financial statements since such taxes do not meet the necessary criteria. The major dates in the property tax process are listed on the following table.

PROPERTY TAX CALENDAR	
July 1	Assessment roll validated
September 30	Millage resolution 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
May 31	Tax certificates sold by County

NOTE F – CAPITAL ASSETS

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

	Primary Government			
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,857,896	\$ 27,574	\$ -	\$ 17,885,470
Construction in progress	1,932,781	3,236,133	1,251,750	3,917,164
Total capital assets not being depreciated	19,790,677	3,263,707	1,251,750	21,802,634
Other capital assets:				
Buildings	49,602,630	115,438	-	49,718,068
Improvements other than buildings	242,786,354	15,015,346	75,121	257,726,579
Equipment	35,791,574	3,924,087	2,070,073	37,645,588
Total other capital assets	328,180,558	19,054,871	2,145,194	345,090,235
Less accumulated depreciation for:				
Buildings	11,081,493	1,402,943	-	12,484,436
Improvements other than buildings	61,950,459	4,812,426	26,200	66,736,685
Equipment	21,198,528	2,869,845	1,605,423	22,462,950
Total accumulated depreciation	94,230,480	9,085,214	1,631,623	101,684,071
Total other capital assets, net of acc. depreciation	233,950,078	9,969,657	513,571	243,406,164
Governmental activities capital assets	\$ 253,740,755	\$ 13,233,364	\$ 1,765,321	\$ 265,208,798
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 948,266	\$ -	\$ -	\$ 948,266
Construction in progress	269,605	660,944	106,332	824,217
Total capital assets not being depreciated	1,217,871	660,944	106,332	1,772,483
Other capital assets:				
Buildings	3,610,549	-	1,335	3,609,214
Improvements other than buildings	150,838,935	2,792,966	190,000	153,441,901
Equipment	11,548,886	725,521	112,216	12,162,191
Total other capital assets	165,998,370	3,518,487	303,551	169,213,306
Less accumulated depreciation for:				
Buildings	1,213,632	72,214	1,335	1,284,511
Improvements other than buildings	37,938,701	3,343,019	123,500	41,158,220
Equipment	5,069,123	782,493	110,479	5,741,137
Total accumulated depreciation	44,221,456	4,197,726	235,314	48,183,868
Total other capital assets, net of acc. depreciation	121,776,914	(679,239)	68,237	121,029,438
Business-type activities capital assets	\$ 122,994,785	\$ (18,295)	\$ 174,569	\$ 122,801,921

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 878,369
Public safety	1,210,107
Physical environment	2,675,152
Transportation	3,371,294
Human services	74,557
Culture and recreation	<u>875,735</u>
Total governmental activities depreciation expense	<u>\$ 9,085,214</u>
Business-type activities	
Water and sewer utility	<u>\$ 4,197,726</u>
Total business-type activities depreciation expense	<u>\$ 4,197,726</u>

Commitments

Uncompleted commitments at September 30, 2016 consist of the following:

<u>Project</u>	<u>Spent-to-Date Not yet Capitalized</u>	<u>Remaining Commitment</u>
City-wide bridge construction	\$ 18,790	\$ 83,245
Roads and drainage construction	604,207	9,833,889
Fire station construction/vehicles	353,672	69,911
Parks & recreation construction	238,382	14,850
Public safety - Police vehicles	-	103,340
Solid waste trucks	-	2,167,537
Water and sewer operations construction	3,526,331	1,472,298
Total	<u>\$ 4,741,382</u>	<u>\$ 13,745,070</u>

NOTE G – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at September 30, 2016 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major governmental	\$ 62,493
	Road and Drainage District	128,442
	Fire Rescue District	314,622
	Solid Waste District	57,091
	Water and Sewer Utility	129,758
		<u>\$ 692,406</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

Transfers out:

<u>Transfers in:</u>	General Fund	Road and Drainage District	Fire Rescue District	Solid Waste District
General Fund	\$ -	\$ -	\$ -	\$ -
Other Governmental Funds	27,000	450,000	552,000	1,485,030
Total	<u>\$ 27,000</u>	<u>\$ 450,000</u>	<u>\$ 552,000</u>	<u>\$ 1,485,030</u>

Transfers out:

<u>Transfers in:</u>	Nonmajor Governmental Funds	Water & Sewer Utilities	Total
General Fund	\$ -	\$ 387,930	\$ 387,930
Other Governmental Funds	90,000	-	2,604,030
Total	<u>\$ 90,000</u>	<u>\$ 387,930</u>	<u>\$ 2,991,960</u>

Transfers are used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them.

NOTE H – CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of equipment such as refuse vehicles, recycling trucks, fire vehicles, defibrillators/monitors, tractors, mowers, vehicles, loaders, excavators and backhoes. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Equipment	\$ 7,516,796
Less: accumulated depreciation	(6,343,045)
Total	<u>\$ 1,173,751</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

	Governmental Activities
Year Ended September 30, 2017	\$ 41,465
Total minimum lease payments	41,465
Less: amounts representing interest	(694)
Present value of minimum lease payments	\$ 40,771

NOTE I – LONG-TERM LIABILITIES

Long-term Liability Activity

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental activities:					
Bonds payable:					
Transportation improvement assessment bonds	\$ 36,995,000	\$ -	\$ (880,000)	\$ 36,115,000	\$ 915,000
Plus bond premium	1,065,314	-	(72,635)	992,679	-
Total bonds payable	38,060,314	-	(952,635)	37,107,679	915,000
State infrastructure loan	7,294,019	411,179	(3,357,990)	4,347,208	1,712,580
Capital leases	80,860	-	(40,089)	40,771	40,771
OPEB liability	1,997,637	220,067	(89,606)	2,128,098	-
Net pension liability ^a	13,147,606	17,879,306	(8,588,244)	22,438,668	-
Compensated absences	2,654,847	3,395,385	(3,565,127)	2,485,105	414,267
<i>Governmental activities long-term liabilities</i>	<u>\$ 63,235,283</u>	<u>\$ 21,905,937</u>	<u>\$ (16,593,691)</u>	<u>\$ 68,547,529</u>	<u>\$ 3,082,618</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 15,351,548	\$ -	\$ (1,276,871)	\$ 14,074,677	\$ 1,305,513
State revolving loans	21,504,673	-	(1,113,309)	20,391,364	1,144,349
OPEB liability	115,663	5,013	(2,528)	118,148	-
Net pension liability	1,993,610	1,347,575	(506,934)	2,834,251	-
Compensated absences	252,692	489,186	(465,845)	276,033	46,015
Deposits payable	63,794	29,600	(50,585)	42,809	30,762
<i>Business-type activities long-term liabilities</i>	<u>\$ 39,281,980</u>	<u>\$ 1,871,374</u>	<u>\$ (3,416,072)</u>	<u>\$ 37,737,282</u>	<u>\$ 2,526,639</u>

^a The beginning balance of the net pension liability was adjusted to include the beginning fire pension asset.

Liquidation - Governmental Funds

Bonds – In the governmental funds, the liability for bonds payable is paid by the Road Reconstruction Bond Debt Service Fund.

State infrastructure loan – In the governmental funds, the liability for the state infrastructure loan payable is liquidated from the Transportation Impact Fee Fund.

Capital leases - In the governmental funds, the liability for capital leases payable is liquidated from the General Fund.

Other post-employment benefits - In the governmental funds, the OPEB liability is liquidated from the General Fund, Road and Drainage District Fund, Fire Rescue District Fund, Solid Waste District Fund, Building Fund, Tree Replacement Fund and the Fleet Maintenance Fund.

Net pension liability - In the governmental funds, the net pension liability is liquidated from the General Fund, Road and Drainage District Fund, Fire Rescue District Fund, Solid Waste District Fund, Building Fund, Tree Replacement Fund and the Fleet Maintenance Fund.

Compensated absences - In the governmental funds, the liability for compensated absences is liquidated from the General Fund, Road and Drainage District Fund, Fire Rescue District Fund, Solid Waste District Fund, Building Fund, Tree Replacement Fund and the Fleet Maintenance Fund.

Refunding Losses, Prepaid Bond Insurance and Bond Premium

A refunding loss of \$817,039 incurred in conjunction with the issuance of the Utility System Refunding Revenue Bonds, Series 2005, is being amortized over the life of the bonds (25 years) using the bonds outstanding method. Amortization of the refunding loss on the Series 2005 bonds was \$38,951 for the year ended September 30, 2016, and is included as a component of interest expense. Unamortized refunding loss of \$302,145 is recorded as deferred outflows on the statements of net position.

A refunding loss of \$820,427 incurred in conjunction with the issuance of the Utility System Refunding Revenue Bonds, Series 2014, is being amortized over the life of the bonds (9 years) using the bonds outstanding method. Amortization of the refunding loss on the Series 2014 bonds was \$126,927 for the year ended September 30, 2016, and is included as a component of interest expense. Unamortized refunding loss of \$391,545 is recorded as deferred outflows on the statements of net position.

Prepaid bond insurance costs of \$115,167 incurred in conjunction with the issuance of the Transportation Improvement Assessment Bonds, Series 2013, are being amortized over the life of the bonds (26 years) using the bonds outstanding method. Amortization of insurance costs on the Series 2013 bonds was \$6,872 for the year ended September 30, 2016. The unamortized balance at September 30, 2016 is \$93,921.

A bond premium of \$1,217,230 incurred in conjunction with the issuance of the Transportation Improvement Assessment Bonds, Series 2013, is being amortized over the life of the bonds (26 years) using the bonds outstanding method. Amortization of the bond premium on the Series 2013 bonds was \$72,635 for the year ended September 30, 2016, and is included as a component of interest expense. The unamortized balance of \$992,679 is netted against bonds payable on the statement of net position.

Refunding Revenue Notes

Utility System Refunding Private Placement Revenue Notes, Series 2014A and Series 2014B, dated April 15, 2014 were issued in the amount of \$10,000,000 and \$1,670,000, respectively, for the purposes of providing funds to currently refund the City's outstanding Utility System Refunding Revenue Bond, Series 2010 maturing on October 1, 2014 through October 1, 2022. The Series 2014 Notes are expected to be repaid over a period of nine years. At a true interest cost of 2.15% for 2014A and 2.1% for 2014B, total interest paid over the life of the Series 2014 notes will be \$1,160,562. The expected source of repayment is the pledged funds (water and sewer revenues). The Series 2014 notes shall be on parity in all respects and shall rank equally as to lien on and source and security form the pledged funds with the outstanding parity bonds. The City currently refunded the Series 2010 bonds to reduce its total debt service payments over the next nine years by \$622,257 and to obtain an economic gain (difference between the present value of the debt service payments of the old and new debt) of \$342,541.

Deposits Payable

Before rendering water or wastewater service, the City may require an applicant for service to satisfactorily establish credit by paying a cash deposit. The amount of the initial deposit shall be according to customer class and meter size. After the customer has established continuous utility service for a period of twenty-four months and meets the following requirements, the customer's security deposit will be refunded as a credit to their utility account: 1) customer has not been disconnected for nonpayment; 2) customer has not had a returned payment in the last six months; 3) customer has not tampered with the meter; and 4) customer has not used service in a fraudulent or unauthorized manner.

Debt Maturity:

Debt service requirements at September 30, 2016 were as follows:

Governmental-type Activities - Assessment Bonds **Transportation Improvement Assessment Bonds**

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2017	915,000	1,720,394
2018	955,000	1,683,794
2019	990,000	1,645,593
2020	1,030,000	1,605,994
2021	1,085,000	1,554,494
2022-2026	6,225,000	6,963,469
2027-2031	7,840,000	5,346,562
2032-2036	9,890,000	3,297,900
2037-2039	7,185,000	730,000
Total	<u>\$ 36,115,000</u>	<u>\$ 24,548,200</u>

Governmental-type Activities - State Infrastructure Bank Loan**Transportation**

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2017	1,712,580	108,680
2018	1,755,394	65,866
2019	879,234	21,981
Total	<u>\$ 4,347,208</u>	<u>\$ 196,527</u>

Business-type Activities - Revenue Bonds**Water and Sewer Utility**

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2017	1,305,513	417,107
2018	1,492,553	388,639
2019	1,714,957	353,050
2020	1,760,689	309,538
2021	1,808,280	263,521
2022-2026	3,760,366	778,922
2027-2030	2,232,319	232,267
Total	<u>\$ 14,074,677</u>	<u>\$ 2,743,044</u>

Business-type Activities - State Revolving Loans**Water and Sewer Utility**

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2017	1,144,349	556,934
2018	1,176,264	525,019
2019	1,209,080	492,203
2020	1,242,823	458,460
2021	1,277,518	423,765
2022-2026	6,943,317	1,563,097
2027-2031	7,190,409	536,177
2032-2033	207,604	4,835
Total	<u>\$ 20,391,364</u>	<u>\$ 4,560,490</u>

Description of Debt:

\$39,525,000 Series 2013 Transportation Improvement Assessment Bonds, due in annual installments of \$855,000 - \$2,510,000 beginning July 1, 2014 through July 1, 2039; interest between 1.00% - 5.00%; secured by a pledge of non-ad valorem capital assessments. Proceeds from the bonds provided financing for the reconstruction and rehabilitation of approximately 266 miles of existing roadways within the City. The total pledged revenue at 9/30/16, which equals remaining principal and interest, is \$60,663,200. Principal and interest paid for the current year and total capital assessments were \$2,635,594 and \$3,026,324, respectively.

<u>Governmental</u>	<u>Business-type</u>
\$ 36,115,000	\$ -

\$9,509,894 State Infrastructure Bank Loan, due in annual installments of \$1,821,260 beginning October 1, 2014 until loan is paid in full; interest at 2.5%; secured by transportation impact fees and the discretionary sales surtax revenues. Proceeds from the loan provided financing for the Sumter Boulevard widening: Heron Creek Boulevard to City Center Boulevard. The pledged revenue at 9/30/16, which equals remaining principal and interest, is \$4,543,734. Principal and interest paid for the current year and total transportation impact fees and sales surtax revenue were \$3,642,520 and \$10,586,807, respectively.

4,347,208 -

\$6,211,908 Series 2005 Utility System Refunding Private Placement Revenue Bonds, due in annual installments of \$17,177 - \$592,317 beginning September 30, 2006 through September 30, 2030; interest at 4.02%; secured by a pledge of the net revenues of the system operations and impact fees. Proceeds from the bonds refunded a portion of the 2000 bonds, which provided financing for improvements to the wastewater treatment system. The pledged revenue at 9/30/16, which equals remaining principal and interest, is \$8,100,535. Principal and interest paid for the current year and total net revenues were \$269,072 and \$7,531,186, respectively.

- 5,975,677

\$11,670,000 Series 2014A (\$10,000,000) and 2014B (\$1,670,000) Utility System Private Placement Refunding Revenue Notes, due in annual installments of \$1,092,000 - \$1,423,000 beginning September 30, 2014 through September 30, 2022; interest at 2.15% for A and 2.1% for B; secured by a pledge of the net revenues of the system operations and impact fees. Proceeds from the bonds refunded the 2010 bonds, which were issued to refund the remaining 2000 bonds (issued to provide financing for improvements to the wastewater treatment system) and the 2008 refunding bonds, which were issued to refund the 1998 refunding bonds (issued to refund the 1992 bonds issued to purchase the utility system from GDU). The pledged revenue at 9/30/16, which equals remaining principal and interest, is \$8,717,186. Principal and interest paid for the current year and total net revenues were \$1,453,398 and \$7,531,186, respectively.

- 8,099,000

\$23,400,800 State Revolving Fund Loan, due in semi-annual installments of \$447,888 - \$768,979 beginning July 15, 2011 through January 15, 2031; interest between 2.49% and 3.12%; secured by a pledge of the net revenues of the system operations and impact fees. Proceeds from the fund loan provided financing for improvements to the wastewater treatment system. The pledged revenue at 9/30/16, which equals remaining principal and interest, is \$22,615,028. Principal and interest paid for the current year and total net revenues were \$1,559,657 and \$7,531,186, respectively.

- 18,458,986

\$2,579,567 State Revolving Fund Loan, due in semi-annual installments of \$78,212 - \$162,860 beginning July 15, 2013 through July 15, 2027; interest at 2.32%; secured by a pledge of the net revenues of the system operations and impact fees. Proceeds from the fund loan provided financing for improvements to the wastewater treatment system. The pledged revenue at 9/30/16, which equals remaining principal and interest, is \$2,336,825. Principal and interest paid for the current year and total net revenues were \$141,626 and \$7,531,186, respectively.

- 1,932,378

TOTAL

\$ 40,462,208

\$ 34,466,041

Other Long Term Debt Information

Total interest expense for the year ended September 30, 2016 was \$1,823,375 in the governmental activities and \$1,193,027 in the business-type activities.

In accordance with bond covenants and Section 148 of the Internal Revenue Code, the City is required to rebate to the U.S. Treasury, every five years, earnings on bond proceeds in excess of the bond yield. For the year ended September 30, 2016, no amounts were earned that will have to be rebated to the U.S. Treasury.

NOTE J – EMPLOYEE RETIREMENT SYSTEMS

The City has three pension plans covering all full-time employees after meeting appropriate age and service requirements. They are the Florida Retirement System, the Municipal Police Officers' Pension Trust Fund and the Municipal Firefighters' Pension Trust Fund.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's two plans and the FRS plan and additions to/deductions from these plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FLORIDA RETIREMENT SYSTEM

General Information - All of the City's full-time, non-uniform (general) employees participate 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 website:

www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

PLAN DESCRIPTION

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers and firefighters, meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service, while employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits and annual cost-of-living adjustments to eligible participants.

The DROP Program, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

BENEFITS PROVIDED

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors’ benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment and Retirement Age/Years of Service	% Value
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS 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.

CONTRIBUTIONS

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary on a pretax basis to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows:

Membership Class	October 1, 2015 thru June 30, 2016	July 1, 2016 thru September 30, 2016
<i>FRS, Regular</i>	7.26%	7.52%
<i>FRS, Elected Officers</i>	42.27%	42.47%
<i>FRS, Senior Management Service</i>	21.43%	21.77%
<i>FRS, Special Risk Administrative Support</i>	32.95%	28.06%
<i>FRS, Special Risk</i>	22.04%	22.57%
<i>FRS, DROP</i>	12.88%	12.99%

Note: Employer rates include 1.66 percent for the postemployment health insurance subsidy, October 1, 2015 thru September 30, 2016. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

The City's contributions, including employee contributions, to the Pension Plan totaled \$1,883,874 for the fiscal year ended September 30, 2016.

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

At September 30, 2016, the City reported a liability of \$11,400,864 for its proportionate share of the Pension Plan's net pension liability, an increase of \$5,331,911 over last year's liability of \$6,068,953. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was .045151798 percent, which was a decrease of .001834827 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$1,405,598. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 872,938	\$ 106,150
Change of assumptions	689,718	-
Net difference between projected and actual earnings on Pension Plan investments	2,946,985	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	100,849	243,592
City Pension Plan contributions subsequent to the measurement date	353,053	-
Total	\$ 4,963,543	\$ 349,742

The deferred outflows of resources related to the Pension Plan, totaling \$353,053 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	
September 30:	Amount
2017	\$ 586,897
2018	586,897
2019	1,698,571
2020	1,162,489
2021	170,987
Thereafter	54,907

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 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 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 (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.70%
Fixed Income	18.00%	4.70%	4.60%	4.60%
Global Equity	53.00%	8.10%	6.80%	17.20%
Strategic Investments	12.00%	6.10%	5.60%	11.10%
Private Equity	6.00%	11.50%	7.80%	30.00%
Real Estate (Property)	10.00%	6.40%	5.80%	12.00%
Total	100.00%			
Assumed Inflation - Mean		2.60%		1.90%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. 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, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
City's proportionate share of the net pension liability	\$ 20,989,763	\$ 11,400,864	\$ 3,419,373

PENSION PLAN FIDUCIARY NET POSITION

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

PAYABLES TO THE PENSION PLAN

At September 30, 2016, the City reported a payable in the amount of \$239,272 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2016.

HIS Plan

PLAN DESCRIPTION

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report which may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

BENEFITS PROVIDED

For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

CONTRIBUTIONS

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period October 1, 2015 through September 30, 2016 was 1.66% pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$301,643 for the fiscal year ended September 30, 2016.

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

At September 30, 2016, the City reported a liability of \$6,526,088 for its proportionate share of the HIS Plan's net pension liability, an increase of \$874,815 over last year's liability of \$5,651,273. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was .055995879 percent, which was an increase of .000582700 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$518,645. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,864
Change of assumptions	1,024,109	-
Net difference between projected and actual earnings on HIS Plan investments	3,300	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	47,119	138,449
City HIS Plan contributions subsequent to the measurement date	79,283	-
Total	\$ 1,153,811	\$ 153,313

The deferred outflows of resources related to the HIS Plan, totaling \$79,283 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2017	\$ 164,958
2018	164,958
2019	164,387
2020	164,112
2021	141,982
Thereafter	120,818

Actuarial Assumptions – The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.85 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate - The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability 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 HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
City's proportionate share of the net pension liability	\$ 7,486,905	\$ 6,526,088	\$ 5,728,662

PENSION PLAN FIDUCIARY NET POSITION

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

PAYABLES TO THE PENSION PLAN

At September 30, 2016, the City reported a payable in the amount of \$53,738 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2016.

Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and City Elected Officers class 11.34%. The allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his/her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$308,128 for the fiscal year ended September 30, 2016.

MUNICIPAL POLICE OFFICERS' PENSION - LOCAL OPTION TRUST FUND

PLAN DESCRIPTION

Full-time police officers of the City of North Port Police Department participate in either the City of North Port, Florida Police Officers' Pension - Local Option Trust Fund (the "Plan") or the Florida Retirement System (FRS). Per Resolution passed by the City, effective July 1, 2016, police officers hired on or after this date participate solely in the FRS. Members active on July 1, 2016 had the option of participating prospectively in the FRS. The Florida Police Officers' Pension – Local Option Trust Fund is a single-employer defined benefit pension plan that was established December 14, 1979, pursuant to Florida Statutes, Chapter 185 and the City of North Port (City) Ordinance. Benefit provisions are established by City ordinances and the Florida Statutes and may be amended by the City Commission. The Plan is managed by a five-member Board of Trustees comprised of two members appointed by the Commission of the City of North Port, Florida (the City), two police officers elected by the Plan membership and one member elected by the other four members and subsequently appointed, as a ministerial duty, by the City Commission. The Plan is part of the City's financial reporting entity and is therefore included in these financial statements as a Pension Trust Fund. The City of North Port, Florida Police Officers' Pension – Local Option Trust Fund annually issues a publicly available financial report that includes financial statements and required supplementary information. The latest available report may be obtained by writing to the Board of Trustees, c/o Robert Kovacs, Plan Administrator, Resource Centers, LLC, 815 Nicholas Parkway East, Cape Coral, Florida 33990.

BENEFITS PROVIDED

Under the Plan, a member may retire with normal benefits after the earlier of age 55 with 10 years of credited service, or completion of 25 years of credited service, regardless of age. Normal retirement benefits for members hired prior to May 27, 2014 are 3.5% of the member's average final compensation times credited service years, plus a \$165 monthly benefit supplement. For members hired after May 27, 2014, the normal retirement benefit is 3.15% of average final compensation times credited service years, plus a \$165 monthly benefit supplement. Early retirement benefits are available for members who are age 45 and have ten years of credited service. For members hired prior to May 27, 2014, the monthly pension benefit calculated as the date of early retirement is reduced 3% per year for each year prior to normal retirement and the member has less than 15 years of credited service, 2% per year for members with at least 15 years of service but less than 20 years of service, and 1% per year for members with more than 20 years of service. For members hired after May 27, 2014, the monthly pension benefit calculated as of the date of early retirement is reduced 3% per year which the commencements of benefits proceeds the normal retirement date. Additionally, the Plan has provisions for disability retirement, death benefits and deferred vested benefits.

CONTRIBUTIONS

Contribution requirements are established and may be amended by the City Commission and are based on the benefit structure established by the City. Plan members are required to contribute 8% of their annual covered salary. The payments are deducted from the members' salary and remitted by the City to the Plan at the end of each pay period. The City makes quarterly contributions to the Plan based on the greater of an actuarially determined employer contribution based on a percentage of covered payroll or the minimum percentage of 18% as specified by City ordinance. In addition, the Plan receives an annual contribution of casualty insurance premium tax monies from the State of Florida pursuant to Chapter 185, Florida Statutes (the state contribution). The City recognizes these on-behalf payments from the State as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Police Officers' Pension Fund.

The City's contributions, including employee contributions, to the Pension Plan totaled \$2,771,356 for the fiscal year ended September 30, 2016.

GASB 68 IMPLEMENTATION

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting treatment of pensions. The information which follows is presented in accordance with these new standards.

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

At September 30, 2016, the City reported a net pension liability of \$4,910,989 for the Police Officers' Pension, an increase of \$852,885 over last year's liability of \$4,058,104. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014, updated to September 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$2,413,530. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 946,790
Change of assumptions		
Net difference between projected and actual earnings on Pension Plan investments	2,054,396	-
City Pension Plan contributions subsequent to the measurement date	2,648,849	-
Total	\$ 4,703,245	\$ 946,790

The deferred outflows of resources related to the Pension Plan, totaling \$2,648,849 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30:	Amount
2017	352,841
2018	352,841
2019	352,841
2020	364,681
2021	(157,799)
Thereafter	(157,799)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2014, updated to September 30, 2015, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	2% - 17%
Investment rate of return	7.75%

A RP-2000 table with no projection-based on a study of over 650 public safety funds reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).

The actuarial assumptions used in the October 2014 valuation were based on the results of an actuarial experience study for the period 1994-2012.

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 long term expected rates 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, 2015, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic equity	7.5%
International equity	8.5%
Investment grade bonds	2.5%
Global bond	3.5%
Real estate	4.5%
GTAA	3.5%

Discount rate: The discount rate used to measure the total pension liability was 7.75%. 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 the net pension liability of the City: The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2016 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at 9/30/15	\$ 34,349,372	\$ 30,291,268	\$ 4,058,104
Changes for the year:			
Service cost	1,991,280	-	1,991,280
Interest on total pension liability	2,731,953	-	2,731,953
Differences between expected and actual experience	(1,104,588)	-	(1,104,588)
Benefit payments, including refunds of employee contributions	(1,323,724)	(1,323,724)	-
Contributions - employer	-	3,233,547	(3,233,547)
Net investment income	-	(212,104)	212,104
Administrative expenses	-	(68,912)	68,912
Other changes	186,771	-	186,771
Net change	2,481,692	1,628,807	852,885
Balances at 9/30/16	\$ 36,831,064	\$ 31,920,075	\$ 4,910,989

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City's net pension liability	\$ 9,271,747	\$ 4,910,989	\$ 1,105,657

PENSION PLAN FIDUCIARY NET POSITION

Detailed information regarding the Plan's fiduciary net position is available in the separately issued City of North Port, Florida Police Officers' Pension – Local Option Trust Fund financial report.

MUNICIPAL FIREFIGHTERS' PENSION - LOCAL OPTION TRUST FUND

PLAN DESCRIPTION

Full-time firefighters of the City of North Port Fire Department participate in either the City of North Port, Florida Firefighters' Pension - Local Option Trust Fund (the "Plan") or the Florida Retirement System (FRS). Firefighters hired after July 1, 2016 participate solely in the FRS. Members active on July 1, 2016 had the option of participating prospectively in the FRS. The Plan is a single-employer defined benefit pension fund that was established November 5, 1974, pursuant to Florida Statutes, Chapter 175, and City Ordinance 74-13. The Plan was amended most recently by Ordinance 2012-18. Benefit provisions are established by City ordinances and the Florida Statutes and may be amended by the City Commission. The Plan is managed by a five-member Board of Trustees comprised of two members appointed by the Commission of the City of North Port, Florida (the City), two members elected by the Plan membership and one member elected by the other four members and subsequently appointed, as a ministerial duty, by the City Commission. The Plan is part of the City's financial reporting entity and is therefore included in these financial statements as a Pension Trust Fund. The City of North Port, Florida Firefighters' Pension – Local Option Trust Fund annually issues a publicly available financial report that includes financial statements and required supplementary information. The latest available report may be obtained by writing to the Board of Trustees, c/o David A. Carroll, Plan Administrator, 492 River Hills Drive, Max Meadows, Virginia 24360.

BENEFITS PROVIDED

Under the Plan, a member may retire with normal benefits after the earlier of age 55 with 10 years of credited service, or age 52 with 25 years of credited service. Reduced early retirement benefits are available once a member reaches age 50 and accumulates 10 years of credited service. Normal retirement benefits are 3.5% (3.0% for members hired on or after October 12, 2012) of the member's average final compensation times credited service years. Early retirement benefits are the same as normal retirement benefits, reduced by 3.0% for each year by which the commencement of benefits precedes the normal retirement date. Additionally, the Plan has provisions for disability retirement, death benefits and deferred vested benefits.

Any member hired before October 1, 2012, who is eligible for normal retirement may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the member becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the Plan. Members hired on or after October 1, 2012, are not eligible to participate in the DROP. The DROP balance as of September 30, 2016, was \$753,148.

Effective September 1, 2012, a supplemental retirement benefit in the form of individual share accounts was created for each active firefighter, living retiree (including DROP participants) and disability benefit recipients and beneficiary survivors receiving a survivor retirement benefit. For plan years beginning October 1, 2012 and later, all premium tax revenues received by the City in excess of \$250,000 will be allocated to the share accounts based on years of credited service. Effective December 31, 2013, and each December 31 thereafter, each share account will be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding plan year at a rate equal to the Plan's actual net rate of investment return for the preceding plan year. An active firefighter (including DROP participants) with ten or more years of credited service upon termination of employment shall be eligible to receive a distribution of 100% of the balance in their respective share account, together with all earnings and losses and interest credited to the share account through the date of termination of employment. Retiree participants (including disability benefit recipients and beneficiary survivors) shall receive distribution of the annual share allocation in the form of a thirteenth monthly check equal to the annual crediting described above. Vested terminated members shall be entitled to participate in this supplemental retirement benefit upon commencing of retirement benefits from the Plan.

CONTRIBUTIONS

Contribution requirements are established and may be amended by the City of North Port Commission and are based on the benefit structure established by the City. Members are required to contribute 10.3% of their salary. Effective March 1, 2016, members of the Plan are now required to contribute 10.6% of their salary. Pursuant to Chapter 175 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on North Port properties is collected by the state and remitted to the Fund for the state's annual contribution amount. The City recognizes these on-behalf payments from the State as revenue and personnel expenditures in the City's General Fund before they are recorded as contributions in the Firefighters' Pension Fund. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions at actuarially determined rates. Administrative costs are financed through investment earnings.

The City's contributions, including employee contributions, to the Pension Plan totaled \$1,529,936 for the fiscal year ended September 30, 2016.

GASB 68 IMPLEMENTATION

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting treatment of pensions. The information which follows is presented in accordance with these new standards.

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

At September 30, 2016, the City reported a net pension liability of \$2,434,978 for the Firefighters' Pension, an increase of \$3,072,091. Last year a net pension asset was reported totaling \$637,113. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014, updated to September 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$1,875,062. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 493,659	\$ -
Net difference between projected and actual earnings on Pension Plan investments	1,948,186	-
City Pension Plan contributions subsequent to the measurement date	1,372,610	-
Total	<u>\$ 3,814,455</u>	<u>\$ -</u>

The deferred outflows of resources related to the Pension Plan, totaling \$1,372,610 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending Year Ended September 30:	Amount
2017	535,569
2018	535,569
2019	535,570
2020	588,309
2021	61,707
Thereafter	185,121

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2014, updated to September 30, 2015, using the following actuarial assumptions applied to all measurement periods:

Inflation	2.50%
Salary increases	7.50%
Investment rate of return	8.00%

A RP-2000 table with no projection-based on a study of over 650 public safety funds reflects a 10% margin for future mortality improvements (Disabled lives set forward 5 years).

The actuarial assumptions used in the October 2014 valuation were based on the results of an actuarial experience study dated August 7, 2012 for the period 1988-2011.

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 long term expected rates 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, 2015, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Domestic Core Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%
GTAA	3.5%

Discount rate. The discount rate used to measure the total pension liability was 8.00%. 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 the net pension liability of the City: The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2016 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at 9/30/15	\$ 37,034,691	\$ 37,671,804	\$ (637,113)
Changes for the year:			
Service cost	1,716,153	-	1,716,153
Interest on total pension liability	3,048,515	-	3,048,515
Differences between expected and actual experience	555,367	-	555,367
Benefit payments, including refunds of employee contributions	(1,288,806)	(1,288,806)	-
Contributions - employer	-	2,010,175	(2,010,175)
Net investment income	-	430,037	(430,037)
Administrative expenses	-	(66,053)	66,053
Other changes	126,215	-	126,215
Net change	4,157,444	1,085,353	3,072,091
Balances at 9/30/16	\$ 41,192,135	\$ 38,757,157	\$ 2,434,978

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
City's net pension liability	\$ 7,738,376	\$ 2,434,978	\$ (2,092,644)

PENSION PLAN FIDUCIARY NET POSITION

Detailed information regarding the Plan's fiduciary net position is available in the separately issued City of North Port, Florida Firefighters' Pension – Local Option Trust Fund financial report.

Applicable totals for all of the City's defined benefit pension plans are reflected below:

	Police Officers' Pension	Firefighters' Pension	FRS Pension	HIS Pension	Total
City's net pension liability	\$ 4,910,989	\$ 2,434,978	\$ 11,400,864	\$ 6,526,088	\$ 25,272,919
Deferred outflows of resources	4,703,245	3,814,455	4,963,542	1,153,811	14,635,053
Deferred inflows of resources	946,790	-	349,742	153,313	1,449,845
Pension expense/expenditure	2,413,530	1,875,062	1,713,726	518,645	6,520,963

NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – Pursuant to the provision of Section 112.0801, Florida Statutes, retired Police Officers, Firefighters and General Employees, as well as their dependents, are permitted to remain covered under the City’s single-employer defined benefit medical plan as long as they pay the premium not exceeding the rate developed by blending the claims experience of all plan members for the plan and coverage elected. The plan does not issue a stand-alone financial report.

The City subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Funding Policy – Currently, the City’s OPEB benefits are unfunded. There is no separate Trust Fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its investment policy. For the fiscal year ended September 30, 2016, the City provided required contributions of \$92,134 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees.

Part of the City’s periodic contribution to the Florida Retirement System (FRS) on behalf of its general employees is a contribution toward the Health Insurance Subsidy (HIS) managed by FRS. Currently, HIS provides eligible employees with a lifetime benefit equal to \$5 per month per year of service (up to a maximum of \$150 per month) after they retire, toward the payment of any insurance-related premiums.

The State of Florida is treating this program as a Cost-Sharing Multiple-Employer defined benefit pension plan like FRS, rather than being classified as an Agent Multiple-Employer defined benefit OPEB plan.

Annual OPEB Cost and Net OPEB Obligations – The following table shows the City’s annual OPEB cost for the fiscal year ended September 30, 2016, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (service cost for one year)	\$ 132,460
Amortization of Unfunded Actuarial Accrued Liability	121,674
Annual Required Contribution (ARC)	254,134
Interest on Net OPEB Obligation (NOO)	95,099
Adjustment to ARC	(124,153)
Annual OPEB Cost (Expense)	225,080
Employer Contributions	(92,134)
Increase in NOO	132,946
NOO at Beginning of Year	2,113,300
NOO at End of Year	<u><u>\$ 2,246,246</u></u>

Three-year trend information is as follows:

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2016	\$ 225,080	\$ 92,134	40.93%	\$ 2,246,246
9/30/2015	226,842	98,715	43.52%	2,113,300
9/30/2014	266,194	78,138	29.35%	1,985,171

The funded status and funding progress as of October 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a % of Covered Payroll
10/1/14	\$ -	\$ 1,981,921	\$ 1,981,921	0.00%	\$ 26,470,798	7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions and the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made from the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multiyear trend information.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of the short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014 OPEB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate. The annual healthcare cost trend rates were 4.77% (Mid HMO), 4.70% (High HMO) and 5.76% (PPO) for the fiscal year ending September 30, 2015, with the annual rate increasing to 6.5% (Mid and High HMO) and 5.50% (PPO) in fiscal year ending September 30, 2016 and then decreasing gradually back to 5% for years after fiscal year 2023. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over a 30 year amortization period.

NOTE L – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Plan amendments have been made, so that the plan is in compliance with IRC Section 457, as amended by the 1996 changes to the tax code. The assets are now held in various custodial accounts. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the various participants of the plan.

NOTE M - RISK MANAGEMENT AND SELF-INSURANCE PROGRAM

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

During fiscal year 2016, the City also established a self-insurance retention program for workers' compensation, automobile liability and general liability (including employee benefits, law enforcement, public officials' and employment practices liability). Workers' compensation risks in excess of \$350,000 per occurrence, automobile liability risks in excess of \$100,000 per person/per accident, and general liability risks in excess of \$100,000 per occurrence are co-insured with an outside carrier.

The program is accounted for using an internal service fund. Revenues for this fund consists of amounts contributed by other City funds. Both revenues and the related charges are recorded as interfund services. Accordingly, the related charges are reflected as expenditures, or expense items, in the appropriate funds.

Liabilities of the self-insurance fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities typically include an amount for claims that have been incurred but not reported (IBNRs). There were no material amounts of IBNR claims as of fiscal year-end.

Self-insurance claims expense in year one of the fund were as follows: workers' compensation (\$143,648); automobile (\$10,375) and general liability (\$4,728).

NOTE N – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE O – SUBSEQUENT EVENTS

On March 7, 2017, the City Commission approved a *Letter of Intent (LOI) and Term Sheet* to proceed with Sarasota County, West Villages Improvement District, Manasota Beach Ranchlands LLLP (developer), Calben Corporation (developer guarantor) and Major League Baseball's Atlanta Braves to develop a new spring training facility to be located within city limits. The LOI and Term Sheet is not intended as a complete and final agreement. The financial contribution to this venture from the City of North Port per the letter of intent would be \$300,000 a year for the next 30 years. The annual funding source from the City is to be determined later.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements.

CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Taxes	\$ 13,374,510	\$ 13,374,510	\$ 13,342,995	\$ (31,515)
Permits and special assessments	3,366,400	3,366,400	2,862,074	(504,326)
Intergovernmental	6,952,940	7,027,580	7,066,447	38,867
Charges for services	7,094,570	7,094,570	7,186,594	92,024
Fines and forfeiture	149,270	149,270	108,575	(40,695)
Investment income	95,000	95,000	138,884	43,884
Miscellaneous	368,050	368,050	482,476	114,426
Total revenues	31,400,740	31,475,380	31,188,045	(287,335)
EXPENDITURES				
Current:				
General government:				
City Commission	383,190	383,190	356,699	26,491
City Attorney	647,860	647,860	625,792	22,068
City Clerk	561,210	561,210	602,443	(41,233)
Finance	1,321,140	1,326,905	1,208,179	118,726
Planning & Zoning	1,148,230	1,148,230	855,529	292,701
I&T	1,662,840	1,650,756	1,629,492	21,264
Human Resources	711,540	711,540	849,609	(138,069)
City Manager	963,560	1,003,500	927,552	75,948
Property Maintenance	2,749,462	2,749,462	2,719,320	30,142
General Services Administration	249,890	255,655	211,969	43,686
Non-Departmental	540,510	523,610	544,863	(21,253)
Total General government	10,939,432	10,961,918	10,531,447	430,471
Public safety:				
Building	619,350	619,350	566,283	53,067
Police	14,662,460	14,671,387	13,988,900	682,487
Emergency Medical Services	4,288,050	4,291,850	4,052,784	239,066
Total Public safety	19,569,860	19,582,587	18,607,967	974,620
Economic environment:				
Economic Development	331,970	331,970	213,540	118,430
Human services:				
Social Services	\$ 253,946	\$ 316,746	\$ 304,826	\$ 11,920

The budget basis is in accordance with accounting standards generally accepted in the United States of America.

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Culture and recreation:				
Parks & Recreation	\$ 1,058,380	\$ 1,058,380	\$ 1,005,653	\$ 52,727
Capital outlay	277,230	317,297	345,078	(27,781)
Debt service	41,460	41,460	41,465	(5)
Total expenditures	32,472,278	32,610,358	31,049,976	1,560,382
Excess (deficiency) of revenues				
over (under) expenditures	(1,071,538)	(1,134,978)	138,069	1,273,047
OTHER FINANCING SOURCES (USES)				
Transfers in	387,930	387,930	387,930	-
Transfers out	(27,000)	(27,000)	(27,000)	-
Insurance recoveries	10,000	10,000	17,310	7,310
Total other financing sources (uses)	370,930	370,930	378,240	7,310
Net change in fund balances	(700,608)	(764,048)	516,309	1,280,357
Fund balances - beginning	10,952,855	10,952,855	10,952,855	-
Fund balances - ending	\$ 10,252,247	\$ 10,188,807	\$ 11,469,164	\$ 1,280,357

The budget basis is in accordance with accounting standards generally accepted in the United States of America.

CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ROAD AND DRAINAGE DISTRICT SPECIAL REVENUE FUND - GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 2,781,870	\$ 2,781,870	\$ 2,857,991	\$ 76,121
Intergovernmental	465,280	465,280	964,702	499,422
Charges for services	11,733,060	11,733,060	12,371,101	638,041
Investment income	40,000	40,000	122,660	82,660
Miscellaneous	46,960	46,960	220,388	173,428
Total revenues	15,067,170	15,067,170	16,536,842	1,469,672
EXPENDITURES:				
Current:				
Physical environment	5,593,058	5,966,057	4,417,946	1,548,111
Transportation	11,355,603	12,112,903	8,969,770	3,143,133
Capital outlay	2,459,702	2,429,405	941,559	1,487,846
Total expenditures	19,408,363	20,508,365	14,329,275	6,179,090
Excess (deficiency) of revenues over (under) expenditures	(4,341,193)	(5,441,195)	2,207,567	7,648,762
OTHER FINANCING SOURCES (USES):				
Transfers out	(450,000)	(450,000)	(450,000)	-
Insurance recoveries	14,950	14,950	29,751	14,801
Total other financing sources (uses)	(435,050)	(435,050)	(420,249)	14,801
Net change in fund balances	(4,776,243)	(5,876,245)	1,787,318	7,663,563
Fund balances - beginning	10,611,288	10,611,288	10,611,288	-
Fund balances - ending	\$ 5,835,045	\$ 4,735,043	\$ 12,398,606	\$ 7,663,563

The budget basis is in accordance with accounting standards generally accepted in the United States of America.

CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FIRE RESCUE DISTRICT SPECIAL REVENUE FUND - GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 246,000	\$ 246,000	\$ 234,218	\$ (11,782)
Permits, fees and special assessments	22,100	22,100	15,960	(6,140)
Intergovernmental	34,680	34,680	32,943	(1,737)
Charges for services	8,306,340	8,306,340	8,457,848	151,508
Investment income	16,000	16,000	54,424	38,424
Miscellaneous	15,900	15,900	41,318	25,418
Total revenues	8,641,020	8,641,020	8,836,711	195,691
EXPENDITURES:				
Current:				
Public safety	7,715,990	7,715,990	7,272,776	443,214
Capital outlay	3,750	203,750	550	203,200
Total expenditures	7,719,740	7,919,740	7,273,326	646,414
Excess of revenues over expenditures	921,280	721,280	1,563,385	842,105
OTHER FINANCING USES:				
Transfers out	(552,000)	(552,000)	(552,000)	-
Insurance recoveries	-	-	23,483	23,483
Total other financing uses	(552,000)	(552,000)	(528,517)	23,483
Net change in fund balances	369,280	169,280	1,034,868	865,588
Fund balances - beginning	3,271,631	3,271,631	3,271,631	-
Fund balances - ending	\$ 3,640,911	\$ 3,440,911	\$ 4,306,499	\$ 865,588

The budget basis is in accordance with accounting standards generally accepted in the United States of America.

CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE DISTRICT SPECIAL REVENUE FUND - GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 500	\$ 500
Charges for services	8,326,630	8,326,630	8,650,926	324,296
Investment income	20,000	20,000	52,180	32,180
Miscellaneous	3,500	3,500	4,740	1,240
Total revenues	8,350,130	8,350,130	8,708,346	358,216
EXPENDITURES:				
Current:				
Physical environment	6,330,830	6,510,830	6,451,694	59,136
Capital outlay	485,500	485,500	302,786	182,714
Total expenditures	6,816,330	6,996,330	6,754,480	241,850
Excess of revenues over expenditures	1,533,800	1,353,800	1,953,866	600,066
OTHER FINANCING USES:				
Transfers out	(1,485,030)	(1,485,030)	(1,485,030)	-
Total other financing uses	(1,485,030)	(1,485,030)	(1,485,030)	-
Net change in fund balances	48,770	(131,230)	468,836	600,066
Fund balances - beginning	2,667,917	2,667,917	2,667,917	-
Fund balances - ending	\$ 2,716,687	\$ 2,536,687	\$ 3,136,753	\$ 600,066

The budget basis is in accordance with accounting standards generally accepted in the United States of America.

CITY OF NORTH PORT, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM

Reporting Period Ending Measurement Date	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014
City's proportion of the net pension liability	0.045151798%	0.046986625%	0.046039515%
City's proportionate share of the net pension liability	\$ 11,400,864	\$ 6,068,953	\$ 2,809,087
City's covered-employee payroll during the measurement period	\$ 18,171,274	\$ 16,856,399	\$ 16,516,607
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.74%	36.00%	17.01%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

**CITY OF NORTH PORT, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM**

Reporting Period Ending Measurement Date	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014
Contractually required contribution	\$ 1,101,099	\$ 1,145,574	\$ 1,008,461
Contributions in relation to the contractually determined contributions	1,101,099	1,145,574	1,008,461
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered-employee payroll	18,171,274	16,856,399	16,516,607
Contributions as a percentage of covered-employee payroll	6.06%	6.80%	6.11%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NORTH PORT, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
HEALTH INSURANCE SUBSIDY PROGRAM

Reporting Period Ending Measurement Date	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014
City's proportion of the net pension liability	0.055995879%	0.055413179%	0.056009210%
City's proportionate share of the net pension liability	\$ 6,526,088	\$ 5,651,273	\$ 5,236,998
City's covered-employee payroll during the measurement period	\$ 18,171,274	\$ 16,856,399	\$ 16,516,607
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.91%	33.53%	31.71%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

**CITY OF NORTH PORT, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
HEALTH INSURANCE SUBSIDY PROGRAM**

Reporting Period Ending Measurement Date	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014
Contractually required contribution	\$ 287,015	\$ 211,824	\$ 191,869
Contributions in relation to the contractually determined contributions	287,015	211,824	191,869
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	18,171,274	16,856,399	16,516,607
Contributions as a percentage of covered-employee payroll	1.58%	1.26%	1.16%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NORTH PORT, FLORIDA
NORTH PORT POLICE OFFICERS' PENSION TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

Reporting Period Ending Measurement Date	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Total pension liability			
Service cost	\$ 1,693,377	\$ 1,991,280	\$ 1,967,848
Interest on total pension liability	2,867,478	2,731,953	2,485,396
Change in excess state money	(590,338)	162,203	127,413
Share plan allocation	159,765	-	-
Changes of benefit terms	4,812	-	-
Differences between expected and actual experience	(860,314)	(1,104,588)	-
Changes of assumptions	782,433	-	-
Contributions - buy back	71,560	24,568	-
Benefit payments, including refunds of employee contributions	(1,878,394)	(1,323,724)	(1,267,557)
Net change in total pension liability	2,250,379	2,481,692	3,313,100
Total pension liability - beginning	36,831,064	34,349,372	31,036,272
Total pension liability - ending (a)	\$ 39,081,443	\$ 36,831,064	\$ 34,349,372
Plan fiduciary net position			
Contributions - employer	\$ 2,270,516	\$ 2,374,183	\$ 2,254,752
Contributions - state	378,333	341,432	306,642
Contributions - employee	500,840	517,932	528,422
Net investment income	2,445,510	(212,104)	2,200,982
Benefit payments, including refunds of employee contributions	(1,880,377)	(1,323,724)	(1,267,557)
Administrative expenses	(78,881)	(68,912)	(70,301)
Net change in plan fiduciary net position	3,635,941	1,628,807	3,952,940
Plan fiduciary net position - beginning	31,920,075	30,291,268	26,338,328
Plan fiduciary net position - ending (b)	35,556,016	31,920,075	30,291,268
Net pension liability - ending (a) - (b)	\$ 3,525,427	\$ 4,910,989	\$ 4,058,104
Plan fiduciary net position as a percentage of the total pension liability	90.98%	86.67%	88.19%
Covered employee payroll	\$ 6,260,499	\$ 6,550,454	\$ 6,605,273
City's net pension liability as a percentage of covered employee payroll	56.31%	74.97%	61.44%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NORTH PORT, FLORIDA
NORTH PORT POLICE OFFICERS' PENSION TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

Reporting Period Ending Measurement Date	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Actuarially determined contributions	\$ 2,449,745	\$ 2,553,412	\$ 2,429,885
From excess state monies reserve	528,906	-	-
Contributions in relation to the actuarially determined contributions	2,550,516	2,553,412	2,429,885
	<u>\$ (629,677)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	6,260,499	6,550,454	6,605,273
Contributions as a percentage of covered employee payroll	40.74%	38.98%	36.79%

Valuation Date 10/1/14

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	26 years (as of 10/01/2014)	
Mortality rate	RP-2000 Combined Health Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table a 10% margin for future mortality improvements. Additionally, 75% of active member deaths are assumed to be service related.	
Inflation	2.50% per year	
Salary increases	<u>Credited Service</u>	<u>Assumption</u>
	First 2 years	17.0%
	2 - 10 years	8.5%
	11 - 20 years	6.0%
	More than 20 years	2.0%
Interest rate	7.75% per year compounded annually, net of investment related expenses.	
Payroll growth	5.00% per year	
Final year salary load	Projected salary at retirement is increased 20% to account for non-regular compensation (no load for members hired after January 1, 2012).	
Normal retirement	Years Eligible	Percent
	<u>for Normal Ret.</u>	<u>Retiring</u>
	0	66.7%
	1	50.0%
	2 or more	100.0%
Early retirement	Commencing with attainment of early retirement status (age 45 with 10 years of service). Members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year.	
Termination rates	<u>Credited Service</u>	<u>Assumption</u>
	First year	24.0%
	1 - 4 years	6.0%
	5 - 19 years	3.0%
	20 or more years	0.0%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NORTH PORT, FLORIDA
NORTH PORT POLICE OFFICERS' PENSION TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURN

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses for the City's pension plan	7.41%	-0.62%	8.12%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NORTH PORT, FLORIDA
NORTH PORT FIREFIGHTERS' PENSION TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

Reporting Period Ending	9/30/2017	9/30/2016	9/30/2015
Measurement Date	9/30/2016	9/30/2015	9/30/2014
Total pension liability			
Service cost	\$ 1,693,631	\$ 1,716,153	\$ 1,686,083
Interest on total pension liability	3,400,658	3,048,515	2,767,378
Share plan allocation	121,775	126,215	137,316
Changes of benefit terms	174,592	-	-
Differences between expected and actual experience	(2,262,386)	555,367	-
Changes of assumptions	1,378,943	-	-
Contributions - buy back	2,808	-	-
Benefit payments, including refunds of employee contributions	(1,104,257)	(1,288,806)	(924,447)
Net change in total pension liability	3,405,764	4,157,444	3,666,330
Total pension liability - beginning	41,192,135	37,034,691	33,368,361
Total pension liability - ending (a)	\$ 44,597,899	\$ 41,192,135	\$ 37,034,691
Plan fiduciary net position			
Contributions - employer	\$ 1,000,835	\$ 1,079,568	\$ 1,250,193
Contributions - state	371,775	376,215	387,316
Contributions - employee	529,101	554,392	585,968
Net investment income	2,867,698	430,037	3,008,184
Benefit payments, including refunds of employee contributions	(1,108,103)	(1,288,806)	(924,447)
Administrative expenses	(83,371)	(66,053)	(64,072)
Net change in plan fiduciary net position	3,577,935	1,085,353	4,243,142
Plan fiduciary net position - beginning	38,757,157	37,671,804	33,428,662
Plan fiduciary net position - ending (b)	\$ 42,335,092	\$ 38,757,157	\$ 37,671,804
Net pension liability - ending (a) - (b)	\$ 2,262,807	\$ 2,434,978	\$ (637,113)
Plan fiduciary net position as a percentage of the total pension liability	94.93%	94.09%	101.72%
Covered employee payroll	\$ 5,136,900	\$ 5,806,134	\$ 5,689,014
City's net pension liability as a percentage of covered employee payroll	44.05%	41.94%	-11.20%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NORTH PORT, FLORIDA
NORTH PORT FIREFIGHTERS' PENSION TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

Reporting Period Ending Measurement Date	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Actuarially determined contributions	\$ 1,250,835	\$ 1,353,147	\$ 1,500,193
Contributions in relation to the actuarially determined contributions	1,269,928	1,353,147	1,500,193
	<u>\$ (19,093)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	5,136,900	5,806,134	5,689,014
Contributions as a percentage of covered employee payroll	24.72%	23.31%	26.37%

Valuation Date 10/1/14

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 10/01/2014)
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.
Mortality	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).
Inflation	2.50% per year
Salary increases	7.5% per year until the assumed retirement age. Projected salary at retirement is increased by the frozen dollar value of sick and annual leave as of July 5, 2012.
Interest rate	8.00% per year compounded annually
Payroll growth	5.00% per year
Post retirement COLA	3.00% from age 55 until 63
Retirement age	Earlier of age 55 with 10 years of credited service or age 52 with 25 years of credited service. Also, any active member who is eligible for normal retirement is assumed to continue employment for one additional year.
Early retirement	Commencing with the earliest early retirement age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Disability rates	See table below. It is assumed that 75% of disablements are service related.
Termination rates	See table below.

Termination and disability rate table	% Becoming Disabled During the Year	% Terminating During the Year
Age		
20	0.03%	6.00%
30	0.04%	5.00%
40	0.07%	2.60%
50	0.18%	0.80%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF NORTH PORT, FLORIDA
NORTH PORT FIREFIGHTERS' PENSION TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURN

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses for the City's pension plan	7.24%	1.09%	8.84%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

**CITY OF NORTH PORT, FLORIDA
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL) (1)	Unfunded AAL (UAAL) (2)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/14	-	1,981,921	1,981,921	0.00%	26,470,798	7%
10/1/12	-	2,015,669	2,015,669	0.00%	26,861,641	8%
10/1/10	-	1,805,157	1,805,157	0.00%	27,618,020	7%
10/1/08	-	3,234,507	3,234,507	0.00%	31,044,518	10%

(1) Actuarial liability determined under the unit credit cost method.

(2) Actuarial liability less actuarial value of assets, if any.

As stated in GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, OPEB plans with a total membership of 200 or more must have actuarial valuations at least biennially.

The City implemented the provisions of GASB 45 for fiscal year ending September 30, 2009. The first actuarial valuation was performed October 1, 2008.



COMBINING & INDIVIDUAL FUND STATEMENTS AND SCHEDULES

This section includes financial statements and schedules which are not part of the basic financial statements, but are presented for purposes of additional analysis.

**CITY OF NORTH PORT, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Special Revenue			
	Inspector Education	Special Law Enforcement	Police Education	Tree Replacement
ASSETS:				
Cash and investments	\$ 138,989	\$ 99,510	\$ 17,247	\$ 873,068
Receivables (net of allowance for uncollectibles)	-	4,403	-	-
Due from other governments	-	-	805	-
Prepaid items	-	-	-	-
Inventories	-	-	-	-
Total assets	<u>\$ 138,989</u>	<u>\$ 103,913</u>	<u>\$ 18,052</u>	<u>\$ 873,068</u>
LIABILITIES:				
Accounts payable	\$ 16,721	\$ 28,965	\$ 1,106	\$ 55,919
Due to other funds	-	-	-	1,879
Due to other governments	-	-	-	-
Total liabilities	<u>16,721</u>	<u>28,965</u>	<u>1,106</u>	<u>57,798</u>
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	74,948	16,946	-
Committed	122,268	-	-	815,270
Total fund balances	<u>122,268</u>	<u>74,948</u>	<u>16,946</u>	<u>815,270</u>
Total liabilities and fund balances	<u>\$ 138,989</u>	<u>\$ 103,913</u>	<u>\$ 18,052</u>	<u>\$ 873,068</u>

Special Revenue

Warm Mineral Springs	Building Department	Escheated Lots - Land & Future Projects	Escheated Lots - Parks	Law Enforcement Impact Fees	Fire Impact Fees
\$ 876,603	\$ 4,331,021	\$ 2,093,094	\$ 31,203	\$ 473,926	\$ 1,039,758
429	250	-	-	-	-
-	8	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 877,032</u>	<u>\$ 4,331,279</u>	<u>\$ 2,093,094</u>	<u>\$ 31,203</u>	<u>\$ 473,926</u>	<u>\$ 1,039,758</u>
\$ 106,356	\$ 17,321	\$ -	\$ -	\$ -	\$ 5,501
-	38,218	-	-	-	-
5,392	-	-	-	-	-
<u>111,748</u>	<u>55,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,501</u>
-	-	-	-	-	-
-	4,275,740	-	-	473,926	1,034,257
765,284	-	2,093,094	31,203	-	-
<u>765,284</u>	<u>4,275,740</u>	<u>2,093,094</u>	<u>31,203</u>	<u>473,926</u>	<u>1,034,257</u>
<u>\$ 877,032</u>	<u>\$ 4,331,279</u>	<u>\$ 2,093,094</u>	<u>\$ 31,203</u>	<u>\$ 473,926</u>	<u>\$ 1,039,758</u>

(continued)

**CITY OF NORTH PORT, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Special Revenue			
	Parks and Recreation Impact Fees	Transportation Impact Fees	Solid Waste Impact Fees	General Government Impact Fees
ASSETS:				
Cash and investments	\$ 2,040,310	\$ 4,900,211	\$ 273,072	\$ 324,500
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	1,821,260	-	-
Inventories	-	-	-	-
Total assets	<u>\$ 2,040,310</u>	<u>\$ 6,721,471</u>	<u>\$ 273,072</u>	<u>\$ 324,500</u>
LIABILITIES:				
Accounts payable	\$ 15,750	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>15,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Nonspendable	-	1,821,260	-	-
Restricted	2,024,560	4,900,211	273,072	324,500
Committed	-	-	-	-
Total fund balances	<u>2,024,560</u>	<u>6,721,471</u>	<u>273,072</u>	<u>324,500</u>
Total liabilities and fund balances	<u>\$ 2,040,310</u>	<u>\$ 6,721,471</u>	<u>\$ 273,072</u>	<u>\$ 324,500</u>

Special Revenue		Debt Service	Capital Projects		Total Nonmajor Governmental Funds
Environmental Management	Fleet Maintenance	Road Reconstruction Bond Debt Service	Surtax II	Capital Acquisition	
\$ 531,216	\$ 607,683	\$ 1,048,086	\$ 2,560,319	\$ 9,652,312	\$ 31,912,128
-	-	-	-	-	5,082
-	16,319	8,895	-	-	26,027
-	-	-	-	810,440	2,631,700
-	59,152	-	-	-	59,152
<u>\$ 531,216</u>	<u>\$ 683,154</u>	<u>\$ 1,056,981</u>	<u>\$ 2,560,319</u>	<u>\$ 10,462,752</u>	<u>\$ 34,634,089</u>
\$ -	\$ 186,643	\$ -	\$ -	\$ 745,412	\$ 1,179,694
-	22,396	-	-	-	62,493
-	-	-	-	-	5,392
-	209,039	-	-	745,412	1,247,579
-	59,152	-	-	810,440	2,690,852
531,216	-	1,056,981	2,560,319	-	17,546,676
-	414,963	-	-	8,906,900	13,148,982
<u>531,216</u>	<u>474,115</u>	<u>1,056,981</u>	<u>2,560,319</u>	<u>9,717,340</u>	<u>33,386,510</u>
<u>\$ 531,216</u>	<u>\$ 683,154</u>	<u>\$ 1,056,981</u>	<u>\$ 2,560,319</u>	<u>\$ 10,462,752</u>	<u>\$ 34,634,089</u>

CITY OF NORTH PORT, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue			
	Inspector Education	Special Law Enforcement	Police Education	Tree Replacement
REVENUES:				
Permits, fees and special assessments	\$ 55,213	\$ -	\$ -	\$ 14,315
Charges for services	-	-	-	-
Fines and forfeiture	-	95,910	10,026	362,745
Investment income	933	517	101	5,734
Miscellaneous	-	-	-	-
Total revenues	<u>56,146</u>	<u>96,427</u>	<u>10,127</u>	<u>382,794</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	25,041	14,000	9,802	-
Physical environment	-	-	-	168,240
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	27,999	-	-
Debt service	-	-	-	-
Total expenditures	<u>25,041</u>	<u>41,999</u>	<u>9,802</u>	<u>168,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,105</u>	<u>54,428</u>	<u>325</u>	<u>214,554</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	31,105	54,428	325	214,554
Fund balances - beginning	<u>91,163</u>	<u>20,520</u>	<u>16,621</u>	<u>600,716</u>
Fund balances - ending	<u>\$ 122,268</u>	<u>\$ 74,948</u>	<u>\$ 16,946</u>	<u>\$ 815,270</u>

Special Revenue

Warm Mineral Springs	Building Department	Escheated Lots - Land & Future Projects	Escheated Lots - Parks	Law Enforcement Impact Fees	Fire Impact Fees
\$ -	\$ 2,882,775	\$ -	\$ -	\$ 190,671	\$ 202,704
1,214,840	39,220	-	-	-	-
-	-	-	-	-	-
5,941	27,918	-	-	3,272	7,545
-	2,961	301	-	-	-
1,220,781	2,952,874	301	-	193,943	210,249
-	-	-	-	-	-
-	1,338,756	-	-	10,852	2,250
-	-	-	-	-	-
-	-	-	-	-	-
840,113	-	78,253	17,795	-	-
90,913	71,617	50,000	95,362	60,065	185,459
-	-	-	-	-	-
931,026	1,410,373	128,253	113,157	70,917	187,709
289,755	1,542,501	(127,952)	(113,157)	123,026	22,540
-	-	-	-	-	-
-	-	-	-	-	-
-	(40,000)	-	-	-	-
-	(40,000)	-	-	-	-
289,755	1,502,501	(127,952)	(113,157)	123,026	22,540
475,529	2,773,239	2,221,046	144,360	350,900	1,011,717
\$ 765,284	\$ 4,275,740	\$ 2,093,094	\$ 31,203	\$ 473,926	\$ 1,034,257

(continued)

CITY OF NORTH PORT, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue			
	Parks and Recreation Impact Fees	Transportation Impact Fees	Solid Waste Impact Fees	General Government Impact Fees
REVENUES:				
Permits, fees and special assessments	\$ 500,746	\$ 1,907,709	\$ 153,066	\$ 140,745
Charges for services	-	-	-	-
Fines and forfeiture	-	-	-	-
Investment income	13,516	46,707	1,658	2,042
Miscellaneous	-	-	-	-
Total revenues	514,262	1,954,416	154,724	142,787
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	23,618	-	-	-
Capital outlay	85,116	503	-	-
Debt service	-	1,821,260	-	-
Total expenditures	108,734	1,821,763	-	-
Excess (deficiency) of revenues over (under) expenditures	405,528	132,653	154,724	142,787
OTHER FINANCING SOURCES (USES):				
Proceeds from loans	-	411,180	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	411,180	-	-
Net change in fund balances	405,528	543,833	154,724	142,787
Fund balances - beginning	1,619,032	6,177,638	118,348	181,713
Fund balances - ending	\$ 2,024,560	\$ 6,721,471	\$ 273,072	\$ 324,500

Special Revenue		Debt Service	Capital Projects		Total Nonmajor Governmental Funds
Environmental Management	Fleet Maintenance	Road Reconstruction Bond Debt Service	Surtax II	Capital Acquisition	
\$ -	\$ -	\$ 3,026,324	\$ -	\$ -	\$ 9,074,268
-	3,821,929	-	-	-	5,075,989
-	-	-	-	-	468,681
3,957	1,636	16,959	19,100	66,339	223,875
-	275	-	-	-	3,537
3,957	3,823,840	3,043,283	19,100	66,339	14,846,350
-	3,726,038	-	665,000	-	4,391,038
-	-	-	-	24,672	1,425,373
-	-	-	-	353	168,593
-	-	32,603	-	-	32,603
5,281	-	-	-	-	965,060
16,687	-	-	24,153	1,426,070	2,133,944
-	-	2,635,594	-	-	4,456,854
21,968	3,726,038	2,668,197	689,153	1,451,095	13,573,465
(18,011)	97,802	375,086	(670,053)	(1,384,756)	1,272,885
-	-	-	-	-	411,180
-	-	-	-	2,604,030	2,604,030
-	(50,000)	-	-	-	(90,000)
-	(50,000)	-	-	2,604,030	2,925,210
(18,011)	47,802	375,086	(670,053)	1,219,274	4,198,095
549,227	426,313	681,895	3,230,372	8,498,066	29,188,415
\$ 531,216	\$ 474,115	\$ 1,056,981	\$ 2,560,319	\$ 9,717,340	\$ 33,386,510

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
INSPECTOR EDUCATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Permits, fees and special assessments	\$ 59,000	\$ 59,000	\$ 55,213	\$ (3,787)
Investment income	300	300	933	633
Total revenues	59,300	59,300	56,146	(3,154)
EXPENDITURES:				
Current:				
Public safety	27,000	27,000	25,041	1,959
Total expenditures	27,000	27,000	25,041	1,959
Net change in fund balances	32,300	32,300	31,105	(1,195)
Fund balances - beginning	91,163	91,163	91,163	-
Fund balances - ending	\$ 123,463	\$ 123,463	\$ 122,268	\$ (1,195)

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Fines and forfeitures	\$ 7,990	\$ 7,990	\$ 95,910	\$ 87,920
Investment income	50	50	517	467
Total revenues	8,040	8,040	96,427	88,387
EXPENDITURES:				
Current:				
Public safety	18,740	19,740	14,000	5,740
Capital	-	28,000	27,999	1
Total expenditures	18,740	47,740	41,999	5,741
Net change in fund balances	(10,700)	(39,700)	54,428	94,128
Fund balances - beginning	20,520	20,520	20,520	-
Fund balances - ending	\$ 9,820	\$ (19,180)	\$ 74,948	\$ 94,128

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
POLICE EDUCATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 5,980	\$ 5,980	\$ 10,026	\$ 4,046
Investment income	50	50	101	51
Total revenues	6,030	6,030	10,127	4,097
EXPENDITURES:				
Current:				
Public safety	11,560	11,560	9,802	1,758
Total expenditures	11,560	11,560	9,802	1,758
Net change in fund balances	(5,530)	(5,530)	325	5,855
Fund balances - beginning	16,621	16,621	16,621	-
Fund balances - ending	\$ 11,091	\$ 11,091	\$ 16,946	\$ 5,855

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
TREE REPLACEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Permits, fees and special assessments	\$ 20,000	\$ 20,000	\$ 14,315	\$ (5,685)
Fines and forfeiture	125,000	125,000	362,745	237,745
Investment income	3,000	3,000	5,734	2,734
Total revenues	148,000	148,000	382,794	234,794
EXPENDITURES:				
Current:				
Physical environment	201,900	216,900	168,240	48,660
Total expenditures	201,900	216,900	168,240	48,660
Net change in fund balances	(53,900)	(68,900)	214,554	283,454
Fund balances - beginning	600,716	600,716	600,716	-
Fund balances - ending	<u>\$ 546,816</u>	<u>\$ 531,816</u>	<u>\$ 815,270</u>	<u>\$ 283,454</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
WARM MINERAL SPRINGS SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for services	\$ 1,205,000	\$ 1,220,716	\$ 1,214,840	\$ (5,876)
Investment income	600	600	5,941	5,341
Total revenues	1,205,600	1,221,316	1,220,781	(535)
EXPENDITURES:				
Current:				
Culture and recreation	769,700	874,484	840,113	34,371
Capital outlay	10,000	212,500	90,913	121,587
Total expenditures	779,700	1,086,984	931,026	155,958
Net change in fund balances	425,900	134,332	289,755	155,423
Fund balances - beginning	475,529	475,529	475,529	-
Fund balances - ending	<u>\$ 901,429</u>	<u>\$ 609,861</u>	<u>\$ 765,284</u>	<u>\$ 155,423</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
BUILDING DEPARTMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Permits, fees and special assessments	\$ 2,105,800	\$ 2,105,800	\$ 2,882,775	\$ 776,975
Charges for services	30,200	30,200	39,220	9,020
Investment income	5,000	5,000	27,918	22,918
Miscellaneous	4,000	4,000	2,961	(1,039)
Total revenues	2,145,000	2,145,000	2,952,874	807,874
EXPENDITURES:				
Current:				
Public safety	1,412,340	1,412,340	1,338,756	73,584
Capital outlay	76,808	76,808	71,617	5,191
Total expenditures	1,489,148	1,489,148	1,410,373	78,775
Excess of revenues over expenditures	655,852	655,852	1,542,501	886,649
OTHER FINANCING USES:				
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing uses	(40,000)	(40,000)	(40,000)	-
Net change in fund balances	615,852	615,852	1,502,501	886,649
Fund balances - beginning	2,773,239	2,773,239	2,773,239	-
Fund balances - ending	\$ 3,389,091	\$ 3,389,091	\$ 4,275,740	\$ 886,649

CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ESCHEATED LOTS - LAND AND FUTURE PROJECTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 301	\$ 301
Total revenues	-	-	301	301
EXPENDITURES:				
Current:				
General government	195,020	195,020	-	195,020
Culture and recreation	80,605	80,605	78,253	2,352
Capital outlay	1,900,000	1,900,000	50,000	1,850,000
Total expenditures	2,175,625	2,175,625	128,253	2,047,372
Net change in fund balances	(2,175,625)	(2,175,625)	(127,952)	2,047,673
Fund balances - beginning	2,221,046	2,221,046	2,221,046	-
Fund balances - ending	\$ 45,421	\$ 45,421	\$ 2,093,094	\$ 2,047,673

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ESCHEATED LOTS - PARKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Current:				
Culture and recreation	\$ 20,000	\$ 25,500	\$ 17,795	\$ 7,705
Capital outlay	105,100	99,600	95,362	4,238
Total expenditures	<u>125,100</u>	<u>125,100</u>	<u>113,157</u>	<u>11,943</u>
Net change in fund balances	(125,100)	(125,100)	(113,157)	11,943
Fund balances - beginning	<u>144,360</u>	<u>144,360</u>	<u>144,360</u>	<u>-</u>
Fund balances - ending	<u>\$ 19,260</u>	<u>\$ 19,260</u>	<u>\$ 31,203</u>	<u>\$ 11,943</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT IMPACT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Permits, fees and special assessments	\$ 135,070	\$ 135,070	\$ 190,671	\$ 55,601
Investment income	500	500	3,272	2,772
Total revenues	135,570	135,570	193,943	58,373
EXPENDITURES:				
Current:				
Public safety	-	10,900	10,852	48
Capital outlay	84,055	73,155	60,065	13,090
Total expenditures	84,055	84,055	70,917	13,138
Net change in fund balances	51,515	51,515	123,026	71,511
Fund balances - beginning	350,900	350,900	350,900	-
Fund balances - ending	<u>\$ 402,415</u>	<u>\$ 402,415</u>	<u>\$ 473,926</u>	<u>\$ 71,511</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FIRE IMPACT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Permits, fees and special assessments	\$ 149,240	\$ 149,240	\$ 202,704	\$ 53,464
Investment income	2,000	2,000	7,545	5,545
Total revenues	151,240	151,240	210,249	59,009
EXPENDITURES:				
Current:				
Public Safety	-	4,000	2,250	1,750
Capital outlay	494,427	704,427	185,459	518,968
Total expenditures	494,427	708,427	187,709	520,718
Net change in fund balances	(343,187)	(557,187)	22,540	579,727
Fund balances - beginning	1,011,717	1,011,717	1,011,717	-
Fund balances - ending	\$ 668,530	\$ 454,530	\$ 1,034,257	\$ 579,727

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION IMPACT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Permits, fees and special assessments	\$ 279,440	\$ 279,440	\$ 500,746	\$ 221,306
Investment income	2,000	2,000	13,516	11,516
Total revenues	281,440	281,440	514,262	232,822
EXPENDITURES:				
Current:				
Culture and recreation	-	23,768	23,618	150
Capital outlay	149,080	125,312	85,116	40,196
Total expenditures	149,080	149,080	108,734	40,346
Net change in fund balances	132,360	132,360	405,528	273,168
Fund balances - beginning	1,619,032	1,619,032	1,619,032	-
Fund balances - ending	<u>\$ 1,751,392</u>	<u>\$ 1,751,392</u>	<u>\$ 2,024,560</u>	<u>\$ 273,168</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION IMPACT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Permits, fees and special assessments	\$ 1,480,430	\$ 1,480,430	\$ 1,907,709	\$ 427,279
Investment income	15,000	15,000	46,707	31,707
Total revenues	<u>1,495,430</u>	<u>1,495,430</u>	<u>1,954,416</u>	<u>458,986</u>
EXPENDITURES:				
Capital outlay	450,005	450,005	503	449,502
Debt service	<u>1,821,270</u>	<u>1,821,270</u>	<u>1,821,260</u>	<u>10</u>
Total expenditures	<u>2,271,275</u>	<u>2,271,275</u>	<u>1,821,763</u>	<u>449,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(775,845)</u>	<u>(775,845)</u>	<u>132,653</u>	<u>908,498</u>
OTHER FINANCING SOURCES:				
Proceeds from loans	-	-	411,180	411,180
Total other financing sources	<u>-</u>	<u>-</u>	<u>411,180</u>	<u>411,180</u>
Net change in fund balances	(775,845)	(775,845)	543,833	1,319,678
Fund balances - beginning	<u>6,177,638</u>	<u>6,177,638</u>	<u>6,177,638</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,401,793</u>	<u>\$ 5,401,793</u>	<u>\$ 6,721,471</u>	<u>\$ 1,319,678</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE IMPACT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Permits and special assessments	\$ 91,270	\$ 91,270	\$ 153,066	\$ 61,796
Investment income	100	100	1,658	1,558
Total revenues	91,370	91,370	154,724	63,354
EXPENDITURES:				
Capital outlay	100,000	100,000	-	100,000
Total expenditures	100,000	100,000	-	100,000
Net change in fund balances	(8,630)	(8,630)	154,724	163,354
Fund balances - beginning	118,348	118,348	118,348	-
Fund balances - ending	\$ 109,718	\$ 109,718	\$ 273,072	\$ 163,354

CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL GOVERNMENT IMPACT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Permits, fees and special assessments	\$ 103,770	\$ 103,770	\$ 140,745	\$ 36,975
Investment income	200	200	2,042	1,842
Total revenues	<u>103,970</u>	<u>103,970</u>	<u>142,787</u>	<u>38,817</u>
Net change in fund balances	103,970	103,970	142,787	38,817
Fund balances - beginning	<u>181,713</u>	<u>181,713</u>	<u>181,713</u>	<u>-</u>
Fund balances - ending	<u>\$ 285,683</u>	<u>\$ 285,683</u>	<u>\$ 324,500</u>	<u>\$ 38,817</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ENVIRONMENTAL MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Investment income	\$ 100	\$ 100	\$ 3,957	\$ 3,857
Total revenues	100	100	3,957	3,857
EXPENDITURES:				
Current:				
Culture and recreation	-	5,300	5,281	19
Capital outlay	547,294	541,994	16,687	525,307
Total expenditures	547,294	547,294	21,968	525,326
Net change in fund balances	(547,194)	(547,194)	(18,011)	529,183
Fund balances - beginning	549,227	549,227	549,227	-
Fund balances - ending	\$ 2,033	\$ 2,033	\$ 531,216	\$ 529,183

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FLEET MAINTENANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Charges for services	\$ 3,777,570	\$ 3,777,570	\$ 3,821,929	\$ 44,359
Investment income	1,500	1,500	1,636	136
Miscellaneous	500	500	275	(225)
Total revenues	3,779,570	3,779,570	3,823,840	44,270
EXPENDITURES:				
Current:				
General government	3,940,110	3,940,110	3,726,038	214,072
Total expenditures	3,940,110	3,940,110	3,726,038	214,072
Excess (deficiency) of revenues over (under) expenditures	(160,540)	(160,540)	97,802	258,342
OTHER FINANCING SOURCES (USES):				
Transfer out	(137,000)	(137,000)	(50,000)	(87,000)
Total other financing sources (uses)	(137,000)	(137,000)	(50,000)	87,000
Net change in fund balances	(297,540)	(297,540)	47,802	345,342
Fund balances - beginning	426,313	426,313	426,313	-
Fund balances - ending	\$ 128,773	\$ 128,773	\$ 474,115	\$ 345,342

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ROAD RECONSTRUCTION BOND DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES:				
Permits and special assessments	\$ 3,002,480	\$ 3,002,480	\$ 3,026,324	\$ 23,844
Investment income	5,000	5,000	16,959	11,959
Total revenues	<u>3,007,480</u>	<u>3,007,480</u>	<u>3,043,283</u>	<u>35,803</u>
EXPENDITURES:				
Current:				
Transportation	46,900	46,900	32,603	14,297
Debt service	<u>2,635,600</u>	<u>2,635,600</u>	<u>2,635,594</u>	<u>6</u>
Total expenditures	<u>2,682,500</u>	<u>2,682,500</u>	<u>2,668,197</u>	<u>14,303</u>
Net change in fund balances	324,980	324,980	375,086	50,106
Fund balances - beginning	<u>681,895</u>	<u>681,895</u>	<u>681,895</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,006,875</u>	<u>\$ 1,006,875</u>	<u>\$ 1,056,981</u>	<u>\$ 50,106</u>

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SURTAX II CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 10,000	\$ 10,000	\$ 19,100	\$ 9,100
Total revenues	10,000	10,000	19,100	9,100
EXPENDITURES:				
Current:				
General government	-	665,000	665,000	-
Capital outlay	3,197,000	2,532,000	24,153	2,507,847
Total expenditures	3,197,000	3,197,000	689,153	2,507,847
Net change in fund balances	(3,187,000)	(3,187,000)	(670,053)	2,516,947
Fund balances - beginning	3,230,372	3,230,372	3,230,372	-
Fund balances - ending	\$ 43,372	\$ 43,372	\$ 2,560,319	\$ 2,516,947

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SURTAX III CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Local option sales taxes	\$ 8,139,640	\$ 8,139,640	\$ 8,679,097	\$ 539,457
Intergovernmental	-	163,579	163,120	(459)
Charges for services	-	85,000	15,094	(69,906)
Investment income	60,000	60,000	172,931	112,931
Total revenues	8,199,640	8,448,219	9,030,242	582,023
EXPENDITURES:				
Current:				
General government	-	55,127	55,126	1
Public safety	2,764	201,501	198,651	2,850
Transportation	1,321,878	1,286,338	82,436	1,203,902
Culture and recreation	2,607	81,792	68,542	13,250
Capital outlay	11,414,532	12,781,903	4,768,967	8,012,936
Total expenditures	12,741,781	14,406,661	5,173,722	9,232,939
Excess (deficiency) of revenues over (under) expenditures	(4,542,141)	(5,958,442)	3,856,520	9,814,962
Net change in fund balances	(4,542,141)	(5,958,442)	3,856,520	9,814,962
Fund balances - beginning	22,049,503	22,049,503	22,049,503	-
Fund balances - ending	\$ 17,507,362	\$ 16,091,061	\$ 25,906,023	\$ 9,814,962

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL ACQUISITION CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 15,000	\$ 15,000	\$ 66,339	\$ 51,339
Total revenues	15,000	15,000	66,339	51,339
EXPENDITURES:				
Current:				
Public safety	-	29,710	24,672	5,038
Physical environment	-	353	353	-
Capital outlay	3,163,604	4,985,423	1,426,070	3,559,353
Total expenditures	3,163,604	5,015,486	1,451,095	3,564,391
Deficiency of revenues over expenditures	(3,148,604)	(5,000,486)	(1,384,756)	3,615,730
OTHER FINANCING SOURCES:				
Transfers in	2,691,030	2,691,030	2,604,030	(87,000)
Total other financing sources	2,691,030	2,691,030	2,604,030	(87,000)
Net change in fund balances	(457,574)	(2,309,456)	1,219,274	3,528,730
Fund balances - beginning	8,498,066	8,498,066	8,498,066	-
Fund balances - ending	\$ 8,040,492	\$ 6,188,610	\$ 9,717,340	\$ 3,528,730

**CITY OF NORTH PORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ROAD RECONSTRUCTION CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ 31,000	\$ 31,000	\$ 129,444	\$ 98,444
Total revenues	31,000	31,000	129,444	98,444
EXPENDITURES:				
Current:				
Transportation	16,620	24,581	26,862	(2,281)
Capital outlay	28,967,968	28,912,185	11,063,877	17,848,308
Total expenditures	28,984,588	28,936,766	11,090,739	17,846,027
Deficiency of revenues over expenditures	(28,953,588)	(28,905,766)	(10,961,295)	17,944,471
Net change in fund balances	(28,953,588)	(28,905,766)	(10,961,295)	17,944,471
Fund balances - beginning	28,720,712	28,720,712	28,720,712	-
Fund balances - ending	<u>\$ (232,876)</u>	<u>\$ (185,054)</u>	<u>\$ 17,759,417</u>	<u>\$ 17,944,471</u>

TRUST AND AGENCY FUNDS

Trust funds are used to administer resources reserved and held by a governmental unit as the trustee or as the agent for others. Use of these trust funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other authority.

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

PENSION TRUST FUNDS:

POLICE OFFICERS' PENSION TRUST FUND - This fund is used to account for receipts and disbursements, as authorized by the respective pension board.

FIREFIGHTERS' PENSION TRUST FUND - This fund is used to account for receipts and disbursements, as authorized by the respective pension board.

AGENCY FUNDS:

COUNTY ROAD IMPACT FEES FUND - This fund is used to account for county road impact fees collected for and disbursed to Sarasota County.

EDUCATION IMPACT FEES FUND - This fund is used to account for education impact fees collected for and disbursed to the Sarasota County School Board.

COUNTY JUSTICE IMPACT FEES FUND - This fund is used to account for county justice impact fees collected for and disbursed to Sarasota County.

COUNTY GENERAL GOVERNMENT IMPACT FEES FUND - This fund is used to account for county general government impact fees collected for and disbursed to Sarasota County.

CITY OF NORTH PORT, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	Pension Trust Funds		
	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Totals
ASSETS			
Cash and equivalents	\$ 750,989	\$ -	\$ 750,989
Receivables:			
Contributions receivable	567,629	194,461	762,090
Interest and dividends receivable	50,597	53,005	103,602
Total receivables	<u>618,226</u>	<u>247,466</u>	<u>865,692</u>
Investments, at fair market value:			
U.S. Government and agency securities	2,737,411	3,799,042	6,536,453
Money market funds	-	1,060,511	1,060,511
Mortgage/asset-backed securities	912,113	3,100,286	4,012,399
Equity securities	21,620,546	23,228,812	44,849,358
Corporate obligations	3,278,349	1,988,844	5,267,193
Fixed income mutual funds	3,168,257	3,857,671	7,025,928
Commingled real estate funds	2,505,152	4,449,895	6,955,047
International equity securities	-	554,527	554,527
Municipal obligations	-	79,830	79,830
Total investments, at fair value	<u>34,221,828</u>	<u>42,119,418</u>	<u>76,341,246</u>
Total assets	<u>35,591,043</u>	<u>42,366,884</u>	<u>77,957,927</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>35,027</u>	<u>31,792</u>	<u>66,819</u>
Total liabilities	<u>35,027</u>	<u>31,792</u>	<u>66,819</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 35,556,016</u>	<u>\$ 42,335,092</u>	<u>\$ 77,891,108</u>

CITY OF NORTH PORT, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Pension Trust Funds		
	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Totals
ADDITIONS			
Contributions:			
Plan members	\$ 500,840	\$ 529,101	\$ 1,029,941
Buy back contributions	-	-	-
State of Florida	378,333	371,775	750,108
City of North Port	2,270,516	1,000,835	3,271,351
Total contributions	3,149,689	1,901,711	5,051,400
Investment income:			
Net change in fair value of investments	2,010,082	2,377,949	4,388,031
Interest and dividends	654,705	769,925	1,424,630
Investment income	2,664,787	3,147,874	5,812,661
Less investment expenses	(219,277)	(280,176)	(499,453)
Net investment income	2,445,510	2,867,698	5,313,208
Total additions	5,595,199	4,769,409	10,364,608
DEDUCTIONS			
Benefits to participants	1,529,544	727,866	2,257,410
Share account distributions	-	101,113	101,113
Administrative expenses	78,881	83,371	162,252
Refunds of participant contributions	350,833	279,124	629,957
Total deductions	1,959,258	1,191,474	3,150,732
NET INCREASE	3,635,941	3,577,935	7,213,876
NET POSITION - BEGINNING	31,920,075	38,757,157	70,677,232
NET POSITION - ENDING	\$ 35,556,016	\$ 42,335,092	\$ 77,891,108

CITY OF NORTH PORT, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2016</u>
<u>COUNTY ROAD IMPACT FEES</u>				
ASSETS				
Cash	\$ 2,305	\$ 414,885	\$ 416,076	\$ 1,114
Total assets	<u>\$ 2,305</u>	<u>\$ 414,885</u>	<u>\$ 416,076</u>	<u>\$ 1,114</u>
LIABILITIES				
Due to other entities	\$ 2,305	\$ 414,885	\$ 416,076	\$ 1,114
Total liabilities	<u>\$ 2,305</u>	<u>\$ 414,885</u>	<u>\$ 416,076</u>	<u>\$ 1,114</u>
<u>EDUCATION IMPACT FEES</u>				
ASSETS				
Cash	\$ -	\$ 451,104	\$ 447,040	\$ 4,064
Total assets	<u>\$ -</u>	<u>\$ 451,104</u>	<u>\$ 447,040</u>	<u>\$ 4,064</u>
LIABILITIES				
Due to other entities	\$ -	\$ 451,104	\$ 447,040	\$ 4,064
Total liabilities	<u>\$ -</u>	<u>\$ 451,104</u>	<u>\$ 447,040</u>	<u>\$ 4,064</u>
<u>COUNTY JUSTICE IMPACT FEES</u>				
ASSETS				
Cash	\$ 4,123	\$ 683,601	\$ 685,670	\$ 2,054
Total assets	<u>\$ 4,123</u>	<u>\$ 683,601</u>	<u>\$ 685,670</u>	<u>\$ 2,054</u>
LIABILITIES				
Due to other entities	\$ 4,123	\$ 683,601	\$ 685,670	\$ 2,054
Total liabilities	<u>\$ 4,123</u>	<u>\$ 683,601</u>	<u>\$ 685,670</u>	<u>\$ 2,054</u>

CITY OF NORTH PORT, FLORIDA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2016</u>
<u>COUNTY GENERAL</u>				
<u>GOVERNMENT IMPACT FEES</u>				
ASSETS				
Cash	\$ 224	\$ 37,093	\$ 37,205	\$ 112
Total assets	<u>\$ 224</u>	<u>\$ 37,093</u>	<u>\$ 37,205</u>	<u>\$ 112</u>
LIABILITIES				
Due to other entities	\$ 224	\$ 37,093	\$ 37,205	\$ 112
Total liabilities	<u>\$ 224</u>	<u>\$ 37,093</u>	<u>\$ 37,205</u>	<u>\$ 112</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 6,652	\$ 1,586,683	\$ 1,585,991	\$ 7,344
Total assets	<u>\$ 6,652</u>	<u>\$ 1,586,683</u>	<u>\$ 1,585,991</u>	<u>\$ 7,344</u>
LIABILITIES				
Due to other entities	\$ 6,652	\$ 1,586,683	\$ 1,585,991	\$ 7,344
Total liabilities	<u>\$ 6,652</u>	<u>\$ 1,586,683</u>	<u>\$ 1,585,991</u>	<u>\$ 7,344</u>



**Statistical Section
(Unaudited)**

This part of the City of North Port, Florida's (the City) 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.

Contents	Pages
Financial Trends Information These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138-143
Revenue Capacity Information These schedules contain information to help the reader assess the City's local revenue source.	144-147
Debt Capacity Information These schedules present information to help the reader assess the City's debt burden and its ability to issue additional debt in the future.	148-153
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place	154-155
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	156-158

Source: Unless otherwise noted, the information in these schedules was obtained from the Comprehensive Annual Financial Reports for the relevant year.

Schedule 1
City of North Port, Florida
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 153,428,893	\$ 175,042,053	\$ 190,796,752	\$ 206,830,147	\$ 218,575,683	\$ 223,775,300	\$ 230,333,540	\$ 234,882,721	\$ 237,026,274	\$ 241,472,557
Restricted	65,547,548	63,606,573	63,521,632	58,643,863	45,826,354	49,259,616	45,641,773	55,770,974	62,452,659	71,250,430
Unrestricted	56,569,919	40,934,630	32,406,379	23,088,158	24,128,719	16,955,264	16,468,879	12,727,589	2,702,120	3,708,285
Total governmental activities net position	<u>275,546,360</u>	<u>279,583,256</u>	<u>286,724,763</u>	<u>288,562,168</u>	<u>288,530,756</u>	<u>289,990,180</u>	<u>292,444,192</u>	<u>303,381,284</u>	<u>302,181,053</u>	<u>316,431,272</u>
Business-type activities										
Net investment in capital assets	49,560,075	67,064,132	72,132,453	65,459,190	66,903,408	79,479,072	83,727,413	84,974,490	86,998,132	89,029,570
Restricted	24,839,466	14,066,118	10,587,316	16,947,629	15,180,859	6,623,346	5,950,232	5,538,481	7,094,824	12,325,750
Unrestricted	12,173,644	12,616,317	12,967,775	15,048,541	16,937,270	14,012,517	14,139,200	14,743,672	14,623,995	17,032,841
Total business-type activities net position	<u>86,573,185</u>	<u>93,746,567</u>	<u>95,687,544</u>	<u>97,455,360</u>	<u>99,021,537</u>	<u>100,114,935</u>	<u>103,816,845</u>	<u>105,256,643</u>	<u>108,716,951</u>	<u>118,388,161</u>
Primary government										
Net investment in capital assets	202,988,968	242,106,185	262,929,205	272,289,337	285,479,091	303,254,372	314,060,953	319,857,211	324,024,406	330,502,127
Restricted	90,387,014	77,672,691	74,108,948	75,591,492	61,007,213	55,882,962	51,592,005	61,309,455	69,547,483	83,576,180
Unrestricted	68,743,563	53,550,947	45,374,154	38,136,699	41,065,989	30,967,781	30,608,079	27,471,261	17,326,115	20,741,126
Total primary government net position	<u>\$ 362,119,545</u>	<u>\$ 373,329,823</u>	<u>\$ 382,412,307</u>	<u>\$ 386,017,528</u>	<u>\$ 387,552,293</u>	<u>\$ 390,105,115</u>	<u>\$ 396,261,037</u>	<u>\$ 408,637,927</u>	<u>\$ 410,898,004</u>	<u>\$ 434,819,433</u>

Schedule 2
City of North Port, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 10,659,706	\$ 9,857,738	\$ 9,289,078	\$ 9,098,666	\$ 7,737,411	\$ 8,319,577	\$ 8,632,871	\$ 9,754,793	\$ 11,030,818	\$ 12,548,288
Public safety	26,400,467	28,458,500	27,594,695	26,684,201	27,112,638	27,432,173	27,591,686	28,688,863	28,523,541	28,963,557
Physical environment	10,344,171	11,134,764	11,418,026	11,595,816	11,889,847	11,121,362	12,308,823	11,890,530	13,366,178	13,501,369
Transportation	17,129,291	18,606,214	11,565,439	11,444,929	11,912,546	10,064,929	12,094,208	11,035,370	13,860,150	12,308,111
Economic environment	89,378	176,872	220,203	467,875	718,912	542,865	526,849	331,987	225,113	218,487
Human services	204,793	246,957	360,305	400,391	471,217	430,452	409,326	372,461	392,101	361,663
Culture and recreation	1,474,754	1,801,912	1,148,358	1,348,049	1,510,829	1,481,053	1,762,877	1,697,522	2,791,605	2,844,658
Interest on long-term debt	802,041	789,870	739,079	681,173	604,719	527,271	475,419	1,362,416	1,841,080	1,823,375
Total governmental activities expenses	67,104,601	71,072,827	62,335,183	61,721,100	61,958,119	59,919,682	63,802,059	65,133,942	72,030,586	72,569,508
Business-type activities:										
Water and Sewer	14,798,796	14,906,788	15,220,092	15,015,613	16,735,294	16,374,879	16,214,079	17,252,790	17,855,795	17,717,194
Total business-type activities expenses	14,798,796	14,906,788	15,220,092	15,015,613	16,735,294	16,374,879	16,214,079	17,252,790	17,855,795	17,717,194
Total primary government expenses	81,903,397	85,979,615	77,555,275	76,736,713	78,693,413	76,294,561	80,016,138	82,386,732	89,886,381	90,286,702
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,723,077	2,983,556	7,060,963	6,015,910	6,133,422	5,791,610	6,077,812	7,588,456	7,240,904	9,037,324
Public safety	9,244,914	9,426,023	8,679,059	8,532,419	9,489,908	9,701,924	10,959,122	12,724,026	13,264,272	13,798,654
Physical environment	9,721,266	10,768,441	11,835,768	11,358,735	11,226,055	11,146,751	11,662,983	11,581,023	11,888,808	12,474,915
Transportation	8,879,557	7,316,217	8,631,685	7,354,268	7,031,970	6,981,639	7,602,325	10,641,111	11,163,721	11,765,016
Economic environment	-	-	-	-	-	1,850	-	-	-	-
Human services	-	-	15,505	35,671	36,464	31,153	35,745	29,071	11,441	-
Culture and recreation	88,822	132,531	134,569	137,396	190,284	349,013	336,658	817,973	1,452,399	1,530,529
Operating grants and contributions	22,719	126,300	296,932	225,683	474,855	327,977	171,456	142,159	123,435	146,689
Capital grants and contributions	19,289,206	6,207,235	2,454,715	2,483,735	2,411,883	939,286	1,233,594	3,678,035	1,746,577	3,732,510
Total governmental activities program revenues	49,969,561	36,960,303	39,109,196	36,143,817	36,994,841	35,271,203	38,079,695	47,201,854	46,891,557	52,485,637
Business-type activities:										
Charges for services										
Water and Sewer	14,182,670	14,401,321	13,215,214	14,203,042	16,547,772	14,943,875	16,795,809	17,617,220	18,563,645	19,678,748
Operating grants and contributions	-	-	20,945	10,307	-	-	-	-	-	1,000
Capital grants and contributions	7,248,028	6,588,075	3,119,889	1,926,598	1,465,916	2,271,112	3,358,686	1,899,485	4,191,521	7,940,452
Total business-type activities program revenue:	21,430,698	20,989,396	16,356,048	16,139,947	18,013,688	17,214,987	20,154,495	19,516,705	22,755,166	27,620,200
Total primary government program revenues	71,400,259	57,949,699	55,465,244	52,283,764	55,008,529	52,486,190	58,234,190	66,718,559	69,646,723	80,105,837
Net (Expense)/Revenue										
Government activities	(17,135,040)	(34,112,524)	(23,225,987)	(25,577,283)	(24,963,278)	(24,648,479)	(25,722,364)	(17,932,088)	(25,139,029)	(20,083,871)
Business type activities	6,631,902	6,082,608	1,135,956	1,124,334	1,278,394	840,108	3,940,416	2,263,915	4,899,371	9,903,006
Total primary government net expense	\$ (10,503,138)	\$ (28,029,916)	\$ (22,090,031)	\$ (24,452,949)	\$ (23,684,884)	\$ (23,808,371)	\$ (21,781,948)	\$ (15,668,173)	\$ (20,239,658)	\$ (10,180,865)

(continued)

Schedule 2 (continued)
City of North Port, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Government activities:										
Taxes										
Ad valorem	\$ 15,919,913	\$ 16,216,448	\$ 11,078,235	\$ 9,614,477	\$ 8,035,010	\$ 7,850,463	\$ 8,071,414	\$ 8,102,022	\$ 9,228,706	\$ 10,087,025
Insurance premium	-	-	-	-	-	708,123	701,173	693,958	717,647	750,107
Service	2,282,276	2,513,047	2,761,832	2,627,795	2,610,742	2,621,537	2,597,548	2,602,545	2,613,049	2,597,884
Local business	-	-	135,851	137,444	103,573	150,948	154,888	133,502	136,049	142,197
Fuel	2,028,707	2,245,709	2,435,089	2,466,786	2,453,271	2,519,605	2,575,867	2,648,684	2,722,094	2,857,991
Discretionary sales surtax	4,975,793	5,553,659	5,413,033	5,554,577	5,801,652	6,097,183	6,883,376	7,424,336	8,172,571	8,679,097
Franchise fees	2,655,450	2,778,318	-	-	-	-	-	-	-	-
Intergovernmental	4,740,510	4,426,835	4,211,548	4,317,889	4,584,561	4,982,968	5,689,363	6,310,324	6,982,072	7,487,367
Investment income	7,364,570	4,111,920	4,138,086	2,478,223	988,455	765,900	359,012	340,457	898,718	898,381
Miscellaneous	133,200	168,913	165,770	217,497	354,602	411,176	812,484	263,442	410,035	446,111
Transfers in	-	-	-	-	-	-	331,251	349,910	357,530	387,930
Proceeds from sale of land	-	-	28,050	-	-	-	-	-	-	-
Extraordinary item -										
Special item	453,753	134,571	-	-	-	-	-	-	-	-
Total governmental activities	<u>40,554,172</u>	<u>38,149,420</u>	<u>30,367,494</u>	<u>27,414,688</u>	<u>24,931,866</u>	<u>26,107,903</u>	<u>28,176,376</u>	<u>28,869,180</u>	<u>32,238,471</u>	<u>34,334,090</u>
Business-type activities:										
Investment income	1,951,031	1,090,774	803,261	643,482	287,783	253,290	92,745	56,352	208,289	196,305
Miscellaneous	-	-	1,760	-	-	-	-	3,304	19,237	(40,171)
Extraordinary item										
Transfers out	-	-	-	-	-	-	(331,251)	(349,910)	(357,530)	(387,930)
Total business-type activities	<u>1,951,031</u>	<u>1,090,774</u>	<u>805,021</u>	<u>643,482</u>	<u>287,783</u>	<u>253,290</u>	<u>(238,506)</u>	<u>(290,254)</u>	<u>(130,004)</u>	<u>(231,796)</u>
Total primary government	<u>42,505,203</u>	<u>39,240,194</u>	<u>31,172,515</u>	<u>28,058,170</u>	<u>25,219,649</u>	<u>26,361,193</u>	<u>27,937,870</u>	<u>28,578,926</u>	<u>32,108,467</u>	<u>34,102,294</u>
Change in Net Position										
Governmental activities	23,419,132	4,036,896	7,141,507	1,837,405	(31,412)	1,459,424	2,454,012	10,937,092	7,099,442	14,250,219
Business-type activities	8,582,933	7,173,382	1,940,977	1,767,816	1,566,177	1,093,398	3,701,910	1,973,661	4,769,367	9,671,210
Total primary government	<u>\$ 32,002,065</u>	<u>\$ 11,210,278</u>	<u>\$ 9,082,484</u>	<u>\$ 3,605,221</u>	<u>\$ 1,534,765</u>	<u>\$ 2,552,822</u>	<u>\$ 6,155,922</u>	<u>\$ 12,910,753</u>	<u>\$ 11,868,809</u>	<u>\$ 23,921,429</u>

Note: Extraordinary item was terminated participation in FMPTF - 2005 revenue
Special item is escheated lots revenue as mentioned in Note Q - 2005-2008 revenue
FY 2009, State of Florida account structure changed franchise fees to charges for services.

Schedule 3
City of North Port, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,990,049	\$ 1,265,049	\$ 661,649	\$ 1,269,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	24,479,688	20,936,237	17,578,244	14,076,054	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	47,720	8,724	8,658	230,664
Restricted	-	-	-	-	1,204,621	1,204,621	159,195	-	-	-
Committed	-	-	-	-	136,521	65,942	62,000	91,665	71,100	88,818
Assigned	-	-	-	-	2,522,608	2,607,519	1,920,189	1,274,111	549,008	582,848
Unassigned	-	-	-	-	8,359,530	7,048,977	8,515,309	8,911,526	10,324,089	10,566,834
Total general fund	<u>26,469,737</u>	<u>22,201,286</u>	<u>18,239,893</u>	<u>15,345,928</u>	<u>12,223,280</u>	<u>10,927,059</u>	<u>10,704,413</u>	<u>10,286,026</u>	<u>10,952,855</u>	<u>11,469,164</u>
All Other Governmental Funds										
Reserved	17,084	40,386	866,290	27,906	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	76,255,577	58,016,320	48,730,355	36,649,535	-	-	-	-	-	-
Capital projects funds	16,337,235	24,938,066	29,467,109	30,869,418	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	85,913	101,971	488,738	74,521	3,162,730
Restricted	-	-	-	-	45,415,254	44,754,105	40,512,146	82,515,916	84,037,531	80,582,096
Committed	-	-	-	-	14,475,560	12,253,091	13,005,335	11,538,200	12,397,414	13,148,982
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(396,848)	(37,429)	-	-	-	-
Total all other governmental funds	<u>\$ 92,609,896</u>	<u>\$ 82,994,772</u>	<u>\$ 79,063,754</u>	<u>\$ 67,546,859</u>	<u>\$ 59,493,966</u>	<u>\$ 57,055,680</u>	<u>\$ 53,619,452</u>	<u>\$ 94,542,854</u>	<u>\$ 96,509,466</u>	<u>\$ 96,893,808</u>

Note: Fund balance classifications have been revised due to the implementation of GASB Statement 54 in fiscal year 2011.

Schedule 4
City of North Port, Florida
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 27,862,139	\$ 29,307,181	\$ 21,824,040	\$ 20,401,079	\$ 19,004,248
Permits, fees and special assessments	2,388,983	1,686,884	4,304,020	4,870,703	4,268,359
Intergovernmental	8,440,813	9,338,652	5,717,048	5,394,013	7,139,199
Charges for services	30,756,074	33,947,904	36,938,417	34,744,416	35,302,253
Fines and forfeiture	503,449	434,086	364,937	238,264	188,921
Investment income	7,364,570	4,111,920	4,138,086	2,478,223	988,455
Impact fees	11,773,611	5,348,787	1,318,757	-	-
Miscellaneous	296,777	687,801	401,592	534,813	740,556
Total revenues	<u>89,386,416</u>	<u>84,863,215</u>	<u>75,006,897</u>	<u>68,661,511</u>	<u>67,631,991</u>
Expenditures					
General government	12,640,181	13,975,908	14,059,467	13,802,731	12,621,710
Public safety	23,455,870	25,110,946	25,569,235	25,292,455	25,600,876
Physical environment	8,634,402	9,649,655	9,675,910	9,715,681	10,065,323
Transportation	15,071,631	16,753,068	9,374,251	9,142,768	9,669,911
Economic environment	88,431	171,469	216,834	464,145	713,120
Human services	170,004	226,095	345,494	356,620	394,535
Culture and recreation	1,249,272	1,499,504	868,450	1,047,683	1,219,728
Capital outlay	22,945,732	29,254,707	20,403,841	21,213,361	15,669,821
Debt service					
Principal	2,289,418	2,326,090	2,872,297	2,460,756	2,247,789
Interest	802,041	789,870	739,079	681,171	604,719
Total expenditures	<u>87,346,982</u>	<u>99,757,312</u>	<u>84,124,858</u>	<u>84,177,371</u>	<u>78,807,532</u>
Excess (deficiency) of revenues over (under) expenditures	2,039,434	(14,894,097)	(9,117,961)	(15,515,860)	(11,175,541)
Other financing sources (uses)					
Proceeds from capital leases	3,011,150	875,951	1,197,500	1,105,000	-
Proceeds from bonds	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Proceeds from sale of land	-	-	28,050	-	-
Transfers in	30,588,009	7,532,214	4,996,504	2,118,007	2,093,590
Transfers out	(30,588,009)	(7,532,214)	(4,996,504)	(2,118,007)	(2,093,590)
Insurance recoveries	-	-	-	-	-
Total other financing sources (uses)	<u>3,011,150</u>	<u>875,951</u>	<u>1,225,550</u>	<u>1,105,000</u>	<u>-</u>
Special item	<u>453,753</u>	<u>134,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 5,504,337</u>	<u>\$ (13,883,575)</u>	<u>\$ (7,892,411)</u>	<u>\$ (14,410,860)</u>	<u>\$ (11,175,541)</u>
Debt service as a percentage of noncapital expenditures	<u>4.80%</u>	<u>4.42%</u>	<u>5.67%</u>	<u>4.99%</u>	<u>4.52%</u>

Note: Includes general, special revenue, capital projects and expendable trust funds

Fiscal Year				
2012	2013	2014	2015	2016
\$ 19,947,859	\$ 20,984,266	\$ 21,605,047	\$ 23,590,116	\$ 25,114,301
4,301,775	4,329,926	8,473,706	10,067,692	11,952,302
5,489,049	6,319,650	9,722,334	8,065,596	8,227,712
34,164,683	36,446,062	39,172,936	39,632,216	41,757,552
179,809	288,529	357,801	398,566	577,256
765,900	359,012	340,457	898,718	894,398
-	-	-	-	-
681,670	975,258	471,296	670,962	752,459
65,530,745	69,702,703	80,143,577	83,323,866	89,275,980
11,915,962	11,875,470	13,335,577	13,265,911	14,977,611
26,343,281	26,204,602	27,727,273	27,628,170	27,504,767
9,017,469	9,954,925	9,590,224	10,419,561	11,038,233
7,265,774	8,870,383	8,109,291	9,830,214	9,111,671
536,503	523,751	338,201	213,424	213,540
350,767	327,101	298,161	280,302	304,826
953,515	972,033	992,752	1,888,022	2,039,255
10,871,277	3,856,905	22,241,013	17,232,406	19,556,761
1,553,021	10,984,758	2,075,163	2,817,386	2,604,660
527,271	475,419	978,142	1,801,681	1,893,659
69,334,840	74,045,347	85,685,797	85,377,077	89,244,983
(3,804,095)	(4,342,644)	(5,542,220)	(2,053,211)	30,997
-	159,036	-	-	-
-	-	40,742,230	-	-
-	-	4,843,703	4,255,011	411,180
-	-	-	-	-
6,539,495	2,190,908	3,898,832	3,521,370	2,991,960
(6,539,495)	(1,859,657)	(3,548,922)	(3,163,840)	(2,604,030)
69,588	193,483	111,392	74,111	70,544
69,588	683,770	46,047,235	4,686,652	869,654
-	-	-	-	-
\$ (3,734,507)	\$ (3,658,874)	\$ 40,505,015	\$ 2,633,441	\$ 900,651
3.56%	16.33%	4.81%	6.78%	6.45%

Schedule 5
City of North Port, Florida
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Real Property			Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property ^a				
2007	\$ 5,584,415,062	\$ 274,285,900	\$ 418,069,574	\$ 105,641,248	\$ 1,451,274,746	\$ 4,931,137,038	\$3.30
2008	5,964,293,322	331,319,400	484,345,742	135,343,082	1,288,064,060	5,627,237,486	\$2.98
2009	4,189,652,290	301,454,100	469,406,396	159,161,996	1,299,768,098	3,819,906,684	\$2.98
2010	3,130,336,274	320,552,300	472,924,386	151,302,935	1,112,774,502	2,962,341,393	\$3.34
2011	2,636,469,598	300,589,500	436,136,746	155,834,087	1,042,389,985	2,486,639,946	\$3.34
2012	2,446,786,570	275,872,800	420,725,155	150,852,852	1,015,462,006	2,278,775,371	\$3.57
2013	2,463,603,579	263,782,230	401,901,576	146,729,184	1,009,966,953	2,266,049,616	\$3.62
2014 ^b	-	-	-	154,015,443	1,009,895,744	2,421,145,761	\$3.45
2015	2,817,111,574	288,915,800	424,517,200	149,974,143	1,034,434,435	2,646,084,282	\$3.60
2016	2,987,267,151	312,499,500	511,460,900	159,553,703	1,083,308,501	2,887,472,753	\$3.60

Source: Sarasota County Property Appraiser

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

^a Industrial property amount includes railroad properties classified as centrally assessed property.

^b Information for the breakdown of the real property not available from the County for 2014.

Schedule 6
City of North Port, Florida
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(Per \$1,000 of Assessed Value)

Fiscal Year Ended September 30,	City of North Port		Overlapping Rates ^a		Total Direct and Overlapping Rates
	Operating Miliage	Total City Millage	Sarasota County	School Board of Sarasota County	
2007	\$ 3.3000	\$ 3.3000	\$ 5.3159	\$ 7.2100	\$ 15.8259
2008	2.9805	2.9805	4.8538	7.1230	14.9573
2009	2.9805	2.9805	4.8538	7.0450	14.8793
2010	3.3400	3.3400	4.9991	7.4270	15.7661
2011	3.3400	3.3400	4.9895	7.9010	16.2305
2012	3.5681	3.5681	4.8569	7.6350	16.0600
2013	3.6167	3.6167	4.9097	7.8160	16.3424
2014	3.4474	3.4474	4.8987	7.9700	16.3161
2015	3.5974	3.5974	4.8827	7.7770	16.2571
2016	3.5974	3.5974	4.8319	7.7630	16.1923

Source: Sarasota County Tax Collector

Note: ^a Overlapping rates are those of county governments that apply to property owners within the City of North Port.

Schedule 7
City of North Port, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Benderson Properties	\$ 35,910,307	1	1.36%	\$ -		-
Lennar Homes LLC	25,437,881	2	0.96	-		-
North Port Woodspring LLC	20,393,582	3	0.77	-		-
Lakes at North Port Realty LP	18,715,400	4	0.71	-		-
Wal-Mart Stores East LP	14,924,700	5	0.56	-		-
Walgreen Co.	14,373,800	6	0.54	-		-
American Momentum Bank	13,768,700	7	0.52	-		-
Marsh Creek Holdings Ltd	12,691,030	8	0.48	21,358,600	2	.38%
Heron Creek	10,724,360	9	0.41	-		-
ECHO Price Crossing LLC	10,567,500	10	0.40	-		-
New Vista Properties	-		-	40,058,400	1	0.71
Windemere Homes Inc.	-		-	17,838,900	3	0.32
Adams Homes of NW Florida Inc.	-		-	13,681,300	4	0.24
PGCI II LLC	-		-	13,639,413	5	0.24
Vestcor Fund XVII Ltd.	-		-	12,584,000	6	0.22
Florida Power and Light	-		-	9,630,200	7	0.17
JSD Limited Partnership	-		-	9,574,700	8	0.17
Home Depot USA Inc.	-		-	9,179,100	9	0.16
North Port Park of Commerce	-		-	8,506,800	10	0.15
	<u>\$ 177,507,260</u>		<u>6.71%</u>	<u>\$ 156,051,413</u>		<u>2.76%</u>

Source: Sarasota County Property Appraiser

Schedule 8
City of North Port, Florida
Property Tax Levies and Tax Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ^a	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 16,443,468	\$ 15,885,252	97%	\$ 166,226	\$ 16,051,478	98%
2008	16,750,302	16,050,223	96%	116,580	16,166,803	97%
2009	11,373,053	10,961,655	96%	91,400	11,053,055	97%
2010	9,907,885	9,523,076	96%	138,782	9,661,858	98%
2011	8,306,731	7,896,228	95%	89,609	7,985,837	96%
2012	8,150,499	7,760,853	95%	130,625	7,891,478	97%
2013	8,201,835	7,939,111	97%	28,949	7,968,060	97%
2014	8,339,025	8,073,073	97%	25,255	8,098,328	97%
2015	9,551,208	9,203,451	96%	33,350	9,236,801	97%
2016	10,390,485	10,053,675	97%	-	10,053,675	97%

Source: Sarasota County Property Appraiser

Note: (a) Includes discount taken for early payment of property taxes.

Schedule 9
City of North Port, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Sales Tax Revenue Bonds	Capital Leases	Transportation Improvement Assessment Bonds	Loans Payable	Water and Sewer Bonds	Loans Payable			
2007	\$ 13,750,000	\$ 5,995,934	\$ -	\$ -	\$ 27,303,678	\$ -	\$ 47,049,612	1.66	\$ 876
2008	13,105,000	5,190,795	-	-	25,504,966	-	43,800,761	1.47	778
2009	12,445,000	4,175,998	-	-	24,479,988	10,491,900	51,592,886	1.67	925
2010	11,765,000	3,500,244	-	-	23,393,043	20,843,500	59,501,787	1.91	1,065
2011	11,055,000	1,962,455	-	-	18,268,896	22,960,814	54,247,165	1.67	937
2012	10,320,000	1,144,434	-	-	17,395,327	22,367,183	51,226,944	1.62	873
2013 ^b	-	638,712	-	-	16,472,043	23,846,934	40,957,689	1.25	691
2014	-	238,550	37,850,000	4,843,703	15,557,247	22,726,833	81,216,333	2.38	1,347
2015	-	80,860	36,995,000	7,294,019	14,491,980	21,504,673	80,366,532	2.38	1,289
2016	-	40,771	36,115,000	4,347,208	13,380,988	20,391,364	74,275,331	2.04	1,152

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

^a Personal income and population data can be found in Schedule 14.

^b Sales Tax Revenue Bonds were defeased July, 2013.

Schedule 10
City of North Port, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Sales Tax Revenue Bonds	Transportation Improvement Assessment Bonds	Total	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2007	\$ 13,750,000	\$ -	\$ 13,750,000	0.28%	\$ 256
2008	13,105,000	-	13,105,000	0.23%	233
2009	12,445,000	-	12,445,000	0.33%	224
2010	11,765,000	-	11,765,000	0.40%	211
2011	11,055,000	-	11,055,000	0.44%	191
2012	10,320,000	-	10,320,000	0.45%	176
2013 ^c	-	-	-	0.00%	-
2014	-	37,850,000	37,850,000	1.56%	628
2015	-	36,995,000	36,995,000	1.40%	594
2016	-	36,115,000	36,115,000	1.25%	560

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

^a See Schedule 5 for property value data.

^b Population data can be found in Schedule 14.

^c Sales Tax Revenue Bonds were defeased July, 2013.

Schedule 11
City of North Port, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable^a	Estimated Share of Overlapping Debt
Overlapping debt			
Sarasota County School Board	\$ 180,605,272	16.14%	\$ 29,143,619
Sarasota County Board of County Commissioners	331,003,000	16.14%	53,412,755
Subtotal, overlapping debt			82,556,374
City of North Port, direct debt			40,502,979
Total direct and overlapping debt			<u><u>\$ 123,059,353</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Sarasota County Property Appraiser.

Note: ^a The percentage of overlapping debt applicable is estimated using taxable assessed property values.

Schedule 12
City of North Port, Florida
Legal Debt Margin Information

No general obligation bonds have been issued on behalf of the City of North Port, Florida.

Schedule 13
City of North Port, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

Water & Sewer Revenue Bonds/SRF Loans											
Fiscal Year	Utility		Less:		Net						
Ended	Gross		Operating		Available		Debt Service				
September 30,	Revenues ^a		Expenses ^b		Revenue		Principal	Interest	Coverage		
2007	\$	16,133,701	\$	10,563,774	\$	5,569,927	\$	1,107,177	\$	1,396,118	2.23
2008		15,492,095		10,740,068		4,752,027		397,017		1,002,179	3.40
2009		14,039,420		11,078,730		2,960,690		1,280,643		1,154,407	1.22
2010		14,846,524		10,337,404		4,509,120		1,330,029		1,101,198	1.85
2011		16,835,555		11,509,610		5,325,945		1,515,858		1,016,987	2.10
2012		15,197,165		10,884,361		4,312,804		1,700,682		1,601,181	1.31
2013		16,888,554		11,325,211		5,563,343		2,240,324		1,254,345	1.59
2014		17,673,572		12,334,234		5,339,338		2,234,757		1,196,568	1.56
2015		18,771,934		12,720,355		6,051,579		2,543,340		947,457	1.73
2016		19,875,053		12,343,867		7,531,186		2,390,179		1,033,571	2.20

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

Note: ^a Excludes any government grants, water impact fees, sewer impact fees, and special assessments proceeds.

^b Excludes depreciation.

^c No data prior to 2005 because no sales tax revenue bonds were issued until 2003. Principal payments did not begin until 2006.

^d The sales tax revenue bonds were currently refunded with available funds.

^e The sales tax revenue bonds were defeased July, 2013.

^f A two-year moratorium on transportation impact fees was approved by the City Commission on January 30, 2012.

The moratorium was extended until January 31, 2015 at the January 27, 2014 Commission meeting.

^g No principal or interest payments due on the SIB loan until FY 2015.

Sales Tax Revenue Bonds				State Infrastructure Bank Loan					
Half-Cent				Transportation	Discretionary				
Sales Tax	Debt Service ^c		Coverage	Impact	Sales	Debt Service ^c		Coverage	
Revenues	Principal	Interest		Fees	Surtax	Principal	Interest		
\$ 3,212,980	\$ 630,000	\$ 571,140	2.67	\$ -	\$ -	\$ -	\$ -	-	
3,543,021	645,000	558,540	2.94	-	-	-	-	-	
3,367,902	660,000	543,221	2.80	-	-	-	-	-	
3,450,586	680,000	520,121	2.88	-	-	-	-	-	
3,620,781	710,000	494,621	3.01	-	-	-	-	-	
3,908,879	735,000	467,996	3.25	-	-	-	-	-	
4,235,193	10,320,000	442,271	0.39 ^d	-	-	-	-	-	
-	-	-	- ^e	-	7,424,336	-	-	-	^{f, g}
-	-	-	-	305,963	8,172,571	1,804,695	16,565	4.66	
-	-	-	-	1,907,710	8,679,097	1,684,571	136,689	5.81	

Schedule 14
City of North Port, Florida
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population ^a	Personal Income	Per Capita Personal Income^b	Unemployment Rate^c
2007	53,732	\$ 2,835,545,104	\$ 52,772	5.9%
2008	56,316	2,971,907,952	52,772	8.5%
2009	55,759	3,097,914,281	55,559	12.5%
2010	55,828	3,118,328,768	55,856	12.9%
2011	57,893	3,251,155,094	56,158	12.0%
2012	58,674	3,154,842,306	53,769	9.1%
2013	59,231	3,282,700,482	55,422	7.2%
2014	60,295	3,416,374,995	56,661	6.2%
2015	62,325	3,374,711,775	54,147	5.6%
2016	64,472	3,637,897,072	56,426	5.2%

Source:

^a City of North Port Neighborhood Development Services Department

^b Bureau of Economic and Business Research, University of Florida; County data is used due to no city data being available.

^c U.S. Bureau of Labor Statistics

Schedule 15
City of North Port, Florida
Principal Employers in Sarasota County
Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Sarasota County	5,611	1	3.23%	5,447	1	3.08%
Sarasota Memorial Hospital	3,958	2	2.28%	4,128	2	2.33%
Sarasota County Government	3,501	3	2.02%	3,552	3	2.01%
Publix Super Markets	2,677	4	1.54%	3,042	4	1.72%
PGT Industries	1,924	5	1.11%	1,780	5	1.01%
Venice Regional Medical Center	1,200	6	0.69%	927	7	0.52%
Sunset Automotive Group	715	7	0.41%	-	-	-
Sun Hydraulics Corporation	683	8	0.39%	-	-	-
Tervis	679	9	0.39%	-	-	-
Goodwill Industries	509	10	0.29%	-	-	-
Wal-Mart	-	-	-	1,277	6	0.72%
Nielsen Media Research	-	-	-	700	8	0.40%
Target	-	-	-	659	9	0.37%
Sarasota Herald Tribune	-	-	-	533	10	0.30%
Total	<u>21,457</u>		<u>12.35%</u>	<u>22,045</u>		<u>12.46%</u>
Total Sarasota County Employment	<u>173,581</u>			<u>176,797</u>		

Source: Florida Agency for Workforce Innovation, Labor Market Statistics
Statistics are for Sarasota County; not available for City of North Port

Schedule 16
City of North Port, Florida
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Commission	5	5	5	5	5	5	5	5	5	5
City Attorney	-	-	-	-	-	-	-	-	2	4
City Auditor and Clerk	10	9	8	8	8	7	6	6	6	6
Finance	25	23	22	17	14	13	13	13	13	14
Planning and Zoning	13	12	7	15	6	7	7	8	11	12
Building Department	68	34	19	18	18	17	18	20	24	26
General Services	15	15	20	21	22	22	21	24	24	17
City Manager's Office	4	5	6	6	11	5	5	5	6	7
Human Resources	6	5	-	-	-	-	-	-	-	7
Fleet Maintenance	15	12	12	12	11	12	12	12	12	12
Parks and Recreation	23	24	24	20	18	18	19	19	19	19
Public Safety										
Police - uniform	103	103	102	102	102	102	102	102	102	103
Police - general employees	31	31	31	31	31	31	30	30	30	33
Fire Rescue	97	94	93	93	92	92	92	92	92	93
Physical Environment										
Facilities Maintenance	17	17	21	21	20	22	21	20	20	18
Solid Waste Management	36	34	34	34	34	34	36	36	37	38
Transportation										
Road and Drainage	100	95	84	84	83	86	86	86	87	85
Engineering	18	15	9	-	-	-	-	-	-	-
Economic Environment										
Economic Development	1	1	1	2	2	2	2	2	1	2
Enterprise funds										
Utilities	60	57	53	58	57	57	59	59	63	67
Total	647	591	551	547	534	532	534	539	554	568

Source: City of North Port Budget

Note: Staffing level indicates the number of positions budgeted in each department. Figures include both full-time and part-time positions.

Schedule 17
City of North Port, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	1,691	891	984	1,039	1,611	1,840	1,827	1,439	1,075	930
Parking violations	179	253	295	237	128	106	387	209	144	184
Traffic violations	8,087	5,908	8,837	9,137	9,204	10,677	11,272	10,008	9,633	6,970
Fire										
Emergency Responses	5,075	5,298	5,476	4,202	5,683	5,849	6,018	6,100	6,556	7,093
Streets and highways										
Streets resurfaced (<i>miles</i>)	134	-	29	26.9	21	23	-	61	95	130
Paved Streets (<i>miles</i>)	813	813	813	813	813	813	813	813	813	813
Water										
New connections	363	363	60	66	97	167	249	424	687	709
Water mains breaks	159	159	6	6	2	0	8	4	1	6
Average daily consumption (<i>millions of gallons</i>)	2.89	2.92	2.59	2.44	2.51	2.56	2.94	3.14	2.88	3.10
Peak daily consumption (<i>millions of gallons</i>)	3.30	3.63	3.17	2.94	4.12	3.66	4.16	3.26	4.19	3.85
Wastewater										
Average daily sewage treatment (<i>millions of gallons</i>)	1.79	2.24	1.72	1.54	1.77	2.13	2.18	2.30	2.24	2.42
Solid waste collection										
Solid waste collected (<i>tons per year</i>)	25,609	25,384	23,059	23,096	22,967	23,058	24,547	28,107	30,139	32,837
Recyclables collected (<i>tons per year</i>)	5,576	5,661	5,768	6,264	7,031	7,895	8,188	8,502	9,386	10,434

Source: Various City Departments

Note: Indicators are not available for the general government function.

Schedule 18
City of North Port, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	2	2	2	2	2	2	2
Patrol units	73	72	72	68	69	74	74	74	73	74
Fire Stations	5	5	5	5	5	5	5	5	5	5
Streets and highways										
Streets (<i>miles</i>)	813	813	813	813	813	813	813	813	813	813
Traffic Signals	12	13	17	18	18	18	18	19	19	19
Water										
Water mains (<i>miles</i>)	294	305	307	292	293	295	300	304	306	320
Storage capacity (<i>millions of gallons</i>)	6	6	6	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Fire hydrants	1,544	1,699	1,750	1605	1608	1632	1685	1710	1728	1790
Wastewater										
Sanitary sewers (<i>miles</i>)	226	231	234	212	213	216	219	233	235	240
Treatment capacity (<i>thousands</i>)	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Manholes	3,537	3,658	3,679	3127	3145	3184	3232	3271	3316	3420
Lift Stations	90	93	96	97	97	99	99	100	100	101
Solid waste collection										
Collection trucks	36	36	36	37	37	38	39	41	41	43

Source: Various city departments

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



**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, City Commission
and City Manager
City of North Port , Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Port , Florida (the “City”), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 28, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 28, 2017

**CITY OF NORTH PORT, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified not considered
to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Programs and State Financial Assistance Projects

Federal and state single audits were not required as the City did not expend greater than \$750,000 of federal or state funds during its fiscal year ended September 30, 2016.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

There were no current year audit findings reported.

**SECTION III
FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE PROJECT
FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

There were no prior year audit findings reported.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor, City Commission,
and City Manager
City of North Port , Florida

Report on the Financial Statements

We have audited the financial statements of the City of North Port, Florida (the "City"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 28, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our 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*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 28, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No audit findings were noted in the City's September 30, 2016, 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 information has been disclosed in the notes to the financial statements.

Financial Condition

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

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

Annual Financial Report

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

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

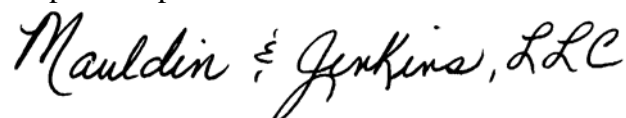
Other Matters

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

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
March 28, 2017



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commission,
and City Manager
City of North Port , Florida

We have examined the City of North Port, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants 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.

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 28, 2017