



MOORE STEPHENS
LOVELACE CPAs & ADVISORS

CITY OF VENICE, FLORIDA

**REQUIRED AUDITOR COMMUNICATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

PRESENTED BY
JEFF WOLF, CPA
MANAGER

AUDIT OVERVIEW

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- **Management Responsibilities**
- **Internal Controls and Compliance**
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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	130,054,151	186,926,168	316,980,319
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	10,114,604	2,699,709	12,814,313
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	91,584,619	50,516,604	142,101,223
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	2,584,180	302,487	2,886,667
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	\$ 45,999,956	\$ 138,806,786	\$ 184,806,742

See accompanying Notes to Financial Statements.

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
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
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
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>
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
Budget Comparison Statement
General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
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	(76,017)	(76,017)	(76,017)	-
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.

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	29,376,756	3,298,822	4,293,633
Noncurrent assets:			
Pooled cash and investments - Restricted	10,994,683	-	3,416,445
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	(70,538,068)	(3,842,547)	(12,014,171)
Total capital assets	99,940,851	1,059,485	25,298,911
Total noncurrent assets	110,935,534	1,059,485	28,715,356
Total assets	140,312,290	4,358,307	33,008,989
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,689,130	610,936	218,535

Reserves defined as "working capital" i.e., current assets less current liabilities (modified)

See accompanying Notes to Financial Statements

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	Excludes →	496,498	-	-
Bonds payable		950,000	-	-
Total current liabilities		4,747,788	534,837	381,107
Noncurrent liabilities:				
Compensated absences	Includes →	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		42,392,034	1,444,157	496,356
Total liabilities		47,139,822	1,978,994	877,463
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		194,833	64,508	22,851
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		23,331,503	1,866,256	3,611,854
Total net position		\$ 94,666,765	\$ 2,925,741	\$ 32,327,210

See accompanying Notes to Financial Statements

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

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)	\$ 40,292,294	\$ 39,144,607	\$ 38,553,253	\$ 35,060,633	\$ 33,800,794
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)	\$ 23,070,563	\$ 20,245,156	\$ 17,706,658	\$ 18,605,491	\$ 16,666,493
Net pension liability (actuary), ending (a) - (b)	\$ 17,221,731	\$ 18,899,451	\$ 20,846,595	\$ 16,455,142	\$ 17,134,301
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 Investment Returns

Last Ten Fiscal Years

	Fiscal Year				
	2016	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:

Service as of 10/1/12	Final Salary Load
- 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.

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>

Questions or Comments

