



South Jetties



Downtown shopping



Municipal Fishing Pier



Bicycle Friendly



Wellfield Park

City of Venice, Florida

Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2017



Venice Beach



Annual Chalk Festival



South Jetties



Municipal Fishing Pier



Intracoastal Waterway

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

**PREPARED BY THE
OFFICE OF THE FINANCE DIRECTOR
LINDA SENNE, CPA, CGMA
FINANCE DIRECTOR**

INTRODUCTORY SECTION

- ◆ **TABLE OF CONTENTS**
- ◆ **LETTER OF TRANSMITTAL**
- ◆ **CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING**
- ◆ **PRINCIPAL OFFICIALS**
- ◆ **CITY OF VENICE
ORGANIZATIONAL CHART**

City of Venice, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

Reference

INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vii
List of Principal Officials	ix
Organizational Chart	x

FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis	3

Basic Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities.....	24

Fund Financial Statements:

Balance Sheet – Governmental Funds	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position ..	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	
Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	29
Budget Comparison Statement – General Fund	30
Statement of Net Position – Proprietary Funds.....	32
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds.....	38
Statement of Fiduciary Net Position – Pension Trust Funds	40
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	41
Notes to the Basic Financial Statements	43

Required Supplementary Information:

Firefighters' Schedule of Changes in Net Pension Liability and Related Ratios.....	101
Firefighters' Schedule of Contributions.....	102
Firefighters' Schedule of Investment Returns.....	104
Police Officers' Schedule of Changes in Net Pension Liability and Related Ratios	105
Police Officers' Schedule of Contributions	106
Police Officers' Schedule of Investment Returns	108
City's Proportionate Share of Net Pension Liability-FRS Defined Benefit Pension Plan.....	109
City's Proportionate Share of Net Pension Liability-Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan	109
City's Schedule of Contributions-FRS Defined Benefit Pension Plan	110
City's Schedule of Contributions-HIS Program Defined Benefit Pension Plan	110
Notes to Required Supplemental Information – Pension Plans	111
OPEB Plan – Schedule of Changes in Total OPEB Liability	112

Combining and Individual Fund Statements and Schedules:

Fund Descriptions – Nonmajor Governmental Funds	113
Combining Balance Sheet – Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	120
Budget Comparison Schedules	124
Fund Description – Internal Service Funds.....	133
Combining Statement of Net Positions – Internal Service Funds.....	134
Combining Statement of Revenues, Expenses, and Changes in Fund Net Positions – Internal Service Funds	136
Combining Statement of Cash Flows – Internal Service Funds	138
Fund Description – Trust and Agency Funds	141
Combining Statement of Fiduciary Net Positions – Pension Trust Funds.....	142
Combining Statement of Changes in Fiduciary Net Positions – Pension Trust Funds.....	143

STATISTICAL SECTION (UNAUDITED)

Government-Wide Information:

Net Position by Component	148
Changes in Net Positions	150
Fund Balances of Governmental Funds	154
Changes in Fund Balances of Governmental Funds	156
Assessed Value and Estimated Actual Value of Taxable Property	158
Property Tax Rates-Direct & Overlapping Governments	159
Property Tax Levies and Collections	160
Pledged Revenue Coverage.....	161
Governmental Activities Tax Revenues by Source	162
Ratios of Outstanding Debt by Type.....	163
Ratios of General Bonded Debt Outstanding.....	164
Direct and Overlapping Governmental Activities Debt	165
Demographic and Economic Statistics	166
Principal Property Taxpayers	167
Principal Employers	168
Full-Time Equivalent City Government Employees by Function.....	169
Operating Indicators by Function/Program.....	170
Capital Asset Statistics by Function (Operating Indicators).....	171

SINGLE AUDIT 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>	175
Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance in accordance with The Uniform Guidance and Chapter 10-550, Rules of the Auditor General	177
Schedule of Findings and Questioned Costs.....	180
Schedule of Expenditures of Federal Awards and State Financial Assistance	182
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	184

OTHER REPORTS

Independent Accountant's Report.....	186
Independent Auditor's Management Letter.....	187



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February 28, 2018

Honorable Mayor, City Council, and Citizens of the City of Venice, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Venice, Florida (City) for the fiscal year ended September 30, 2017. The purpose of this report is to provide the City Council, citizens, bondholders, representatives of financial institutions, and others with detailed information concerning the financial condition and performance of the City of Venice. In addition, the report provides assurance that the City presents fairly, in all material respects, its financial position as verified by independent auditors.

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

The City's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the City's various financial statements included in this document. The independent auditor's report is presented as the first component of the financial section of this report.

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

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
February 28, 2018

PROFILE OF THE GOVERNMENT

The City of Venice was incorporated in 1927, and is located in Sarasota County, in southwest Florida, on the Gulf of Mexico. Venice enjoys a semi-tropical climate with an average summer temperature of 83.5 degrees, and an average winter temperature of 63.6 degrees, and is known for its beautiful beaches. The City currently occupies a land area of 16.73 square miles and serves a population of 22,306. The City is empowered to levy a property tax on real property and personal property located within its boundaries. The City is also empowered by state statutes to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in the City Council, which consists of the Mayor and six other Council members. The City Council is responsible, among other things, for passing ordinances, adopting an annual budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Mayor and Council members are elected at large, on a non-partisan basis, for three-year staggered terms.

The City provides a full range of services that include public safety, construction and maintenance of streets and other infrastructure, solid waste collection and disposal services, recreational activities, and cultural events. The City also operates water, wastewater, and storm water utilities, and has a municipal airport which is a historic general aviation facility.

Public safety includes police services and fire protection. Police services are provided by the City's Police Department, which has 61 full-time equivalent employees (FTE's). The City's Fire Department operates 3 fire stations and has 44.25 FTE's.

The mission of Venice City Government is to provide exceptional municipal services through a financially sustainable City with engaged citizens.

The word "PRIDE" represents the core values of the City's employees; Productive, Responsible, Innovative, Dedicated, and Ethical.

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 in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to July 31. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, which is the close of the City's fiscal year. The appropriations budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council. Fiscal year 2017 budget-to-actual comparison schedules are provided in this report for all governmental funds.

LOCAL ECONOMY

The economy of the City and Sarasota County is a blend of tourism and retirement industries, service industries, light manufacturing and construction. Over the past decade, the City faced the same economic challenges as most of the nation. However, the local economy started showing signs of modest recovery beginning in 2014. New construction activity has increased (evidenced by an upsurge in building permit activity), and tourism is thriving again (the number of tourists visiting Sarasota County recently exceeded one million annually).

The combination of cultural and recreational facilities, together with the continuing expansion of programs and facilities makes Venice and Sarasota County ideal retirement areas. Retirees contribute an important stabilizing effect on the City's economy since their incomes are affected very little by the cyclical nature of the economy and by unemployment levels.

The population of Venice has fluctuated over the past ten years dipping from 22,149 in 2008 to a low of 20,752 in 2011, then rising back to 22,306 as of April 1, 2017. The population increase is due more to net migration than natural increases.

Over the past decade, property assessed valuations (City of Venice) first declined, from \$4.4 billion in 2008 to a low of \$2.7 billion in 2013, but have since rebounded. Assessed valuations for 2017 were \$3.5 billion. This trend is illustrated in Schedule 5, in the Statistical Section of the report. We are optimistic that this improvement will continue.

LONG-TERM FINANCIAL PLANNING

The City uses a five-year model for long-range planning in the general fund and all enterprise funds. The plans, including a five-year capital improvement plan, are updated annually. The City Council's main objectives are (a) to preserve the quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, (b) to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect the City's financial well-being, (c) to protect the City from emergency fiscal crisis by ensuring the maintenance of service even in the event of an unforeseen occurrence, and (d) to maintain a strong credit rating in the financial community through sound, conservative financial decision-making.

The City Council has established a preference for pay-as-you-go financing for certain capital improvements to reduce the debt burden on its citizens, but ultimately determines the most appropriate financing structure for each individual project on a case by case basis, after examining all relevant factors of the project. Fund balances in excess of required amounts and target balances, may be used as a capital source for pay-as-you-go financing.

RELEVANT FINANCIAL POLICIES

The City has financial management policies that were developed within the guidelines of the NACSLB (National Advisory Council on State and Local Budgeting).

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
February 28, 2018

Significant guidelines include the following:

- Accounting systems shall be maintained in order to facilitate financial reporting in conformance with Generally Accepted Accounting Principles of the United States.
- The books of the City shall be subjected to an annual financial audit.
- An annual budget shall be prepared, which demonstrates fiscal restraint.
- The annual operating budget should be maintained in such a manner as to avoid an operating fund deficit.
- Operating expenditures should be managed to create a positive cash balance (surplus) or not to exceed available resources in each fund at the end of the fiscal year.
- Reserve funds should not be used to fund recurring expenditures.
- Fund balances should be maintained at fiscally sound levels in all funds.

To expand on the last bullet, the Council established specific targets for minimum fund balances in certain funds, as follows:

- General Fund – The target is to maintain an unassigned fund balance of three months operating expenditures (25%). This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan.
- Building Permit Fund – The target fund balance is set at three months operating expenditures (25%). This is the target that the fund balance should not fall below without establishing a replenishment plan.
- Enterprise Funds – The target unrestricted net position is set at four months operating expenses (33%). This is the target that the net position should not fall below without establishing a replenishment plan.

The City is in compliance with both its debt management policy and its investment management policy.

CHALLENGES AND MAJOR INITIATIVES

Over the past decade, the City's challenge has been to preserve the breadth and quality of municipal services, with reduced operating revenues that are only now recovering.

The main operating fund of the City is the General Fund. A major revenue stream in the General Fund is property taxes. Facing declining property valuations, the easy answer would have been to raise millage rates, but that would not help the City taxpayers who were facing their own economic hardships. Accordingly, as Citywide property values lowered over the past decade (as discussed above), the City Council also lowered the operating millage rate (from 3.129 per \$1,000 of taxable property value in 2007 to a low of 2.779 in 2009 through 2011), before raising it to 3.10 in 2014 and then 3.60 in 2017. The ten-year trend in the City's millage rate is shown in Schedule 6 in the Statistical Section of this report.

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
February 28, 2018

Because approximately 77% of the General Fund is personnel costs, significant reductions in staffing levels were required over this period. Full-time equivalents (FTE's) decreased from 332 in 2007 to 276.5 in 2012 and 2013, before recovering to 312.25 FTE's in 2017. The departments affected can be seen in Schedule 16 in the Statistical Section of the report. Despite the net reductions in personnel, City management and staff have continued to demonstrate PRIDE in delivering quality service to City residents and visitors.

At September 30, 2017, the City's net pension liabilities total \$44.1 million. In addition, the City's OPEB liability is \$10.7 million. These obligations place a significant strain on the City's finances. To address these concerns, on October 1, 2014, the City closed its firefighters' and police officers' pension plans (the Plans) to new entrants. New hires after that date enroll in the Florida Retirement System, like other City employees. Active Plan members were given the option to transfer to FRS. In addition, the City no longer subsidizes the cost of health insurance for employees who retire on or after January 1, 2016 (except for an implicit subsidy).

The 2017 fiscal year has been a period of achievement and change. Following is a summary of some of the major initiatives in 2017.

- **New Bond Issues** - An election was held on November 8, 2016 (the "Bond Referendum Election), whereby electors of the City approved the issuance of general obligation bonds not to exceed \$16 million for public safety improvements and not to exceed \$18 million for transportation improvements.
- **New Police Station** - In 2017, the City purchased a 10-acre parcel of land located on E. Venice Avenue as the site for a new public safety facility. Pre-design work began on the new facility.
- **Road Project** – During 2017, the Engineering Department completed the design and awarded the construction bid for Phase I of the Road Resurfacing Project. This \$7 million project is for the milling, re-surfacing and striping of approximately 32.5 miles of existing roadway located within the City of Venice. The project also includes ADA sidewalk ramp upgrades, sidewalk panel replacement, curb replacement and base repairs.
- **Downtown Corridor Improvements** – During 2017, the City began the design of the \$8 million Downtown Corridor Improvement project, consisting of roadway, drainage, sidewalk, crosswalk, street lighting, and landscaping improvements in the City's downtown area. Grants will fund over \$2 million of the project. Construction is set for late spring and summer of 2018.
- **Archive Storage Facility** – During 2017, the City received a grant from "The Cousins Laning Historical Fund" of the Gulf Coast Foundation to purchase and renovate the property located at 224 Milan Avenue West and convert it into a facility that will store and display City of Venice historical archives.

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
February 28, 2018

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Venice for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the thirty first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Edward F. Lavalley, MPA, ICMA-CM
City Manager



Linda Senne, CPA, CGFM, CGMA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Venice
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO



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CITY OF VENICE, FLORIDA
COUNCIL-MANAGER FORM OF GOVERNMENT

CITY COUNCIL

John Holic, Mayor

Deborah Anderson

Rich Cautero - Vice Mayor

Bob Daniels

Fred Fraize

Jeanette Gates

Thomas "Kit" McKeon

CITY MANAGER

Edward F. Lavalley, MPA, ICMA-CM

FINANCE DIRECTOR

Linda Senne, CPA, CGMA

CITY CLERK

Lori Stelzer, MMC

CITY ATTORNEY

Persson & Cohen, P.A.

Citizens of Venice

City Council

Citizen Advisory Boards

City Attorney

City Clerk

City Manager

Records

Assistant City Manager

Public Information Officer

Human Resources
Risk Management

Engineering
Stormwater Utility

Fire Service

Police Service

Utilities
*Utilities Administration
Water Distribution
Water Production
Water Reclamation*

Development Services
*Planning & Zoning
Code Enforcement
Building*

Finance Department
*Cashier
Procurement
Utilities Billing*

Information Technology

**Public Works/
Facility Maintenance**
*Maintenance
Parks
Recycling
Solid Waste*

Historical Resources

Venice Municipal Airport

City of Venice
Organizational Chart

FINANCIAL SECTION

◆ INDEPENDENT AUDITOR'S REPORT

◆ MANAGEMENT'S DISCUSSION AND ANALYSIS

◆ GOVERNMENT-WIDE FINANCIAL STATEMENTS

◆ FUND FINANCIAL STATEMENTS

◆ NOTES TO BASIC FINANCIAL STATEMENTS

◆ REQUIRED SUPPLEMENTARY INFORMATION

◆ COMBINING FUND STATEMENTS AND SCHEDULES



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Venice, 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 Venice, Florida (the "City") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis-of-Matter – Change in Accounting Principle

As discussed in Notes A and L to the financial statements, in the fiscal year ended September 30, 2017, the City adopted the provisions of Government Accounting Standards Board Statement ("GASBS") Number 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASBS 75, the City reported a restatement for the change in accounting principle as of October 1, 2016. Our opinions are not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT
(Concluded)

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 we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section 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 February 28, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
February 28, 2018

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

This Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities as of, and for the year ended September 30, 2017.

We encourage readers of these financial statements to consider the information included in the transmittal letter and in the other sections of this Comprehensive Annual Financial Report (CAFR) (e.g., combining statements and the statistical section) in conjunction with this discussion and analysis.

FINANCIAL HIGHLIGHTS

These financial highlights summarize the City's financial position and operations as presented in more detail in the Basic Financial Statements, as listed in the accompanying Table of Contents.

- At the close of fiscal year 2017, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$184.8 million (total net position). Most of this amount is invested in capital assets (\$151.9 million). A total of \$23.3 million is restricted for specific purposes. The balance of \$9.6 million is unrestricted.
- The City's business-type activities reported a combined total net position of \$138.8 million at September 30, 2017. Of this amount \$30.5 million is unrestricted.
- The City's governmental activities reported combined ending total net position of \$46.0 million at September 30, 2017. The unrestricted net position component is a \$21.0 million deficit.
- The City's total net position increased by \$6.4 million, or 3.6% for the fiscal year. Total net position of the business-type activities increased by \$3.7 million, and total net position of the governmental activities increased by \$2.7 million.
- The General Fund's fund balance increased by \$1.1 million for the year ended September 30, 2017, better than the budgeted decrease of \$303,709 (final amended).
- At the end of the current year, fund balance for the General Fund was \$12.3 million, or 46.8% of total general fund expenditures and transfers. Of this amount, \$38,099 is nonspendable, \$190,801 is committed, \$1.5 million has been set aside (assigned) for litigation, and the remaining balance of \$10.6 million is unassigned. Under the City's fund balance policy, the City has earmarked \$6.6 million of the unassigned fund balance for emergency reserves (25% of annual expenditures and transfers); the remaining \$4.0 million is available for any purpose.
- The City's long-term debt (bonds and notes) increased by \$33.6 million during the fiscal year. New governmental debt issues included \$18.0 million for roads and \$16.0 million for a new public safety facility. Also, \$1.3 million was borrowed under the State Revolving Fund program in business-type activities. Other long-term obligations at year end include net pension liabilities (\$44.1 million), and net Other Post-Employment Benefit (OPEB) obligations (\$10.7 million).

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements. The Basic Financial Statements (BFS) are comprised of three components: Government-Wide Financial Statements (GWFS), Fund Financial Statements (FFS), and Notes to Financial Statements (Notes). This CAFR also contains other supplementary information in addition to the BFS.

Government-Wide Financial Statements. The GWFS, shown on pages 23-25 of this report, consist of the *statement of net position* and the *statement of activities*. These statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, finance, information services, parks and recreation, police, fire, public works, and beach renourishment. The business-type activities of the City include water and sewer utilities, solid waste, airport, and storm water drainage. All information is presented utilizing the economic resources measurement focus and the accrual basis of accounting. This method matches revenues and expenses to the period in which the revenue is earned and the expenses are incurred.

The *statement of net position* presents information on all the City's assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources), with the difference between the two reported as net position. This is similar to a "balance sheet" presentation for businesses. All assets (including capital assets) are included, as are all obligations. Beginning in 2015, this statement also includes the City's share of outstanding net pension obligations. Over time, the increase or decrease 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* shows how the City's total net position changed during the most recent fiscal year, focusing on both the gross and net cost of its primary activities. This format is intended to summarize and simplify the user's analysis of the cost of various governmental and business-type services the City offers, and the extent to which these programs are funded by program versus general revenues.

Fund Financial Statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The funds of the City can be divided into three categories: *governmental*, *proprietary*, and *fiduciary*. Traditional users of governmental financial statements may find the fund financial statement presentation more familiar than the GWFS.

Governmental FFS. Governmental FFS consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balance. These statements are prepared on an accounting basis (modified accrual) that is significantly different from the GWFS. In general, these financial statements have a short-term emphasis, focusing on near-term inflows and outflows of spendable resources, as well as balances of available resources at the end of the year. Such information is useful in evaluating the City's near-term financing requirements.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Because the focus of governmental funds is narrower than that of the GWFS, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate the comparison between governmental funds and governmental activities.

The City maintains 17 individual governmental funds. The governmental FFS present separate columns for the funds that are most significant (major funds), with all other *nonmajor* funds aggregated and reported in a single column. Budgetary comparison statements are presented in the BFS for the General Fund and major special revenue funds (if any).

The governmental FFS can be found on pages 26-30 of this report. Nonmajor governmental FFS and budget comparison schedules can be found on pages 116-131.

Proprietary FFS. The proprietary FFS consist of a statement of net position; statement of revenues, expenses, and changes in net position; and a statement of cash flows. These statements are prepared on the same basis of accounting (accrual) as the GWFS.

The proprietary fund type includes both *enterprise* and *internal service* funds. Enterprise funds are used to report the same functions presented as business-type activities in the GWFS. The City uses enterprise funds to account for its water and sewer utility, solid waste collection and disposal, storm water drainage, and airport. Each of these activities is considered a *major* fund, and presented separately in the proprietary FFS. These FFS can be found on pages 32-39 of this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employees' group health and life insurance, workers' compensation self-insurance, employee flexible spending, property and liability insurance, and fleet services. All internal service funds are combined into a single aggregated presentation in the proprietary FFS. Combining financial statements for the internal service funds can be found on pages 134-139 of this report.

Fiduciary FFS. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These balances are not reflected in the GWFS because the resources of those funds are not available to support the City's own programs. Fiduciary funds come in several types, but the City only uses the *pension trust* type, to account for the balances and activities of its firefighters' and police officers' defined-benefit pension plans. The pension FFS include a statement of fiduciary net position and a statement of changes in fiduciary net position. The combined fiduciary FFS can be found on pages 40-41 of this report. Combining financial statements for the separate trust funds can be found on pages 142-143. Required supplementary information for the separate plans can be found on pages 101-112, along with information for the City's participation in two multiple-employer pension plans, and the City's OPEB Plan.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Notes to Basic Financial Statements. The Notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The Notes can be found on pages 43-98 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position

As noted earlier, net position serves as a useful indicator of the City's financial position. At the end of the current year, net position was \$184.8 million. The following table reflects a summary of net position compared to the prior year. For additional information, see the Statement of Net Position on page 23.

City of Venice
Summary of Net Position
(in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016(*)	2017	2016(*)	2017	2016(*)
Current and other assets	\$ 69,495	\$ 32,779	\$ 53,453	\$ 51,034	\$ 122,948	\$ 83,813
Capital assets	60,559	58,826	133,473	132,030	194,032	190,856
Total assets	130,054	91,605	186,926	183,064	316,980	274,669
Deferred outflows of resources	10,115	15,559	2,700	3,124	12,815	18,683
Current liabilities	3,306	2,804	4,099	4,230	7,405	7,034
Noncurrent liabilities	88,279	56,285	46,418	48,125	134,697	104,410
Total liabilities	91,585	59,089	50,517	52,355	142,102	111,444
Deferred inflows of resources	2,584	3,575	302	658	2,886	4,233
Net position:						
Net investment in capital assets	52,886	53,650	98,988	99,361	151,874	153,011
Restricted	14,064	11,433	9,296	9,016	23,360	20,449
Unrestricted	(20,950)	(20,583)	30,523	24,798	9,573	4,215
Total net position	\$ 46,000	\$ 44,500	\$ 138,807	\$ 133,175	\$ 184,807	\$ 177,675

(*) Balances for 2016 have not been restated for adjustments to beginning net position in 2017 due to the implementation of GASB Statement No. 75.

At September 30, 2017, \$151.9 million, or approximately 82.2% of the City's total net position reflects its investment in capital assets, e.g., land, buildings, infrastructure, machinery, and equipment, net of any related debt used to acquire those assets that is still outstanding at the end of the fiscal year. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in 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.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

An additional 12.6% of the City's total net position (\$23.4 million), represents resources that are subject to external restrictions on how they may be used. The remaining balance of total net position is unrestricted (\$9.6 million or 5.2%), and may be used to meet the City's ongoing obligations to citizens and creditors, although in general, business-type net position may not be used to fund governmental activities.

As of each year end shown above, the City was able to report positive balances in all categories of net position except unrestricted net position – governmental activities. The negative unrestricted net position for governmental activities results because of unfunded long-term obligations such as net pension liabilities, OPEB obligations, and accrued compensated absences. Unfunded long-term obligations totaled \$49.5 million at September 30, 2017 and \$51.1 million at the end of the prior year (Note G).

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City of Venice, Florida

Management's Discussion and Analysis

For the Year Ended September 30, 2017

Changes in Net Position

The City's total net position increased by \$6.4 million during the current year, compared to an increase of \$9.1 million in the prior year. The following table shows a summary of the changes in total net position compared to the prior year. For additional information, see the Statement of Activities on page 24-25.

City of Venice Changes in Net Position
For the Year Ended September 30
(in 000's)

	Governmental Activities		Business- Type Activities		Totals	
	2017	2016(*)	2017	2016(*)	2017	2016(*)
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 3,637	\$ 3,518	\$ 32,563	\$ 31,106	\$ 36,200	\$ 34,624
Operating grants and contributions	1,823	2,962	19	15	1,842	2,977
Capital grants and contributions	472	1,224	1,710	8,109	2,182	9,333
<i>General Revenues:</i>						
Property taxes	12,874	10,256	-	-	12,874	10,256
Sales taxes	5,726	5,615	-	-	5,726	5,615
Utility services taxes	2,629	2,564	-	-	2,629	2,564
Franchise fees	2,393	2,305	-	-	2,393	2,305
Intergovernmental	2,391	2,241	-	-	2,391	2,241
Interest earnings	95	94	383	60	478	154
Other	1,415	1,329	61	17	1,476	1,346
Total revenues	<u>33,455</u>	<u>32,108</u>	<u>34,736</u>	<u>39,307</u>	<u>68,191</u>	<u>71,415</u>
Expenses:						
General government	7,444	6,256	-	-	7,444	6,256
Finance	1,311	1,445	-	-	1,311	1,445
Information services	1,204	1,104	-	-	1,204	1,104
Parks and recreation	2,201	2,034	-	-	2,201	2,034
Police	10,010	9,612	-	-	10,010	9,612
Fire	8,404	7,701	-	-	8,404	7,701
Public works	2,809	2,754	-	-	2,809	2,754
Beach renourishment	-	7,195	-	-	-	7,195
Interest on long-term debt	955	154	-	-	955	154
Water and sewer utility	-	-	18,235	15,864	18,235	15,864
Solid waste	-	-	5,233	4,585	5,233	4,585
Airport	-	-	2,464	2,329	2,464	2,329
Storm water drainage	-	-	1,508	1,249	1,508	1,249
Total expenses	<u>34,338</u>	<u>38,255</u>	<u>27,440</u>	<u>24,027</u>	<u>61,778</u>	<u>62,282</u>
Change in net position before transfers	(883)	(6,147)	7,296	15,280	6,413	9,133
Transfers	3,597	4,475	(3,597)	(4,475)	-	-
Change in net position	<u>2,714</u>	<u>(1,672)</u>	<u>3,699</u>	<u>10,805</u>	<u>6,413</u>	<u>9,133</u>
Net position - beginning						
as previously reported	44,500	46,172	133,175	122,370	177,675	168,542
Adjustments to beginning net position(*)	(1,214)	-	1,933	-	719	-
Net position - beginning, restated	<u>43,286</u>	<u>46,172</u>	<u>135,108</u>	<u>122,370</u>	<u>178,394</u>	<u>168,542</u>
Net position - end of year	<u>\$ 46,000</u>	<u>\$ 44,500</u>	<u>\$ 138,807</u>	<u>\$ 133,175</u>	<u>\$ 184,807</u>	<u>\$ 177,675</u>

(*) Balances for 2016 have not been restated for adjustments to beginning net position in 2017 due to the implementation of GASB Statement No. 75.

Governmental Activities

As shown above, governmental activities increased the City's net position by \$2.7 million in 2017, compared to a decrease of \$1.7 million for 2016.

City of Venice, Florida

Management's Discussion and Analysis

For the Year Ended September 30, 2017

Following is a further detail of the expenses and program revenues for governmental activities in 2017, compared to 2016:

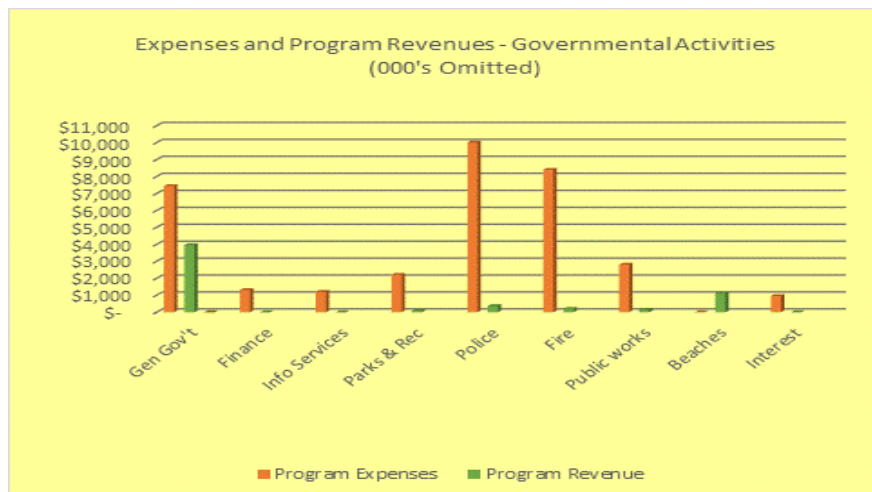
Expenses and Net Program Revenue (Expense) - Governmental Activities

Program	2017			2016		
	Expenses	Program Revenue	Net	Expenses	Program Revenue	Net
General government	\$ 7,444,298	\$ 4,012,403	\$ (3,431,895)	\$ 6,256,467	\$ 3,518,295	\$ (2,738,172)
Finance	1,310,820	-	(1,310,820)	1,445,224	-	(1,445,224)
Information services	1,204,449	-	(1,204,449)	1,103,661	-	(1,103,661)
Parks and recreation	2,200,809	85,000	(2,115,809)	2,033,492	712,920	(1,320,572)
Police	10,010,304	367,434	(9,642,870)	9,612,374	409,543	(9,202,831)
Fire	8,403,776	196,768	(8,207,008)	7,701,186	247,885	(7,453,301)
Public works	2,809,258	148,023	(2,661,235)	2,754,047	609,043	(2,145,004)
Beach renourishment	-	1,122,351	1,122,351	7,194,623	2,206,033	(4,988,590)
Interest on long-term debt	954,628	-	(954,628)	154,484	-	(154,484)
Total	\$ 34,338,342	\$ 5,931,979	\$ (28,406,363)	\$ 38,255,558	\$ 7,703,719	\$ (30,551,839)

Expenses for governmental activities decreased from \$38.3 million in 2016 to \$34.3 million in 2017, or 10.2%. The largest decrease was in the beach renourishment category, where the City recorded the completion of its multi-year beach renourishment project in 2016. Excluding beach renourishment, other expenses actually increased \$3.3 million from 2016 to 2017. The largest increase was in general government, which included a \$1.6 million write-off of the comprehensive plan project to expense in 2017.

The table above shows that *program* revenues are *not* sufficient to cover expenses for any of the City's governmental activities, except for beach renourishment in 2017. This is not unusual; governmental activities are primarily funded with *general* revenues. The reason the beach renourishment activity is reporting net program revenue in 2017 has to do with accounting requirements. Revenue has been recognized when earned in this multi-year program, while the entire project costs were recognized upon completion, in 2016.

Following is a graphic representation of the 2017 information in the above table, illustrating how only a small portion of the expenses for governmental activities are funded with program revenues:



City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

The net program (expense) above was \$28.4 million in 2017 compared to \$30.6 million in 2016. These net program expenses must be funded from general revenues and transfers, or from beginning net position. Following is a comparison of these general revenue sources for the two years:

General Revenues, Transfers and Special Items

	2017	% of Total	2016	Increase (Decrease)	% Change
General Revenues:					
Property taxes	\$ 12,874,039	41.4%	\$ 10,255,897	\$ 2,618,142	25.5%
Sales taxes	5,725,871	18.4%	5,615,140	110,731	2.0%
Utility services taxes	2,629,333	8.4%	2,564,309	65,024	2.5%
Franchise fees	2,393,474	7.7%	2,305,140	88,334	3.8%
Intergovernmental	2,391,413	7.7%	2,240,615	150,798	6.7%
Interest earnings	94,685	0.3%	93,739	946	1.0%
Other	1,415,113	4.5%	1,329,299	85,814	6.5%
Net Transfers In	3,597,117	11.6%	4,475,043	(877,926)	-19.6%
Total	\$ 31,121,045	100.0%	\$ 28,879,182	\$ 2,241,863	7.8%

General revenues plus transfers increased by \$2.2 million from 2016 to 2017, as shown in the preceding table. The largest increase was in property taxes, caused by an increase in both assessed values and the millage rate (from 3.10 to 3.60). Net transfers decreased both into the general fund (for administrative cost allocations) and into the fleet replacement fund (for vehicles).

Business-type activities. As stated previously, business-type activities increased the City's net position by \$3.7 million in 2017 compared to an increase of \$10.8 million in 2016. Following is a further detail of this change:

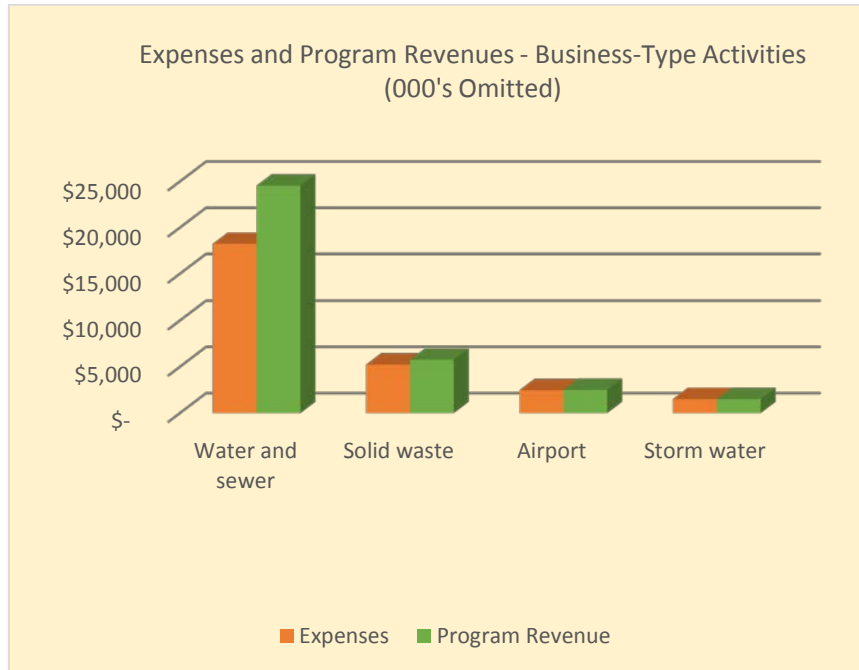
Change in Net Position - Business-Type Activities

	2017			2016		
	Expenses	Program Revenue	Net	Expenses	Program Revenue	Net
Program						
Water and sewer utility	\$ 18,234,994	\$ 24,548,667	\$ 6,313,673	\$ 15,864,009	\$ 22,886,524	\$ 7,022,515
Solid waste	5,233,081	5,746,326	513,245	4,584,448	5,325,375	740,927
Airport	2,463,977	2,497,868	33,891	2,329,077	9,282,342	6,953,265
Storm water drainage	1,507,749	1,498,618	(9,131)	1,248,508	1,736,486	487,978
Total	\$ 27,439,801	\$ 34,291,479	6,851,678	\$ 24,026,042	\$ 39,230,727	15,204,685
General Revenues			443,733			76,504
(Transfers)			(3,597,117)			(4,475,043)
Change in net position			\$ 3,698,294			\$ 10,806,146

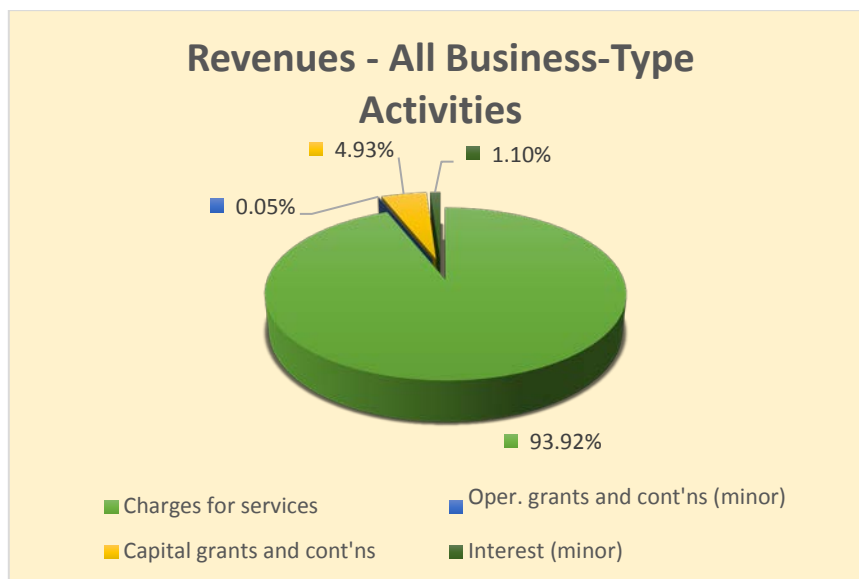
Expenses for business-type activities increased from \$24.0 million in 2016 to \$27.4 million in 2017, or 14.2%, as shown above. Revenues decreased \$4,939,248, or 12.6%. The revenues are somewhat skewed because of the current accounting requirements for capital grants (e.g., airport construction grants) and utility developer contributions. Under accounting rules, capital revenues and contributions are reported in the year earned, while the related projects are capitalized and depreciated over their useful lives. Capital grants and contributions were \$1.7 million in 2017 compared to \$8.1 million in 2016, for business-type activities.

City of Venice, Florida **Management's Discussion and Analysis** **For the Year Ended September 30, 2017**

The table above does show that program revenues *are* sufficient to cover expenses for each of the City's business-type programs. Following is a graphic representation of the 2017 information in the above table, illustrating the relative significance of the four business-type activities to the total:



A more detailed discussion of each fund follows in the next section of this MD&A. The following graph reflects the significance of the types of revenues generated by the business-type activities.



City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Following is a discussion of the balances and activities in the City's major funds.

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* serves as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of 2017, as shown on page 26, the City's governmental funds reported combined ending fund balances of \$59.3 million. Of this amount, *restricted fund balances* comprise \$45.3 million and *committed fund balances* comprise \$1.8 million. Restricted fund balances, like unexpended gas taxes, voted sales taxes, and permit fees, can only be spent for specific purposes, as stipulated by statute, enabling legislation, or donors. Committed fund balances, like the general capital projects fund balances, are constrained by action of the City Council. The City Council has also set aside \$1.5 million for a lawsuit as *assigned fund balance*. Unassigned fund balances of \$10.6 million in the general fund are available for spending at the City's discretion.

The *General Fund* is the primary operating fund of the City. At the end of the fiscal year, the total fund balance in the General Fund was \$12.3 million, and the unassigned portion was \$10.6 million. This represents 46.7% and 40.2% respectively of annual expenditures (2017 actual). During 2017, the fund balance increased by \$1.1 million, as revenues plus net transfers exceeded expenditures for the year. This was significantly better than the decrease of \$303,709 expected in the final amended budget.

Included in 2017 *General Fund* expenditures is over \$500,000 in overtime and related costs incurred during Hurricane Irma in September 2017. Some of these costs may be reimbursable from federal or state agencies. However, no offsetting revenue was recorded for these potential reimbursements, because the amount was not easily determinable.

The *Streets Capital Project Fund* met the requirements to be reported as a major fund for the City for 2017. Bond proceeds totaling \$18.0 million were deposited into this fund in 2017 to be used for a major Citywide road project. Phase I is underway at September 30, 2017.

The *Buildings and Renovation Capital Project Fund* also met the requirements to be reported as a major fund for the City for 2017. Bond proceeds totaling \$16.0 million were deposited into this fund in 2017 to be used for a new public safety facility. The land for the facility was acquired in 2017 and the Owner's Representative was engaged.

Enterprise funds. The City's enterprise funds provide essentially the same type of information found in the business-type activities column of the GWFS, but in more detail, and by fund.

As shown on pages 32-35, total net position in the enterprise funds at year end was \$138.8 million. Of this amount, \$99.0 million was invested in capital assets (net of related debt), \$9.3 million is restricted for specific purposes, and the balance of \$30.5 million is unrestricted. Unrestricted net position of the enterprise funds at the end of the current and prior year (reallocated) are as follows:

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

	Unrestricted Net Position September 30,	
	2017	2016
Water and Sewer Utility	\$ 23,331,503	\$ 17,940,018
Solid Waste	1,866,256	1,766,578
Airport	3,611,854	3,323,049
Storm Water Drainage	1,713,320	1,768,621
	<u>\$ 30,522,933</u>	<u>\$ 24,798,266</u>

Following is a discussion of each fund's performance for 2017, compared to the prior year. Most of the information is summarized from pages 32-39 of this report.

Water and Sewer Utility Fund

Water utility activities include water supply, treatment, storage and distribution. Sewer utility activities include collection, treatment, and disposal. This fund also includes a reclaimed water distribution system. All three activities require billing and collection, repair/maintenance, and other administrative functions. The Water and Sewer Utility Fund reported an increase in net position of \$5.0 million for 2017 compared to an increase of \$5.6 million for 2016. Following is a summary of the items that contributed to these changes:

<i>Water and Sewer Utility</i>				
	2017	2016	Change	Percent
<i>Operating:</i>				
Revenues	\$ 23,344,099	\$ 22,429,107	\$ 914,992	4.1%
Expenses	(14,886,634)	(14,051,869)	(834,765)	5.9%
Net	8,457,465	8,377,238	80,227	1.0%
Net non-operating	(3,037,881)	(1,408,310)	(1,629,571)	115.7%
Capital contributions	1,204,568	457,417	747,151	163.3%
Transfers	(1,645,862)	(1,810,844)	164,982	-9.1%
Change in net position	<u>\$ 4,978,290</u>	<u>\$ 5,615,501</u>	<u>\$ (637,211)</u>	<u>-11.3%</u>

Operating revenues increased because of a 3% retail rate increase, and an increasing customer base. Net non-operating expenses in 2017 included \$2.0 million toward the lime sludge cleanup project. Another \$2 million will be incurred in 2018 on the project.

Operating expenses increased by 5.9% for some of the following reasons:

- Personnel costs are up \$1.4 million, of which \$1.1 million is attributable to the current year adjustment in the net pension liability,
- Repairs and maintenance costs are up \$203,825, mostly in the distribution/collection department,
- Other services and charges are up \$221,748; the largest increase being in rents and leases, and

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

- Depreciation decreased \$870,824 as a number of old assets reached their full depreciation level.

Capital contributions represent water and sewer infrastructure contributed by developers.

The Water and Sewer Utility Fund generated net cash from operating activities of \$12.6 million in 2017 compared to \$13.2 million in 2016.

Solid Waste Fund

Solid waste operations include collection and disposal, garbage and recycling activities. The Solid Waste Fund reported a decrease in net position of \$713,996 for 2017 compared to a decrease of \$1.3 million for 2016. Following is a summary of the items that contributed to these changes:

<i>Solid Waste Fund</i>				
	2017	2016	Change	Percent
<i>Operating:</i>				
Revenues	\$ 5,746,326	\$ 5,325,375	\$ 420,951	7.9%
Expenses	(5,233,081)	(4,512,090)	(720,991)	16.0%
Net	513,245	813,285	(300,040)	-36.9%
Non-operating	54,184	28,914	25,270	87.4%
Transfers	(1,281,425)	(2,151,030)	869,605	-40.4%
Change in net position	\$ (713,996)	\$ (1,308,831)	\$ 594,835	-45.4%

Operating revenues increased because of a 5% rate increase on residential and commercial “can” collection, an almost 50% increase in roll-off rates, and an increasing customer base.

Operating expenses increased by 16.0% year over year, for some of the following reasons:

- Personnel costs are up \$550,553, of which \$364,720 is attributable to the current year adjustment in the net pension liability,
- Other services and charges are up \$195,241; a big part being the conversion of the collection system to “currato cans” and
- Depreciation decreased \$101,635 as a number of old assets reached their full depreciation level.

Transfers include payments to the General Fund for indirect costs (down from \$921,030 in 2016 to \$571,425 in 2017) and transfers to the Fleet Services Fund for new equipment and depreciation reserve (down from \$1,230,000 in 2016 to \$710,000 in 2017).

The Solid Waste Fund generated net cash from operating activities of \$1.1 million in 2017 compared to \$1.3 million in 2016.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Airport Fund

The Airport Fund records the activities of the Venice Municipal Airport, a historic general aviation facility. The Airport Fund reported a decrease in net position of \$269,530 for 2017 compared to an increase in net position of \$6.7 million for 2016. Following is a summary of the items that contributed to these changes:

<i>Airport</i>	2017	2016	Change	Percent
<i>Operating:</i>				
Revenues	\$ 1,992,621	\$ 1,811,426	\$ 181,195	10.0%
Expenses	(2,463,977)	(2,306,813)	(157,164)	6.8%
Net	(471,356)	(495,387)	24,031	-4.9%
Non-operating	59,946	(6,469)	66,415	-1027%
Capital grants	505,247	7,470,916	(6,965,669)	-93.2%
Transfers	(363,367)	(303,204)	(60,163)	19.8%
Change in net position	<u>\$ (269,530)</u>	<u>\$ 6,665,856</u>	<u>\$ (6,935,386)</u>	<u>-104.0%</u>

Airport operating revenues are up 10.0%, more than half of which is due to a disputed 2016 “rent” payment from the Water & Sewer Utility, received in 2017.

Operating expenses increased by 6.8% year over year, mostly for the following reason:

- Personnel costs are up \$143,449, of which \$109,014 is attributable to the current year adjustment in the net pension liability.

Under accounting rules, capital grants are reported in the year earned, while the related projects are capitalized and depreciated over their useful lives. There was significantly more capital activity in the Airport Fund in 2016.

The Airport Fund generated net cash from operating activities of \$728,889 in 2017 compared to \$1.1 million in 2016.

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City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Storm Water Drainage Fund

The Storm Water Drainage Fund accounts for the management, operation, and maintenance of a Citywide drainage system. The Storm Water Drainage Fund reported a decrease in net position of \$296,470 for 2017 compared to an increase in net position of \$390,223 for 2016. Following is a summary of the items that contributed to these changes:

<i>Storm Water Drainage</i>				
	2017	2016	Change	Percent
<i>Operating:</i>				
Revenues	\$ 1,498,618	\$ 1,555,512	\$ (56,894)	-3.7%
Expenses	(1,507,749)	(1,140,714)	(367,035)	32.2%
Net	(9,131)	414,798	(423,929)	-102.2%
Non-operating	19,124	4,416	14,708	333.1%
Capital grants	-	180,974	(180,974)	-100.0%
Transfers	(306,463)	(209,965)	(96,498)	46.0%
Change in net position	<u>\$ (296,470)</u>	<u>\$ 390,223</u>	<u>\$ (686,693)</u>	<u>-176.0%</u>

Operating revenues in this fund are down 3.7% due to a one-time adjustment for \$80,592 in 2016. Otherwise, customer rates increased by the CPI, and there was a slight increase in the customer base.

Operating expenses increased by 32.2% year over year, mostly for the following reason:

- Personnel costs are up \$292,061, of which \$116,429 is attributable to the current year adjustment in the net pension liability,
- Professional/contractual services are down \$118,679, due to fewer studies, and
- Repair and maintenance is up \$134,860; there was a major maintenance project in 2017.

The Storm Water Drainage Fund generated net cash from operating activities of \$540,687 in 2017 compared to \$856,218 in 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

A budget versus actual comparison of the operating results of the City's General Fund for 2017 can be found on page 30. As shown on that page, the original General Fund budget anticipated increasing fund balance by \$419,155 during 2017. Changes to the original budget during 2017 increased expenditures, resulting in a projected budget deficit (use of fund balance) of \$303,709. Following are some of the changes from the original to final budget:

Increased appropriations:

- Various 2016 departmental and capital outlay encumbrances totaling \$477,246 were "rolled over" to the 2017 budget,
- Short-term rental software plus two additional positions in the planning department added \$95,278, and

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

- Contractual services, a Facilities Condition Assessment, and two additional employees in the Public Works Department added \$150,340.

Actual Results

In the end, as shown on page 30, actual General Fund revenues exceeded the final amended 2017 budgeted revenues by \$742,764, and actual General Fund expenditures were lower than the final amended 2017 budget by \$634,109, for a combined favorable variance of \$1.4 million. The line items on that page show the categories where the savings were achieved.

General Fund revenues that came in significantly better than budget for 2017 included property taxes (\$223,664), utility services taxes (\$176,406), franchise fees (\$116,493), licenses and permits (\$166,610), and intergovernmental revenues (\$104,211). The improved revenues are from a combination of growth and conservative budgeting assumptions.

Investment income is negative for 2017 because agency securities lost value in a rising interest rate environment, and the entire unrealized loss is recognized in the General Fund.

General Fund expenditures came in under budget by \$634,109, as shown on page 30. Some of the General Fund expenditure categories came in under budget for 2017 and others were over. The departments that went over budget for 2017 were legal, parks, police and fire. The latter three were because of Hurricane Irma. All four were approved by the City Manager. In the City's budgeting policies, General Fund departments can go over budget with the City Manager's approval, as long as the Fund in total is under budget.

A portion of the favorable expenditure variance totaling \$190,801 was encumbered at the end of 2017 and will be automatically rolled over to the 2018 budget.

CAPITAL ASSETS

The City's investment in capital assets includes land, construction in progress, buildings, machinery and equipment, infrastructure, and other improvements, net of accumulated depreciation. Following is a table of the balances at the end of 2017 and 2016:

<p style="text-align: center;">City of Venice Capital Assets (Net of Accumulated Depreciation) September 30 (in 000's)</p>						
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 15,582	\$ 13,713	\$ 2,628	\$ 2,628	\$ 18,210	\$ 16,341
Construction in progress	2,179	4,035	10,590	37,678	12,769	41,713
Buildings	11,725	11,558	4,216	4,268	15,941	15,826
Machinery and equipment	3,876	3,558	2,828	3,879	6,704	7,437
Infrastructure	11,646	12,060	-	-	11,646	12,060
Other improvements	15,551	13,902	113,211	83,577	128,762	97,479
Total	<u>\$ 60,559</u>	<u>\$ 58,826</u>	<u>\$ 133,473</u>	<u>\$ 132,030</u>	<u>\$ 194,032</u>	<u>\$ 190,856</u>

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Governmental Activities:

Capital assets in the City's governmental activities increased from \$58.8 million to \$60.6 million during 2017, an increase of \$1.8 million, or 2.9%. The 2017 activity included additions of \$7.1 million, less depreciation of \$3.6 million and disposals of \$1.7 million. The disposal of \$1.7 million was primarily the write-off of the comprehensive plan project to expense.

Governmental activities additions totalled \$1.2 million in the Fleet Services internal service fund and \$5.9 million in governmental funds. Following is a list of the 2017 additions:

Governmental Fund Additions:

Projects in process:

Community Center roof	\$ 512,991
Archive storage - donation	375,085
Edmonson Rd. multi-trail	11,405
S. Harbor Dr. intersection	281,772
Downtown improvements	420,557
Road paving phase I	176,162
Other	282,350

Completed projects:

Heritage Park walkway	534,571
Service Club boardwalk	45,335
Existing police station roof	253,992
New police station land	1,869,158
Other	253,227

Vehicles and Equipment:

Police	179,793
Fire	77,807
Public works	29,994
Parks	264,310
Building software	231,340
Other	84,134

Total	<u><u>\$ 5,883,983</u></u>
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Fleet Services Fund Additions:

Engineering equipment	\$ 105,684
Building vehicles	38,145
Airport vehicles	35,136
Solid waste vehicles	772,955
Water and sewer utility vehicles and equipment	213,255
Total	<u><u>\$ 1,165,175</u></u>

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City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Business-type Activities:

Capital assets in the City's business-type activities increased from \$132.0 million to \$133.5 million during 2017, an increase of \$1.5 million, or 1.1%. The 2017 activity included additions of \$8.1 million, less depreciation of \$6.6 million. Enterprise fund 2017 capital additions consisted of the following:

Enterprise Fund Additions:

Water and Sewer Utility:

Distribution System:

Developer water/sewer lines	\$ 1,204,568
Meter changeout program	399,877
Water valve/service line replacement	311,745
Watermain replacement/relocation	1,918,256
Other	338,857

Water Treatment Plant:

Replacement well #7A	433,903
Clearwell	266,897
High service pump replacement	548,129
Odor control system	431,067
Other	140,943

Water Reclamation:

Reclaimed water distribution system	576,116
Pumps and equipment	254,338
Other	133,153

Solid Waste:

Equipment	166,404
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Airport:

Airport runway 13-31	105,807
Midfield #1 T-hanger	166,061
T-hanger #1000	158,369
Rehab tie-down apron	252,366
Other	60,058

Storm Water Drainage:

Downtown improvements	120,481
Other projects	74,772

Total	\$ 8,062,167
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At the end of the fiscal year, the City has construction commitments of \$17.3 million on projects approved and in process. Additional information can be found on pages 60-62 of this report.

DEBT ADMINISTRATION

There is no direct debt limitation in the City Charter or under State law. Article VII, Section 9 of the Constitution of the State of Florida provides that, exclusive of taxes levied for the payment of voter-approved general obligation bonds, cities may levy up to ten mills for municipal services. Pursuant to the Florida Constitution, there is no limit on the amount of ad valorem taxes a city may levy for the payment of debt service on voter-approved general obligation bonds. The voter approved debt service millage tax rate for 2017 per \$1,000 of assessed valuation was 0.166.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

A summary of the City's total outstanding debt follows:

City of Venice Outstanding Debt
General Obligation and Revenue Bonds/Notes
September 30
(in 000's)

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation notes	\$ 38,766	\$ 5,176	\$ -	\$ -	\$ 38,766	\$ 5,176
Revenue notes	-	-	3,723	2,837	3,723	2,837
Revenue bonds	-	-	35,878	36,874	35,878	36,874
Total	<u>\$ 38,766</u>	<u>\$ 5,176</u>	<u>\$ 39,601</u>	<u>\$ 39,711</u>	<u>\$ 78,367</u>	<u>\$ 44,887</u>

Governmental Activities:

The outstanding balance of long-term debt in the City's governmental activities increased from \$5.2 million to \$38.8 million during 2017, an increase of \$33.6 million. Two new bond series were issued in 2017, with gross proceeds of just under \$18 million for transportation improvements and \$16 million for public safety improvements. Scheduled principal payments of \$406,000 were made during 2017 on prior debt.

Business-type Activities:

The outstanding balance of long-term debt in the City's business-type activities decreased slightly from \$39.7 million to \$39.6 million during 2017, a decrease of \$0.1 million, or 0.3%. Two new State Revolving Fund (SRF) loans were partially drawn down in 2017 for water and reclaimed water projects. Gross draws were \$1.3 million. Scheduled principal payments of \$1.4 million were made during 2017 on prior debt.

Independent Ratings:

Three major rating institutions (Standard & Poor's, Moody's Investor Services, and Fitch) have evaluated the City's financial management, economic conditions and administrative practices. The bond ratings continue to reflect that the City's bonds have the characteristics of investment quality, as shown below:

	<u>Standard & Poor's</u>	<u>Moody's</u>	<u>Fitch</u>
Utility System Revenue Bonds	AA	Aa2	AA
General Obligation Bonds (Transportation)	AA+	AA1	AA+
General Obligation Bonds (Public Safety)	AA+	AA1	AA+

Other Long-term Liabilities

The City has unfunded OPEB and net pension obligations outstanding at September 30, 2017. Additional information on all long-term liabilities of the City can be found on pages 65-68 of this report.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The budget for the 2018 fiscal year is a balanced budget in all funds, with 2018 appropriations fully funded by 2018 revenues, transfers in, and beginning reserves. During the 2018 budget process, the City proposed a new fire services special assessment, to help fund fire services and related capital needs and to relieve pressure on the General and One Cent Sales Tax Funds. When the special assessment ultimately failed, the resulting budgetary effect on the City's General Fund was to require beginning reserves of \$297,862 to balance the budget. The One Cent Sales Tax Fund was able to add to reserves. A stakeholders group was established to reconsider the fire services special assessment for 2019.

Full-time equivalent (FTE) positions City-wide will increase from 312.25 in 2017 to 325.50 in 2018. The new positions were needed to accommodate growth and fill positions that had been scaled back during the recession (in 2007, the City had 332 FTE's). Revenues are improving and providing funding for capital projects. Capital projects totaling \$51.3 million are included in the Citywide budget for 2018, to be funded by operating revenues, grants, and low-interest rate SRF loans.

Factors considered in preparing the City's 2018 budget were:

- The assessed valuation of commercial and residential property increased from \$3.528 billion for fiscal year 2017 to \$3.817 billion for fiscal year 2018, an increase of 8.2%.
- The General Fund property tax millage rate held steady at 3.60 for 2018. The combined effect of the increase in property values with no millage rate change is expected to add \$990,000 to General Fund revenues.
- The voter approved debt service property tax millage rate was increased from 0.1660 in fiscal year 2017 to 0.6780 for fiscal year 2018. The increase is to pay debt service on the two new bond issues.
- The City's population increased from 21,849 for 2016 to 22,306 for 2017, an increase of 2.1%. The trend is expected to continue based on ongoing construction activity.
- The unemployment rate for Sarasota County (Venice area) is down to 3.3% for 2017, which is effectively full employment. It had been as high as 12.5% in 2010.
- Water and sewer retail rates will increase 3% for 2018. Solid waste "can" rates will increase by 5% for 2018, and roll-off rates will increase by almost 50%.

Requests for Information

This financial report is designed to provide a general overview of the City of Venice's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Finance Director, 401 West Venice Avenue, Venice, Florida, 34285.



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City of Venice, Florida
Statement of Net Position
September 30, 2017

	Primary Government		
	Governmental	Business-type	Total
ASSETS	Activities	Activities	
Pooled cash and investments	\$ 36,788,047	\$ 34,463,796	\$ 71,251,843
Other cash	31,143,590	100	31,143,690
Accounts receivables (net of allowance for uncollectibles)	453,406	3,725,148	4,178,554
Interest receivable	177,187	-	177,187
Due from other governments	716,147	208,822	924,969
Prepaid items	185,852	-	185,852
Inventories	30,740	644,177	674,917
Restricted assets:			
Pooled cash and investments	-	14,411,128	14,411,128
Capital assets (net of accumulated depreciation):			
Non-depreciable	17,760,674	13,218,203	30,978,877
Depreciable	42,798,508	120,254,794	163,053,302
Total assets	<u>130,054,151</u>	<u>186,926,168</u>	<u>316,980,319</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>10,114,604</u>	<u>2,699,709</u>	<u>12,814,313</u>
LIABILITIES			
Accounts payable	1,185,326	2,231,167	3,416,493
Accrued liabilities	1,661,404	460,210	2,121,614
Due to other governments	287,080	110,360	397,440
Accrued interest payable	172,414	448,726	621,140
Customer deposits	-	848,660	848,660
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	950,000	950,000
Notes payable	1,121,000	496,498	1,617,498
Compensated absences	563,489	209,079	772,568
Due in more than one year:			
Bonds payable	-	34,927,500	34,927,500
Notes payable	37,644,961	3,226,273	40,871,234
Compensated absences	563,488	209,078	772,566
Net pension liabilities	39,314,637	4,811,447	44,126,084
Net OPEB liability	9,070,820	1,587,606	10,658,426
Total liabilities	<u>91,584,619</u>	<u>50,516,604</u>	<u>142,101,223</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	2,061,316	210,940	2,272,256
Related to OPEB	522,864	91,547	614,411
Total deferred inflows of resources	<u>2,584,180</u>	<u>302,487</u>	<u>2,886,667</u>
NET POSITION			
Net investment in capital assets	52,885,644	98,987,903	151,873,547
Restricted for:			
Public safety	22,310	-	22,310
Capital improvements	7,319,008	8,295,950	15,614,958
Building code enforcement	4,056,981	-	4,056,981
Beach renourishment	2,581,572	-	2,581,572
Debt service	84,877	-	84,877
Renewal and replacement	-	1,000,000	1,000,000
Unrestricted	(20,950,436)	30,522,933	9,572,497
Total net position	<u>\$ 45,999,956</u>	<u>\$ 138,806,786</u>	<u>\$ 184,806,742</u>

See accompanying Notes to Financial Statements.

City of Venice, Florida
Statement of Activities
For the Year Ended September 30, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,444,298	\$ 3,637,318	\$ -	\$ 375,085
Finance	1,310,820	-	-	-
Information services	1,204,449	-	-	-
Parks and recreation	2,200,809	-	-	85,000
Police	10,010,304	-	367,434	-
Fire	8,403,776	-	196,768	-
Public works	2,809,258	-	136,079	11,944
Beach renourishment	-	-	1,122,351	-
Interest on long-term debt	954,628	-	-	-
Total governmental activities	<u>34,338,342</u>	<u>3,637,318</u>	<u>1,822,632</u>	<u>472,029</u>
Business-type activities:				
Water and sewer utility	18,234,994	23,325,175	18,924	1,204,568
Solid waste	5,233,081	5,746,326	-	-
Airport	2,463,977	1,992,621	-	505,247
Storm water drainage	<u>1,507,749</u>	<u>1,498,618</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>27,439,801</u>	<u>32,562,740</u>	<u>18,924</u>	<u>1,709,815</u>
Total primary government	<u>\$ 61,778,143</u>	<u>\$ 36,200,058</u>	<u>\$ 1,841,556</u>	<u>\$ 2,181,844</u>

General revenues:

- Property taxes
- Local option, fuel, and communication services taxes
- Utility services taxes
- Franchise fees
- Intergovernmental - unrestricted
- Interest earnings
- Miscellaneous
- Transfers, net
- Total general revenues and transfers

Change in net position

Total net position at beginning of year, original

Change in accounting principle - OPEB

Total net position at beginning of year, restated

Total net position at end of year

See accompanying Notes to Financial Statements.

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,431,895)	\$ -	\$ (3,431,895)
(1,310,820)	-	(1,310,820)
(1,204,449)	-	(1,204,449)
(2,115,809)	-	(2,115,809)
(9,642,870)	-	(9,642,870)
(8,207,008)	-	(8,207,008)
(2,661,235)	-	(2,661,235)
1,122,351	-	1,122,351
(954,628)	-	(954,628)
(28,406,363)	-	(28,406,363)
-	6,313,673	6,313,673
-	513,245	513,245
-	33,891	33,891
-	(9,131)	(9,131)
-	6,851,678	6,851,678
\$ (28,406,363)	\$ 6,851,678	\$ (21,554,685)
12,874,039	-	12,874,039
5,725,871	-	5,725,871
2,629,333	-	2,629,333
2,393,474	-	2,393,474
2,391,413	-	2,391,413
94,685	382,799	477,484
1,415,113	60,934	1,476,047
3,597,117	(3,597,117)	-
31,121,045	(3,153,384)	27,967,661
2,714,682	3,698,294	6,412,976
44,499,554	133,175,673	177,675,227
(1,214,280)	1,932,819	718,539
43,285,274	135,108,492	178,393,766
\$ 45,999,956	\$ 138,806,786	\$ 184,806,742

City of Venice, Florida
Balance Sheet
Governmental Funds
September 30, 2017

	General Fund	Streets	Buildings and Renovations	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 12,944,750	\$ 2,107,653	\$ 197,982	\$ 13,616,558	\$ 28,866,943
Other cash	13,050	17,303,365	13,789,058	-	31,105,473
Accounts receivable	423,001	-	-	2,333	425,334
Interest receivable	159,232	9,975	7,980	-	177,187
Due from other governments	332,203	9,853	-	374,091	716,147
Prepaid items	7,359	-	-	-	7,359
Inventory	30,740	-	-	-	30,740
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 13,910,335</u>	<u>\$ 19,430,846</u>	<u>\$ 13,995,020</u>	<u>\$ 13,992,982</u>	<u>\$ 61,329,183</u>
LIABILITIES					
Accounts payable	467,148	\$ 268,718	\$ -	\$ 152,650	\$ 888,516
Accrued payroll	815,659	-	-	36,941	852,600
Due to other governments	287,061	-	-	19	287,080
Deposits and other liabilities	31,222	-	-	-	31,222
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,601,090</u>	<u>268,718</u>	<u>-</u>	<u>189,610</u>	<u>2,059,418</u>
FUND BALANCES					
Nonspendable:					
Inventory and prepayments	38,099	-	-	-	38,099
Restricted for:					
Public safety	-	-	-	22,310	22,310
Boating and waterway improvements	-	-	-	56,647	56,647
Street improvements	-	19,162,128	-	267,675	19,429,803
Capital improvements	-	-	13,797,038	5,127,943	18,924,981
Building code enforcement	-	-	-	4,056,981	4,056,981
Debt service	-	-	-	257,291	257,291
Beach renourishment	-	-	-	2,581,572	2,581,572
Committed to:					
Public safety	60,287	-	-	-	60,287
Training and education	-	-	-	88,561	88,561
Capital improvements	65,525	-	197,982	1,237,177	1,500,684
Economic development	-	-	-	32,317	32,317
Historic preservation	-	-	-	74,898	74,898
Parks and recreation	14,427	-	-	-	14,427
General government	50,562	-	-	-	50,562
Assigned (litigation)	1,482,243	-	-	-	1,482,243
Unassigned:					
General fund	10,598,102	-	-	-	10,598,102
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>12,309,245</u>	<u>19,162,128</u>	<u>13,995,020</u>	<u>13,803,372</u>	<u>59,269,765</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 13,910,335</u>	<u>\$ 19,430,846</u>	<u>\$ 13,995,020</u>	<u>\$ 13,992,982</u>	<u>\$ 61,329,183</u>

See accompanying Notes to Financial Statements

City of Venice, Florida
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2017

Total fund balance - governmental funds	\$	59,269,765
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	\$	105,015,577	
Accumulated depreciation		<u>(46,575,572)</u>	58,440,005

Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and workers compensation, to individual funds. The portion of the assets and liabilities of the ISF's primarily serving governmental funds are included in governmental activities in the statement of net position.

9,210,571

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are as follows:

Bonds payable	(38,765,961)		
Compensated absences	(1,126,977)		
Accrued interest on general obligation bonds	<u>(172,414)</u>		(40,065,352)

In the government-wide financial statements, the City reports a liability for the amount that its single employer pension plans are underfunded. It also reports a liability for its proportionate share of the unfunded liability in the multiple employer pension plan in which it participates. Gains and losses on these plans are also sometimes deferred to be reported in a subsequent period. In the governmental fund financial statements, deferred inflows and outflows are not reported, and a liability would only be reported if the required contributions were not made. Following is a summary of the differences:

Net pension liabilities	(39,314,637)		
Deferred outflows of resources related to pensions	10,114,604		
Deferred inflows of resources related to pensions	<u>(2,061,316)</u>		(31,261,349)

In the government-wide financial statements, the City reports a liability for its accrued post-employment benefits obligation. Gains and losses on the plan are also sometimes deferred to be reported in a subsequent period. In the governmental fund financial statements, deferred inflows and outflows are not reported, and a liability would only be reported if the required contributions were not made. Following is a summary of the differences:

Net OPEB liability	(9,070,820)		
Deferred inflows of resources related to OPEB	<u>(522,864)</u>		(9,593,684)

Net position of governmental activities	\$	<u><u>45,999,956</u></u>
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City of Venice, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	<u>General Fund</u>	<u>Streets</u>	<u>Buildings and Renovation</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property tax	\$ 12,304,638	\$ -	\$ -	\$ 569,401	\$ 12,874,039
Local option, use and fuel taxes	407,994	-	-	4,164,233	4,572,227
Communications services tax	1,153,644	-	-	-	1,153,644
Utility services taxes	2,629,333	-	-	-	2,629,333
Franchise fees	2,393,474	-	-	-	2,393,474
Fees and fines	19,028	-	-	9,328	28,356
Licenses and permits	715,556	-	-	2,648,385	3,363,941
Intergovernmental	2,864,468	11,944	-	1,434,577	4,310,989
Charges for services	188,850	-	-	-	188,850
Investment income	(59,453)	40,400	15,771	96,202	92,920
Miscellaneous	1,218,397	-	-	131,778	1,350,175
Total revenues	<u>23,835,929</u>	<u>52,344</u>	<u>15,771</u>	<u>9,053,904</u>	<u>32,957,948</u>
EXPENDITURES					
Current:					
General government	4,354,065	-	-	1,558,717	5,912,782
Finance	1,255,050	-	-	-	1,255,050
Information services	1,124,900	-	-	-	1,124,900
Parks and recreation	1,471,784	-	-	-	1,471,784
Police	8,686,701	-	-	1,223	8,687,924
Fire	7,672,988	-	-	-	7,672,988
Public works	1,464,930	7,503	-	-	1,472,433
Beach renourishment	-	-	-	-	-
Debt service:					
Principal	-	-	-	406,000	406,000
Interest	-	-	-	134,314	134,314
Bond issuance costs	-	338,155	334,909	-	673,064
Capital outlay	306,125	889,896	1,869,598	2,443,279	5,508,898
Total expenditures	<u>26,336,543</u>	<u>1,235,554</u>	<u>2,204,507</u>	<u>4,543,533</u>	<u>34,320,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,500,614)</u>	<u>(1,183,210)</u>	<u>(2,188,736)</u>	<u>4,510,371</u>	<u>(1,362,189)</u>
OTHER FINANCING SOURCES (USES)					
Bond issuance - at par	-	16,725,000	15,420,000	-	32,145,000
Bond premium	-	1,272,715	578,246	-	1,850,961
Transfers in	3,649,795	335,865	-	250,000	4,235,660
Transfers out	(76,017)	-	-	(1,792,634)	(1,868,651)
Net other financing sources (uses)	<u>3,573,778</u>	<u>18,333,580</u>	<u>15,998,246</u>	<u>(1,542,634)</u>	<u>36,362,970</u>
Net change in fund balances	<u>1,073,164</u>	<u>17,150,370</u>	<u>13,809,510</u>	<u>2,967,737</u>	<u>35,000,781</u>
Fund balances at beginning of year	<u>11,236,081</u>	<u>2,011,758</u>	<u>185,510</u>	<u>10,835,635</u>	<u>24,268,984</u>
Fund balances at end of year	<u>\$ 12,309,245</u>	<u>\$ 19,162,128</u>	<u>\$ 13,995,020</u>	<u>\$ 13,803,372</u>	<u>\$ 59,269,765</u>

See accompanying Notes to Financial Statements.

City of Venice
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, 2017

Net change in fund balances - total governmental funds \$ 35,000,781

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 and reported as depreciation expense. In addition, donated assets and asset disposals are accounted for differently in the two statements.

Capital additions	\$ 5,508,898	
Donated assets	375,085	
Depreciation	(3,109,909)	
Disposals	<u>(1,742,106)</u>	1,031,968

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Debt proceeds	(33,995,961)	
Principal paid	<u>406,000</u>	(33,589,961)

Certain long-term liabilities (and related deferred outflows/inflows) are recognized as expenses in the Statement of Activities as earned, but are recognized when current financial resources are used in the governmental funds. This amount is the net change during the year.

Compensated absences	(87,489)	
Other post-employment benefits	545,007	
Pensions	<u>(2,100,656)</u>	(1,643,138)

Internal service funds are used by management to charge the costs of certain activities, such as property and worker's compensation insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

2,062,282

Accrued interest is recognized as expenses in the Statement of Activities as incurred, but is recognized when current financial resources are used in the governmental funds. This amount is the net change in the accrued interest this year.

(147,250)

Change in net position of governmental activities

\$ 2,714,682

City of Venice, Florida
Budget Comparison Statement
General Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes:				
Property tax	\$ 12,080,974	\$ 12,080,974	\$ 12,304,638	\$ 223,664
Local option, use and fuel taxes	461,629	461,629	407,994	(53,635)
Communications services tax	1,117,623	1,117,623	1,153,644	36,021
Utility service taxes	2,452,927	2,452,927	2,629,333	176,406
Franchise fees	2,276,981	2,276,981	2,393,474	116,493
Fees and fines	22,528	22,528	19,028	(3,500)
Licenses and permits	548,946	548,946	715,556	166,610
Intergovernmental	2,760,257	2,760,257	2,864,468	104,211
Charges for services	92,984	92,984	188,850	95,866
Investment income	132,210	132,210	(59,453)	(191,663)
Miscellaneous	1,146,106	1,146,106	1,218,397	72,291
Total revenues	<u>23,093,165</u>	<u>23,093,165</u>	<u>23,835,929</u>	<u>742,764</u>
EXPENDITURES				
Current:				
General government	4,803,160	4,942,310	4,354,065	588,245
Finance	1,374,483	1,374,483	1,255,050	119,433
Information services	1,170,555	1,172,235	1,124,900	47,335
Parks and recreation	1,377,605	1,455,101	1,471,784	(16,683)
Police	8,535,163	8,555,557	8,686,701	(131,144)
Fire	7,581,646	7,626,646	7,672,988	(46,342)
Public works	1,360,176	1,574,086	1,464,930	109,156
Capital outlay	45,000	270,234	306,125	(35,891)
Total expenditures	<u>26,247,788</u>	<u>26,970,652</u>	<u>26,336,543</u>	<u>634,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,154,623)</u>	<u>(3,877,487)</u>	<u>(2,500,614)</u>	<u>1,376,873</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,649,795	3,649,795	3,649,795	-
Transfers out	<u>(76,017)</u>	<u>(76,017)</u>	<u>(76,017)</u>	<u>-</u>
Net other financing sources (uses)	<u>3,573,778</u>	<u>3,573,778</u>	<u>3,573,778</u>	<u>-</u>
Net change in fund balances	419,155	(303,709)	1,073,164	1,376,873
Fund balances at beginning of year	<u>11,236,081</u>	<u>11,236,081</u>	<u>11,236,081</u>	<u>-</u>
Fund balances at end of year	<u>\$ 11,655,236</u>	<u>\$ 10,932,372</u>	<u>\$ 12,309,245</u>	<u>\$ 1,376,873</u>

See accompanying Notes to Financial Statements.



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City of Venice, Florida
Statement of Net Position
Proprietary Funds
September 30, 2017

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
ASSETS			
Current assets:			
Pooled cash and investments	\$ 25,936,960	\$ 2,556,510	\$ 4,084,169
Other cash	-	-	100
Accounts receivable	2,789,152	742,312	7,009
Due from other governments	6,467	-	202,355
Prepaid items	-	-	-
Inventories	644,177	-	-
Total current assets	<u>29,376,756</u>	<u>3,298,822</u>	<u>4,293,633</u>
Noncurrent assets:			
Pooled cash and investments - Restricted	<u>10,994,683</u>	<u>-</u>	<u>3,416,445</u>
Capital assets:			
Land	956,663	220,000	-
Construction in progress	9,831,010	-	638,214
Buildings	3,970,284	12,500	6,161,716
Improvements other than buildings	146,132,738	59,268	29,714,996
Machinery and equipment	9,588,224	4,610,264	798,156
Less accumulated depreciation	<u>(70,538,068)</u>	<u>(3,842,547)</u>	<u>(12,014,171)</u>
Total capital assets	<u>99,940,851</u>	<u>1,059,485</u>	<u>25,298,911</u>
Total noncurrent assets	<u>110,935,534</u>	<u>1,059,485</u>	<u>28,715,356</u>
Total assets	<u>140,312,290</u>	<u>4,358,307</u>	<u>33,008,989</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>1,689,130</u>	<u>610,936</u>	<u>218,535</u>

See accompanying Notes to Financial Statements

Business-Type Activities		Governmental Activities
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
\$ 1,886,157	\$ 34,463,796	\$ 7,921,104
-	100	38,117
186,675	3,725,148	28,072
-	208,822	-
-	-	178,493
-	644,177	-
<u>2,072,832</u>	<u>39,042,043</u>	<u>8,165,786</u>
-	14,411,128	-
1,451,835	2,628,498	-
120,481	10,589,705	-
-	10,144,500	-
8,730,899	184,637,901	-
549,495	15,546,139	3,068,558
(3,678,960)	(90,073,746)	(949,381)
<u>7,173,750</u>	<u>133,472,997</u>	<u>2,119,177</u>
<u>7,173,750</u>	<u>147,884,125</u>	<u>2,119,177</u>
<u>9,246,582</u>	<u>186,926,168</u>	<u>10,284,963</u>
<u>181,108</u>	<u>2,699,709</u>	<u>-</u>

continued

City of Venice, Florida
Statement of Net Position
Proprietary Funds
September 30, 2017

Business-Type Activities			
	Water and Sewer Utility	Solid Waste	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,674,712	\$ 283,490	\$ 197,405
Accrued liabilities	217,558	56,262	170,982
Accrued interest payable	448,726	-	-
Accrued insurance claims	-	-	-
Due to other governments	104,368	-	5,992
Customer deposits	717,963	130,697	-
Compensated absences	137,963	64,388	6,728
Notes payable	496,498	-	-
Bonds payable	950,000	-	-
Total current liabilities	<u>4,747,788</u>	<u>534,837</u>	<u>381,107</u>
Noncurrent liabilities:			
Compensated absences	137,963	64,388	6,727
Net pension liabilities	3,010,381	1,088,816	389,478
Net OPEB obligation	1,089,917	290,953	100,151
Notes payable	3,226,273	-	-
Bonds payable	34,927,500	-	-
Total noncurrent liabilities	<u>42,392,034</u>	<u>1,444,157</u>	<u>496,356</u>
Total liabilities	<u>47,139,822</u>	<u>1,978,994</u>	<u>877,463</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	131,979	47,735	17,075
Related to OPEB	62,854	16,773	5,776
Total deferred inflows	<u>194,833</u>	<u>64,508</u>	<u>22,851</u>
NET POSITION			
Net investment in capital assets	65,455,757	1,059,485	25,298,911
Restricted for:			
Capital projects	4,879,505	-	3,416,445
Renewal and replacement	1,000,000	-	-
Unrestricted	<u>23,331,503</u>	<u>1,866,256</u>	<u>3,611,854</u>
Total net position	<u>\$ 94,666,765</u>	<u>\$ 2,925,741</u>	<u>\$ 32,327,210</u>

See accompanying Notes to Financial Statements

Business-Type Activities		Governmental Activities
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
\$ 75,560	\$ 2,231,167	\$ 296,810
15,408	460,210	19,524
-	448,726	-
-	-	758,058
-	110,360	-
-	848,660	-
-	209,079	-
-	496,498	-
-	950,000	-
90,968	5,754,700	1,074,392
-	209,078	-
322,772	4,811,447	-
106,585	1,587,606	-
-	3,226,273	-
-	34,927,500	-
429,357	44,761,904	-
520,325	50,516,604	1,074,392
14,151	210,940	-
6,144	91,547	-
20,295	302,487	-
7,173,750	98,987,903	2,119,177
-	8,295,950	-
-	1,000,000	-
1,713,320	30,522,933	7,091,394
\$ 8,887,070	\$ 138,806,786	\$ 9,210,571

City of Venice, Florida
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended September 30, 2017

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
OPERATING REVENUES			
Charges for services	\$ 22,002,940	\$ 5,636,636	\$ -
Rentals	-	-	1,899,706
Miscellaneous	1,341,159	109,690	92,915
Total operating revenues	23,344,099	5,746,326	1,992,621
OPERATING EXPENSES			
Personal services	5,209,637	2,010,722	681,694
Insurance	436,644	257,245	99,456
Professional/contractual services	972,375	1,325,988	239,477
Claims	-	-	-
Repair and maintenance	1,046,973	678,664	105,078
Utilities	798,346	10,071	97,864
Other services and charges	1,822,800	501,756	120,636
Depreciation	4,599,859	448,635	1,119,772
Total operating expenses	14,886,634	5,233,081	2,463,977
Operating income (loss)	8,457,465	513,245	(471,356)
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	290,421	22,809	53,773
Disposition of capital assets	20,058	31,375	6,173
Cleanup project	(1,986,465)	-	-
Interest expense	(1,361,895)	-	-
Net non-operating revenues (expenses)	(3,037,881)	54,184	59,946
Income (loss) before contributions and transfers	5,419,584	567,429	(411,410)
CAPITAL CONTRIBUTIONS			
Developer capital contributions	1,204,568	-	-
Federal and state grants	-	-	505,247
Total capital contributions	1,204,568	-	505,247
TRANSFERS			
Transfers in	-	-	-
Transfers out	(1,645,862)	(1,281,425)	(363,367)
Net transfers	(1,645,862)	(1,281,425)	(363,367)
Change in net position	4,978,290	(713,996)	(269,530)
Total net position at beginning of year, original	88,454,222	3,108,294	32,415,516
Change in accounting principle - OPEB	1,234,253	531,443	181,224
Total net position at beginning of year, restated	89,688,475	3,639,737	32,596,740
Total net position at end of year	\$ 94,666,765	\$ 2,925,741	\$ 32,327,210

Business-Type Activities		
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
\$ 1,498,468	\$ 29,138,044	\$ 8,417,576
-	1,899,706	-
150	1,543,914	244,550
<u>1,498,618</u>	<u>32,581,664</u>	<u>8,662,126</u>
567,505	8,469,558	257,840
13,200	806,545	2,148,998
91,086	2,628,926	453,784
-	-	4,485,899
298,941	2,129,656	5,230
3,491	909,772	-
83,003	2,528,195	136,622
450,523	6,618,789	464,453
<u>1,507,749</u>	<u>24,091,441</u>	<u>7,952,826</u>
<u>(9,131)</u>	<u>8,490,223</u>	<u>709,300</u>
15,796	382,799	57,936
3,328	60,934	64,938
-	(1,986,465)	-
-	(1,361,895)	-
<u>19,124</u>	<u>(2,904,627)</u>	<u>122,874</u>
<u>9,993</u>	<u>5,585,596</u>	<u>832,174</u>
-	1,204,568	-
-	505,247	-
<u>-</u>	<u>1,709,815</u>	<u>-</u>
-	-	1,230,108
<u>(306,463)</u>	<u>(3,597,117)</u>	<u>-</u>
<u>(306,463)</u>	<u>(3,597,117)</u>	<u>1,230,108</u>
<u>(296,470)</u>	<u>3,698,294</u>	<u>2,062,282</u>
9,197,641	133,175,673	7,148,289
(14,101)	1,932,819	-
<u>9,183,540</u>	<u>135,108,492</u>	<u>7,148,289</u>
<u>\$ 8,887,070</u>	<u>\$ 138,806,786</u>	<u>\$ 9,210,571</u>

City of Venice, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds		
	Water and Sewer Utility	Solid Waste	Airport
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 23,050,213	\$ 5,615,069	\$ 1,987,602
Payments to suppliers	(5,424,563)	(2,679,248)	(626,726)
Payments to employees	(5,037,078)	(1,883,272)	(631,987)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>12,588,572</u>	<u>1,052,549</u>	<u>728,889</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in from other funds	-	-	-
Transfers out to other funds	(1,645,862)	(1,281,425)	(363,367)
Cleanup project	(1,986,465)	-	-
Net cash provided (used) by noncapital and related financing activities	<u>(3,632,327)</u>	<u>(1,281,425)</u>	<u>(363,367)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Note proceeds	1,271,771	-	-
Purchases of capital assets	(5,753,281)	(166,404)	(742,661)
Proceeds from sale of capital assets	20,058	31,375	6,173
Principal paid on notes	(386,000)	-	-
Principal paid on revenue bonds	(905,000)	-	-
Interest paid on revenue bonds and notes	(1,467,550)	-	-
Capital grants	-	-	505,247
Net cash provided (used) by capital and related financing activities	<u>(7,220,002)</u>	<u>(135,029)</u>	<u>(231,241)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	342,288	27,120	64,615
Net cash provided (used) by investing activities	<u>342,288</u>	<u>27,120</u>	<u>64,615</u>
Net increase (decrease) in cash and cash equivalents	2,078,531	(336,785)	198,896
Cash and cash equivalents at beginning of year	34,853,112	2,893,295	7,301,818
Cash and cash equivalents at end of year	<u>\$ 36,931,643</u>	<u>\$ 2,556,510</u>	<u>\$ 7,500,714</u>
Cash and cash equivalents classified as:			
Pooled cash and investments	\$ 25,936,960	\$ 2,556,510	\$ 4,084,169
Other cash	-	-	100
Pooled cash and investments - restricted	10,994,683	-	3,416,445
Total cash and cash equivalents at end of year	<u>\$ 36,931,643</u>	<u>\$ 2,556,510</u>	<u>\$ 7,500,714</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 8,457,465	\$ 513,245	\$ (471,356)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	4,599,859	448,635	1,119,772
Pension adjustments	267,189	129,208	45,535
OPEB adjustments	(65,516)	(17,484)	(6,020)
Change in assets and liabilities:			
Accounts receivable	(391,537)	(131,257)	(5,149)
Inventory	90,925	-	-
Due from other governments	(4,162)	-	(7,878)
Prepaid items	-	-	-
Accounts payable	(456,499)	86,890	43,663
Accrued liabilities	(10,166)	5,998	9,448
Compensated absences	(18,948)	9,728	744
Due to other governments	97,651	-	130
Customer deposits	22,311	7,586	-
Accrued claims	-	-	-
Net cash provided (used) by operating activities	<u>\$ 12,588,572</u>	<u>\$ 1,052,549</u>	<u>\$ 728,889</u>

Supplemental disclosure of noncash investing, capital and financing activities:

Water and Sewer Utility Fund recognized \$1,204,568 in utility line donations through capital contributions.

Business-type Activities		Governmental Activities	
Storm Water Drainage	Totals	Internal Service Funds	
\$ 1,461,009	\$ 32,113,893	\$ 8,661,924	
(418,557)	(9,149,094)	(3,121,109)	
(501,765)	(8,054,102)	(245,376)	
-	-	(4,404,881)	
540,687	14,910,697	890,558	
-	-	1,230,108	
(306,463)	(3,597,117)	-	
-	(1,986,465)	-	
(306,463)	(5,583,582)	1,230,108	
-	1,271,771	-	
(195,253)	(6,857,599)	(1,165,175)	
3,328	60,934	43,288	
-	(386,000)	-	
-	(905,000)	-	
-	(1,467,550)	-	
-	505,247	-	
(191,925)	(7,778,197)	(1,121,887)	
18,515	452,538	67,457	
18,515	452,538	67,457	
60,814	2,001,456	1,066,236	
1,825,343	46,873,568	6,892,985	
\$ 1,886,157	\$ 48,875,024	\$ 7,959,221	
\$ 1,886,157	\$ 34,463,796	\$ 7,921,104	
-	100	38,117	
-	14,411,128	-	
\$ 1,886,157	\$ 48,875,024	\$ 7,959,221	
\$ (9,131)	\$ 8,490,223	\$ 709,300	
450,523	6,618,789	464,453	
66,664	508,596	-	
(6,404)	(95,424)	-	
(37,609)	(565,552)	(202)	
-	90,925	-	
-	(12,040)	-	
-	-	(4,092)	
71,164	(254,782)	(372,383)	
5,480	10,760	12,464	
-	(8,476)	-	
-	97,781	-	
-	29,897	-	
-	-	81,018	
\$ 540,687	\$ 14,910,697	\$ 890,558	

City of Venice, Florida
Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2017

	ASSETS	Total Pension Trust Funds
Cash and cash equivalents		\$ 1,312,302
Receivables:		
Contributions		89,121
Interest and dividends		46,856
Total receivables		135,977
Investments, at fair value:		
U.S. Government and agency obligations		8,020,796
Mortgage-backed obligations		1,602,164
Domestic equities		21,893,979
Foreign equities		864,703
Corporate obligations		2,870,484
Fixed income mutual funds		1,074,247
Real estate investment funds		5,944,263
Domestic equity mutual funds		8,106,980
Foreign equity mutual funds		7,372,840
Unit investment trusts		52,439
Total investments		57,802,895
Total assets		59,251,174
	NET POSITION	
Restricted for pension benefits		\$ 59,251,174

See accompanying Notes to Financial Statements.

City of Venice, Florida
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2017

	Total Pension Trust Funds
<hr/>	
ADDITIONS	
Contributions:	
Employer	\$ 3,767,243
Plan members	153,975
State of Florida (passed through general fund)	407,994
Total contributions	<hr/> 4,329,212 <hr/>
Investment income:	
Net appreciation (depreciation) in fair value of investments	5,487,731
Interest	364,245
Dividends	986,576
Investment income (loss)	<hr/> 6,838,552
Less investment expenses	<hr/> (315,486) <hr/>
Net investment income	<hr/> 6,523,066 <hr/>
Total additions	<hr/> 10,852,278 <hr/>
DEDUCTIONS	
Benefit payments	4,511,717
Administrative expense	122,376
Total deductions	<hr/> 4,634,093 <hr/>
Change in net position	6,218,185
Net position restricted for pension benefits at beginning of year	<hr/> 53,032,989 <hr/>
Net position restricted for pension benefits at end of year	<hr/> \$ 59,251,174 <hr/>

See accompanying Notes to Financial Statements.



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City of Venice, Florida
Notes to Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Venice, Florida, (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 Venice, Florida, was established in 1927 as a municipality in the County of Sarasota, Florida, by Chapter 11776, Special Acts of 1925, Extraordinary Session, as amended. The City is functionally organized under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, water and sewer utilities, solid waste collection, public improvements, municipal airport administration, culture-recreation, building and zoning, storm water drainage, and general administrative services.

As required by GAAP, these financial statements present the activities of the City of Venice, Florida. No component units are included in these financial statements, as no entity meets the criteria for inclusion as a component unit.

The Mayor and/or City Council are responsible for appointing members of the Venice Housing Authority. However, the City's accountability for this organization does not extend beyond these appointments.

2. Government-wide and fund financial statements

The City's financial statements are prepared using the reporting model specified by GASB. As specified, the Basic Financial Statements (BFS) include both Government-Wide and Fund Financial Statements.

The Government-Wide Financial Statements (GWFS) (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City. Fiduciary funds are excluded from the GWFS since by definition these are being held for other parties and are not available for the City's operations. For the most part, the effect of interfund activity has also been removed from the GWFS. Beginning in 2016, internal service fund net revenues/expenses have been combined entirely within the governmental activities category. In prior years, the net revenues/expenses of the internal service funds had been allocated between governmental and business-type activities.

Governmental activities, which are primarily 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 Government-Wide Statement of Net Position reports all financial and capital resources of the City, excluding those reported in the fiduciary funds. It is displayed in the format of assets, plus

City of Venice, Florida Notes to Financial Statements

deferred outflows of resources, less liabilities, less deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity.

The Statement of Activities demonstrates the degree to which the direct expenses for 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. The general revenues support the net costs of the functions and segments not covered by program revenues.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for as a separate set of self-balancing accounts. Separate Fund Financial Statements (FFS) are presented for governmental funds, proprietary funds, and fiduciary funds. The emphasis of the FFS is on major funds. As such, the City's major governmental and enterprise funds are presented in separate columns within the FFS. Non-major funds are combined in a single column in the appropriate FFS, and fiduciary funds are shown by type. The City only has one type of fiduciary fund, the pension trust fund.

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

The GWFS, the proprietary FFS and the fiduciary FFS 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.

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. In enterprise funds, the revenues are from customers. In internal service funds, they are from within the City. Operating expenses for proprietary funds include personnel, professional, and contractual services, repair and maintenance, insurance and claims, utilities, depreciation, and other services and charges. All revenues and expenses not meeting the definition of *operating* are reported as nonoperating revenues and expenses.

Governmental FFS are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This presentation is necessary to demonstrate: (1) legal and covenant compliance, (2) the sources and uses of liquid resources, and (3) how the City's actual revenues and expenditures conform to the annual budget. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available, generally, if they are collected within 45 days of the end of the current fiscal period (60 days for sales taxes and grants). Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

City of Venice, Florida Notes to Financial Statements

However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, pensions, and OPEB, are recorded only when the liability is due.

Taxes, franchise fees, intergovernmental revenues, certain fines and fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only at time of receipt.

Because the governmental FFS are presented on a different basis of accounting than the GWFS, a reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to convert the governmental FFS into the governmental activities column of the GWFS.

Major and Nonmajor Funds

GASB sets forth minimum criteria for determination of major funds, i.e., a percentage of assets (plus deferred outflows of resources), liabilities (plus deferred inflows of resources), revenues, or expenditures/expenses of a fund category *and* of the governmental and enterprise funds combined. It also gives governments the option of displaying funds that do not meet this criteria as major funds.

Governmental funds are those through which most of the governmental functions of the City are financed. 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 *Streets Capital Projects Fund* accounts for the cost of major road and street improvement capital projects. The projects are financed by a combination of revenue sources, including bond proceeds, motor fuel taxes, grants, and interest revenues.

The *Buildings and Renovations Fund* account for the cost of constructing new City buildings and/or major renovations to existing City buildings. The new public safety building project will be recorded in this fund, financed from bond proceeds and related investment earnings.

Enterprise Funds are used to account for operations: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following major enterprise funds:

The *Water and Sewer Utility Fund* accounts for the activities associated with providing water and sewer services to the residents of the City. The City operates a sewage collection, treatment and disposal system, a water treatment plant and distribution system, and a reclaimed water distribution system.

City of Venice, Florida
Notes to Financial Statements

The *Solid Waste Fund* accounts for the activities associated with providing waste collection and disposal services to the residents of the City, as well as recycling.

The *Airport Fund* accounts for the activities associated with the operations of the City's municipal airport.

The *Storm Water Drainage Fund* accounts for the activities of the storm water utility, which provides storm water drainage for the City. (While this fund does not meet the threshold to require inclusion as a major fund, the City believes that the information presented is of significant importance to the public to report as a major fund).

Additionally, the government reports the following non-major and other fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for the accumulation of resources for the payment of principal and interest on governmental debt.

Capital Project Funds are used to account for resources restricted for the acquisition or construction of capital projects, and certain other large projects or capital outlay.

Internal Service Funds are used to account for services provided to other departments of the City on a cost-reimbursement basis. These include group health and life, workers' compensation, property and liability insurance, employee flexible spending accounts, and fleet replacement.

Pension Trust Funds account for the activities of the City's firefighters' and police officers' pension trust funds, which accumulate resources for pension benefit payments to plan members.

4. Assets, deferred outflows or inflows of resources, liabilities, and net position/fund balance

a) Deposits and investments

The City maintains a pool of cash and investments in which each fund participates on a dollar equivalent and transaction basis. Each fund's portion of the pool is reflected in the balance sheets or statements of net position as "pooled cash and investments." Small amounts of cash and certain bond proceeds that are not in the pool, and are reported separately as "other cash and investments." The investments of the pension trust funds are held by an investment custodian selected by the respective pension boards, and therefore are not pooled with other funds of the City.

City of Venice, Florida

Notes to Financial Statements

Investment earnings from the pool are distributed monthly to each fund based upon the fund's average monthly balance within the pool. Funds that borrow from the pool receive a negative earnings allocation.

The City's cash and investment pool includes U. S. Treasury and agency securities, deposits at local government investment pools, and interest-bearing time deposits with financial institutions who qualify as "authorized depositories" under Florida law. The pension trust funds have broader investment options, including corporate stocks and bonds, mutual funds, real estate securities, and foreign investments.

Investments are reported at fair value, generally using a market approach. The hierarchy used to measure fair value prioritizes the inputs into three categories – level 1, level 2, and level 3 inputs – considering the relative reliability of the inputs, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices, that are observable, either directly or indirectly.

Level 3 – Unobservable inputs.

The valuations used for the City's (and pension trust fund) investments were obtained through third party custodians. Level 2 market values were determined by the City's investment advisors/custodians using a market approach, and matrix pricing techniques.

b) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include pooled cash and investments, and other cash.

c) 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."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds 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.

City of Venice, Florida
Notes to Financial Statements

d) Inventories and prepaid items

All inventories are valued at cost (using average cost) in both governmental and proprietary fund types. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the GWFS and FFS.

e) Restricted assets

Certain pooled cash and investments are reported as restricted on the statements of net position. Restricted assets in the Airport Fund are from prior airport property sales and are restricted for FAA-approved capital improvements. Restricted assets in the Water and Sewer Utility Fund include capital improvement fees that are restricted to capital expansion, and bond-related accounts. Following are the balances in these accounts at September 30, 2017:

Restricted Assets

Water and Sewer Utility Fund:

Construction account	\$ 2,853,953
Debt service reserves	2,261,225
Renewal and replacement fund	1,000,000
Capacity improvement fees	<u>4,879,505</u>
Sub-total	10,994,683

Airport Fund:

Property sales proceeds	<u>3,416,445</u>
Total	<u><u>\$ 14,411,128</u></u>

f) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the GWFS and the proprietary FFS. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life extending beyond one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. When material, interest incurred during the project construction phase for

City of Venice, Florida
Notes to Financial Statements

capital assets financed with bond proceeds (in business-type activities and enterprise funds only) is included as part of the capitalized value of the assets constructed. No interest was capitalized in 2017.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Building improvements	10-20
Water and sewer systems	10-50
Public domain infrastructure	50
Equipment	3-10

g) Deferred outflows and inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. These deferred outflows represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense) until then. Deferred outflows of resources at September 30, 2017, consist of the following:

Deferred Outflows of Resources:	Florida Retirement System		Firefighters'	Police Officers'	OPEB	Total
	FRS	HIS	Pension	Pension		
<i>Related to pensions</i>						
Employer contributions subsequent to measurement date	\$ 377,748	\$ 62,038	\$ -	\$ -	\$ -	\$ 439,786
Changes in assumptions	5,552,661	702,236	740,473	-	-	6,995,370
Differences between actual and expected experience	1,516,350	-	-	-	-	1,516,350
Net difference between projected and actual investment earnings		2,771	-	-	-	2,771
Changes in proportion differences	2,836,695	1,023,341	-	-	-	3,860,036
Total	<u>\$10,283,454</u>	<u>\$ 1,790,386</u>	<u>\$ 740,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,814,313</u>

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. These deferred inflows represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow (revenue) until then. Deferred inflows of resources at September 30, 2017, consist of the following:

City of Venice, Florida

Notes to Financial Statements

Deferred Inflows of Resources:	Florida Retirement System		Firefighters'	Police Officers'	OPEB	Total
	FRS	HIS	Pension	Pension		
<i>Related to pensions</i>						
Changes in assumptions	\$ -	\$ 431,991	\$ -	\$ -	\$ -	\$ 431,991
Differences between actual and expected experience	91,525	10,402	234,609	-	-	336,536
Net difference between projected and actual investment earnings	409,464	-	194,703	899,562	-	1,503,729
	500,989	442,393	429,312	899,562	-	2,272,256
<i>Related to OPEB</i>						
Differences between actual and expected experience	-	-	-	-	614,411	614,411
	-	-	-	-	614,411	614,411
Total	\$ 500,989	\$ 442,393	\$ 429,312	\$ 899,562	\$ 614,411	\$ 2,886,667

h) Accounts payable

Accounts payable include trade and contract obligations due shortly after year-end. Accounts payable at September 30, 2017 also includes retainage payable of \$397,936.

i) Compensated absences and other post-employment benefits (OPEB)

It is the government'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 GWFS and proprietary FFS. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

OPEB refers to postemployment benefits other than pension benefits and includes postemployment healthcare benefits and life insurance. Like pensions, OPEB arises from an exchange of salaries and benefits for employee services rendered and constitute part of compensation for those services. These amounts are accrued when incurred in the GWFS and proprietary FFS.

j) Long-term obligations

In the GWFS and proprietary FFS, 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. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Debt issuance costs are recognized as an expense in the period incurred.

In the governmental FFS, the face amount of new debt issued and any related premium, are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs are reported as debt service expenditures in the period incurred.

City of Venice, Florida
Notes to Financial Statements

k) Net Pension Liabilities and Pension Cost

In the GWFS and proprietary FFS, net pension liabilities (NPL) represent the unfunded balance of the City's two single employer pension plans (the Firefighters' Pension Trust Fund and the Police Officers' Pension Trust Fund), *plus* the City's proportionate share of the unfunded balance of the Florida Retirement System (FRS), the cost-sharing retirement system in which the City participates. These unfunded balances are considered obligations of the employer (the City). They represent the present value of projected benefit payments attributed to services through the measurement date *less* the balance of plan investments at that date. In the case of the City's two single employer plans, the measurement date is the same as the City's year-end. In the case of the FRS, the measurement date coincides with the FRS June 30 fiscal year, three months prior to the City's year-end.

In the governmental FFS, pension cost (expenditure) is the actuarially determined required contribution to each plan. In the GWFS and the proprietary FFS, pension cost is on the full *accrual* basis, and therefore includes the current year adjustments to the NPL, as well as the current year changes in deferred outflows and inflows of resources related to pensions, discussed above. Total pension cost – all plans was \$7,549,206 for 2017.

l) Fund Balance and Net Position

In the FFS, governmental funds classify *fund balance* in a hierarchy based primarily on the extent to which constraints have been placed on the spending of the fund revenues. Fund balances are reported in governmental FFS in the following classifications:

- *Nonspendable fund balance* – Represents fund balance that is either (a) not in a spendable form (such as inventory and prepaid items) or (b) legally or contractually required to be maintained intact, such as an endowment.
- *Restricted fund balance* – Consists of amounts that can be spent only for the specific purposes stipulated by law, or by the external providers of those resources (such as grantors, bondholders), or by the City as a result of enabling legislation.
- *Committed fund balance* – Represents amounts constrained to specific purposes based on a formal action (ordinance) of the highest level of decision-making authority (the City Council). When reported as committed, the amounts will only be able to be used for a *different* purpose if the City Council removes or changes the constraint with a similar formal action (ordinance).
- *Assigned fund balance* – Amounts represent the intended use by the City Council or its designee. (To date, the City Council has not designated such by an individual or body for this purpose). To fall into this category, the purpose of the assignment must be narrower than the purpose of the fund itself. Formal action is *not* necessary to impose, modify, or remove a constraint in this category. Additionally, this category is used to reflect the appropriation of existing fund balance to eliminate a projected deficit in the subsequent years' budget. It is also used for residual balances in special revenue, debt service, and capital projects funds.

City of Venice, Florida

Notes to Financial Statements

- *Unassigned fund balance* – Represents the residual fund balance in the general fund, i.e., all amounts that have not been classified in the previous four categories. This category is also appropriate for deficit fund balances in other governmental funds, when applicable.

In the GWFS and the proprietary FFS, *net position* is displayed in three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Net investment in capital assets is the book value of capital assets reduced by the outstanding principal balance of related debt. Restricted net position represents net assets (reduced by related debt) where constraints were placed on their use that are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the remainder of net position.

The City has a Fund Balance and Reserve Policy that states that it “will strive to maintain” an unassigned fund balance in the General Fund and Building Permit Fund equivalent to three months’ operating expenditures (25%), and an unrestricted net position of four months’ operating expenses (33%) in each of the four enterprise funds. The policy requires that a replenishment plan be established when the balances fall below these targets.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance/net position are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned and finally unassigned funds as needed, unless the City Council has provided otherwise.

m) New Pronouncements

Beginning with this fiscal year 2017, the City early-implemented GASB Statement No. 75; *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, and changes the measurement and recognition of OPEB liabilities, including related deferred inflows/outflows. New note disclosures parallel the recent changes to the pension note disclosures.

Beginning with this fiscal year 2017, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*, as required. This statement requires the disclosure of certain information related to a City’s tax abatement programs.

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 entities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

City of Venice, Florida
Notes to Financial Statements

the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Certain unexpended, encumbered amounts are automatically carried over to the subsequent year, and do not require re-appropriation.

Not later than two months prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them, by fund. The Council holds public hearings to obtain taxpayer comments and a final budget must be prepared and adopted by October 1, through the passage of an ordinance.

The appropriated budget is prepared by fund, function, and department. The City Manager has the authority to make line item transfers within fund budgets. Transfers of appropriations between funds require the approval of Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City Council can amend the budget as necessary throughout the year by adopting an amending ordinance in the same manner as the original budget adoption. The Council made one supplementary budgetary appropriation during the current year.

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts) outstanding at year end, which are payable from restricted or committed resources, are included in that same category of fund balance. Encumbrances payable from assigned or unassigned resources, are classified as committed in the fund balance section of the governmental balance sheets.

Deficit Fund Balance of Individual Funds

No funds reported deficit fund balances or total net position at September 30, 2017.

NOTE C – DEPOSITS AND INVESTMENTS

Municipalities in Florida are required by Chapter 280 of the Florida statutes (the Security for Public Deposit Act), to generally limit deposits of operating funds to financial institutions which are “qualified public depositories” (QPD’s) as defined in that statute. QPD’s are required to collateralize these public deposits with federal depository insurance, eligible securities, or a surety bond having an aggregate value at least equal to the amount of the deposits. Any loss to the City on these deposits would be covered by the depository insurance, sale of the securities pledged as collateral, if necessary, and assessments against other similar QPD’s, if necessary.

City of Venice, Florida
Notes to Financial Statements

The City's investment guidelines have been defined in a written investment policy, approved by the City Council. The policy applies to the cash and investment pool, and to all funds of the City, except the pension trust funds. Following is a list of authorized investments under the policy, and portfolio concentration limits by investment type:

Authorized Investments	Maximum Concentration
Qualified intergovernmental investment pool	100%
U.S. government securities	100%
Specific U.S. government agency securities	80%
Time and savings accounts in QPD's	85%
Certain repurchase and reverse repurchase agreements	30%
Highest-rated, registered money market funds	100%
Bankers Acceptances	10%
State or local government obligations	30%

At September 30, 2017, the City had the following deposits and investments:

Investment Type	Market Value		
Pooled Cash and Investments:			
<i>Deposits</i>			
Financial Institutions	\$ 4,058,794		
Bank Money Market Accounts	19,476,990		
Certificates of Deposit	4,000,000		
Total Deposits	27,535,784		
<i>Investments</i>		Weighted Average Maturity	Hierarchy Level
Florida Surplus Asset Fund Trust:			
Florida SAFE Fund	4,091,553	25 Days	Not Applicable
Term Series Program	8,000,000	201 Days	Not Applicable
State Board of Administration - PRIME	18,242,115	52 Days	Not Applicable
U.S. government agency securities	27,793,519	1.73 Years	1
Total Investments	58,127,187		
Total Pooled Cash and Investments	85,662,971		
Other Cash and Investments:			
Petty Cash	\$ 13,150		
Financial Institutions	38,117		
Florida Surplus Asset Fund Trust:			
Florida SAFE Fund	4,092,423	25 Days	Not Applicable
Term Series Program	27,000,000	12 Days	Not Applicable
Total Other Cash and Investments	31,143,690		
Total - City	\$ 116,806,661		

City of Venice, Florida Notes to Financial Statements

Money Market accounts are held at local financial institutions, and are available for immediate withdrawal, with no restrictions.

The Florida Surplus Asset Fund Trust (the Trust) is an interlocal governmental entity created under the laws of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds. It is a stable Net Asset Value investment pool, administered by a Board of Trustees selected by its local government members, and under the supervision of an Investment Advisor (PMA Financial Network, Inc.). The Finance Director for the City is a member of the Board. The Trust includes a liquid money market-like investment, called the Florida SAFE Fund (the Fund), and one or more Term Series portfolios, as may be established from time to time, each of which has a fixed duration. The Fund is rated AAAM by Standard & Poor's.

Florida PRIME is administered by the Florida State Board of Administration (SBA) and managed by professional money managers. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating agencies, or securities of comparable quality. Florida PRIME has a Standard & Poor's rating of AAAM.

The City has no unfunded commitments to either the Trust or Florida PRIME, and is allowed daily redemptions and investments with a 1-day minimum holding period.

Following is a discussion of the various risks applicable to the City's investments (excluding the pension trust funds), and how the City responds to those risks.

Interest Rate Risk – Interest rate risk exists when changes in interest rates could adversely affect an investment's fair value. When interest rates rise, the value of fixed rate securities fall. The City manages its exposure to declines in fair market values by reducing the weighted average maturity of its investment portfolio during periods of rising interest rates. In addition, unless matched to a specific cash flow, the City does not invest in securities maturing more than five years from date of purchase. Finally, the City uses a one-year treasury bond benchmark rate to measure performance.

Credit risk – Credit quality risk results from potential default of investments that are not financially sound. The City assures the credit quality of its portfolio by investing in state-approved investment pools and U.S. government/agency securities. In addition, the investment policy requires specific ratings for investments in money market funds, bankers' acceptances, and state/local government obligations.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy generally requires independent third party custodians, and for investments to be held in the city's name.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the dollar amount of investments with a single issuer. The table above shows the maximum portfolio

City of Venice, Florida Notes to Financial Statements

concentration by investment type. With the exception of the U.S. government securities, each investment type is then further diversified by issuer.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The City’s investment policy limits investments to domestic securities.

Firefighters’ and Police Officers’ Pension Trust Funds

The Pension Boards of Trustees (the Boards) of the Firefighters’ and Police Officers’ Pension Trust Funds (the Funds) have each adopted Investment Policy Statements that are required to be followed by the professional investment managers that select the Funds’ investments. These managers select specific investments within the authorized categories and asset allocation ranges established by the Boards. Certain investments require specific Board approval.

Authorized Investments

Authorized investments for both Funds include the following:

- Equities traded on a national exchange or electronic network, but not more than 5% of Fund assets in any one company,
- Fixed income securities with at least 85% having a minimum rating of investment grade or higher as reported by a major credit rating service, but not more than 3% of Fund assets in bonds issued by any single corporation,
- Real estate investments managed by experienced and qualified professional real property investment managers,
- Money market funds or STIF options with a minimum rating of A1/P1 or equivalent, by a major credit rating service,
- Pooled funds, such as Board approved mutual funds, commingled funds, and exchange-traded funds, limited partnerships, and private equity,
- Board approved group trusts meeting the requirements of Internal Revenue Service Revenue Ruling 81-100, or successor rulings.

Investment Objectives

The general investment objective for both Funds is to obtain a reasonable rate of return commensurate with the Prudent Investor Rule and any other applicable statutes or ordinances. Specific investment performance objectives include the following:

- The performance of the various asset classes in the portfolio will be compared to specified benchmarks on three and five-year rolling averages,

City of Venice, Florida

Notes to Financial Statements

- On a relative basis, it is expected that the total portfolio will rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods, and
- On an absolute basis, the total portfolio return will equal or exceed the actuarial earnings assumption (7.0%) and provide inflation protection by meeting Consumer Price Index plus 3%.

Target Allocations

The following is the policy's target allocation and allocation range:

Asset Class	Firefighters		Police Officers	
	Target Allocation	Range	Target Allocation	Range
Domestic equity	45%	40% - 60%	50%	40% - 70%
International equity	15%	10% - 20%	15%	5% - 20%
Broad market fixed income	25%	20% - 30%	25%	20% - 40%
Global fixed income	5%	0% - 10%	-	-
Real estate	10%	0% - 15%	10%	0% - 15%
Total	100%		100%	

There are other performance objectives written into the Investment Policy Statement for each of the above categories.

Portfolio Composition

Investments are held by the Funds' custodians, trust companies having trust powers in the State of Florida. Investments in the Fund are reported at fair value. Level 2 hierarchy market values were determined by the custodians using a market approach, and matrix pricing techniques. Investment transactions are recognized on the trade date.

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City of Venice, Florida
Notes to Financial Statements

As of September 30, 2017, the Firefighters' Pension Trust Fund had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Hierarchy Level
U. S. Government & agency obligations	\$ 4,097,654	4.48	1
Mortgage-backed obligations	663,558	9.33	2
Corporate obligations	603,054	4.42	2
Total fair value	5,364,266		
Investments not subject to risk disclosures:			
Fixed income mutual funds	1,074,247		1
Domestic equities	1,798,137		1
Foreign equities	83,121		1
Domestic equity mutual funds	8,106,980		1
Real estate investment fund	2,385,187		Not Applicable
Foreign equity mutual fund	3,467,630		1
Unit investment trusts	52,439		1
Total investments	<u>\$ 22,332,007</u>		

The U.S. Government and agency obligations, and mortgage-backed obligations shown above were rated Aaa by Moody's Investor Services at September 30, 2017. The corporate obligations in the year-end portfolio were rated Aa1 to A3 by Moody's Investor Services and AA+ to BBB+ by Standard and Poor's.

The real estate investment fund has no unfunded commitments at September 30, 2017. The redemption frequency is quarterly and requires 10 days' notice. The fund is valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments.

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City of Venice, Florida
Notes to Financial Statements

At September 30, 2017, the Police Officers' Pension Trust Fund had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Hierarchy Level
U. S. Government & agency obligations	\$ 3,923,142	11.62	1
Mortgage-backed obligations	938,606	12.14	2
Corporate obligations	2,267,430	4.09	2
Total fair value	7,129,178		
Investments not subject to risk disclosures:			
Domestic equities	20,095,842		1
Foreign equities	781,582		1
Real estate investment fund	3,559,076		Not Applicable
Foreign equity mutual fund	3,905,210		1
Total investments	<u>\$ 35,470,888</u>		

The U.S. Government and agency obligations, and mortgage-backed obligations shown above were rated Aaa by Moody's Investor Services and AAA to AA+ by Standard and Poor's at September 30, 2017. The corporate obligations in the year-end portfolio were rated Aa1 to Baal by Moody's Investor Services and AA+ to BBB+ by Standard and Poor's.

The real estate investment fund has no unfunded commitments at September 30, 2017. The redemption frequency is quarterly and requires 30 days' notice. The fund is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.

Investment Risks

The Investment Policy Statements adopted by the Funds do not further address how the Funds manage interest rate risk, credit risk, custodial credit risk, concentration of credit risk, or foreign currency risk. The Funds use investment performance monitors and independent third party custodians, and require investments be held in the Funds' name. Acquisitions of foreign investments are denominated in US dollars.

NOTE D – PROPERTY TAX

Property taxes are levied on November 1 of each year on real and personal property located within the City. Property taxes are based on the assessed values determined by the Sarasota County Property Appraiser as of the prior January 1, and millage rates approved by the City Council during the annual budget process. The State of Florida permits the City to levy taxes for the general fund

City of Venice, Florida Notes to Financial Statements

of up to 10 mills annually. For the 2017 fiscal year, the City levied taxes of 3.60 mills for the general fund and an additional 0.166 mills for debt service on the 2014 general obligation bonds.

The Sarasota County Tax Collector bills and collects property taxes on behalf of the City. Taxes are due and payable upon receipt of the notice of levy, no later than March 31. Taxes become delinquent on April 1. If still unpaid on May 31, a lien is placed on the property and a related tax certificate is offered for sale at public auction. Any proceeds from the auction are remitted to the City in June.

Property tax revenues are recognized in the fiscal year they are levied. Receivables are not recorded for delinquent taxes, as the amount is not considered significant.

The property tax calendar is as follows:

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.

Property Tax Abatements

In 2010, the City established Economic development policy guidelines governing the granting of ad valorem tax exemptions to qualifying businesses.

Two businesses currently receive partial property tax exemptions under the program. For 2017, property taxes totaling \$26,812 were abated on property valued at \$8.2 million.

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City of Venice, Florida
Notes to Financial Statements

NOTE E – CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended September 30, 2017, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 13,712,811	\$ 1,869,158	\$ -	\$ 15,581,969
Construction in progress	4,034,925	2,589,946	4,446,166	2,178,705
Total capital assets not being depreciated	17,747,736	4,459,104	4,446,166	17,760,674
Other capital assets:				
Buildings	19,125,893	700,023	-	19,825,916
Other improvements	27,902,410	2,871,622	-	30,774,032
Machinery and equipment	13,256,318	1,670,982	557,118	14,370,182
Infrastructure	25,301,844	51,487	-	25,353,331
Total other capital assets - at cost	85,586,465	5,294,114	557,118	90,323,461
Less accumulated depreciation for:				
Buildings	7,568,053	533,578	-	8,101,631
Other improvements	13,999,088	1,223,974	-	15,223,062
Machinery and equipment	9,698,136	1,352,521	557,118	10,493,539
Infrastructure	13,242,432	464,289	-	13,706,721
Total accumulated depreciation	44,507,709	3,574,362	557,118	47,524,953
Governmental activities capital assets, net	\$ 58,826,492	\$ 6,178,856	\$ 4,446,166	\$ 60,559,182

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
General government	\$ 267,128
Information services	69,827
Parks and recreation	721,145
Police	372,639
Fire	442,021
Public works	1,701,602
Total governmental activities depreciation expense	<u>\$ 3,574,362</u>

City of Venice, Florida
Notes to Financial Statements

Capital asset activity for business-type activities for the year ended September 30, 2017, was as follows:

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,628,498	\$ -	\$ -	\$ 2,628,498
Construction in progress	37,678,400	5,862,803	32,951,498	10,589,705
Total capital assets not being depreciated	40,306,898	5,862,803	32,951,498	13,218,203
Other capital assets:				
Buildings	10,035,129	150,369	40,998	10,144,500
Other improvements	150,455,484	34,182,417	-	184,637,901
Machinery and equipment	15,232,602	818,076	504,539	15,546,139
Total other capital assets - at cost	175,723,215	35,150,862	545,537	210,328,540
Less accumulated depreciation for:				
Buildings	5,767,036	202,653	40,998	5,928,691
Other improvements	66,879,202	4,547,150	-	71,426,352
Machinery and equipment	11,354,256	1,868,986	504,539	12,718,703
Total accumulated depreciation	84,000,494	6,618,789	545,537	90,073,746
Business-type activities capital assets, net	\$ 132,029,619	\$ 34,394,876	\$ 32,951,498	\$ 133,472,997

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water and sewer utility	\$ 4,599,859
Solid waste	448,635
Airport	1,119,772
Storm water drainage	450,523
Total business-type activities depreciation expense	<u>\$ 6,618,789</u>

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City of Venice, Florida
Notes to Financial Statements

Commitments

Commitments for uncompleted construction projects at September 30, 2017 consist of the following:

Fund	Amounts Authorized	Expended to Date	Remaining Commitment
General	\$ 247,412	\$ 181,887	\$ 65,525
One Cent Sales Tax	919,671	831,496	88,175
Building Fund	253,760	231,340	22,420
Capital Projects - General	31,905	11,465	20,440
Capital Projects - Streets	8,170,834	922,077	7,248,757
Capital Projects - Building	440	440	-
Water and Sewer Utility	13,553,446	9,900,440	3,653,006
Airport	6,821,361	638,214	6,183,147
Storm Water Drainage	145,810	120,481	25,329
Total	<u>\$ 30,144,639</u>	<u>\$ 12,837,840</u>	<u>\$ 17,306,799</u>

The above remaining commitments have been encumbered in the City's accounting records and do not require further spending authorization. Additional amounts totaling \$125,276 in the General Fund have also been encumbered, and are reported as committed fund balance at September 30, 2017. Non-construction related encumbrances in other funds are as follows:

	Additional Encumbrances
General	\$ 125,276
One Cent Sales Tax	312,751
Building Fund	55,023
Capital Projects - General	115,075
Capital Projects - Streets	-
Capital Projects - Building	-
Water and Sewer Utility	2,073,870
Airport	346,147
Storm Water Drainage	(17,467)
Solid Waste	189,374
Employees Group Health	2,500
Fleet Replacement	292,227
Total	<u>\$ 3,494,776</u>

City of Venice, Florida
Notes to Financial Statements

NOTE F – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at September 30, 2017, is as follows:

Due to/from other funds:

Due to and due from other funds, are short-term loans usually to cover a temporary cash deficit in a fund. This may occur when a fund has made grant-related expenditures and is waiting on reimbursement, or for other reasons. There were no interfund short-term loans outstanding at September 30, 2017.

Interfund Transfers:

Transfers are used for the following purposes:

- (1) to move restricted revenues from the funds where they are deposited to the funds where they are budgeted for expenditure,
- (2) to move indirect costs (administrative charges) from the user departments to the general fund,
- (3) to move funds from user departments to the fleet services fund for the city's fleet replacement program and associated costs,
- (4) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and
- (5) to provide fund working capital.

Following is a table of interfund transfers during the year ended September 30, 2017, with the purpose noted by numerical reference to the above listing:

	Transfers In					
	General Fund	Streets Fund	Non-major Governmental Funds	Internal Service Funds	Totals	
Transfers Out:						
General Fund	\$ -	\$ -	\$ -	\$ 76,017 (3)	\$ 76,017	
Non-major Governmental Funds						
Motor Fuel Tax Fund	783,685 (1)	335,865	-		1,119,550	
One Cent Voted Sales Tax			250,000 (1)	-	250,000	
Building Permits	366,223 (2)	-	-	37,000 (3)	403,223	
Boat Registrations	13,285 (1)	-	-	-	13,285	
Parking Fines	6,576 (1)	-	-	-	6,576	
Water & Sewer Utilities Fund	1,466,342 (2)	-	-	179,520 (3)	1,645,862	
Solid Waste Fund	571,425 (2)	-	-	710,000 (3)	1,281,425	
Airport Fund	291,150 (2)	-	-	72,217 (3)	363,367	
Storm Water Drainage Fund	151,109 (2)	-	-	155,354 (3)	306,463	
Totals	<u>\$ 3,649,795</u>	<u>\$ 335,865</u>	<u>\$ 250,000</u>	<u>\$ 1,230,108</u>	<u>\$ 5,465,768</u>	

City of Venice, Florida
Notes to Financial Statements

NOTE G – LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning			Ending	Amounts
	Balance *	Additions	Reductions	Balance	Due Within
					One Year
Governmental activities:					
General obligation bonds payable	\$ 5,176,000	\$ 32,145,000	\$ 406,000	\$ 36,915,000	\$ 1,121,000
Unamortized bond premium	-	1,850,961	-	1,850,961	-
Net pension liabilities:					
FRS and HIS	14,500,388	2,206,255	-	16,706,643	-
Firefighters' Pension	18,899,451	-	1,677,720	17,221,731	-
Police Officers' Pension	7,745,232	-	2,358,969	5,386,263	-
Compensated absences	1,039,488	837,325	749,836	1,126,977	563,489
Net OPEB liability	10,138,691	-	1,067,871	9,070,820	-
Totals	<u>\$ 57,499,250</u>	<u>\$ 37,039,541</u>	<u>\$ 6,260,396</u>	<u>\$ 88,278,395</u>	<u>\$ 1,684,489</u>
Business-type activities:					
Revenue bonds	\$ 34,965,000	\$ -	\$ 905,000	\$ 34,060,000	\$ 950,000
Unamortized bond premium	1,908,641	-	91,141	1,817,500	-
Notes payable	2,837,000	1,271,771	386,000	3,722,771	496,498
Net pension liabilities:					
FRS and HIS	4,280,066	531,381	-	4,811,447	-
Compensated absences	426,633	293,536	302,012	418,157	209,079
Net OPEB liability	1,774,577	-	186,971	1,587,606	-
Totals	<u>\$ 46,191,917</u>	<u>\$ 2,096,688</u>	<u>\$ 1,871,124</u>	<u>\$ 46,417,481</u>	<u>\$ 1,655,577</u>

* With the adoption of GASB #75, the beginning net OPEB obligation was restated as the beginning net OPEB liability an increase of \$718,539.

Payments on notes payable that pertain to the City's governmental activities are made by the debt service fund. The compensated absences liability, net pension liabilities, and net OPEB obligation attributed to the governmental activities, will be liquidated by the general fund.

The City's bonds and notes payable are described further in the tables on the following pages.

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City of Venice, Florida

Notes to Financial Statements

Description of Debt

Governmental Activities:

\$6,458,000 Recreation Capital Improvement General Obligation Refunding Bond, Series 2014. Issued at par. Interest is payable semi-annually on February 1 and August 1 at 2.66%, with principal due in annual installments of \$387,000 - \$545,000 beginning February 1, 2015 through February 1, 2028. The full faith, credit and taxing power of the City are pledged for the full and prompt payment of the principal and interest on the Bonds. Purpose: construct a park, beach renourishment, community center improvements, and fishing pier.

Principal Outstanding	Unamortized Premium
\$ 4,770,000	\$ -

\$15,420,000 General Obligation Bonds (Public Safety Improvements), Series 2017. Issued at par plus a net premium of \$578,246. Interest is payable semi-annually on February 1 and August 1 at coupon rates varying from 3.0% to 5.0% (all-in true interest cost is 3.36%), with principal due in annual installments of \$130,000 - \$815,000 beginning February 1, 2018 through February 1, 2047. The full faith and credit and taxing power of the City are pledged for the full and prompt payment of the principal and interest on the Bonds. Purpose: financing the costs of certain public safety-related capital improvements.

15,420,000	578,246
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\$16,725,000 General Obligation Bonds (Transportation Improvements), Series 2017. Issued at par plus a net premium of \$1,272,715. Interest is payable semi-annually on February 1 and August 1 at coupon rates varying from 2.0% to 5.0% (all-in true interest cost is 3.19%), with principal due in annual installments of \$565,000 - \$1,170,000 beginning February 1, 2018 through February 1, 2037. The full faith and credit and taxing power of the City are pledged for the full and prompt payment of the principal and interest on the Bonds. Purpose: financing the costs of certain road and transportation-related capital improvements.

16,725,000	1,272,715
<u>\$ 36,915,000</u>	<u>\$ 1,850,961</u>

Total Governmental Activities - General Obligation Bonds

Business-Type Activities:

Revenue Bonds:

\$20,770,000 Utility System Revenue Bonds, Series 2012. Issued at par plus a net premium of \$861,381. Interest is payable semi-annually on December 1 and June 1 at coupon rates varying from 2.0% to 5.0% (all-in true interest cost is 3.37%), with principal due in annual installments of \$375,000 - \$1,135,000 beginning December 1, 2013 through December 1, 2042. The Bonds are secured by a senior lien on water and sewer revenues. Purpose: finance cost of design, permitting, acquisition, construction, and reconstruction of water and sewer capital projects, fund reserve account, and pay costs of issuance.

Principal Outstanding	Unamortized Premium
19,195,000	724,996

City of Venice, Florida
Notes to Financial Statements

Business-Type Activities:

Revenue Bonds (Concluded):

\$15,355,000 Utility System Revenue Bonds (Green Bonds) Series 2015. Issued at par plus a net premium of \$1,248,576. Interest is payable semi-annually on December 1 and June 1 at coupon rates varying from 2.0% to 5.0% (all-in true interest cost is 3.23%), with principal due in annual installments of \$490,000 - \$1,080,000 beginning December 1, 2016 through December 1, 2035. The Bonds are secured by a senior lien on water and sewer revenues on a parity with the Series 2012 Bonds (above) and the Series 2013 Note (below). Purpose: finance cost of acquisition, construction, and equipping of various capital improvements to the City's water and sewer utility system.

Total Business-Type Activities - Revenue Bonds

Principal Outstanding	Unamortized Premium
14,865,000	1,092,504
<u>\$ 34,060,000</u>	<u>\$ 1,817,500</u>

Revenue Notes:

\$4,157,000 Utility System Revenue Refunding Note, Series 2013. Issued at par. Interest and principal are payable semi-annually with interest at 1.65% and principal due in installments of \$183,000 - \$124,000 through August 15, 2023. The Note is secured by a senior lien on water and sewer revenues on a parity with the Series 2012 and 2015 Bonds (above). Purpose: Refunding of Series 2001 & Series 2002 SRF Loans, plus costs of issuance (original projects were wastewater re-use, utility upgrades and improvements.

\$ 2,451,000	\$ -
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Up to \$3,488,057 State Revolving Fund (SRF) Construction Loan #DW 580430 from State of Florida Department of Environmental Protection. Draws are permitted as eligible project costs are incurred. Repayment is in 40 equal semi-annual payments beginning August 15, 2018 through February 15, 2038. The Note is secured by a junior lien on water and sewer revenues on a parity with other SRF Loans. Purpose: Qualified drinking water supply and distribution projects. Balance represents draws to date.

945,049	-
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Up to \$979,639 State Revolving Fund (SRF) Construction Loan #WW 580440 from State of Florida Department of Environmental Protection. Draws are permitted as eligible project costs are incurred. Repayment is in 40 equal semi-annual payments beginning July 15, 2018 through January 15, 2038. The Note is secured by a junior lien on water and sewer revenues on a parity with other SRF Loans. Purpose: Qualified reclaimed water distribution projects. Balance represents draws to date.

Total Business-Type Activities - Revenue Notes

326,722	-
<u>\$ 3,722,771</u>	<u>\$ -</u>

City of Venice, Florida
Notes to Financial Statements

Debt Maturity

Debt service requirements at September 30, 2017 were as follows:

Year Ended September 30,	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2018	\$ 1,121,000	\$ 1,273,364
2019	1,279,000	1,290,673
2020	1,328,000	1,247,200
2021	1,372,000	1,199,197
2022	1,425,000	1,144,601
2023-2027	8,090,000	4,738,736
2028-2032	6,985,000	3,199,122
2033-2037	8,235,000	1,892,891
2038-2042	3,255,000	916,764
2043-2047	3,825,000	331,172
Totals	<u>\$ 36,915,000</u>	<u>\$ 17,233,720</u>

Year Ended September 30,	Business-Type Activities			
	Bonds Payable		Notes Payable *	
	Principal	Interest	Principal	Interest
2018	\$ 950,000	\$ 1,309,100	\$ 392,000	\$ 38,833
2019	990,000	1,267,725	398,000	32,340
2020	1,035,000	1,224,400	405,000	25,740
2021	1,080,000	1,173,875	412,000	19,033
2022	1,130,000	1,121,875	418,000	12,210
2023-2027	6,460,000	4,817,853	426,000	5,280
2028-2032	7,885,000	3,393,619	-	-
2033-2037	8,290,000	1,896,134	-	-
2038-2042	5,105,000	681,409	-	-
2043	1,135,000	20,572	-	-
Totals	<u>\$ 34,060,000</u>	<u>\$ 16,906,562</u>	<u>\$ 2,451,000</u>	<u>\$ 133,436</u>

* Debt service on the SRF Notes is not included because the loans are not fully drawn. When the entire loan #DW 580430 is drawn, repayments will be \$95,013 semi-annually. When the entire loan #WW 580440 is drawn, repayments will be \$24,484 semi-annually.

City of Venice, Florida

Notes to Financial Statements

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Pledged Revenues

The City has pledged future water and sewer utility net revenues toward the repayment of its water and sewer bonds and notes. Net revenues are defined in the bond/note resolutions, and include certain gross revenues, less operating costs (excluding depreciation) of the City's Water and Sewer Utility Fund. Following is information related to these pledged revenues as of September 30, 2017:

	Revenue	Total	Current Year		Percentage
	Pledged	Principal	Principal	Current Year	of Revenues
	Through	and Interest	and Interest	Net Revenues	to Principal
<u>Pledged Revenue</u>	<u></u>	<u>Outstanding</u>	<u>Paid</u>	<u></u>	<u>and Interest</u>
Water/sewer net revenues	2043	\$ 55,139,130	\$ 2,687,453	\$13,347,745	496.7%

Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

During fiscal year 2016 the City issued \$3,850,000 Florida Educational Facilities Revenue Refunding Bonds (Island Village Montessori Charter School Project), Series 2016. The principal amount payable at September 30, 2017 is \$3,608,225.

The Health Care Revenue Bonds, Series 2002B (Bon Secours Health System, Inc. – hospital bonds) were paid off in the current year. The balance at September 30, 2017 was zero.

NOTE H – EMPLOYEE RETIREMENT SYSTEMS

The City maintains two single-employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans. Each plan is accounted for as a pension trust fund in the City's financial statements, which are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are due and a formal commitment has been made by the employer. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Firefighters' and Police Officers' Pension Trust Funds issue annual financial reports that include financial statements and required supplementary information. The reports may be obtained from the City Finance Director.

City of Venice, Florida
Notes to Financial Statements

Certain employees of the City also participate in the Florida Retirement System, a multiple-employer cost-sharing, public retirement system. Required disclosures for these three retirement systems follow.

FIREFIGHTERS' PENSION PLAN

General Information about the Firefighters' Pension Plan

Plan description

The City of Venice, Municipal Firefighters' Pension Plan (the Plan), a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 175. The Plan is administered by a Board of Trustees comprised of:

- a) Two City Council appointees who are City residents,
- b) Two elected members of the City's fire department, and
- c) A fifth member elected by the other four and appointed by Council.

Eligible members of the Plan have full-time employment with the City as a firefighter. The Plan is closed to firefighters hired after September 30, 2014. Members active on September 30, 2014, were given the option of participating prospectively in the Florida Retirement System.

Following is a brief description of the changes in benefit terms and/or actuarial assumptions during the year ended September 30, 2017:

Benefit Changes:

- None

Changes in Actuarial Assumptions:

- None

Plan Membership as of October 1, 2017

Inactive Plan members or beneficiaries currently receiving benefits	42
Inactive Plan members entitled to but not yet receiving benefits	17
Active Plan members	22
Total	<u>81</u>

Benefits Provided

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

City of Venice, Florida
Notes to Financial Statements

Normal Retirement:

Eligibility: Earlier of age 55 and 10 years of credited service, or 25 years of credited service, regardless of age.

Benefit Amount: 3.50% of average final compensation times years of credited service, plus \$175 per month for members eligible for normal retirement as of October 1, 2014. The benefit accrual rate is 2.75% for credited service on and after October 1, 2014 for members not eligible for normal retirement as of that date.

Early Retirement:

Eligibility: Earlier of age 50 and 10 years of credited service, or the completion of 20 years of credited service regardless of age for members with 10 or more years of credited service as of October 1, 2014. Early retirement is not available for members with less than 10 years of credited service as of that date.

Benefit: Deferred benefit payable at normal retirement date or reduced 2% per year and payable immediately.

Disability:

Eligibility: Total and permanent as determined by the Board. Members are covered from date of employment for service-incurred disabilities and after five years of service for non-service disabilities.

Benefit: Greater of 2% times average final compensation times credited service, or 50% of average final compensation. Benefits are payable as a 100% joint and survivor annuity to spouse or children. Optional forms are available.

Pre-Retirement Death:

Eligibility: Coverage in effect from date of employment for service-incurred death and after five years of service for non-service incurred death.

Benefit: 50% of average final compensation paid to spouse until death, if service incurred, or until death or remarriage, if non-service incurred.

Minimum Benefit for Vested Members: Accrued benefit, less any spouse or surviving children benefits payable.

Cost-of-Living Adjustment:

Normal and early service retirees who retire after October 1, 1998 receive a 3.0% increase each year after retirement through age 65. For members not eligible for normal retirement as of October 1, 2014, no cost-of-living adjustments are applicable to benefits based on credited service after that date.

Vesting (Termination):

Less than 10 years of contributing service: Refund of member contributions.

City of Venice, Florida
Notes to Financial Statements

10 years or more: Accrued benefit payable at early retirement age or later if member contributions left in Plan; otherwise, refund of member contributions. Additionally, members are 100% vested for benefits accrued prior to October 1, 2014, regardless of accrued service as of that date.

Contributions

Employee: Required to contribute 7.00% of salary to the Plan.

State of Florida: 1.85% property insurance premium tax.

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

During the year ended September 30, 2017, contributions totaling \$2,740,721 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2015. The City contributed \$2,429,378, members contributed \$118,053, and the State contributed \$193,290.

Net Pension Liability of the City (Firefighter's Plan)

The measurement date for the total/net pension liability is September 30, 2017, same as the reporting date. The measurement period for pension expense was October 1, 2016 to September 30, 2017. The components of the City's net pension liability at September 30, 2017, related to the Firefighters' Plan, were as follows:

Total pension liability	\$ 40,292,294
Plan fiduciary net position	<u>(23,070,563)</u>
City's net pension liability	<u><u>\$ 17,221,731</u></u>

Plan fiduciary net position as a percentage of total pension liability	57.26%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2017, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

- Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
- Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

City of Venice, Florida

Notes to Financial Statements

Mortality Rate Disabled Lives:

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

The most recent actuarial experience study used to review the other significant assumptions was dated April 29, 2007.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. (For 2017, the inflation rate assumption of the investment advisor was 2.5%). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	25%	2.50%
Global Fixed Income	5%	3.50%
Real Estate	10%	4.50%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Venice, Florida
Notes to Financial Statements

Changes in Net Pension Liability (Firefighters' Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2016	\$39,144,607	\$ 20,245,156	\$ 18,899,451
<i>Changes for the Year:</i>			
Service cost	756,425	-	756,425
Interest	2,719,112	-	2,719,112
Change in excess State money	-	-	-
Differences between expected and actual experience	(232,436)	-	(232,436)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	2,350,314	(2,350,314)
Contributions - State	-	193,290	(193,290)
Contributions - employee	-	118,053	(118,053)
Net investment income	-	2,241,924	(2,241,924)
Benefit payments, including refunds of employee contributions	(2,095,414)	(2,095,414)	-
Administrative expense	-	(61,907)	61,907
Accrual adjustments	-	79,147	(79,147)
Net Changes	<u>1,147,687</u>	<u>2,825,407</u>	<u>(1,677,720)</u>
Balances at September 30, 2017	<u>\$40,292,294</u>	<u>\$ 23,070,563</u>	<u>\$ 17,221,731</u>

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

The following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - Firefighters' Pension	\$ 22,115,387	\$ 17,221,731	\$ 13,157,012

City of Venice, Florida
Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Firefighters' Pension Plan

For the year ended September 30, 2017 the City recognized pension expense of \$1,340,730 for the Firefighters' Plan. At September 30, 2017, the City has deferred outflows of resources and deferred inflows of resources related to the Plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (234,609)
Changes of assumptions	740,473	-
Net difference between projected and actual earnings on Plan investments	-	(194,703)
Total	<u>\$ 740,473</u>	<u>\$ (429,312)</u>

Net deferred outflows/inflows of resources shown above will be recognized in pension expense in the following years:

<u>Year ended September 30:</u>	
2018	\$ 531,223
2019	110,573
2020	(169,213)
2021	(161,422)
Total	<u>\$ 311,161</u>

POLICE OFFICERS' PENSION PLAN

General Information about the Police Officers' Pension Plan

Plan description

The City of Venice, Municipal Police Officers' Pension Plan (the Plan), a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 185. The Plan is administered by a *Board of Trustees* comprised of:

- d) Two City Council appointees who are City residents,
- e) Two elected members of the City's police department, and
- f) A fifth member elected by the other four and appointed by Council.

Eligible members of the Plan have full-time employment with the City as a sworn police officer. The Plan is closed to police officers hired after September 30, 2014. Members active on September 30, 2014, were given the option of participating prospectively in the Florida Retirement System.

City of Venice, Florida
Notes to Financial Statements

Following is a brief description of the changes in benefit terms and/or actuarial assumptions during the year ended September 30, 2017:

Benefit Changes:

- None

Changes in Actuarial Assumptions:

- None

Plan Membership as of October 1, 2017

Inactive Plan members or beneficiaries currently receiving benefits	57
Inactive Plan members entitled to but not yet receiving benefits	32
Active Plan members	<u>6</u>
Total	<u><u>95</u></u>

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of age 52 and 10 years of credited service, or 25 years of credited service, regardless of age.

Benefit Amount: 3.50% of average final compensation times credited service through September 30, 2014, plus 2.75% of average final compensation for credited service on and after October 1, 2014, plus \$175 per month supplement. Members eligible for normal retirement as of October 1, 2014 will continue to accrue benefits under Plan provisions in effect prior to Ordinance No. 2014-23.

Early Retirement:

Eligibility: 20 years of credited service, regardless of age. There is no early retirement option for members with less than 10 years of credited service as of October 1, 2014.

Benefit: Accrued benefit, reduced 2% per year preceding normal retirement date.

Disability:

Eligibility: Total and permanent as determined by the Board.

Service Incurred: Covered from date of employment.

Non-Service Incurred: Covered after 5 years of credited service.

City of Venice, Florida
Notes to Financial Statements

Benefit: 62.5% (service incurred), or 50% (non-service incurred) of salary (base hourly pay, plus shift differential plus incentive pay) at time of disability plus \$175 per month. Benefits are paid as a 100% joint and survivor annuity.

Pre-Retirement Death Benefits:

Service Incurred: Covered from date of employment. 62.5% of earnings paid to spouse until death, or if no spouse, in equal shares to dependent children.

Non-Service Incurred: Eligible after 5 years of credited service. 50% of earnings paid to spouse until death or remarriage, or if no spouse, in equal shares to dependent children.

Vesting (Termination):

Members are 100% vested for benefits accrued prior to October 1, 2014.

Contributions

Employee: Required to contribute 7.00% of their salary to the Plan.

State of Florida: 0.85% casualty insurance premium tax.

City of Venice: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total salary of the members.

During the year ended September 30, 2017, contributions totaling \$1,588,491 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2015. The City contributed \$1,337,865, members contributed \$35,922, and the State contributed \$214,704.

Net Pension Liability of the City (Police Officers' Plan)

The measurement date for the total/net pension liability is September 30, 2017, same as the reporting date. The measurement period for pension expense was October 1, 2016 to September 30, 2017. The components of the City's net pension liability at September 30, 2017, related to the Police Officers' Plan, were as follows:

Total pension liability	\$ 41,566,874
Plan fiduciary net position	<u>(36,180,611)</u>
City's net pension liability	<u><u>\$ 5,386,263</u></u>

Plan fiduciary net position as a percentage of total pension liability	87.04%
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City of Venice, Florida

Notes to Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2017, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	5.50% - 10.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Lives:

- Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
- Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

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

The most recent actuarial experience study used to review the other significant assumptions was dated December 9, 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. (For 2017, the inflation rate assumption of the investment advisor was 2.5%). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	25%	2.50%
Real Estate	10%	4.50%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made

City of Venice, Florida
Notes to Financial Statements

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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Police Officers' Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2016	\$40,533,065	\$ 32,787,833	\$ 7,745,232
<i>Changes for the Year:</i>			
Service cost	196,691	-	196,691
Interest	2,766,512	-	2,766,512
Change in excess State money	-	-	-
Differences between expected and actual experience	486,909	-	486,909
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	1,337,865	(1,337,865)
Contributions - State	-	214,704	(214,704)
Contributions - employee	-	35,922	(35,922)
Net investment income	-	4,303,140	(4,303,140)
Benefit payments, including refunds of employee contributions	(2,416,303)	(2,416,303)	-
Administrative expense	-	(60,469)	60,469
Accrual adjustments	-	(22,081)	22,081
Net Changes	1,033,809	3,392,778	(2,358,969)
Balances at September 30, 2017	\$41,566,874	\$ 36,180,611	\$ 5,386,263

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

The following table presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - Police Officers' Pension	\$ 10,003,997	\$ 5,386,263	\$ 1,558,066

City of Venice, Florida
Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Police Officers' Pension Plan

For the year ended September 30, 2017 the City recognized pension expense of \$2,078,442. At September 30, 2017 the City has deferred outflows of resources and deferred inflows of resources related to the Plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	-	(899,562)
Total	<u>\$ -</u>	<u>\$ (899,562)</u>

Net deferred outflows/inflows of resources shown above will be recognized in pension expense in the following years:

<u>Year ended September 30:</u>	
2017	\$ (35,695)
2018	170,442
2019	(626,184)
2020	(408,125)
Total	<u><u>\$ (899,562)</u></u>

Effective October 1, 2014, the City elected to join the Florida Retirement System for new firefighters and police officers. Consequently, the City closed both the Municipal Firefighters' Pension Trust Fund and the Municipal Police Officers' Pension Trust Fund to new members effective October 1, 2014, and all firefighters and police officers hired on or after October 1, 2014, shall become members of the Florida Retirement System (FRS) in accordance with applicable state law and rules of the Florida Division of Retirement.

FLORIDA RETIREMENT SYSTEM

The Florida Retirement System (FRS) is a single retirement system with two cost-sharing multiple-employer defined benefit pension plans, a defined contribution plan, and other non-integrated programs.

The FRS Pension Plan was created in Chapter 121, Florida Statutes, effective December 1, 1970, to provide a defined benefit pension plan for participating public employees. The Department of

City of Venice, Florida Notes to Financial Statements

Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration invests the assets held in trust. The FRS Pension Plan was amended in 1998 to add the Deferred Retirement Option Program (DROP). It was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002 (the Investment Plan).

The Retiree Health Insurance Subsidy (HIS) Program was established under Section 112.363, Florida Statutes, to provide a defined benefit plan to assist retired members in paying the costs of health insurance. The Department of Management Services, Division of Retirement administers the HIS Program.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website at <http://www.dms.myflorida.com>.

For the year ended September 30, 2017, the City recorded pension contributions of \$1,768,954 (all three plans). Following are required disclosures for each of the three FRS Plans in which the City participates.

The FRS Pension Plan

Membership

All full-time City employees who do not participate in either the City's Firefighter's Pension Plan or Police Officer's Pension Plan, are eligible to participate in the FRS Pension Plan (the Plan).

The general classes of membership applicable to the City are as follows:

- *Regular Class* – Members of the Plan who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Elected Officers Class (EOC)* – Elected City Council members.
- *Special Risk Class* – Members who are employed as law enforcement, fire/rescue and others who meet the criteria to qualify for this class.

Members enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service. Members initially enrolled on or after July 1, 2011, vest at eight years of creditable service.

Members are eligible for normal retirement when they have met the requirements listed below.

- *Regular Class, Senior Management Services Class, and Elected Officers' Class members* – For members initially enrolled in the Plan before July 1, 2011, six or more years of creditable service and age 62, *or* the age after completing six years of creditable service if after age 62, *or* thirty years of creditable service regardless of age.

City of Venice, Florida
Notes to Financial Statements

For members initially enrolled in the Plan on or after July 1, 2011, eight or more years of creditable service and age 65, *or* the age after completing eight years of creditable service if after age 65, *or* thirty-three years of creditable service regardless of age.

- *Special Risk Class* – For members enrolled in the Plan before July 1, 2011, six or more years of special risk class service and age 55, *or* the age after completing six years of special risk class service if after age 55, *or* twenty-five years of special risk class service regardless of age, *or* a total of 25 years of service including special risk class service and up to four years of active duty wartime service and age 52.

For members initially enrolled in the Plan on or after July 1, 2011, eight or more years of special risk class service and age 60, *or* the age after completing eight years of special risk class service if after age 60, *or* thirty years of special risk class service regardless of age.

Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

The DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement, subject to provisions of Section 121.091, Florida Statutes. The DROP allows the member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund and accrue interest. Upon termination, the DROP account is paid out as a lump sum payment, a rollover, or a combination of a lump sum payment and rollover.

Benefits Provided

The Florida Legislature establishes and amends the benefit terms of the Plan. Benefits are computed based on age and/or years of service, average final compensation, and service credit. Credit for years 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The following chart gives the percentage value for each year of credited service earned:

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City of Venice, Florida
Notes to Financial Statements

	<u>% Value (per year of service)</u>
<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 Officers Class</i>	3.00%
<i>Senior Management Service Class</i>	2.00%
<i>Special Risk Class</i>	
Service from December 1, 1970 through September 30, 1974	2.00%
Service on and after October 1, 1974	3.00%

The benefits received by retirees and beneficiaries are increased by cost-of-living adjustment (COLA) each July. The COLA for retirements or DROP participation effective before August 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, is the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011 will not have a COLA after retirement.

Certain members are eligible for in-line-of duty or regular disability and survivors' benefits.

Contributions

The Florida Legislature establishes and amends the contribution requirements of the Plan. Effective July 1, 2011, both employees and employers of the Plan are required to contribute to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. The uniform rates for the City's fiscal year 2017 were as follows:

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City of Venice, Florida
Notes to Financial Statements

Class	Year Ended June 30, 2017		Year Ended June 30, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer (1)	Employee	Employer (1)
Regular Class	3.00	5.80	3.00	6.20
Elected Officers Class	3.00	40.75	3.00	43.78
Senior Management Service Class	3.00	20.05	3.00	20.99
Special Risk Class	3.00	20.85	3.00	21.55
DROP - Applicable to				
Members from All of the Above Classes	0.00	11.33	0.00	11.60
Reemployed Retiree	(2)	(2)	(2)	(2)
Investment Plan Members	0.00	2.83	0.00	3.30

Notes: (1) These rates include the normal cost and unfunded actuarial liability contributions, but do not include contributions to the HIS Plan, or the fee of 0.06% for administration of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which the member is re-employed.

The City's contributions to the FRS Pension Plan totaled \$1,454,335 for the fiscal year ended September 30, 2017. Employee contributions totaled \$380,510 for the same period, for a total contribution amount of \$1,834,845.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the FRS Pension Plan

At September 30, 2017, the City reported a liability of \$16,522,306 for its proportionate share of the FRS Pension Plan's net pension liability (the net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits). The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportionate share of the net pension liability was based on the City's 2017 contributions relative to the 2017 contributions of all participating members (based on the June 30 Plan year). At June 30, 2017, the City's proportionate share was .0559% which was an increase of .0019 percentage points from its proportionate share of .0540% measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$3,533,362 related to the Plan. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

City of Venice, Florida
Notes to Financial Statements

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$ 377,748	\$ -
Changes in assumptions	5,552,661	-
Differences between actual and expected experience	1,516,350	91,525
Net difference between projected and actual investment earnings	-	409,464
Changes in proportion differences	2,836,695	-
Total	<u>\$ 10,283,454</u>	<u>\$ 500,989</u>

The deferred outflows of resources related to the Plan totaling \$377,748 as shown above, result from City contributions to the Plan subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. The other deferred outflows of resources and deferred inflows of resources shown above will be recognized in pension expense as follows:

Year Ended September 30:	
2018	\$ 1,479,952
2019	2,901,286
2020	2,215,877
2021	927,383
2022	1,387,721
Thereafter	492,498
Total	<u>\$ 9,404,717</u>

Actuarial Assumptions

The FRS Pension Plan has an actuarial valuation performed annually. The total pension liability was determined by the Plan's actuary using the individual entry age actuarial cost method, and reported in the Plan's GASB 67 valuation as of June 30, 2017. The fiduciary net position used by the actuary to determine the net pension liability was determined on the same basis used by the Plan. Update procedures were not used. Actuarial assumptions in the June 30, 2017 valuation included the following:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.10% net of pension plan investment expense, including inflation

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

City of Venice, Florida

Notes to Financial Statements

The actuarial assumptions were based on an experience study completed in 2014 for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return assumption of 7.10% consists of two building block components: 1) a real (in excess of inflation) return of 4.50%, developed using capital market assumptions, and consistent with the current Florida State Board of Administration's investment policy, and 2) a long-term average inflation assumption of 2.60% as adopted in October 2017 by the FRS Actuarial Assumption Conference.

The table below contains a summary of the actuary's assumptions for each of the asset classes in which the Plan was invested at that time based on the long-term target. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The prior year discount rate was 7.60%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the actuarially determined contributions are contributed each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return on Plan investments.

City of Venice, Florida

Notes to Financial Statements

Sensitivity of the City's Proportionate Share of the Net Pension 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 7.10%, 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 (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City's proportionate share of the FRS net pension liability	\$ 29,904,376	\$ 16,522,306	\$ 5,412,122

The Retiree Health Insurance Subsidy (HIS) Program

Membership

The HIS subsidy is provided to most retired employees and beneficiaries entitled to receive benefits under a retirement system administered by the State of Florida. The retiree must apply for and provide certification of health insurance coverage to be eligible for the subsidy.

Benefits Provided

The Florida Legislature establishes and amends the benefit terms of the HIS Program (the Program). The benefits are described in Section 112.363 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit of \$5 per month per year of service, with a minimum benefit of \$30 per month and a maximum benefit of \$150 per month. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislation may reduce or cancel HIS payments.

Contributions

The Florida Legislature establishes and amends the contribution requirements of the Program. The Program is funded by required contributions from FRS participating employers as set annually by the Florida Legislature. Presently, HIS can be viewed as effectively using a "pay-as-you-go" funding structure. Employer contributions are a percentage of gross compensation. For the Program's fiscal years ended June 30, 2018 and 2017, the contribution rate was 1.66% of payroll as defined in Section 112.63, Florida Statutes. There are no employee contributions required.

The City's contributions to the HIS Program totaled \$248,070 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Program

At September 30, 2017, the City reported a liability of \$4,995,784 for its proportionate share of the HIS Program net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an

City of Venice, Florida
Notes to Financial Statements

actuarial valuation as of June 30, 2017. The City's proportionate share of the net pension liability was based on the City's 2017 contributions relative to the 2017 contributions of all participating members (based on the June 30 Program year). At June 30, 2017, the City's proportionate share was .0446%, which was an increase .0004 percentage points from its proportionate share of .0442% measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$596,672 related to the Program. At September 30, 2017, 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
Employer contributions subsequent to measurement date	\$ 62,038	\$ -
Changes in assumptions	702,236	431,991
Differences between actual and expected experience	-	10,402
Net difference between projected and actual investment earnings	2,771	-
Changes in proportion differences	1,023,341	-
Total	<u><u>\$ 1,790,386</u></u>	<u><u>\$ 442,393</u></u>

The deferred outflows of resources related to the Program totaling \$62,038 as shown above, result from City contributions to the Program subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. The other deferred outflows of resources and deferred inflows of resources shown above will be recognized in pension expense as follows:

<u>Year Ended September 30:</u>	
2017	\$ 265,984
2018	265,460
2019	265,208
2020	244,912
2021	187,286
Thereafter	57,105
Total	<u><u>\$ 1,285,955</u></u>

City of Venice, Florida

Notes to Financial Statements

Actuarial Assumptions

The HIS Program has an actuarial valuation performed biennially. The HIS valuation was prepared as of July 1, 2016, and update procedures were used to determine the total pension liability as of June 30, 2017. The fiduciary net position used by the actuary to determine the net pension liability was determined on the same basis used by the Program. Actuarial assumptions in the July 1, 2016 valuation included the following:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Municipal Bond Rate	3.58% net of pension plan investment expense, including inflation

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, no experience study has been completed for the Program. 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 3.58%. The prior year discount rate was 2.85%. Because the HIS Program is essentially funded on a pay-as-you-go funding structure, a municipal bond rate was used to determine the total pension liability for the Program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted for this purpose.

Sensitivity of the City's Proportionate Share of the Net Pension 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 3.58%, 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 (2.58%) or one percentage point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
City's proportionate share of the HIS net pension liability	\$ 5,700,852	\$ 4,995,784	\$ 4,408,502

City of Venice, Florida
Notes to Financial Statements

The FRS Investment Plan

The FRS Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

Membership

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the FRS Investment Plan (Investment Plan) in lieu of the FRS Pension Plan. City employees already participating in DROP are not eligible to participate in the Investment Plan.

Benefits

Retirement benefits are based upon the value of the member's account upon retirement. Employee and employer contributions are directed to individual accounts, and the individual members allocate contributions and account balances among various approved investment choices. The ultimate benefit depends in part on the performance of invested funds.

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 FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS 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 their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

After termination and applying to receive benefits, the members 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 FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

The Florida Legislature establishes and amends the contribution requirements of the Investment Plan. Participating employers pay identical membership class rates (e.g., regular class, special risk class, etc.) on behalf of an Investment Plan participant that they would otherwise pay for a participant in the FRS Pension Plan (see FRS Pension Plan contributions above). However, portions of these contributions are transferred to the FRS Pension Plan (to fund the unfunded actuarial accrued liability), and for other purposes. The amounts deposited to member accounts are set forth in Section 121.71, Florida Statutes, and were as follows:

City of Venice, Florida
Notes to Financial Statements

Class	Year Ended June 30, 2017		Year Ended June 30, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
Regular Class	3.00	3.30	3.00	3.30
Elected Officers Class	3.00	8.34	3.00	8.34
Senior Management Service Class	3.00	4.67	3.00	4.67
Special Risk Class	3.00	11.00	3.00	11.00

Other

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, 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.

NOTE I - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City administers a single-employer defined benefit healthcare plan (the “OPEB Plan”) available to retirees and their spouse/dependents. To be eligible for participation in the OPEB Plan, the employee must:

- 1) Retire under the Florida Retirement System, the City of Venice, Municipal Police Officers’ Pension Plan or the Municipal Firefighters’ Pension Plan, and
- 2) Attain the minimum service requirements under the OPEB Plan, and
- 3) Elect to continue medical coverage by paying the applicable monthly premium.

The City does not issue a stand-alone financial report on the OPEB Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of October 1, 2016, the latest actuarial valuation date:

Retirees and beneficiaries	
currently receiving benefits	219
Active employees	260
Total	<u>479</u>

City of Venice, Florida
Notes to Financial Statements

Benefits Provided

Participants in the City's OPEB Plan become participants in the City's group health self-insurance program, and receive the healthcare benefits of that program for themselves and their dependents. (Pursuant to Section 112.0801, Florida Statutes, the City is required to offer participation in such a program at a cost to the retiree that is no greater than the cost at which coverage is available to active City employees i.e., the average blended cost. In other words, the premium payments to the group health self-insurance program cannot be *age-adjusted*, and there is therefore an *implicit subsidy* of retirees by the City and its active employees.) As an alternative, the City also offers retirees or their spouse/dependents the option to purchase a reduced level of coverage under a Medicare supplement plan.

Contributions

Contributions to the OPEB Plan are shared by the retiree and the City. OPEB Plan participants who retire on or after January 1, 2016, must reimburse the City for the City's average blended cost (the City provides the implicit subsidy). OPEB Plan participants who retired prior to January 1, 2016, may continue coverage under the OPEB Plan at 50% of the average blended cost (the City pays the other 50%, plus the implicit subsidy). The monthly average blended costs of the various options for calendar year 2017 were \$644 for individual coverage, \$1,287 for individual plus one, \$1,995 for family coverage, and \$298 for the Medicare supplement plan.

Total OPEB Liability of the City

The measurement date for the City's total/net OPEB liability is September 30, 2017, same as the reporting date. The measurement period for OPEB cost was October 1, 2016 to September 30, 2017. The components of the City's net OPEB liability at September 30, 2017, are as follows:

Total OPEB liability	\$ 10,658,426
OPEB Plan fiduciary net position	-
City's net OPEB liability	<u><u>\$ 10,658,426</u></u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	0.00%

Actuarial Assumptions

The total OPEB liability at September 30, 2017 was based on a roll-forward of the actuarial valuation dated October 1, 2016, using the following actuarial assumptions:

Inflation	2.50% per annum
Discount Rate	3.63% Bond Buyer's 20-Bond GO Index (September 2017)
Healthcare cost trend rates	4.50% per annum (including inflation of 2.5%)

Mortality rates for police officers and firefighters were based on the Group Annuity 1983 Mortality Table. Mortality rates for other employees were based on the PPA Mortality Table (Group Annuity 2000 Mortality Table projected to 2016 using Projection Scale AA).

City of Venice, Florida
Notes to Financial Statements

An experience study was not done, as it was not considered necessary to support the actuarial results.

Discount Rate

The discount rate used to measure the total OPEB liability at September 30, 2017 was 3.63%. The discount rate used to measure the total OPEB liability at September 30, 2016 was 3.06%. Because the City's OPEB costs are essentially funded on a pay-as-you-go funding structure, a municipal bond rate was used to determine the total pension liability for the Program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted for this purpose.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at September 30, 2016	\$ 11,913,268
<i>Changes for the Year:</i>	
Service cost	6,868
Interest	364,756
Differences between expected and actual experience	(614,411)
Benefit payments	<u>(1,012,055)</u>
Net Changes	<u>(1,254,842)</u>
Balances at September 30, 2017	<u><u>\$ 10,658,426</u></u>

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability, calculated using the discount rate of 3.63%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.63%) or one percentage-point higher (4.63%) than the current discount rate:

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Total OPEB liability	\$ 11,777,432	\$ 10,658,426	\$ 9,710,121

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (3.50%) or one percentage-point higher (5.50%) than the current discount rate:

City of Venice, Florida
Notes to Financial Statements

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$ 9,656,158	\$ 10,658,426	\$ 11,817,644

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2017 the City recognized negative OPEB expense of \$640,431. At September 30, 2017, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (614,411)
Total	<u>\$ -</u>	<u>\$ (614,411)</u>

Deferred inflows of resources shown above will be recognized in OPEB expense in the following years:

<u>Year Ended September 30:</u>	
2018	\$ (122,882)
2019	(122,882)
2020	(122,882)
2021	(122,882)
2022	(122,883)
Total	<u>\$ (614,411)</u>

NOTE J – 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 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.

City of Venice, Florida
Notes to Financial Statements

NOTE K – SELF-INSURANCE INTERNAL SERVICE FUNDS

The City maintains a self-insurance program with regard to medical benefits for employees, with optional coverage for retirees and dependents. The City, retirees, and employees share the cost of the program. The employee's contribution is a three-tier rate structure based on the employee's base salary and whether dependents are included. Employees who retire on or after January 1, 2016, can elect to continue coverage in retirement, but must reimburse the City monthly for the full average blended cost. Employees who retired prior to January 1, 2016, and continue coverage under the program, are only required to reimburse the City for 50% of the average blended cost. Commercial insurance covers individual claims in excess of \$85,000 annually.

The City also maintains a self-insurance program with regard to workers' compensation risks. The City carries commercial coverage for property losses, general liability, and other risks.

These programs are also accounted for in internal service funds. Revenues of the internal service funds consist of inter-departmental billings, and contributions from employees and retirees, where applicable. Expenses of the fund include claims payments, insurance, and administrative costs.

The medical benefits and workers' compensation programs are reviewed annually by actuaries to determine both the liability for accrued claims at year-end, and the basis for premiums for the upcoming year. There have been no significant reductions in insurance coverage during the current fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the two prior years.

The activity in the accrued claims liability in the City's two self-insurance funds is shown in the following table:

	Employees' Group Health & Life Insurance Program	Workers' Compensation Self-Insurance Program
Liability balance, September 30, 2015	\$ 253,000	\$ 448,000
Claims and changes in estimate	4,835,748	308,119
Claims payments	(4,827,708)	(340,119)
Liability balance, September 30, 2016	261,040	416,000
Claims and changes in estimate	4,027,349	458,550
Claims payments	(4,070,331)	(334,550)
Liability balance, September 30, 2017	<u>\$ 218,058</u>	<u>\$ 540,000</u>

City of Venice, Florida
Notes to Financial Statements

NOTE L – CHANGE IN ACCOUNTING PRINCIPLE AND ADJUSTMENT TO BEGINNING NET POSITION

In the current year, the City early-implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, requiring an adjustment to beginning net position. Where the City reported the “net OPEB obligation” on its statements of net position in prior years, the City now reports the “total OPEB liability (as calculated under the provisions of GASB No. 75) and related deferred inflows and outflows (if applicable).

Below is a summary of the adjustments to beginning net position:

	Entitywide		
	Governmental	Business-type	Total
	Activities	Activities	
Net position, September 30, 2016 as previously reported	\$ 44,499,554	\$ 133,175,673	\$ 177,675,227
Cumulative effect of application of GASB 75	(1,214,280)	1,932,819	718,539
Net position, September 30, 2016 as restated	<u>\$ 43,285,274</u>	<u>\$ 135,108,492</u>	<u>\$ 178,393,766</u>

	Enterprise Funds				
	Water and Sewer Utility	Solid Waste	Airport	Storm Water Drainage	Total
Net position, September 30, 2016 as previously reported	\$ 88,454,222	\$ 3,108,294	\$ 32,415,516	\$ 9,197,641	\$ 133,175,673
Cumulative effect of application of GASB 75	1,234,253	531,443	181,224	(14,101)	1,932,819
Net position, September 30, 2016 as restated	<u>\$ 89,688,475</u>	<u>\$ 3,639,737</u>	<u>\$ 32,596,740</u>	<u>\$ 9,183,540</u>	<u>\$ 135,108,492</u>

NOTE M – 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 government expects such amounts, if any, to be immaterial.

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

City of Venice, Florida
Notes to Financial Statements

However, the following is a pending lawsuit that has the potential for an adverse effect on the City's finances:

City of Venice v. Neal Communities of SW FL, L.L.C., et al., Sarasota Circuit Court

On July 14, 2017, the City filed a complaint for declaratory and injunctive relief seeking to confirm obligations and commitments made in various pre-annexation agreements executed years ago. Certain property owners in the annexed areas have sought to repudiate those obligations and have filed a counterclaim for reimbursement of fees paid, interest, and legal fees. The related amounts collected by the City over the past five years from all property owners total \$1,482,243. The City intends to continue to vigorously pursue its requested relief as well as vigorously defend against the counterclaim.



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REQUIRED SUPPLEMENTARY INFORMATION



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Municipal Firefighters' Pension Trust Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Total Pension Liability					
Service Cost	\$ 756,425	\$ 702,057	\$ 1,139,410	\$ 672,304	\$ 623,948
Interest	2,719,112	2,661,396	2,653,780	2,581,984	2,487,337
Change in excess State money	-	(155,521)	-	8,861	-
Changes of benefit terms (1)	-	-	(797,774)	-	-
Difference between expected and actual experience	(232,436)	(1,795,453)	(473,564)	-	-
Changes of assumptions (2)	-	1,320,858	2,961,891	-	-
Benefit payments, including refunds	(2,095,414)	(2,141,983)	(1,991,123)	(2,003,310)	(1,873,445)
Net change in total pension liability	1,147,687	591,354	3,492,620	1,259,839	1,237,840
Total pension liability, beginning	39,144,607	38,553,253	35,060,633	33,800,794	32,562,954
Total pension liability, ending (a)	<u>\$ 40,292,294</u>	<u>\$ 39,144,607</u>	<u>\$ 38,553,253</u>	<u>\$ 35,060,633</u>	<u>\$ 33,800,794</u>
Plan Fiduciary Net Position					
Contributions - City	\$ 2,350,314	\$ 3,047,697	\$ 756,197	\$ 1,674,244	\$ 1,451,786
Contributions - State	193,290	246,276	272,353	304,802	270,222
Contributions - employee	118,053	114,049	116,523	269,968	269,835
Net investment income	2,241,924	1,321,617	9,360	1,727,970	1,723,100
Benefit payments, including refunds	(2,095,414)	(2,141,983)	(1,991,123)	(2,003,310)	(1,873,445)
Administrative expense	(61,907)	(66,382)	(67,814)	(42,307)	(42,357)
Accrual adjustments	79,147	17,224	5,671	7,631	(3,181)
Net change in Plan fiduciary net position	2,825,407	2,538,498	(898,833)	1,938,998	1,795,960
Plan fiduciary net position, beginning	20,245,156	17,706,658	18,605,491	16,666,493	14,870,533
Plan fiduciary net position, ending (b)	<u>\$ 23,070,563</u>	<u>\$ 20,245,156</u>	<u>\$ 17,706,658</u>	<u>\$ 18,605,491</u>	<u>\$ 16,666,493</u>
Net pension liability (actuary), ending (a) - (b)	<u>\$ 17,221,731</u>	<u>\$ 18,899,451</u>	<u>\$ 20,846,595</u>	<u>\$ 16,455,142</u>	<u>\$ 17,134,301</u>
Plan fiduciary net position as a percentage of the total pension liability	57.26%	51.72%	45.93%	53.07%	49.31%
Covered employee payroll	\$ 1,686,471	\$ 1,629,271	\$ 1,710,697	\$ 2,768,905	\$ 2,767,537
Net pension liability (actuary) as a percentage of covered employee payroll	1021.17%	1159.99%	1218.60%	594.28%	619.12%

Notes to Schedule:

(1) *Changes of benefit terms:*

- For year ending September 30, 2015, amounts reported as changes of benefit terms were resulted from Ordinance 2014-22, adopted and effective August 26, 2014, which amended certain Plan provisions for current Firefighters, in addition to the closure of the Plan to Firefighters hired after September 30, 2014. Details of the impact of these changes are set forth in the Actuary's August 18, 2014 Actuarial Impact Statement. Furthermore as outlined in the Actuary December 7, 2015 Actuarial Impact Statement the below changes were included as well:

- 100% vesting for benefits accrued prior to October 1, 2014.

- A salary definition using base pay, effective October 1, 2014 for members not eligible for normal retirement as of that date. This definition is applicable only for service after October 1, 2014. Notwithstanding the foregoing, effective October 1, 2014, sick or vacation time which is accrued, but for which a member has not been paid prior to October 1, 2014, shall not be considered in determining the value of any future retirement benefit, including the calculation of any frozen benefit.

(2) *Changes of assumptions:*

- For year ending September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. Also, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

- For year ending September, 30 2015, amounts reported as changes of assumptions were resulted from a reduction in the investment return assumption from 7.75% to 7.00%. Plus a change in funding method from percent of payroll to dollar funding. In addition, the load assumption for the projected salary at retirement to account for lump sum accrued sick and vacation leave payouts was modified from a fixed 0% per individual to an amount equal to their individual accrual, as provided by the City. The load assumption will be subject to further modification based on future experience. Subsequent changes will be reflected in future actuarial valuations.

Other items:

This information is required for ten years. However, only five years of information is available.

Municipal Firefighters' Pension Trust Fund
Schedule of Contributions
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 2,596,590	\$ 3,022,244	\$ 1,184,071	\$ 1,960,108	\$ 1,692,902
Less excess State monies available as a "prepaid"	-	-	(155,521)	-	-
Contributions in relation to the Actuarially determined contribution	2,543,604	3,293,973	1,028,550	1,960,108	1,692,902
Contribution deficiency (excess)	\$ 52,986	\$ (271,729)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,686,471	\$ 1,629,271	\$ 1,710,697	\$ 2,768,905	\$ 2,767,537
Contributions as a percentage of covered employee payroll	150.82%	202.17%	60.12%	70.79%	61.17%

Notes to Schedule

Latest Valuation date: October 1, 2015

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

Methods & assumptions used to determine contribution rates:

Funding method: Entry Age Normal actuarial cost method.
Amortization method: Level percentage of pay, closed.
Remining amortization period: 29 years (as of October 1, 2015).
Mortality: RP2000 Combined Healthy without projection, sex distinct. Disabled lives are set forward five years.

(The mortality assumption will change in the October 1, 2016 valuation for 2018 contributions)

Interest rate: 7.0% per year compounded annually, net of investment related expenses
Retirement age: Earlier of age 55 and 10 years of service or 25 years of service regardless of age. Also, any member who reaches normal retirement is assumed to continue employment for one additional year.

Early retirement: Commencing with eligibility for early retirement age (earlier of age 50 with 10 years of service or 20 years of service regardless of age), members are assumed to retire with an immediate subsidized benefit at the rate of 15% per year. There is no early retirement assumption for members with less than 10 years of credited service as of October 1, 2014.

Payroll growth: None.

Cost-of-living adjustment: 3% per year from retirement to age 65. Benefits on credited service after September 30, 2014 are not subject to the COLA.

Asset valuation method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric four-year average market value return (net of fees).

Salary increases: Service based as shown below. Projected salary at retirement is increased based on individual accruals to account for nonregular compensation.

Years of Service	% Increase in Salary
Less than 10	10.00%
10-15	6.50%
15-20	5.50%
20 and greater	5.00%

* While ten years is presented in this schedule, as required, the disclosures in the Notes to Schedule only cover the last four years. Information for the other years is unavailable.

Fiscal Year				
2012	2011	2010	2009	2008
\$ 1,550,520	\$ 1,617,566	\$ 1,249,740	\$ 1,079,189	\$ 1,021,258
-	-	-	-	-
1,584,901	1,617,566	1,249,740	1,079,189	1,117,011
<u>\$ (34,381)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,753)</u>
\$ 2,663,341	\$ 2,948,616	\$ 3,124,463	\$ 3,016,684	\$ 2,848,256
59.51%	54.86%	40.00%	35.77%	39.22%

City of Venice, Florida
Required Supplementary Information

Municipal Firefighters' Pension Trust Fund
Schedule of Investment Returns
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Annual money-weighted rate of return net of investment expense	11.00%	7.29%	0.05%	10.38%	11.54%

Notes to Schedule:

This information is required for ten years. However, only five years of information is available.

Police Officers' Pension Trust Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Fiscal Year			
	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 196,691	\$ 203,840	\$ 597,047	\$ 560,060
Interest	2,766,512	2,751,065	2,850,130	2,760,145
Changes of benefit terms (1)	-	-	174,206	(1,837,786)
Difference between expected and actual experience	486,909	(1,512,423)	(638,090)	-
Changes of assumptions (2)	-	1,343,437	3,277,827	-
Contributions - buy back	-	-	-	17,465
Benefit payments, including refunds of employee contribution	(2,416,303)	(2,699,899)	(2,240,847)	(2,578,773)
Net change in total pension liability	1,033,809	86,020	4,020,273	(1,078,889)
Total pension liability, beginning	40,533,065	40,447,045	36,426,772	37,505,661
Total pension liability, ending (a)	<u>\$ 41,566,874</u>	<u>\$ 40,533,065</u>	<u>\$ 40,447,045</u>	<u>\$ 36,426,772</u>
Plan Fiduciary Net Position				
Contributions - City	\$ 1,337,865	\$ 2,108,231	\$ 1,753,275	\$ 1,651,993
Contributions - State	214,704	207,731	189,276	178,617
Contributions - employee	35,922	38,297	40,508	205,801
Contributions - buy back	-	-	-	17,465
Net investment income	4,303,140	3,176,622	(1,481,414)	3,307,423
Benefit payments, including refunds of employee contribution	(2,416,303)	(2,699,899)	(2,240,847)	(2,578,773)
Administrative expense	(60,469)	(85,428)	(73,554)	(62,991)
Accrual adjustments	(22,081)	22,081	-	-
Net change in Plan fiduciary net position	3,392,778	2,767,635	(1,812,756)	2,719,535
Plan fiduciary net position, beginning	32,787,833	30,020,198	31,832,954	29,113,419
Plan fiduciary net position, ending (b)	<u>\$ 36,180,611</u>	<u>\$ 32,787,833</u>	<u>\$ 30,020,198</u>	<u>\$ 31,832,954</u>
Net pension liability, ending (a) - (b)	<u>\$ 5,386,263</u>	<u>\$ 7,745,232</u>	<u>\$ 10,426,847</u>	<u>\$ 4,593,818</u>
Plan fiduciary net position as a percentage of the total pension liability	87.04%	80.89%	74.22%	87.39%
Covered employee payroll	\$ 513,171	\$ 547,100	\$ 761,681	\$ 2,838,631
Net pension liability as a percentage of covered employee payroll	1049.60%	1415.69%	1368.93%	161.83%

Notes to Schedule:

(1) Changes of benefit terms:

- For year ending September 30, 2015, amounts reported as changes of benefit terms were resulted from Ordinance 2015-17, adopted and effective June 23, 2015, which amended the definition of Salary, in addition to providing 100% vesting in benefits accrued prior to October 1, 2014.

- For year ending September 30, 2014, amounts reported as changes of benefit terms were resulted from the March 6, 2015 Actuarial Impact Statement.

(2) Changes of assumptions:

- For year ending September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. Also, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

- For year ending September 30, 2015, amounts reported as changes of assumptions were resulted from: (a) the net-of-fees investment return assumption was lowered from 7.9% to 7.0%, and (b) the final salary load assumption was increased from 0% to the below table, based on census data provided by the City:

<u>Service as of 10/1/12</u>	<u>Final Salary Load</u>
- 10 or more years	20%
- More than 1, less than 10 years	10%
- Less than 1 year	0%

Other items:

This information is required for ten years. However, only four years of information is available.

Municipal Police Officers' Pension Trust Fund
Schedule of Contributions
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,527,141	\$ 2,268,143	\$ 1,942,551	\$ 1,818,711	\$ 1,933,371
Contributions in relation to the Actuarially determined contribution	1,552,569	2,315,962	1,942,551	1,830,610	1,933,371
Contribution deficiency (excess)	<u>\$ (25,428)</u>	<u>\$ (47,819)</u>	<u>\$ -</u>	<u>\$ (11,899)</u>	<u>\$ -</u>
Covered employee payroll	\$ 513,171	\$ 547,100	\$ 761,681	\$ 2,838,631	\$ 3,177,273
Contributions as a percentage of covered employee payroll	302.54%	423.32%	255.03%	64.49%	60.85%

Notes to Schedule

Latest Valuation Date: October 1, 2015

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

Methods & assumptions used to determine contribution rates (last three years presented):*

Funding method: Entry Age Normal actuarial cost method.

Amortization method: Level percentage of pay, closed.

Remaining amortization period: 30 years (as of October 1, 2015).

Mortality: RP2000 Combined Healthy without projection, sex distinct. Disabled lives are set forward five years.
(The mortality assumption will change in the October 1, 2016 valuation for 2018 contributions).

Interest rate: 7.0% per year compounded annually, net of investment related expenses

Retirement age: Earlier of age 50 and 10 years of service or 25 years of service regardless of age. Also, any member who has reached normal retirement age is assumed to retire at a rate of 25% for the first three years upon attaining first eligibility, and a rate of 100% thereafter.

Early retirement: Commencing with eligibility for early retirement (20 years of credited service), members are assumed to retire with an immediate, subsidized benefit at the rate of 10% per year.

Asset smoothing methodology: The actuarial value of assets is brought forward using the historical four-year geometric average of market value returns (net of fees).

Salary increases: 10.0% for members with less than 10 years of service, and 5.5% with 10 or more years of service.
Additionally, projected salary at retirement is increased according to the table below for lump sum payments in the year of termination:

Service as of 10/1/2012	Final Salary Load
10 or more years	20.0%
More than 1, less than 10 years	10.0%
Less than 1 year	0.0%

Payroll growth: None.

* While ten years is presented in this schedule, as required, the disclosures in the Notes to Schedule only cover the last four years. Information for the other years is unavailable.

Fiscal Year				
2012	2011	2010	2009	2008
\$ 1,672,201	\$ 1,444,492	\$ 1,154,509	\$ 767,694	\$ 781,352
1,672,201	1,444,492	1,154,510	771,014	781,352
\$ -	\$ -	\$ (1)	\$ (3,320)	\$ -
\$ 3,276,770	\$ 3,208,345	\$ 3,125,995	\$ 3,109,302	\$ 2,856,283
51.03%	45.02%	36.93%	24.80%	27.36%

City of Venice, Florida
Required Supplementary Information

Police Officers' Pension Trust Fund
Schedule of Investment Returns
Last Ten Fiscal Years

	Fiscal Year			
	2017	2016	2015	2014
Annual money-weighted rate of return net of investment expense	13.34%	10.80%	-4.79%	11.57%

Notes to Schedule:

This information is required for ten years. However, only four years of information is available.

Florida Retirement System

**Schedule of the City's Proportionate Share of the Net Pension Liability
Florida Retirement System (FRS) Defined Benefit Pension Plan**

City's Fiscal Year Ending Sept 30	Plan Sponsor Measurement Date June 30	City's Proportion of the FRS Net Pension Liability	City's Proportionate Share of the FRS Net Pension Liability	City's Covered Employee Payroll	City's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payoll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	2017	0.0559%	\$ 16,522,306	\$ 14,895,723	110.92%	83.89%
2016	2016	0.0540%	13,628,488	13,649,458	99.85%	84.88%
2015	2015	0.0458%	5,918,323	12,287,619	48.16%	92.00%
2014	2014	0.0248%	1,511,824	8,595,833	17.59%	96.09%

Notes:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including restatement as of September 30, 2014. Information for prior years is not available.

**Schedule of the City's Proportionate Share of the Net Pension Liability
Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**

City's Fiscal Year Ending Sept 30	Plan Sponsor Measurement Date June 30	City's Proportion of the HIS Net Pension Liability	City's Proportionate Share of the HIS Net Pension Liability	City's Covered Employee Payroll	City's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payoll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2017	2017	0.0446%	\$ 4,995,784	\$ 14,895,723	33.54%	1.64%
2016	2016	0.0442%	5,151,966	13,649,458	37.74%	0.97%
2015	2015	0.0405%	4,130,575	12,287,619	33.62%	0.50%
2014	2014	0.0301%	2,815,452	8,595,833	32.75%	0.99%

Notes:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including restatement as of September 30, 2014. Information for prior years is not available.

Florida Retirement System

**Schedule of City Contributions
Florida Retirement System (FRS) Defined Benefit Pension Plan**

City's Fiscal Year Ending Sept 30	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	City's Covered Employee Payroll	FRS Contributions as a Percentage of Covered Payroll
2017	\$ 1,454,335	\$ 1,454,335	\$ -	\$ 14,943,976	9.73%
2016	1,337,626	1,337,626	-	13,732,651	9.74%
2015	1,305,351	1,305,351	-	13,398,243	9.74%
2014	610,675	610,675	-	9,424,325	6.48%

Notes:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including restatement as of September 30, 2014. Information for prior years is not available.

**Schedule of City Contributions
Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**

City's Fiscal Year Ending Sept 30	HIS Contractually Required Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	City's Covered Employee Payroll	HIS Contributions as a Percentage of Covered Payroll
2017	\$ 248,070	\$ 248,070	\$ -	\$ 14,943,976	1.66%
2016	227,962	227,962	-	13,732,651	1.66%
2015	183,241	183,241	-	13,398,243	1.37%
2014	114,589	114,589	-	9,424,325	1.22%

Notes:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, including restatement as of September 30, 2014. Information for prior years is not available.

City of Venice, Florida
Notes to Required Supplementary Information -
Schedules of the City's Proportionate Share of the Net Pension Liability
and Schedules of City Contributions

Florida Retirement System

NOTE 1 - CHANGES IN BENEFIT TERMS

FRS Pension Plan:

2017, 2016 and 2015:

No significant changes.

HIS Program:

2017, 2016 and 2015:

No significant changes.

NOTE 2 - CHANGES IN ASSUMPTIONS

FRS Pension Plan:

2017:

The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.

2016:

The long-term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.

2015:

No significant changes. The inflation assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%.

HIS Program:

2017:

The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

2016:

The municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

2015:

The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

City of Venice, Florida
Required Supplementary Information

OPEB Plan

Schedule of Changes in Total OPEB Liability

Last Ten Fiscal Years

	Fiscal Year
	2017
Total Pension Liability	
Service Cost	\$ 6,868
Interest	364,756
Difference between expected and actual experience	(614,411)
Benefit payments	(1,012,055)
Net change in total OPEB liability	(1,254,842)
Total OPEB liability, beginning	11,913,268
Total OPEB liability, ending	\$ 10,658,426
 Covered employee payroll	 \$ 16,138,903
 Total OPEB liability as a percentage of covered employee payroll	 66.04%

Notes to Schedule:

(1) Plan Assets:

- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Other items:

This information is required for ten years. However, only one year of information is available.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Motor Fuel Tax Fund – Revenue sources for this fund are restricted for street improvement and other transportation expenditures. Funds are generally used to reimburse the General Fund for street improvement expenditures made by the Public Works Department.

Contraband-Forfeiture Fund – To account for proceeds derived from the sale of confiscated property. Proceeds must be expended for law enforcement purposes as described in Florida Statute (FS) 932.7055.

Police Training Fund – To account for the City's share of certain court fines revenue. Proceeds are restricted to police education and training under FS 938.15.

Boat Registration Fees Fund – To account for the City's portion of county boat registration fees. Proceeds are restricted to specified marine or boating activities under FS 328.72 and interlocal agreement.

One-Cent Voted Sales Tax Fund – To account for the proceeds from the City's share of the county-wide voter-adopted one-cent discretionary sales surtax. Proceeds must be expended for specified capital projects and capital outlay per FS 212.055.

Second Occupational License Fund – To account for second occupational license revenue. Proceeds are committed to economic development activities under City Ordinance 93-21.

Growth Management Training Fund – Revenues are from a fee on building permits, which must be spent on departmental training under City Ordinance 97-61.

Parking Fines Handicapped Access Improvement Fund – Revenues are from certain parking fines. Proceeds are committed to handicap accessible programs under FS 316.008(4) and City Ordinance 2000-14.

Building Permit Fees Fund – Revenues are primarily from building permits. Proceeds must be used for enforcing the Florida Building Code under FS 553.80.

Centennial Community Fund – To account for the administration of the Centennial Community Trust resources. Funds are designated for historic preservation and other projects of historical significance, under City Resolution 1042-90.

Historical Commission Fund – To account for donations from private sources specifically earmarked for the Venice Historical Commission.

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources for the payment of principal, interest, and related costs, on long-term governmental debt obligations.

2014 General Obligation Bond Debt Service Fund – to account for the accumulation of resources and payments of principal, interest, and related costs, on the City’s Recreation Capital Improvement General Obligation Refunding Bond, Series 2014.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds (enterprise funds).

General Projects Fund - To account for the cost of major park projects and other capital improvement projects which are not accounted for in one of the City’s other capital projects funds.

Beach Renourishment Fund - To account for the cost of beach renourishment projects and related resources.



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City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2017

	Special Revenue			
	Motor Fuel Tax	Contraband Forfeiture	Police Training	Boat Registration Fees
ASSETS				
Pooled cash and investments	\$ 175,939	\$ 16,540	\$ 5,487	\$ 55,584
Accounts receivable (net)	-	-	-	-
Due from other governments	91,736	-	283	1,063
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 267,675</u>	<u>\$ 16,540</u>	<u>\$ 5,770</u>	<u>\$ 56,647</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other governments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	-	16,540	5,770	-
Boating and waterway improvements	-	-	-	56,647
Street improvements	267,675	-	-	-
Capital improvements	-	-	-	-
Building code enforcement	-	-	-	-
Debt service	-	-	-	-
Beach renourishment	-	-	-	-
Committed to:				
Training and education	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Historic preservation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>267,675</u>	<u>16,540</u>	<u>5,770</u>	<u>56,647</u>
Total liabilities and fund balances	<u>\$ 267,675</u>	<u>\$ 16,540</u>	<u>\$ 5,770</u>	<u>\$ 56,647</u>

Special Revenue				
One Cent Voted Sales Tax	Second Occupational License	Growth Management Training	Parking Fines Handicapped Access Improvement	Building Permit Fees
\$ 4,784,761	\$ 30,380	\$ 88,501	\$ 95,091	\$ 4,099,823
-	1,937	396	-	-
281,009	-	-	-	-
<u>\$ 5,065,770</u>	<u>\$ 32,317</u>	<u>\$ 88,897</u>	<u>\$ 95,091</u>	<u>\$ 4,099,823</u>
\$ 132,918	\$ -	\$ 336	\$ -	\$ 5,901
-	-	-	-	36,941
-	-	-	-	-
<u>132,918</u>	<u>-</u>	<u>336</u>	<u>-</u>	<u>42,842</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,932,852	-	-	95,091	-
-	-	-	-	4,056,981
-	-	-	-	-
-	-	-	-	-
-	-	88,561	-	-
-	-	-	-	-
-	32,317	-	-	-
-	-	-	-	-
<u>4,932,852</u>	<u>32,317</u>	<u>88,561</u>	<u>95,091</u>	<u>4,056,981</u>
<u>\$ 5,065,770</u>	<u>\$ 32,317</u>	<u>\$ 88,897</u>	<u>\$ 95,091</u>	<u>\$ 4,099,823</u>

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2017

	Special Revenue			Debt Service
	Centennial Community	Historical Commission	Total Special Revenue Funds	General Obligation Bonds
ASSETS				
Pooled cash and investments	\$ 59,358	\$ 16,643	\$ 9,428,107	\$ 257,291
Accounts receivable (net)	-	-	2,333	-
Due from other governments	-	-	374,091	-
Total assets	<u>\$ 59,358</u>	<u>\$ 16,643</u>	<u>\$ 9,804,531</u>	<u>\$ 257,291</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,084	\$ 140,239	\$ -
Accrued payroll	-	-	36,941	-
Due to other governments	-	19	19	-
Total liabilities	<u>-</u>	<u>1,103</u>	<u>177,199</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	-	-	22,310	-
Boating and waterway improvements	-	-	56,647	-
Street improvements	-	-	267,675	-
Capital improvements	-	-	5,027,943	-
Building code enforcement	-	-	4,056,981	-
Debt service	-	-	-	257,291
Beach renourishment	-	-	-	-
Committed to:				
Training and education	-	-	88,561	-
Capital improvements	-	-	-	-
Economic development	-	-	32,317	-
Historic preservation	<u>59,358</u>	<u>15,540</u>	<u>74,898</u>	<u>-</u>
Total fund balances	<u>59,358</u>	<u>15,540</u>	<u>9,627,332</u>	<u>257,291</u>
Total liabilities and fund balances	<u>\$ 59,358</u>	<u>\$ 16,643</u>	<u>\$ 9,804,531</u>	<u>\$ 257,291</u>

Capital Projects			
General	Beach Renourishment	Total Capital Project Funds	Total Non-Major Governmental Funds
\$ 1,338,002	\$ 2,593,158	\$ 3,931,160	\$ 13,616,558
-	-	-	2,333
-	-	-	374,091
<u>\$ 1,338,002</u>	<u>\$ 2,593,158</u>	<u>\$ 3,931,160</u>	<u>\$ 13,992,982</u>
\$ 825	\$ 11,586	\$ 12,411	\$ 152,650
-	-	-	36,941
-	-	-	19
<u>825</u>	<u>11,586</u>	<u>12,411</u>	<u>189,610</u>
-	-	-	22,310
-	-	-	56,647
-	-	-	267,675
100,000	-	100,000	5,127,943
-	-	-	4,056,981
-	-	-	257,291
-	2,581,572	2,581,572	2,581,572
-	-	-	88,561
1,237,177	-	1,237,177	1,237,177
-	-	-	32,317
-	-	-	74,898
<u>1,337,177</u>	<u>2,581,572</u>	<u>3,918,749</u>	<u>13,803,372</u>
<u>\$ 1,338,002</u>	<u>\$ 2,593,158</u>	<u>\$ 3,931,160</u>	<u>\$ 13,992,982</u>

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue			
	Motor Fuel Tax	Contraband Forfeiture	Police Training	Boat Registration Fees
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option, use and fuel taxes	1,026,007	-	-	-
Fees and fines	-	131	4,664	-
Licenses and permits	-	-	-	-
Intergovernmental	208,876	-	-	18,350
Interest	1,521	-	32	429
Miscellaneous	-	-	-	-
Total revenues	<u>1,236,404</u>	<u>131</u>	<u>4,696</u>	<u>18,779</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Police	-	100	1,123	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>100</u>	<u>1,123</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,236,404</u>	<u>31</u>	<u>3,573</u>	<u>18,779</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,119,550)	-	-	(13,285)
Total other financing sources (uses)	<u>(1,119,550)</u>	<u>-</u>	<u>-</u>	<u>(13,285)</u>
Net change in fund balances	116,854	31	3,573	5,494
Fund balances at beginning of year	150,821	16,509	2,197	51,153
Fund balances at end of year	<u>\$ 267,675</u>	<u>\$ 16,540</u>	<u>\$ 5,770</u>	<u>\$ 56,647</u>

Special Revenue

One Cent Voted Sales Tax	Second Occupational License	Growth Management Training	Parking Fines Handicapped Access Improvement	Building Permit Fees
\$ -	\$ -	\$ -	\$ -	\$ -
3,138,226	-	-	-	-
-	-	-	4,533	-
-	5,659	-	-	2,642,726
-	-	-	-	-
36,677	220	742	770	30,981
-	-	19,547	-	3,145
3,174,903	5,879	20,289	5,303	2,676,852
-	-	19,043	-	1,396,052
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,134,701	-	-	-	249,347
2,134,701	-	19,043	-	1,645,399
1,040,202	5,879	1,246	5,303	1,031,453
-	-	-	-	-
(250,000)	-	-	(6,576)	(403,223)
(250,000)	-	-	(6,576)	(403,223)
790,202	5,879	1,246	(1,273)	628,230
4,142,650	26,438	87,315	96,364	3,428,751
\$ 4,932,852	\$ 32,317	\$ 88,561	\$ 95,091	\$ 4,056,981

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue			Debt Service
	Centennial Community	Historical Commission	Total Special Revenue Funds	General Obligation Bonds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 569,401
Local option, use and fuel taxes	-	-	4,164,233	-
Fees and fines	-	-	9,328	-
Licenses and permits	-	-	2,648,385	-
Intergovernmental	-	-	227,226	-
Interest	471	146	71,989	2,626
Miscellaneous	-	9,086	31,778	-
Total revenues	<u>471</u>	<u>9,232</u>	<u>7,152,939</u>	<u>572,027</u>
EXPENDITURES				
Current:				
General government	-	7,998	1,423,093	-
Police	-	-	1,223	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	406,000
Interest	-	-	-	134,314
Bond issuance costs	-	-	-	-
Capital outlay	-	-	2,384,048	-
Total expenditures	<u>-</u>	<u>7,998</u>	<u>3,808,364</u>	<u>540,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>471</u>	<u>1,234</u>	<u>3,344,575</u>	<u>31,713</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,792,634)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,792,634)</u>	<u>-</u>
Net change in fund balances	471	1,234	1,551,941	31,713
Fund balances at beginning of year	58,887	14,306	8,075,391	225,578
Fund balances at end of year	<u>\$ 59,358</u>	<u>\$ 15,540</u>	<u>\$ 9,627,332</u>	<u>\$ 257,291</u>

Capital Project			
General	Beach Renourishment	Total Capital Project Funds	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 569,401
-	-	-	4,164,233
-	-	-	9,328
-	-	-	2,648,385
85,000	1,122,351	1,207,351	1,434,577
9,737	11,850	21,587	96,202
100,000	-	100,000	131,778
<u>194,737</u>	<u>1,134,201</u>	<u>1,328,938</u>	<u>9,053,904</u>
1,816	133,808	135,624	1,558,717
-	-	-	1,223
-	-	-	-
-	-	-	406,000
-	-	-	134,314
-	-	-	-
59,231	-	59,231	2,443,279
<u>61,047</u>	<u>133,808</u>	<u>194,855</u>	<u>4,543,533</u>
<u>133,690</u>	<u>1,000,393</u>	<u>1,134,083</u>	<u>4,510,371</u>
-	250,000	250,000	250,000
-	-	-	(1,792,634)
<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>(1,542,634)</u>
133,690	1,250,393	1,384,083	2,967,737
1,203,487	1,331,179	2,534,666	10,835,635
<u>\$ 1,337,177</u>	<u>\$ 2,581,572</u>	<u>\$ 3,918,749</u>	<u>\$ 13,803,372</u>

City of Venice, Florida
Budget Comparison Schedule
Motor Fuel Tax Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fuel taxes	\$ 943,383	\$ 943,383	\$ 1,026,007	\$ 82,624
Intergovernmental	173,302	173,302	208,876	35,574
Interest	2,865	2,865	1,521	(1,344)
Total revenues	<u>1,119,550</u>	<u>1,119,550</u>	<u>1,236,404</u>	<u>116,854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,119,550</u>	<u>1,119,550</u>	<u>1,236,404</u>	<u>116,854</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,119,550)</u>	<u>(1,119,550)</u>	<u>(1,119,550)</u>	<u>-</u>
Net other financing sources (uses)	<u>(1,119,550)</u>	<u>(1,119,550)</u>	<u>(1,119,550)</u>	<u>-</u>
Net change in fund balances	-	-	116,854	116,854
Fund balances at beginning of year	<u>150,821</u>	<u>150,821</u>	<u>150,821</u>	<u>-</u>
Fund balances at end of year	<u>\$ 150,821</u>	<u>\$ 150,821</u>	<u>\$ 267,675</u>	<u>\$ 116,854</u>

City of Venice, Florida
Budget Comparison Schedule
Contraband Forfeiture Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 95	\$ 95	\$ 131	\$ 36
Total revenues	<u>95</u>	<u>95</u>	<u>131</u>	<u>36</u>
EXPENDITURES				
Current:				
Police	<u>5,575</u>	<u>5,575</u>	<u>100</u>	<u>5,475</u>
Total expenditures	<u>5,575</u>	<u>5,575</u>	<u>100</u>	<u>5,475</u>
Net change in fund balances	(5,480)	(5,480)	31	5,511
Fund balances at beginning of year	<u>16,509</u>	<u>16,509</u>	<u>16,509</u>	<u>-</u>
Fund balances at end of year	<u>\$ 11,029</u>	<u>\$ 11,029</u>	<u>\$ 16,540</u>	<u>\$ 5,511</u>

City of Venice, Florida
Budget Comparison Schedule
Police Training Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ 2,998	\$ 2,998	\$ 4,664	\$ 1,666
Interest	30	30	32	2
Total revenues	<u>3,028</u>	<u>3,028</u>	<u>4,696</u>	<u>1,668</u>
EXPENDITURES				
Current:				
Police	3,046	3,046	1,123	1,923
Total expenditures	<u>3,046</u>	<u>3,046</u>	<u>1,123</u>	<u>1,923</u>
Net change in fund balances	(18)	(18)	3,573	3,591
Fund balances at beginning of year	<u>2,197</u>	<u>2,197</u>	<u>2,197</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,179</u>	<u>\$ 2,179</u>	<u>\$ 5,770</u>	<u>\$ 3,591</u>

City of Venice, Florida
Budget Comparison Schedule
Boat Registration Fees Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 16,393	\$ 16,393	\$ 18,350	\$ 1,957
Interest	330	330	429	99
Total revenues	<u>16,723</u>	<u>16,723</u>	<u>18,779</u>	<u>2,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,723</u>	<u>16,723</u>	<u>18,779</u>	<u>2,056</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(13,285)	(13,285)	(13,285)	-
Net other financing sources (uses)	<u>(13,285)</u>	<u>(13,285)</u>	<u>(13,285)</u>	<u>-</u>
Net change in fund balances	3,438	3,438	5,494	2,056
Fund balances at beginning of year	<u>51,153</u>	<u>51,153</u>	<u>51,153</u>	<u>-</u>
Fund balances at end of year	<u>\$ 54,591</u>	<u>\$ 54,591</u>	<u>\$ 56,647</u>	<u>\$ 2,056</u>

City of Venice, Florida
Budget Comparison Schedule
One Cent Voted Sales Tax Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Sales taxes	\$ 2,649,221	\$ 2,649,221	\$ 3,138,226	\$ 489,005
Interest	18,382	18,382	36,677	18,295
Total revenues	<u>2,667,603</u>	<u>2,667,603</u>	<u>3,174,903</u>	<u>507,300</u>
EXPENDITURES				
Capital outlay	4,620,867	4,987,012	2,134,701	2,852,311
Total expenditures	<u>4,620,867</u>	<u>4,987,012</u>	<u>2,134,701</u>	<u>2,852,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,953,264)</u>	<u>(2,319,409)</u>	<u>1,040,202</u>	<u>3,359,611</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	(250,000)	-
Net other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balances	(2,203,264)	(2,569,409)	790,202	3,359,611
Fund balances at beginning of year	<u>4,142,650</u>	<u>4,142,650</u>	<u>4,142,650</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 1,939,386</u></u>	<u><u>\$ 1,573,241</u></u>	<u><u>\$ 4,932,852</u></u>	<u><u>\$ 3,359,611</u></u>

City of Venice, Florida
Budget Comparison Schedule
Second Occupational License Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 2,454	\$ 2,454	\$ 5,659	\$ 3,205
Interest	85	85	220	135
Total revenues	<u>2,539</u>	<u>2,539</u>	<u>5,879</u>	<u>3,340</u>
Net change in fund balances	2,539	2,539	5,879	3,340
Fund balances at beginning of year	<u>26,438</u>	<u>26,438</u>	<u>26,438</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 28,977</u></u>	<u><u>\$ 28,977</u></u>	<u><u>\$ 32,317</u></u>	<u><u>\$ 3,340</u></u>

City of Venice, Florida
Budget Comparison Schedule
Growth Management Training Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 485	\$ 485	\$ 742	\$ 257
Miscellaneous	14,913	14,913	19,547	4,634
Total revenues	<u>15,398</u>	<u>15,398</u>	<u>20,289</u>	<u>4,891</u>
EXPENDITURES				
Current:				
General government	19,000	20,000	19,043	957
Total expenditures	<u>19,000</u>	<u>20,000</u>	<u>19,043</u>	<u>957</u>
Net change in fund balances	(3,602)	(4,602)	1,246	5,848
Fund balances at beginning of year	<u>87,315</u>	<u>87,315</u>	<u>87,315</u>	<u>-</u>
Fund balances at end of year	<u>\$ 83,713</u>	<u>\$ 82,713</u>	<u>\$ 88,561</u>	<u>\$ 5,848</u>

City of Venice, Florida
Budget Comparison Schedule
Parking Fines Handicapped Access Improvement Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ 19,382	\$ 19,382	\$ 4,533	\$ (14,849)
Interest	347	347	770	423
Total revenues	<u>19,729</u>	<u>19,729</u>	<u>5,303</u>	<u>(14,426)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,729</u>	<u>19,729</u>	<u>5,303</u>	<u>(14,426)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(6,576)</u>	<u>(6,576)</u>	<u>(6,576)</u>	<u>-</u>
Net other financing sources (uses)	<u>(6,576)</u>	<u>(6,576)</u>	<u>(6,576)</u>	<u>-</u>
Net change in fund balances	13,153	13,153	(1,273)	(14,426)
Fund balances at beginning of year	<u>96,364</u>	<u>96,364</u>	<u>96,364</u>	<u>-</u>
Fund balances at end of year	<u>\$ 109,517</u>	<u>\$ 109,517</u>	<u>\$ 95,091</u>	<u>\$ (14,426)</u>

City of Venice, Florida
Budget Comparison Schedule
Building Permit Fees Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Licenses and permits	\$ 2,332,156	\$ 2,332,156	\$ 2,642,726	\$ 310,570
Fees and fines	1,500	1,500	-	(1,500)
Interest	2,453	2,453	30,981	28,528
Miscellaneous	-	-	3,145	3,145
Total revenues	<u>2,336,109</u>	<u>2,336,109</u>	<u>2,676,852</u>	<u>340,743</u>
EXPENDITURES				
Current:				
General government	1,479,141	1,670,843	1,396,052	274,791
Capital outlay	<u>261,915</u>	<u>279,922</u>	<u>249,347</u>	<u>30,575</u>
Total expenditures	<u>1,741,056</u>	<u>1,950,765</u>	<u>1,645,399</u>	<u>305,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>595,053</u>	<u>385,344</u>	<u>1,031,453</u>	<u>646,109</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(366,223)</u>	<u>(403,223)</u>	<u>(403,223)</u>	<u>-</u>
Net other financing sources (uses)	<u>(366,223)</u>	<u>(403,223)</u>	<u>(403,223)</u>	<u>-</u>
Net change in fund balances	228,830	(17,879)	628,230	646,109
Fund balances at beginning of year	<u>3,428,751</u>	<u>3,428,751</u>	<u>3,428,751</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,657,581</u>	<u>\$ 3,410,872</u>	<u>\$ 4,056,981</u>	<u>\$ 646,109</u>

City of Venice, Florida
Budget Comparison Schedule
Centennial Community Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Interest	\$ 275	\$ 275	\$ 471	\$ 196
Total revenues	<u>275</u>	<u>275</u>	<u>471</u>	<u>196</u>
Net change in fund balances	275	275	471	196
Fund balances at beginning of year	<u>58,887</u>	<u>58,887</u>	<u>58,887</u>	<u>-</u>
Fund balances at end of year	<u>\$ 59,162</u>	<u>\$ 59,162</u>	<u>\$ 59,358</u>	<u>\$ 196</u>

City of Venice, Florida
Budget Comparison Schedule
Historical Commission Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 42	\$ 42	\$ 146	\$ 104
Miscellaneous	5,635	5,635	9,086	3,451
Total revenues	<u>5,677</u>	<u>5,677</u>	<u>9,232</u>	<u>3,555</u>
EXPENDITURES				
Current:				
General government	10,000	10,000	7,998	2,002
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>7,998</u>	<u>2,002</u>
Net change in fund balances	(4,323)	(4,323)	1,234	5,557
Fund balances at beginning of year	<u>14,306</u>	<u>14,306</u>	<u>14,306</u>	<u>-</u>
Fund balances at end of year	<u>\$ 9,983</u>	<u>\$ 9,983</u>	<u>\$ 15,540</u>	<u>\$ 5,557</u>

City of Venice, Florida
Budget Comparison Schedule
General Obligation Bonds Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 557,595	\$ 557,595	\$ 569,401	\$ 11,806
Interest	1,000	1,000	2,626	1,626
Total revenues	<u>558,595</u>	<u>558,595</u>	<u>572,027</u>	<u>13,432</u>
EXPENDITURES				
Debt Service:				
Principal	406,000	406,000	406,000	-
Interest and fiscal charges	145,582	145,582	134,314	11,268
Total expenditures	<u>551,582</u>	<u>551,582</u>	<u>540,314</u>	<u>11,268</u>
Net change in fund balances	7,013	7,013	31,713	24,700
Fund balances at beginning of year	<u>225,578</u>	<u>225,578</u>	<u>225,578</u>	<u>-</u>
Fund balances at end of year	<u>\$ 232,591</u>	<u>\$ 232,591</u>	<u>\$ 257,291</u>	<u>\$ 24,700</u>

City of Venice, Florida
Budget Comparison Schedule
General Capital Projects Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 85,000	\$ (50,000)
Interest	8,416	8,416	9,737	1,321
Miscellaneous	-	-	100,000	100,000
Total revenues	<u>143,416</u>	<u>143,416</u>	<u>194,737</u>	<u>51,321</u>
EXPENDITURES				
Current:				
Public works	-	-	1,816	(1,816)
Capital outlay	<u>135,000</u>	<u>177,721</u>	<u>59,231</u>	<u>118,490</u>
Total expenditures	<u>135,000</u>	<u>177,721</u>	<u>61,047</u>	<u>116,674</u>
Net change in fund balances	8,416	(34,305)	133,690	167,995
Fund balances at beginning of year	<u>1,203,487</u>	<u>1,203,487</u>	<u>1,203,487</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,211,903</u>	<u>\$ 1,169,182</u>	<u>\$ 1,337,177</u>	<u>\$ 167,995</u>

City of Venice, Florida
Budget Comparison Schedule
Streets Capital Projects Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,636,082	\$ 1,636,082	\$ 11,944	\$ (1,624,138)
Interest	<u>4,000</u>	<u>4,000</u>	<u>40,400</u>	<u>36,400</u>
Total revenues	<u>1,640,082</u>	<u>1,640,082</u>	<u>52,344</u>	<u>(1,587,738)</u>
EXPENDITURES				
Current:				
Public works	-	-	7,503	(7,503)
Debt Service:				
Bond issuance costs	-	-	338,155	(338,155)
Capital outlay	<u>19,186,082</u>	<u>19,186,082</u>	<u>889,896</u>	<u>18,296,186</u>
Total expenditures	<u>19,186,082</u>	<u>19,186,082</u>	<u>1,235,554</u>	<u>17,950,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,546,000)</u>	<u>(17,546,000)</u>	<u>(1,183,210)</u>	<u>16,362,790</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance - at par	16,900,000	16,900,000	16,725,000	(175,000)
Bond premium	-	-	1,272,715	1,272,715
Transfers in	<u>335,865</u>	<u>335,865</u>	<u>335,865</u>	<u>-</u>
Net other financing sources (uses)	<u>17,235,865</u>	<u>17,235,865</u>	<u>18,333,580</u>	<u>1,097,715</u>
Net change in fund balances	(310,135)	(310,135)	17,150,370	17,460,505
Fund balances at beginning of year	<u>2,011,758</u>	<u>2,011,758</u>	<u>2,011,758</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,701,623</u>	<u>\$ 1,701,623</u>	<u>\$ 19,162,128</u>	<u>\$ 17,460,505</u>

City of Venice, Florida
Budget Comparison Schedule
Building and Renovation Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Interest	\$ 1,446	\$ 1,446	\$ 15,771	\$ 14,325
Total revenues	1,446	1,446	15,771	14,325
EXPENDITURES				
Debt Service:				
Interest	-	254,460	-	254,460
Bond issuance costs	-	242,740	334,909	(92,169)
Capital outlay	-	15,502,800	1,869,598	13,633,202
Total expenditures	-	16,000,000	2,204,507	13,795,493
Excess (deficiency) of revenues over (under) expenditures	1,446	(15,998,554)	(2,188,736)	13,809,818
OTHER FINANCING SOURCES (USES)				
Bond issuance - at par	-	16,000,000	15,420,000	(580,000)
Bond premium	-	-	578,246	578,246
Net other financing sources (uses)	-	16,000,000	15,998,246	(1,754)
Net change in fund balances	1,446	1,446	13,809,510	13,808,064
Fund balances at beginning of year	185,510	185,510	185,510	-
Fund balances at end of year	\$ 186,956	\$ 186,956	\$ 13,995,020	\$ 13,808,064

City of Venice, Florida
Budget Comparison Schedule
Beach Renourishment Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 65,576	\$ 65,576	\$ 1,122,351	\$ 1,056,775
Interest	-	-	11,850	11,850
Total revenues	65,576	65,576	1,134,201	1,068,625
EXPENDITURES				
Current:				
General government	140,000	140,000	133,808	6,192
Total expenditures	140,000	140,000	133,808	6,192
Excess (deficiency) of revenues over (under) expenditures	(74,424)	(74,424)	1,000,393	1,074,817
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Net other financing sources (uses)	250,000	250,000	250,000	-
Net change in fund balances	175,576	175,576	1,250,393	1,074,817
Fund balances at beginning of year	1,331,179	1,331,179	1,331,179	-
Fund balances at end of year	\$ 1,506,755	\$ 1,506,755	\$ 2,581,572	\$ 1,074,817



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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated department to other departments within the City, on a cost-reimbursement basis.

The Employees' Group Health and Life Insurance Fund - To account for receipts and disbursements for health and life insurance claims which are partially self-insured by the City.

The Workers' Compensation Self Insurance Fund - To account for receipts and disbursements for workers' compensation claims which are partially self-insured by the City.

The Employee Flexible Spending Fund - To account for receipts and disbursements of the program established by the City.

The Property and Liability Insurance Fund - To account for receipts and disbursements for insurance of facilities, equipment and other risk exposures by the City.

The Fleet Services Fund - To account for the City's fleet replacement program and associated costs.

City of Venice, Florida
Combining Statement of Net Position
Internal Service Funds
September 30, 2017

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
ASSETS			
Current assets:			
Pooled cash and investments	\$ 3,567,569	\$ 759,113	\$ 855
Other cash	-	38,117	-
Accounts receivable (net)	6,422	-	-
Interest receivable	-	-	-
Prepaid items	-	36,362	-
Total current assets	<u>3,573,991</u>	<u>833,592</u>	<u>855</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	-	-
Less accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,573,991</u>	<u>833,592</u>	<u>855</u>
LIABILITIES			
Current liabilities:			
Accounts payable	278,373	-	-
Accrued liabilities	13,859	1,610	-
Accrued insurance claims	<u>218,058</u>	<u>540,000</u>	<u>-</u>
Total liabilities	<u>510,290</u>	<u>541,610</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted	<u>3,063,701</u>	<u>291,982</u>	<u>855</u>
Total net position	<u>\$ 3,063,701</u>	<u>\$ 291,982</u>	<u>\$ 855</u>

Governmental Activities

Property and Liability Insurance	Fleet Services	Total Internal Service Funds
\$ 888,579	\$ 2,704,988	\$ 7,921,104
-	-	38,117
-	21,650	28,072
-	-	-
142,131	-	178,493
<u>1,030,710</u>	<u>2,726,638</u>	<u>8,165,786</u>
-	3,068,558	3,068,558
-	(949,381)	(949,381)
-	<u>2,119,177</u>	<u>2,119,177</u>
<u>1,030,710</u>	<u>4,845,815</u>	<u>10,284,963</u>
18,437	-	296,810
1,310	2,745	19,524
-	-	758,058
<u>19,747</u>	<u>2,745</u>	<u>1,074,392</u>
-	2,119,177	2,119,177
<u>1,010,963</u>	<u>2,723,893</u>	<u>7,091,394</u>
<u>\$ 1,010,963</u>	<u>\$ 4,843,070</u>	<u>\$ 9,210,571</u>

City of Venice, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For Fiscal Year Ended September 30, 2017

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
OPERATING REVENUES			
Charges for services	\$ 6,851,601	\$ 513,731	\$ -
Miscellaneous	-	50,850	136,215
Total operating revenues	6,851,601	564,581	136,215
OPERATING EXPENSES			
Personal services	94,555	52,066	-
Insurance	1,194,358	132,536	-
Professional services	380,387	28,828	6,925
Claims	4,027,349	458,550	-
Repair and maintenance	-	-	-
Other services and charges	-	-	133,500
Depreciation	-	-	-
Total operating expenses	5,696,649	671,980	140,425
Operating income (loss)	1,154,952	(107,399)	(4,210)
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	26,026	5,794	-
Disposition of capital assets	-	-	-
Net non-operating revenues (expenses)	26,026	5,794	-
Income (loss) before transfers	1,180,978	(101,605)	(4,210)
Transfers in	-	-	-
Change in net position	1,180,978	(101,605)	(4,210)
Total net position at beginning of year	1,882,723	393,587	5,065
Total net position at end of year	\$ 3,063,701	\$ 291,982	\$ 855

Governmental Activities

Property and Liability Insurance	Fleet Services	Total Internal Service Funds
\$ 1,052,244	\$ -	\$ 8,417,576
56,686	799	244,550
<u>1,108,930</u>	<u>799</u>	<u>8,662,126</u>
41,708	69,511	257,840
822,104	-	2,148,998
37,644	-	453,784
-	-	4,485,899
-	5,230	5,230
-	3,122	136,622
-	464,453	464,453
<u>901,456</u>	<u>542,316</u>	<u>7,952,826</u>
207,474	(541,517)	709,300
6,332	19,784	57,936
-	64,938	64,938
<u>6,332</u>	<u>84,722</u>	<u>122,874</u>
213,806	(456,795)	832,174
	1,230,108	1,230,108
<u>213,806</u>	<u>773,313</u>	<u>2,062,282</u>
797,157	4,069,757	7,148,289
<u>\$ 1,010,963</u>	<u>\$ 4,843,070</u>	<u>\$ 9,210,571</u>

City of Venice, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2017

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,846,476	\$ 564,581	\$ 141,138
Payments to suppliers	(1,959,016)	(167,953)	(140,425)
Payments to employees	(82,237)	(52,000)	-
Claims paid	(4,070,331)	(334,550)	-
Net cash provided (used) by operating activities	<u>734,892</u>	<u>10,078</u>	<u>713</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in from other funds	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	29,479	6,982	-
Net cash provided (used) by investing activities	<u>29,479</u>	<u>6,982</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	764,371	17,060	713
Cash and cash equivalents at beginning of year	2,803,198	780,170	142
Cash and cash equivalents at end of year	<u>\$ 3,567,569</u>	<u>\$ 797,230</u>	<u>\$ 855</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,154,952	\$ (107,399)	\$ (4,210)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	-
Change in assets and liabilities:			
Accounts receivable	(5,125)	-	4,923
Prepaid items	1,799	(1,839)	-
Accounts payable	(386,070)	(4,750)	-
Accrued liabilities	12,318	66	-
Accrued claims	(42,982)	124,000	-
Net cash provided (used) by operating activities	<u>\$ 734,892</u>	<u>\$ 10,078</u>	<u>\$ 713</u>

Governmental Activities

Property and Liability Insurance	Fleet Services	Total Governmental Activities
\$ 1,108,930	\$ 799	\$ 8,661,924
(845,363)	(8,352)	(3,121,109)
(41,654)	(69,485)	(245,376)
-	-	(4,404,881)
<u>221,913</u>	<u>(77,038)</u>	<u>890,558</u>
-	1,230,108	1,230,108
-	1,230,108	1,230,108
-	(1,165,175)	(1,165,175)
-	43,288	43,288
-	(1,121,887)	(1,121,887)
7,275	23,721	67,457
<u>7,275</u>	<u>23,721</u>	<u>67,457</u>
229,188	54,904	1,066,236
659,391	2,650,084	6,892,985
<u>\$ 888,579</u>	<u>\$ 2,704,988</u>	<u>\$ 7,959,221</u>
\$ 207,474	\$ (541,517)	\$ 709,300
-	464,453	464,453
-	-	(202)
(4,052)	-	(4,092)
18,437	-	(372,383)
54	26	12,464
-	-	81,018
<u>\$ 221,913</u>	<u>\$ (77,038)</u>	<u>\$ 890,558</u>



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TRUST 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.

PENSION TRUST FUNDS:

Police Officers' Retirement Trust Fund accounts for contributions and related pension benefits for certain retired City police officers. The City administers the funds only as authorized by the Police Officer's Pension Board.

Firefighters' Retirement Trust Fund accounts for contributions and related pension benefits for certain retired City firefighters. The City administers the funds only as authorized by the Firefighters' Pension Board.

City of Venice, Florida
Combining Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2017

	Police Officers' Retirement	Firefighters' Retirement	Total Pension Funds
ASSETS			
Cash and cash equivalents	\$ 682,427	\$ 629,875	\$ 1,312,302
Receivables:			
Contributions		89,121	89,121
Interest and dividends	27,296	19,560	46,856
Total receivables	27,296	108,681	135,977
Investments, at fair value:			
U.S. Government and agency obligations	3,923,142	4,097,654	8,020,796
Mortgage-backed obligations	938,606	663,558	1,602,164
Domestic equities	20,095,842	1,798,137	21,893,979
Foreign equities	781,582	83,121	864,703
Corporate obligations	2,267,430	603,054	2,870,484
Fixed income mutual funds	-	1,074,247	1,074,247
Real estate investment funds	3,559,076	2,385,187	5,944,263
Domestic equity mutual funds	-	8,106,980	8,106,980
Foreign equity mutual funds	3,905,210	3,467,630	7,372,840
Unit investment trusts	-	52,439	52,439
Total investments	35,470,888	22,332,007	57,802,895
Total assets	36,180,611	23,070,563	59,251,174
NET POSITION			
Restricted for pension benefits	\$ 36,180,611	\$ 23,070,563	\$ 59,251,174

City of Venice, Florida
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2017

	Police Officers' Retirement	Firefighters' Retirement	Total Pension Funds
ADDITIONS			
Contributions:			
Employer	\$ 1,337,865	\$ 2,429,378	\$ 3,767,243
Plan members	35,922	118,053	153,975
State of Florida (passed through general fund)	214,704	193,290	407,994
Total contributions	1,588,491	2,740,721	4,329,212
Investment income:			
Net appreciation (depreciation) in fair value of investments	3,714,389	1,773,342	5,487,731
Interest	165,273	198,972	364,245
Dividends	610,149	376,427	986,576
Investment income (loss)	4,489,811	2,348,741	6,838,552
Less investment expenses	(208,752)	(106,734)	(315,486)
Net investment income	4,281,059	2,242,007	6,523,066
Total additions	5,869,550	4,982,728	10,852,278
DEDUCTIONS			
Benefit payments	2,416,303	2,095,414	4,511,717
Administrative expense	60,469	61,907	122,376
Total deductions	2,476,772	2,157,321	4,634,093
Change in net position	3,392,778	2,825,407	6,218,185
Net position restricted for pension benefits at beginning of year	32,787,833	20,245,156	53,032,989
Net position restricted for pension benefits at end of year	\$ 36,180,611	\$ 23,070,563	\$ 59,251,174



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STATISTICAL SECTION

(UNAUDITED)



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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

Schedule 1

	Fiscal Year			
	2017	2016	2015	2014
Governmental Activities				
Net investment in capital assets	\$ 52,885,644	\$ 53,650,492	\$ 52,302,676	\$ 49,065,887
Restricted	14,064,748	11,431,796	10,944,412	4,208,000
Unrestricted	(20,950,436)	(20,582,734)	(17,074,877)	13,368,134
Total governmental activities net position	<u>\$ 45,999,956</u>	<u>\$ 44,499,554</u>	<u>\$ 46,172,211</u>	<u>\$ 66,642,021</u>
Business-type activities				
Net investment in capital assets	\$ 98,987,903	\$ 99,361,353	\$ 91,881,058	\$ 82,198,144
Restricted	9,295,950	9,016,054	9,343,400	9,106,093
Unrestricted	30,522,933	24,798,266	21,145,069	21,877,048
Total business-type activities net position	<u>\$ 138,806,786</u>	<u>\$ 133,175,673</u>	<u>\$ 122,369,527</u>	<u>\$ 113,181,285</u>
Primary government				
Net investment in capital assets	\$ 151,873,547	\$ 153,011,845	\$ 144,183,734	\$ 131,264,031
Restricted	23,360,698	20,447,850	20,287,812	13,314,093
Unrestricted	9,572,497	4,215,532	4,070,192	35,245,182
Total primary government net position	<u>\$ 184,806,742</u>	<u>\$ 177,675,227</u>	<u>\$ 168,541,738</u>	<u>\$ 179,823,306</u>

Schedule 1

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 52,923,502	\$ 50,783,764	\$ 53,788,685	\$ 56,254,962	\$ 56,144,537	\$ 48,816,977
4,752,964	4,161,566	4,332,318	456,963	432,556	10,246,587
15,362,309	19,662,287	13,165,605	21,244,184	24,958,239	22,518,909
<u>\$ 73,038,775</u>	<u>\$ 74,607,617</u>	<u>\$ 71,286,608</u>	<u>\$ 77,956,109</u>	<u>\$ 81,535,332</u>	<u>\$ 81,582,473</u>
\$ 79,086,596	\$ 72,384,149	\$ 72,481,113	\$ 72,578,375	\$ 72,628,925	\$ 72,556,158
6,151,773	6,044,652	4,698,588	3,533,319	3,030,990	2,469,958
18,160,486	15,074,544	11,586,071	8,127,028	4,922,572	4,236,094
<u>\$ 103,398,855</u>	<u>\$ 93,503,345</u>	<u>\$ 88,765,772</u>	<u>\$ 84,238,722</u>	<u>\$ 80,582,487</u>	<u>\$ 79,262,210</u>
\$ 132,010,098	\$ 123,167,913	\$ 126,269,798	\$ 128,833,337	\$ 128,773,462	\$ 121,373,135
10,904,737	10,206,218	9,030,906	3,990,282	3,463,546	12,716,545
33,522,795	34,736,831	24,751,676	29,371,212	29,880,811	26,755,003
<u>\$ 176,437,630</u>	<u>\$ 168,110,962</u>	<u>\$ 160,052,380</u>	<u>\$ 162,194,831</u>	<u>\$ 162,117,819</u>	<u>\$ 160,844,683</u>

City of Venice, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

Expenses	Fiscal Year			
	2017	2016	2015	2014
Governmental Activities:				
General government	\$ 7,444,298	\$ 6,256,467	\$ 4,971,377	\$ 4,474,822
Finance	1,310,820	1,445,224	1,327,639	1,205,358
Information services	1,204,449	1,103,661	930,268	926,971
Parks & recreation	2,200,809	2,033,492	1,902,949	5,402,255
Police	10,010,304	9,612,374	9,122,052	8,132,658
Fire	8,403,776	7,701,186	7,522,111	6,780,381
Public works	2,809,258	2,754,047	3,196,019	2,260,453
Beach renourishment	-	7,194,623	-	-
Interest on long-term debt	954,628	154,484	164,892	278,728
Total Governmental Activities	34,338,342	38,255,558	29,137,307	29,461,626
Business-type activities:				
Water and sewer utility	18,234,994	15,864,009	15,399,504	14,912,950
Solid waste	5,233,081	4,584,448	4,400,676	4,436,619
Airport	2,463,977	2,329,077	3,101,428	2,316,491
Storm water drainage	1,507,749	1,248,508	971,776	1,136,533
Total Business-Type Activities	27,439,801	24,026,042	23,873,384	22,802,593
Total Primary Government	\$ 61,778,143	\$ 62,281,600	\$ 53,010,691	\$ 52,264,219
Program Revenues				
Governmental Activities:				
Charges for Services:				
General government	\$ 3,637,318	\$ 3,518,295	\$ 2,877,449	\$ 2,685,997
Parks & recreation	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Operating grants and contributions	1,822,632	2,961,887	745,310	828,956
Capital grants and contributions	472,029	1,223,537	3,217,028	310,309
Total Governmental Activities Program Revenues	5,931,979	7,703,719	6,839,787	3,825,262
Business-type activities:				
Charges for services:				
Water and sewer utility	23,325,175	22,414,162	20,992,313	20,746,517
Solid waste	5,746,326	5,325,375	5,294,321	5,270,417
Airport	1,992,621	1,811,426	1,926,773	2,064,538
Storm water drainage	1,498,618	1,555,512	1,463,535	1,370,008
Operating grants and contributions	18,924	14,945	41,777	30,100
Capital grants and contributions	1,709,815	8,109,307	8,730,593	2,754,510
Total Business-Type Activities Program Revenues	34,291,479	39,230,727	38,449,312	32,236,090
Total Primary Government Program Revenues	\$ 40,223,458	\$ 46,934,446	\$ 45,289,099	\$ 36,061,352

Schedule 2

Fiscal Year

2013	2012	2011	2010	2009	2008
\$ 4,206,832	\$ 4,446,788	\$ 5,198,807	\$ 5,920,863	\$ 7,965,653	\$ 6,299,922
1,087,557	1,152,095	1,356,326	1,431,757	1,558,111	999,886
802,515	768,393	812,838	781,431	738,468	810,482
3,712,915	3,756,177	4,025,781	3,728,776	4,174,416	2,349,277
8,086,812	7,816,343	8,721,527	9,261,347	8,145,302	7,159,554
6,077,107	6,007,408	6,947,947	7,022,925	6,371,069	5,215,533
3,970,036	3,451,185	3,964,456	2,351,870	2,259,029	1,696,343
-	-	-	-	-	-
411,059	348,675	358,664	371,857	423,242	366,977
<u>28,354,833</u>	<u>27,747,064</u>	<u>31,386,346</u>	<u>30,870,826</u>	<u>31,635,290</u>	<u>24,897,974</u>
16,086,267	15,745,402	13,946,052	13,659,439	14,352,665	13,359,880
4,153,871	3,753,293	3,726,327	4,038,082	4,211,740	4,004,394
2,269,392	1,886,028	1,911,288	2,277,568	2,036,569	1,616,095
849,906	751,336	815,119	866,768	879,087	579,923
<u>23,359,436</u>	<u>22,136,059</u>	<u>20,398,786</u>	<u>20,841,857</u>	<u>21,480,061</u>	<u>19,560,292</u>
<u>\$ 51,714,269</u>	<u>\$ 49,883,123</u>	<u>\$ 51,785,132</u>	<u>\$ 51,712,683</u>	<u>\$ 53,115,351</u>	<u>\$ 44,458,266</u>
\$ 2,590,060	\$ 2,154,292	\$ 1,800,769	\$ 1,901,769	\$ 1,783,389	\$ 2,003,856
-	-	-	-	-	-
-	-	-	-	-	88,639
-	-	-	-	12,523	60,067
-	-	-	-	-	85,297
639,423	842,277	713,750	826,223	47,910	12,360
1,282,348	6,662,348	208,037	979,819	3,804,691	2,109,662
<u>4,511,831</u>	<u>9,658,917</u>	<u>2,722,556</u>	<u>3,707,811</u>	<u>5,648,513</u>	<u>4,359,881</u>
20,256,649	18,692,175	18,330,838	18,108,135	16,962,042	16,210,376
4,946,247	5,016,252	4,883,706	4,886,855	4,919,755	4,944,586
2,231,127	2,028,300	1,935,056	1,936,363	1,888,786	1,797,152
1,454,101	1,343,924	1,357,669	1,344,248	1,342,375	1,259,310
33,934	48,302	71,658	14,100	-	-
6,588,388	1,729,140	359,141	890,617	444,498	392,984
<u>35,510,446</u>	<u>28,858,093</u>	<u>26,938,068</u>	<u>27,180,318</u>	<u>25,557,456</u>	<u>24,604,408</u>
<u>\$ 40,022,277</u>	<u>\$ 38,517,010</u>	<u>\$ 29,660,624</u>	<u>\$ 30,888,129</u>	<u>\$ 31,205,969</u>	<u>\$ 28,964,289</u>

City of Venice, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year			
	2017	2016	2015	2014
Net (Expense)/Revenue				
Governmental Activities	\$ (28,406,363)	\$ (30,551,839)	\$ (22,297,520)	\$ (25,636,364)
Business-type activities	6,851,678	15,204,685	14,575,928	9,433,497
Total primary government net expense	<u>\$ (21,554,685)</u>	<u>\$ (15,347,154)</u>	<u>\$ (7,721,592)</u>	<u>\$ (16,202,867)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property taxes	\$ 12,874,039	\$ 10,255,897	\$ 9,620,785	\$ 8,946,291
Sales taxes	5,725,871	5,615,140	5,479,373	5,109,151
Utility services taxes	2,629,333	2,564,309	2,494,179	2,402,437
Franchise fees	2,393,474	2,305,140	2,337,425	2,213,124
Intergovernmental	2,391,413	2,240,615	2,128,987	1,902,549
Investment earnings	94,685	93,739	240,218	327,007
Miscellaneous	1,415,113	1,329,299	1,149,849	801,527
Special Item	-	-	1,444,163	(5,123,295)
Transfers, net	3,597,117	4,475,043	2,746,712	2,660,819
Total governmental activities	<u>31,121,045</u>	<u>28,879,182</u>	<u>27,641,691</u>	<u>19,239,610</u>
Business-Type Activities:				
Investment earnings	382,799	60,185	340,372	334,752
Gain on asset sales	-	-	-	2,675,000
Miscellaneous	60,934	16,319	-	-
Transfers, net	(3,597,117)	(4,475,043)	(2,746,712)	(2,660,819)
Total business-type activities	<u>(3,153,384)</u>	<u>(4,398,539)</u>	<u>(2,406,340)</u>	<u>348,933</u>
Total primary government	<u>27,967,661</u>	<u>24,480,643</u>	<u>25,235,351</u>	<u>19,588,543</u>
Change in Net Position				
Governmental activities	2,714,682	(1,672,657)	5,344,171	(6,396,754)
Business-type activities	3,698,294	10,806,146	12,169,588	9,782,430
Total primary government	<u>\$ 6,412,976</u>	<u>\$ 9,133,489</u>	<u>\$ 17,513,759</u>	<u>\$ 3,385,676</u>

Schedule 2

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ (23,843,002)	\$ (18,088,147)	\$ (28,663,790)	\$ (27,163,015)	\$ (25,986,777)	\$ (20,538,093)
12,151,010	6,722,034	6,539,282	6,338,461	4,077,395	5,044,116
<u>\$ (11,691,992)</u>	<u>\$ (11,366,113)</u>	<u>\$ (22,124,508)</u>	<u>\$ (20,824,554)</u>	<u>\$ (21,909,382)</u>	<u>\$ (15,493,977)</u>
\$ 8,428,377	\$ 8,401,213	\$ 8,288,532	\$ 9,217,044	\$ 10,581,789	\$ 12,389,422
5,037,404	4,746,512	4,987,554	4,402,702	4,535,649	4,740,682
2,169,465	1,979,004	1,809,671	1,979,696	1,822,560	1,774,534
1,694,100	1,664,783	1,912,512	1,788,025	1,912,443	2,029,285
1,783,665	1,747,719	1,758,590	2,057,677	2,545,037	2,581,898
143,453	352,056	442,335	404,474	848,836	1,000,375
765,062	365,311	548,717	925,235	694,870	281,828
-	-	-	-	-	2,425,952
2,252,633	2,152,555	2,246,378	2,808,939	2,998,452	2,902,830
<u>22,274,159</u>	<u>21,409,153</u>	<u>21,994,289</u>	<u>23,583,792</u>	<u>25,939,636</u>	<u>30,126,806</u>
(2,867)	168,094	234,146	126,713	241,334	311,580
-	-	-	-	-	-
-	-	-	-	-	-
<u>(2,252,633)</u>	<u>(2,152,555)</u>	<u>(2,246,378)</u>	<u>(2,808,939)</u>	<u>(2,998,452)</u>	<u>(2,902,830)</u>
<u>(2,255,500)</u>	<u>(1,984,461)</u>	<u>(2,012,232)</u>	<u>(2,682,226)</u>	<u>(2,757,118)</u>	<u>(2,591,250)</u>
<u>20,018,659</u>	<u>19,424,692</u>	<u>19,982,057</u>	<u>20,901,566</u>	<u>23,182,518</u>	<u>27,535,556</u>
(1,568,843)	3,321,006	(6,669,501)	(3,579,223)	(47,141)	9,588,713
9,895,510	4,737,573	4,527,050	3,656,235	1,320,277	2,452,866
<u>\$ 8,326,667</u>	<u>\$ 8,058,579</u>	<u>\$ (2,142,451)</u>	<u>\$ 77,012</u>	<u>\$ 1,273,136</u>	<u>\$ 12,041,579</u>

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

Schedule 3

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Reserved (1)	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (1)	-	-	-	-	-
Nonspendable	38,099	21,707	40,896	352,249	3,596,456
Restricted	-	-	170,000	170,000	225,100
Committed	190,800	477,246	307,089	189,643	426,168
Assigned	1,482,243	-	-	-	-
Unassigned	10,598,103	10,737,128	11,685,780	9,820,800	9,991,064
Total General Fund	<u>12,309,245</u>	<u>11,236,081</u>	<u>12,203,765</u>	<u>10,532,692</u>	<u>14,238,788</u>
All other governmental funds					
Reserved (1)	-	-	-	-	-
Unreserved, reported in (1):					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Restricted, reported in:					
Special Revenue Funds (2)	9,431,556	9,219,624	2,980,968	3,254,145	3,204,422
Debt Service Funds	257,291	225,578	718,797	703,855	1,239,805
Capital Project Funds	35,640,738	2,011,758	7,244,647	3,294,891	3,625,444
Committed, reported in:					
Special Revenue Funds (2)	195,776	186,946	2,577,347	1,964,755	1,109,384
Capital Project Funds	1,435,159	1,388,997	1,819,531	4,522,841	4,231,795
Unassigned, reported in:					
Special Revenue Funds	-	-	-	-	-
Total All Other Governmental Funds	<u>46,960,520</u>	<u>13,032,903</u>	<u>15,341,290</u>	<u>13,740,487</u>	<u>13,410,850</u>
Total Governmental Funds	<u>\$ 59,269,765</u>	<u>\$ 24,268,984</u>	<u>\$ 27,545,055</u>	<u>\$ 24,273,179</u>	<u>\$ 27,649,638</u>

Note (1): The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal years 2008-2010 amounts were not restated to reflect the new fund balance categories.

Note (2): Building Permit Fees fund balances were classified as restricted, beginning in 2016. In prior years, they were classified as committed.

Schedule 3

Fiscal Year				
2012	2011	2010	2009	2008
\$ -	\$ -	\$ 5,074,866	\$ 5,342,307	\$ 6,627,747
-	-	9,773,921	10,965,345	11,404,730
3,979,298	4,791,037	-	-	-
225,100	244,676	-	-	-
99,911	205,142	-	-	-
-	-	-	-	-
9,985,185	7,772,036	-	-	-
<u>14,289,494</u>	<u>13,012,891</u>	<u>14,848,787</u>	<u>16,307,652</u>	<u>18,032,477</u>
-	-	6,940,919	207,456	10,196,587
-	-	3,993,776	1,326,901	2,573,837
-	-	-	25,184	-
-	-	-	8,438,332	-
2,884,625	3,112,112	-	-	-
1,222,167	1,200,630	-	-	-
7,472,403	1,521,923	-	-	-
294,851	1,446,206	-	-	-
4,621,835	3,604,710	-	-	-
-	(177,313)	-	-	-
<u>16,495,881</u>	<u>10,708,268</u>	<u>10,934,695</u>	<u>9,997,873</u>	<u>12,770,424</u>
<u>\$ 30,785,375</u>	<u>\$ 23,721,159</u>	<u>\$ 25,783,482</u>	<u>\$ 26,305,525</u>	<u>\$ 30,802,901</u>

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

Schedule 4

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues:					
Taxes	\$ 21,229,243	\$ 18,435,346	\$ 17,594,337	\$ 16,457,879	\$ 15,635,246
Franchise fees	2,393,474	2,305,140	2,337,425	2,213,124	1,694,100
Licenses & permits	3,363,941	3,353,782	2,755,529	2,526,188	2,369,345
Intergovernmental revenues	4,310,989	6,426,039	6,091,325	3,041,814	3,705,436
Charges for services	245,021	119,424	74,535	106,622	171,962
Fees and fines	28,356	45,089	47,385	53,187	35,056
Interest and investments earnings	36,749	77,751	197,735	299,432	156,114
Miscellaneous	1,350,175	1,306,501	1,149,849	801,527	765,062
Total Revenues	<u>32,957,948</u>	<u>32,069,072</u>	<u>30,248,120</u>	<u>25,499,773</u>	<u>24,532,321</u>
Expenditures					
General government services	8,292,732	7,825,328	7,087,380	6,263,354	5,682,908
Public safety	16,360,912	16,325,110	14,134,827	14,206,286	13,249,160
Public works (incl. parks and rec)	2,944,217	2,791,477	3,295,185	4,359,168	4,003,651
Beach renourishment (1)	-	6,573,491	-	-	-
Capital outlay	5,508,898	3,542,378	4,999,251	4,488,149	6,313,241
Debt service					
Principal	406,000	895,000	387,000	7,245,000	340,000
Interest	134,314	156,235	166,607	304,299	331,732
Bond issuance costs	673,064	-	-	-	-
Total Expenditures	<u>34,320,137</u>	<u>38,109,019</u>	<u>30,070,250</u>	<u>36,866,256</u>	<u>29,920,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,362,189)</u>	<u>(6,039,947)</u>	<u>177,870</u>	<u>(11,366,483)</u>	<u>(5,388,371)</u>
Other financing sources (uses)					
Transfers from other funds	4,235,660	4,555,145	5,664,450	5,203,134	4,067,001
Transfers to other funds	(1,868,651)	(1,791,269)	(4,014,607)	(3,671,110)	(1,814,368)
Proceeds from long-term debt	33,995,961	-	-	6,458,000	-
Total other financing sources (uses)	<u>36,362,970</u>	<u>2,763,876</u>	<u>1,649,843</u>	<u>7,990,024</u>	<u>2,252,633</u>
Special item	<u>-</u>	<u>-</u>	<u>1,444,163</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 35,000,781</u>	<u>\$ (3,276,071)</u>	<u>\$ 3,271,876</u>	<u>\$ (3,376,459)</u>	<u>\$ (3,135,738)</u>
Debt Service as a percentage of non- capital expenditures	4.21%	3.04%	2.21%	23.32%	2.85%

Note (1): Beach renourishment was separated out as a separate function, beginning in 2016.

Schedule 4

Fiscal Year				
2012	2011	2010	2009	2008
\$ 15,126,729	\$ 15,085,757	\$ 15,599,442	\$ 16,939,998	\$ 18,904,638
1,664,783	1,912,512	1,788,025	1,912,443	2,029,285
1,617,757	1,325,033	1,312,205	1,261,300	1,491,748
9,252,344	2,680,377	3,863,719	6,397,638	4,789,216
502,440	431,998	540,985	474,768	572,175
34,095	43,738	48,579	59,842	88,639
324,317	384,877	351,637	737,294	929,997
365,311	548,717	926,092	693,711	281,828
<u>28,887,776</u>	<u>22,413,009</u>	<u>24,430,684</u>	<u>28,476,994</u>	<u>29,087,526</u>
5,618,736	5,980,606	6,341,338	8,385,035	7,079,607
12,775,263	13,647,396	13,641,993	12,463,758	12,156,924
4,043,054	4,473,201	2,727,889	2,917,332	3,024,778
-	-	-	-	-
866,854	1,877,155	4,319,557	10,530,950	8,646,485
330,000	384,849	367,147	1,241,144	1,277,385
342,208	358,503	363,742	434,603	381,708
-	-	-	-	-
<u>23,976,115</u>	<u>26,721,710</u>	<u>27,761,666</u>	<u>35,972,822</u>	<u>32,566,887</u>
<u>4,911,661</u>	<u>(4,308,701)</u>	<u>(3,330,982)</u>	<u>(7,495,828)</u>	<u>(3,479,361)</u>
5,804,005	6,385,662	5,581,974	9,226,250	10,583,725
(3,651,450)	(4,139,284)	(2,773,035)	(6,227,798)	(7,680,894)
-	-	-	-	-
<u>2,152,555</u>	<u>2,246,378</u>	<u>2,808,939</u>	<u>2,998,452</u>	<u>2,902,831</u>
-	-	-	-	2,425,952
<u>\$ 7,064,216</u>	<u>\$ (2,062,323)</u>	<u>\$ (522,043)</u>	<u>\$ (4,497,376)</u>	<u>\$ 1,849,422</u>
2.91%	2.99%	3.12%	6.59%	6.94%

City of Venice, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Schedule 5

Fiscal Year Ended 30-Sep	Assessed Value		Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2017	\$ 4,026,844,232	\$ 203,020,521	\$ 682,711,628	\$ 3,547,153,125	3.766
2016	3,643,753,887	195,366,001	610,975,231	3,228,144,657	3.277
2015	3,417,689,098	192,979,601	586,116,448	3,024,552,251	3.292
2014	3,213,484,644	189,768,403	578,857,865	2,824,395,182	3.302
2013	3,123,945,509	180,194,496	604,960,792	2,699,179,213	3.227
2012	3,132,796,468	178,139,329	600,923,287	2,710,012,510	3.195
2011	3,320,275,654	180,426,958	639,821,153	2,860,881,459	3.004
2010	3,868,939,303	188,981,800	888,744,784	3,169,176,319	3.004
2009	4,559,933,132	204,905,680	1,112,393,345	3,652,445,467	2.984
2008	5,451,896,503	204,688,587	1,290,519,118	4,366,065,972	2.939

Note: The basis of assessed value required by the state is 100% of actual value. For each fiscal year ending September 30, property is valued as of the preceding January 1st.

Source: Sarasota County Property Appraiser

City of Venice, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Schedule 6

Fiscal Year	City of Venice			Overlapping Rates			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Sarasota County	School District	SWFWMD	
				Total County Millage	Total School Millage	Total SWFWMD Millage	
2017	3.600	0.166	3.766	5.143	7.433	0.332	16.674
2016	3.100	0.177	3.277	5.143	7.763	0.349	16.532
2015	3.100	0.192	3.292	5.177	7.777	0.366	16.612
2014	3.100	0.202	3.302	5.177	7.970	0.382	16.831
2013	2.965	0.262	3.227	5.177	7.816	0.393	16.613
2012	2.935	0.260	3.195	5.124	7.635	0.393	16.347
2011	2.779	0.225	3.004	5.273	7.901	0.377	16.555
2010	2.779	0.225	3.004	5.273	7.427	0.387	16.091
2009	2.779	0.205	2.984	5.127	7.045	0.387	15.543
2008	2.779	0.160	2.939	5.127	7.123	0.387	15.576

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

Schedule 7

Fiscal Year Ended 09/30	Total Tax Levy for Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2017	\$ 13,358,579	\$ 12,850,227	96.2%	\$ 8,254	\$ 12,858,481	96.3%
2016	10,578,630	10,244,464	96.8%	1,963	10,246,427	96.9%
2015	9,956,826	9,601,711	96.4%	7,385	9,609,096	96.5%
2014	9,326,153	8,934,711	95.8%	3,066	8,937,777	95.8%
2013	8,710,251	8,390,344	96.3%	23,551	8,413,895	96.6%
2012	8,658,490	8,333,156	96.2%	56,412	8,389,568	96.9%
2011	8,594,088	8,249,561	96.0%	5,183	8,254,744	96.1%
2010	9,520,206	9,190,963	96.5%	5,183	9,196,146	96.6%
2009	10,898,897	10,492,073	96.3%	3,872	10,495,945	96.3%
2008	12,831,868	12,338,368	96.2%	6,292	12,344,660	96.2%

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of the tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes are sold at public auction prior to June 1 each year, and the proceeds collected are remitted to the City.

City of Venice, Florida
Pledged-Revenue Coverage
Last Ten Fiscal Years

Schedule 8

Fiscal Year	Utility System Refunding Revenue Bond					
	Water & Sewer Charges and other ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage ⁽³⁾
				Principal	Interest	
2017	\$ 23,634,520	\$ 10,286,775	\$ 13,347,745	\$ 1,291,000	\$ 1,396,453	5.0
2016	22,476,711	8,581,186	13,895,525	3,309,000	1,583,669	2.8
2015	20,992,313	9,728,137	11,264,176	3,268,000	872,580	2.7
2014	20,746,517	9,228,925	11,517,592	3,268,000	872,580	2.8
2013	20,256,649	9,087,713	11,168,936	3,222,000	916,378	2.7
2012	18,692,175	9,557,763	9,134,412	2,460,000	98,875	3.6
2011	18,330,838	9,088,165	9,242,673	1,875,000	538,313	3.8
2010	18,108,135	8,905,614	9,202,521	1,635,983	996,527	3.5
2009	16,962,042	10,004,263	6,957,779	2,012,426	1,043,719	2.3
2008	16,210,376	9,530,678	6,679,698	2,150,879	1,121,846	2.0

(1) Includes interest earnings.

(2) Excludes depreciation and amortization.

(3) Bond covenant requires Gross Revenues in each fiscal year to be sufficient to pay the Cost of Operation and Maintenance of the System and all reserve and other payments required to be made pursuant to the Resolution, and be sufficient to provide an amount equal to 115% of the Bond Service Requirement becoming due in such year on all Outstanding Bonds.

City of Venice, Florida
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 9

Fiscal Year Ended September 30	Property Taxes	Local Option, Fuel and Communication Services Taxes	Utility Service Taxes	Totals
2017	\$ 12,874,039	\$ 5,725,871	\$ 2,629,333	\$ 21,229,243
2016	10,255,897	5,615,140	2,564,309	18,435,346
2015	9,620,785	5,479,373	2,494,179	17,594,337
2014	8,946,291	5,109,151	2,402,437	16,457,879
2013	8,428,377	5,037,404	2,169,465	15,635,246
2012	8,401,213	4,746,512	1,979,004	15,126,729
2011	8,288,532	4,987,554	1,809,671	15,085,757
2010	9,217,044	4,402,702	1,979,696	15,599,442
2009	10,581,789	4,535,649	1,822,560	16,939,998
2008	12,389,422	4,740,682	1,774,534	18,904,638

City of Venice, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 10

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage Of Personal Income (a)
	General Obligation Bonds	Revenue Bonds	Capital Leases	Promissory Notes/Bonds	Revenue Bonds	Notes Payable	Capital Leases		
2017	\$ 33,995,961	\$ -	\$ -	\$ 4,770,000	\$ 35,877,500	\$ 3,722,771	\$ -	\$ 78,366,232	8.29%
2016	-	-	-	5,176,000	36,873,641	2,837,000	-	44,886,641	4.99%
2015	-	-	-	6,071,000	37,364,783	5,911,000	-	49,346,783	5.79%
2014	-	-	-	6,458,000	21,206,134	8,958,000	-	36,622,134	4.60%
2013	7,245,000	-	-	-	21,609,847	11,967,000	-	40,821,847	5.36%
2012	7,585,000	-	-	-	-	14,867,373	-	22,452,373	3.00%
2011	7,915,000	-	-	-	11,855,000	5,362,211	-	25,132,211	3.46%
2010	8,235,000	-	-	69,442	14,490,983	4,865,400	-	27,660,825	3.69%
2009	8,545,000	-	-	126,589	16,503,409	5,181,057	-	30,356,055	2.84%
2008	8,850,000	760,000	111,857	200,037	18,350,705	5,503,466	33,131	33,809,196	3.28%

(a) See Schedule 13 for personal income and population data.

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

Schedule 11

Fiscal Year	Estimated Actual Taxable Value of Property	Population	General Bonds/Notes	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated/ Actual Taxable Value of Property	Net Bonded Debt Per Capita
2017	\$ 3,547,153,125	22,306	\$ 38,765,961	\$ 257,291	\$ 38,508,670	1.09%	\$1,726.38
2016	3,228,144,657	21,849	5,176,000	224,351	4,951,649	0.15%	226.63
2015	3,024,552,251	21,418	6,071,000	715,777	5,355,223	0.18%	250.03
2014	2,824,395,182	21,188	6,458,000	702,292	5,755,708	0.20%	271.65
2013	2,699,179,213	21,117	7,245,000	1,239,805	6,005,195	0.22%	284.38
2012	2,710,012,510	20,918 *	7,585,000	1,220,618	6,364,382	0.23%	304.25
2011	2,860,881,459	20,752 *	7,915,000	1,198,618	6,716,382	0.23%	323.65
2010	3,169,176,319	22,176	8,304,442	231,863	8,072,579	0.25%	364.02
2009	3,652,445,467	22,146	8,671,589	231,112	8,440,477	0.23%	381.13
2008	4,366,065,972	22,149	9,810,037	847,101	8,962,936	0.21%	404.67

* Population revised based on revisions to the 2010 Census.

City of Venice, Florida
Direct and Overlapping Governmental Activities Debt
as of September 30, 2017

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Venice direct debt	\$ 38,765,961	100%	\$ 38,765,961
Sarasota County School Board	168,882,275 ^(a)	7.03% ^(c)	11,872,424
Sarasota County	338,932,209 ^(b)	7.03% ^(c)	23,826,934
Subtotal, overlapping debt	<u>507,814,484</u>		<u>35,699,358</u>
Total direct and overlapping debt	<u>\$ 546,580,445</u>		<u>\$ 74,465,319</u>

Source: ^(a) School Board of Sarasota County CAFR.

Source: ^(b) Sarasota County CAFR.

^(c) Determined by dividing:

taxable assessed valuation of the City of Venice	\$ 3,547,153,125
by the total taxable valuation of Sarasota County	\$ 50,462,105,932

City of Venice, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Schedule 13

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2017	22,306	\$ 945,216,750	\$ 42,375	3.3%
2016	21,849	899,829,216	41,184	4.7%
2015	21,418	852,821,924	39,818	5.0%
2014	21,188	795,863,656	37,562	6.0%
2013	21,117	761,310,084	36,052	6.8%
2012	20,918 *	747,295,550	35,725	8.9%
2011	20,752 *	725,884,208	34,979	11.0%
2010	22,176	749,526,624	33,799	12.5%
2009	22,146	1,068,655,230	48,255	11.6%
2008	22,149	1,029,618,414	46,486	4.3%

Sources:

- (a) Bureau of Economic and Business Research, University of Florida. Resident population used by the City's Planning and Zoning Department.
- (b) Determined by multiplying population by per capita personal income.
- (c) U.S. Census Bureau - American FactFinder, 2012-2016 5-year American Community Survey (in 2016 inflation-adjusted dollars)
- (d) U.S. Department of Labor, Bureau of Labor Statistics - Local Area Unemployment Statistics.

* Population revised based on revisions to the 2010 Census.

Notes: Statistics for unemployment rate are not available for City of Venice. Therefore, figures from North Port-Sarasota-Bradenton, FL Metropolitan Statistical Area were used.

City of Venice, Florida
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Schedule 14

<u>Taxpayer</u>	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MHC Bay Indies LLC	\$ 61,410,000	1	1.74%	\$ 42,865,100	1	0.98%
AG (Aston Gardens) Venice Senior Housing LLC (Venice Regional Medical Center)	45,029,900	2	1.28%	27,186,300	3	0.62%
Venice HMA, LLC	35,179,600	3	1.00%	37,470,100	2	0.86%
PGT Industries, Inc	28,213,695	4	0.80%	16,078,600	5	0.37%
Tuscan Gardens of Venice	24,345,100	5	0.69%	-		-
Southwest Florida Retirement Center Inc.	22,368,479	6	0.63%	-		-
Publix Supermarkets Inc	14,101,273	7	0.40%	-		-
Csh-ing Bella Vita LP (Bella Vita Arv)	13,072,700	8	0.37%	16,250,000	4	-
Real Sub LLC	11,096,000	9	0.31%	-		-
Neal Communities	10,354,754	10	0.29%	-		-
Sarasota County Health Facilities Authority Retirement Center	-		-	11,863,355	6	0.27%
WCI Communities, Inc	-		-	10,279,586	7	0.24%
Waterford at Laurel Park N, LLC	-		-	10,279,586	8	0.24%
Healthcare Realty Trust, Inc.	-		-	7,828,700	10	0.18%
Venice Plaza Shopping Ctr. Ltd.	-		-	7,895,900	9	0.18%
Totals	<u>\$ 265,171,501</u>		<u>7.51%</u>	<u>\$ 189,044,041</u>		<u>3.94%</u>
Total taxable assessed value - City of Venice	<u>\$ 3,527,614,748</u>			<u>\$ 4,366,065,972</u>		

Source: Sarasota County Property Appraiser

Total taxable assess value of Venice for 2017 - \$3,527,614,748

Total taxable assess value of Venice for 2008 - \$4,366,065,972

City of Venice, Florida
Principal Employers
Current Year and Nine Years Ago

Schedule 15

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Sarasota County	5,607	1	3.05%	5,910	1	3.55%
Sarasota Memorial Hospital	4,244	2	2.30%	3,912	2	2.35%
Sarasota County Government	3,533	3	1.92%	3,433	3	2.07%
Publix Super Markets	2,793	4	1.52%	1,947	4	1.17%
PGT Industries	2,079	5	1.13%	1,184	6	0.71%
Venice Regional Medical Center	1,270	6	0.69%	995	7	0.60%
Sun Hydraulics Corporation	612	7	0.33%	-	-	-
Tervis Tumbler Co.	570	8	0.31%	-	-	-
Shared Services Center	442	9	0.24%	-	-	-
FCCI Insurance Group	417	10	0.23%	-	-	-
Wal-Mart	-	-	-	1,332	5	0.80%
Sarasota Family YMCA	-	-	-	910	8	0.55%
SunTrust Bank	-	-	-	819	9	0.49%
Nielsen Media Research	-	-	-	712	10	0.43%
	<u>21,567</u>		<u>11.72%</u>	<u>21,154</u>		<u>12.72%</u>
Total Sarasota County Employment:	<u>184,026</u>			<u>166,295</u>		

Source: Sarasota County CAFR

Note: Statistics are for Sarasota County; not available for City of Venice

City of Venice, Florida
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Schedule 16

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Department:										
Mayor and Council	7.00	7.00	7.00	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City Manager	3.25	3.20	3.20	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Historical Resources	3.00	3.00	3.00	3.0	2.0	2.0	1.0	1.0	1.0	1.0
City Clerk	5.00	5.00	5.00	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Finance	13.00	13.00	13.00	12.0	12.0	12.0	12.0	12.0	13.0	13.0
Public Works										
Administration	2.00	2.00	2.00	3.0	3.0	1.0	4.0	4.0	4.0	4.0
General Maintenance	12.60	9.60	9.60	11.0	11.0	12.0	13.0	13.0	15.0	15.0
Parks Maintenance	12.95	12.70	11.70	12.0	10.0	9.0	11.0	12.0	14.0	15.0
Engineering	4.10	4.65	3.15	5.0	5.0	6.0	9.0	9.0	10.0	10.0
Police	61.00	61.00	58.00	66.0	66.0	64.0	72.0	73.0	73.0	73.0
Fire	44.25	44.25	44.25	45.0	41.5	42.5	45.5	46.5	46.5	46.0
Planning & Zoning	11.00	9.00	8.00	6.0	7.0	8.0	4.0	5.0	4.0	5.0
Information Technology	5.00	5.00	5.00	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Services	5.00	5.00	5.00	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Building & Code										
Enforcement	15.60	12.60	12.60	10.0	7.0	6.0	6.0	7.0	8.0	8.0
Airport	8.25	8.20	8.30	8.0	7.0	7.0	8.0	8.0	8.0	8.0
Utilities Administration	10.20	10.10	9.00	9.0	7.0	8.0	6.0	2.0	2.0	2.0
Distribution / Collection	25.00	25.00	24.00	25.0	21.0	20.0	21.0	26.0	28.0	28.0
Water Production	15.00	15.00	15.00	15.0	14.0	14.0	14.0	14.0	15.0	15.0
Water Reclamation	17.00	17.00	18.00	18.0	17.0	17.0	17.0	20.0	21.0	21.0
Solid Waste	11.525	14.025	12.025	11.5	12.5	11.0	13.5	13.5	13.5	13.5
Recycling	12.525	9.025	10.025	9.5	8.5	11.0	9.5	9.5	10.5	10.5
Stormwater	8.00	5.70	5.80	1.0	1.0	2.0	2.0	2.0	2.0	2.0
TOTAL	312.25	301.05	292.65	295.0	276.5	276.5	293.5	302.5	314.5	316.0

Source: City of Venice Finance Department

City of Venice, Florida
Operating Indicators By Function/Program
Last Eight Fiscal Years

Schedule 17

	Fiscal Year				Fiscal Year			
	2017	2016	2015	2014	2013	2012	2011	2010
Parks and Recreation								
Number of trees trimmed and maintained	7,201	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Number of irrigation systems maintained including:	31	31	30	30	28	28	28	26
Spray heads	2,510	2,510	2,450	2,450	2,400	2,400	2,400	2,300
Zones	188	188	183	183	181	181	181	171
Feet of drip line	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,000
Police								
Number of sworn officers	50	48	47	47	43	45	45	51
Total calls received	27,949	31,781	29,319	12,433	30,454	29,041	31,753	36,191
Number of crime scenes processed (property division)	75	25	54	38	26	16	36	24
Drug related arrests	129	98	61	45	37	123	93	109
Traffic citations issues	1,308	2,308	1,331	1,043	1,000	1,366	1,435	1,849
Parking citations	162	686	625	958	346	379	451	114
Marine citations	19	6	20	25	6	23	12	51
Traffic warnings	620	782	1,181	2,437	3,457	4,093	4,115	4,202
Parking warnings	101	2	7	20	8	9	32	95
Marine warnings	106	91	122	142	164	140	418	120
Fire								
Number of firefighters	41	41	41	41	41	39	41	42
Calls for service	3,790	3,450	3,225	2,723	2,757	2,625	2,652	2,442
Public Works								
Miles of roadway	70	63.1	63.0	59.9	53.7	53.7	53.7	52
Miles of sidewalk		38.6	38.6	38.6	38.3	38.3	38.3	38
Signalized intersections	10	10	10	10	11	11	11	11
School zone areas	3	3	3	3	3	3	3	3
Street lights	690	690	690	690	690	690	690	690
Decorative pedestrian lights	30	30	30	30	30	30	30	30
Water and sewer utilities								
Finished water pumped to system (millions of gallons)	799.6	776.8	783.9	797.4	738.6	767.3	720.3	746.0
Potable water gallons delivered to customers (millions)	795.6	760.0	779.6	734.4	714.6	738.2	720.7	711.2
Produced gallons of reuse water per day (MGD)	3.12	3.299	2.705	2.837	2.770	2.422	2.256	3.399
Solid Waste								
Tons of garbage	21,537	21,325	19,932	18,343	16,622	15,784	15,717	15,539
Tons of yard waste	3,437	2,922	2,957	2,769	3,306	2,662	2,624	3,064
Tons of construction & debris	939	1,398	5,311	514	1,069	253	320	652
Tons of Recycle Material:								
Tons of paper	1,410	1,634	1,558	1,541	1,546	1,431	1,558	1,540
Tons of commingled recyclables	1,376	1,296	1,246	1,179	1,182	1,021	1,040	899
Tons of cardboard	921	940	926	919	955	1,063	859	781
Tons of scrap metal	116	112	70	44	61	49	68	61
Airport								
Number of T-Hangars	166	166	166	166	175	175	167	167
Number of tie-downs	47	47	47	49	49	49	49	49
Number of shade hangars	12	12	12	0	3	3	3	3
Number of mobile homes	185	185	185	185	185	185	186	186
Storm Water Drainage								
Miles of pipe	25.34	24.9	24.8	19.42	19.33	19.33	19.33	19
Miles of swales and ditches	25	22	22	22	19	19	19	19
Ditch regrading maintenance: tons of material removed	105	378.4	128	76.8	204.74	29.01	100.74	11.52

Source: Various departments throughout the City of Venice.

Note: started showing this schedule in FY 2010.

CITY OF VENICE, FLORIDA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Schedule 18

	Fiscal Year					Fiscal Year				
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Parks and Recreation										
Number of Parks	37	37	37	37	37	37	36	35	35	35
Park Acreage	383.07	383.07	383.07	383.07	383.07	383.07	383.07	382.07	367.78	367.78
Playgrounds	10	10	10	10	10	10	10	10	10	10
Baseball and Softball Diamonds	9	9	9	9	9	9	9	9	9	9
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Basketball Courts	3	3	3	3	3	3	3	3	3	3
Shuffleboard Courts	18	18	18	18	18	18	18	18	18	18
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Boat Docks	5	2	2	2	2	2	2	2	2	2
Nature/Fitness Trail (miles)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Football Fields	3	3	3	3	3	3	3	3	3	3
Croquet Courts	5	5	3	3	3	3	3	3	3	3
Interactive Fountain	1	1	1	1	1	1	1	1	1	1
Gazebo	2	2	2	2	2	2	2	2	2	2
Fishing Pier	1	1	1	1	1	1	1	1	1	1
Paw (Dog) Park	1	1	1	1	1	1	1	1	1	1
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Fire Hydrants	1,066	1,076	1,065	1,035	1,030	1,018	1,018	1,018	1,018	1,019
Public Works										
Paved Streets (miles)	130.8	63.1	63	59.9	53.7	53.7	53.7	52	52	52
Water and Sewer Utilities										
Wastewater Main (miles)	137.09	157	157.6	200.0	142.0	142.3	148.0	147.4	141.4	165.09
(includes collection pipe and forcemain)										
Water Mains (miles)	193.5	209.79	196.3	196.2	195.0	195.6	201	196.2	196.2	212.06
(includes distribution pipe & raw water mains)										
Reclaimed Water Mains (miles)	50.49	59.14	52.0	49.2	50.0	50	49.2	49.2	49.2	49.2
Reclaimed Water Bulk connections	5	5	7.0	7.0	6.0	7	7	7	7	7
Reclaimed Water Residential connections	3,041	3,024	2,914	2,911	2,970	2,976	2,953	2,930	2,908	2,899
Stormwater Drainage										
Storm Sewers (miles)	50.3	46.9	46.8	41.42	38.41	38.41	38.41	38.08	38.08	38.08

Source: Various departments throughout the City of Venice.



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COMPLIANCE



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**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***

The Honorable Mayor and City Council
City of Venice, 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 basic financial statements, as listed in the table of contents, of the City of Venice, Florida (the "City") as of and for the year ended September 30, 2017, and have issued our report thereon dated February 28, 2018.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective 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 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 over financial reporting 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.

The Honorable Mayor and City Council
City of Venice, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, 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*.

We noted certain matters that we reported to management of the City in a separate letter dated February 28, 2018.

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.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
February 28, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and City Council
City of Venice, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of the City of Venice, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* and the requirements described in the Department of Financial Services State Projects *Compliance Supplement* that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2017. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project identified in the accompanying Schedule of Findings and Questioned Costs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to in the first paragraph. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis, as required by the Uniform Guidance, Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services*, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the financial statements.

The Honorable Mayor and City Council
City of Venice, Florida

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General (Cont.)*

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
February 28, 2018

CITY OF VENICE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified Opinion

Internal control over financial reporting:

- | | | | | | |
|---|-------|-----|-------|---|---------------|
| • Material weakness(es) identified? | _____ | Yes | _____ | X | No |
| • Significant deficiency(ies) identified? | _____ | Yes | _____ | X | None reported |
| Noncompliance material to financial statements noted? | _____ | Yes | _____ | X | No |

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:

- | | | | | | |
|---|-------|-----|-------|---|---------------|
| • Material weakness(es) identified? | _____ | Yes | _____ | X | No |
| • Significant deficiency(ies) identified? | _____ | Yes | _____ | X | None reported |

Type of auditor’s report issued on compliance for major federal programs and state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 200.516 of the Uniform Guidance or Chapter 10.557, *Rules of the Auditor General*?

_____	Yes	_____	X	No
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Identification of Major Federal Programs and Major State Projects:

CFDA Number

66.468

Name of Federal Program

Capitalization Grants for Drinking Water State Revolving Funds

CSFA Number

37.003

Name of State Project

Beach Management Funding Assistance Program

37.077

Clean Water State Revolving Fund Program

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
State	\$300,000

Auditee qualified as low-risk auditee?	_____	X	Yes	_____	No
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CITY OF VENICE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont.)
For the Year Ended September 30, 2017

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT, AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.

No matters are reported.

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION REPORTED IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*.

No matters are reported.

SECTION IV – PRIOR YEAR AUDIT FINDINGS.

No matters are reported.

CITY OF VENICE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

Federal Agency/Program Title	Federal CFDA Number	Federal or Pass-through Grant Number	Expenditures
U.S. DEPARTMENT ENVIROMENTAL PROTECTION AGENCY			
Capitalization Grants for Drinking Water State Revolving Funds <i>Passed-Through State of Florida, Department of Environmental Protection</i>	66.468	DW580430	1,842,981
U.S. DEPARTMENT OF JUSTICE:			
Bureau of Justice Assistance (BJA)		2015BUBX15077263	315
Bulletproof Vest Partnership Program	16.607	2016BUBX16082633	3,283
Total U.S. Department of Justice			3,597
U.S. DEPARTMENT OF TRANSPORTATION:			
Federal Aviation Administration (FAA)			
Airport Improvement Program Grant	20.106		
Rehabilitation of Tie-Down Apron		3-12-0082-015-2016	138,504
Construction of Runway 13-31		3-12-0082-014-2015	112,290
Apron Rehabilitation - Construction		3-12-0082-016-2017	83,034
Highway Planning and Construction <i>Passed-Through Florida Department of Transportation</i>	20.205		
Local Agency Program			
Edmondson Road	20.205	436987-1-58-01	11,944
Total U.S. Department of Transportation			345,772
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Federal Emergency Management Agency:			
<i>Passed-Through State of Florida, State Fire Marshall Office</i>			
Disaster Grant - Public Assistance	97.036		
Hurricane Matthew State Mission #05-008-16 / Declaration DR4283			3,671
U.S. DEPARTMENT OF AGRICULTURE / U.S. FOREST SERVICE			
Urban and Community Forestry			
<i>Passed-Through State of Florida, Department of Agriculture and Consumer Svc.</i>			
Cooperative Forestry Assistance			
City of Venice Tree Inventory	10.664	23763	9,919
TOTAL EXPENDITURES OF FEDERAL AWARDS			2,205,940

See independent auditor's report and notes to this schedule.

CITY OF VENICE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

State Agency/Program Title	CSFA Number	State Contract/ Grant Number	Expenditures
STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION:			
Aviation Development Grants	55.004		
Design and Construction General Aviation Terminal Building		438750-1-94-01	17,709
Construction Runway 13-31 Improvements Runway Safety Area		436482-1-94-01	6,076
T-Hangers - Midfield		436988-1-94-01	126,576
Airport Security Improvements		436984-1-94-01	6,770
Rehabilitation of Apron		431879-1-94-01	7,695
Obstruction Removal		438257-1-94-01	1,981
Apron Rehabilitation Construction		431879-1-94-01	4,613
Total Department of Transportation			<u>171,419</u>
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Division of Water Resources Management			
Beach Management Funding Assistance Program	37.003		
Venice Beach Nourishment ¹		13ST1	1,122,351
Clean Water State Revolving Fund Program			
Wastewater Treatment Facility Construction	37.077		
Reclaimed Water Distribution System Improvements		WW580440	504,013
STATE OF FLORIDA, DEPARTMENT OF HEALTH			
Bureau of Emergency Medical Services			
<i>Passed-Through Sarasota County-County Grant Awards</i>	64.005		
EMS Equipment - Landing Zone Kit		172556	1,416
 ¹ Expenditures from 2013-2017 were deemed eligible under Amendment #3. These expenditures were not reported in prior years.			
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>1,799,199</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 4,005,139</u>

See independent auditor's report and notes to this schedule.

CITY OF VENICE, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance September 30, 2017

NOTE 1. PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the City's basic financial statements and is presented for purposes of additional analysis. The Schedule is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Federal Financial Assistance – Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, that nonfederal entities receive or administer, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property interest subsidies, insurance, or direct appropriations.

Catalog of Federal Domestic Assistance – The Uniform Guidance requires the Schedule to present the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Federal financial assistance programs that have not been assigned a CFDA number are indicated with an "N/A."

B. Type A and Type B Programs

The Uniform Guidance establish the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. For the current year, Type A assistance programs for the City of Venice are those programs that exceeded \$750,000 for the year ended September 30, 2017.

All local governments that expend \$750,000 or more a year in federal financial assistance must undergo a Single Audit conducted in compliance with in accordance with the Uniform Guidance.

C. Reporting Entity

The Schedule includes all federal financial assistance programs administered by the City of Venice and included in the City's Comprehensive Annual Financial Report.

D. Basis of Accounting

Expenditures included in the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for enterprise funds as defined in Note I to the basic financial statements. Under 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

CITY OF VENICE, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance September 30, 2017

collectible within the current period or soon enough thereafter to pay liabilities of the current period. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are generally 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 the liability has matured. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City has elected to not utilize the 10% de minimis indirect cost rate.

E. Relationship to Federal Financial Reports

Grant expenditure reports as of September 30, 2017, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

NOTE 3. STATE REVOLVING FUND LOANS

For State Revolving Fund loans listed on the Schedule of Expenditures of Federal Awards and State Financial Assistance, the City had the following loan balances outstanding at September 30, 2017.

<u>Program Title</u>	<u>Federal CFDA State CSFA No.</u>	<u>Grant Number</u>	<u>Total Outstanding</u>
State Revolving Fund	66.468 (Federal)	DW580430	\$945,049
State Revolving Fund	37.077 (State)	WW580440	\$326,722



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and City Council
City of Venice, Florida

We have examined the compliance of the City of Venice, Florida (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
February 28, 2018



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and City Council
City of Venice, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Venice, Florida (the "City") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated February 28, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have also 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 28, 2018 should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

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, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services, pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units


Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires 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.

Additional Matters

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

Purpose of this Letter

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



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
February 28, 2018