

City of Venice, Florida

Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2016



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

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

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City of Venice, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2016

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February 10, 2017

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, 2016. The purpose of this report is to provide the City Council, citizens, 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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 10, 2017

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 21,849. 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 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 2016 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 with an overall increase from 21,584 in 2007 to 21,849 as of April 1, 2016. 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 \$4.2 billion in 2007 to a low of \$2.7 billion in 2013, but have since rebounded. Assessed valuations for 2016 were \$3.2 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
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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 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 the current rate of 3.10 in 2014. The ten-year trend in the City's millage rate is shown in Schedule 6 in the Statistical Section of this report.

Because approximately 78% of the General Fund is personnel costs, significant reductions in

Honorable Mayor, City Council
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February 10, 2017

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 300.65 FTE's in 2016. 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.

Water and sewer retail rates increase at 3% annually each October 1, as the result of a rate study completed in 2013. Fiscal 2017 will be the fourth year of a five-year plan for similar annual increases under the current ordinance.

In a prior year, the City closed the City's firefighters' and police officers' pension plans (the Plans) to new entrants effective October 1, 2014. 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. As a result of these changes, City contributions to the Plans increased significantly in 2016. City contributions to the Police Officers' Plan increased from \$1,753,275 in 2015 to \$2,108,231 in 2016, while City contributions to the Firefighters' Plan increased from \$756,197 in 2015 to \$3,047,697 in 2016. At September 30, 2016, the City's net pension liabilities are \$7.7 million (Police) and \$18.9 million (Fire).

The City's Other Post Employment Benefit (OPEB) obligation dropped to \$10.9 million in the latest actuarial valuation. Fiscal 2016 was the final year in a phase-out of City contributions toward retiree healthcare. 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). However, the City still subsidizes 50% of the average blended cost for certain employees who retired prior to that date.

The 2016 fiscal year has been a period of achievement and change. Following is a summary of some of the accomplishments.

- Initiated in 2015 and continued in 2016, to address the on-going challenge of motor vehicle parking adequacy, a phased plan of expanding surface parking citywide was conceived and executed. The result to date is an increase of more than 200 identifiable and marked parking spaces in the downtown area, landscaping, paving and marking of more than 100 additional parking spaces at Venice Beach, and an increase of several hundred parking spaces at North Brohard Beach. The parking expansion program evidences a number of partnership successes involving state and county agencies' reviews, permitting, and working agreements.
- In 2015, the City Council examined the prospect of future community growth and began to consider opportunities for acquiring additional public properties and assets to serve future community needs. In 2016, the City purchased the former Hamilton condominium complex, a 9,400 square foot commercial structure that was subsequently leased to Sarasota County to fill an immediate need as a temporary public library. Also, the City purchased a 34-acre parcel of land in the northeast section of the City for the prospective expansion or relocation of municipal services. Through this transaction, the City was also able to obtain the deed for five additional acres at no additional cost.

- Recognizing a previous obligation to remove a retail food service building from a perpetual federal government easement on the South Jetty, through negotiations and with the assistance of the West Coast Inland Navigation District (WCIND) the City was able to secure approval from the Army Corps of Engineers for retention of the commercial structure on the site, which allows for continued provision of food and restroom services to the public.
- Through effective negotiations with Sarasota County for the use of Venice Impact Fee funds, improvements were made to Wellfield Park, including the installation of soccer field lights and an expansion of the croquet courts. The collective value of the projects approximates \$300,000.
- As an experiment to foster the use of alternative forms of transportation in the downtown area, the City operated an open-air trolley service between January and April, 2016. The trolley provided free passage to users and operated a 25-minute circular route traveling from West Venice Avenue to Venice Beach- to North Brohard Park- to the Venice Community Center- and, back to the downtown area. The trolley attracted more than 100 passengers per day. While the service was well received by the users, the City is analyzing whether it should continue to underwrite the \$75,000 annual cost or look to the businesses and industries to subsidize continuation of the service.
- The Airport completed a relocation and reconstruction of runway 13-31. The \$8.3 million project involved moving the runway 727 feet away from a nearby residential area, thereby reducing the theoretical risk to those neighborhoods associated with airport flight activities. In addition, an Engineered Materials Arresting System (EMAS) was installed at the Runway 13 departure end. During 2016, the Airport also continued its multi-year systematic upgrade of facilities including runways, taxiways, aprons, and hanger buildings.
- During 2016, the Water and Sewer Utilities Department continued its program to systematically relocate water lines from the rear to the front of residential properties, for easier access and service. The Department also continued its multi-year lift station upgrade and improvement project, that includes replacement of older hardware with variable-speed pumps for greater operating efficiency.

Emergency generators were installed to the wastewater system to ensure continuous operations in case of primary power outages. The Department has also undertaken a number of housekeeping and safety projects, including regulating the installation of residential backflow devices to prevent contamination of the domestic water system from private properties, and systematically pursuing the connection of residential and commercial properties to the City's utility systems, as mandated by Code. Another major project initiative was replacement of the water plant's reverse-osmosis permeable membrane and supporting SCADDA (computerized data management) System.

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
February 10, 2017

- The Legacy Park reconstruction project was celebrated with a ribbon cutting in 2016 - converting a former cement plant site into a spacious waterfront public facility. In 2017, City engineers and Public Works leaders will continue collaboration to install the two remaining project elements: a demonstration garden and a playground. Local staff worked with County and regional permitting officials on design, permitting and construction.
- Phase 1 of a multi-year wayfinding sign project was completed in 2016. Decorative directional signage was designed to provide visitors with guidance to popular sites on Venice Island. Following a deliberate process of design and permitting involving the City, County and state agencies, the signs have been installed in key locations around the downtown area.
- Safe pedestrian and bike trafficking continues to be a priority for the City. In 2016, sidewalks were added to bridge gaps in pedestrian paths, additional sidewalk sections were repaired and improved, and additional bike corridors were identified and marked. Also, design work was completed for the Edmundson Multi-use trail.
- The Historical Resources and Archives Department conducted a number of successful outreach programs in 2016, including a popular multi-week seminar series of oral presentations on Venice history. The sessions were informative and were well attended by the public.
- The City received notification of several grant awards in 2016, including two first-time awards from the State Legislature: a \$1.3 million grant towards downtown road restoration work (funds to be spent in fiscal 2017 and 2018) and a \$500,000 utility grant to improve water line connections in the East Gate neighborhood area. The City continues to receive grant support from a number of state and federal agencies including the US Department of Justice formula grant to support Police Department operational costs, awards from WCIND for public safety marine patrols, as well as grants from the Gulf Coast Community Foundation for a variety of cultural and operational activities.
- The Police and Fire Departments lead the City in safety preparedness. In fiscal 2016, the City installed color-coded evacuation collars on street signs and poles designating specific evacuation routes for residents in the event of a major weather disaster. The City held a number of prevention-education seminars and tested the response capability with a table-top preparedness exercise. Each City Department is preparing a vulnerability assessment of its physical assets to strengthen proactive and reactive measures against man-made and natural disasters and hazards.
- During 2016, the City hired more than 40 new employees, from line-workers to directors. The hiring/appointment process for each new employee is extensive, and includes (a) job description and scope-of-work review, (b) advertising and recruiting (c) applicant screening for pre-requisite criteria compliance, (d) applicant review and personal interviews, and (e) final selection and appointment. The Administrative Service Division

Honorable Mayor, City Council
And Citizens of the City of Venice, Florida
February 10, 2017

continues to efficiently manage this process to ensure that all City Departments are adequately staffed.

- The Public Works Department is systematically assessing and updating City properties. In 2016, the Department provided oversight and direction in replacement of major sections of the City Hall roof, attention to the vertical stucco façade, and numerous internal mechanical and electrical deficiencies. The Department is examining all City assets as part of a planned on-going maintenance and upgrade program. Also, the Department's fleet manager produced the first citywide vehicle depreciation plan; a detailed assessment of the condition, replacement schedule and projected cost of every vehicle in the City fleet. This product will facilitate the future funding plan for replacement of cars, trucks and special purpose vehicles.

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, 2015. This was the thirtieth 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, 2015



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

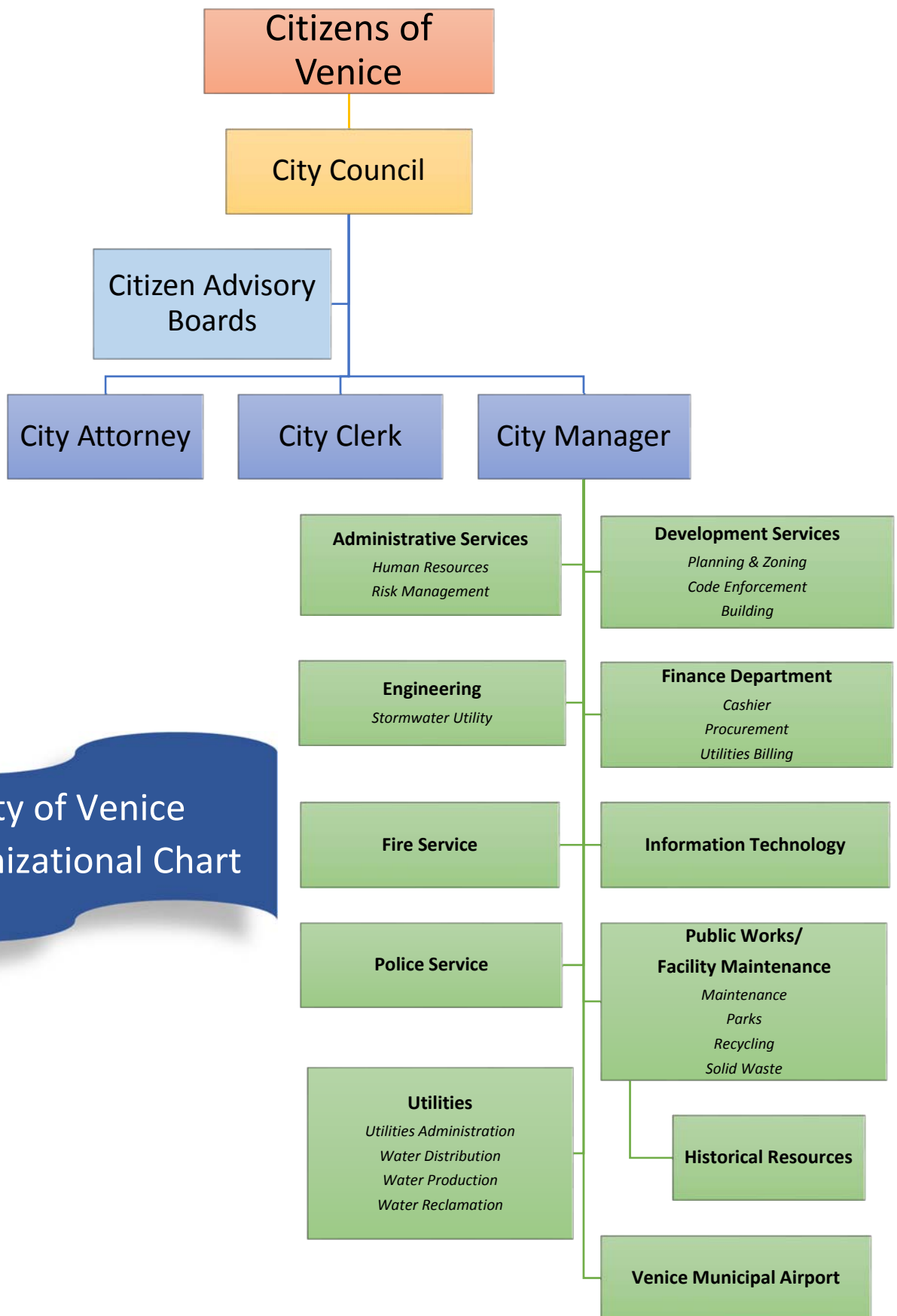
CITY CLERK

Lori Stelzer, MMC

CITY ATTORNEY

Persson & Cohen, P.A.

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 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2016, 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.

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 10, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 10, 2017

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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, 2016.

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 2016, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$177.7 million (total net position). Most of this amount is invested in capital assets (\$153.0 million). A total of \$20.4 million is restricted for specific purposes. The balance of \$4.2 million is unrestricted.
- The City's business-type activities reported a combined total net position of \$133.2 million at September 30, 2016. Of this amount \$24.8 million is unrestricted.
- The City's governmental activities reported combined ending total net position of \$44.5 million at September 30, 2016. The unrestricted net position component is a \$20.6 million deficit.
- The City's total net position increased by \$9.1 million, or 5.4% for the fiscal year. Total net position of the business-type activities increased by \$10.8 million, and total net position of the governmental activities decreased by \$1.7 million.
- The General Fund's fund balance decreased by \$967,684 for the year ended September 30, 2016, although the budgeted loss was \$2.9 million (final amended).
- At the end of the current year, fund balance for the General Fund was \$11.2 million, or 43.0% of total general fund expenditures and transfers. Of this amount, \$21,707 is nonspendable and \$477,246 is committed, and the remaining balance of \$10.7 million is unassigned. Under the City's fund balance policy, the City has earmarked \$6.5 million of the unassigned fund balance for emergency reserves (25% of annual expenditures and transfers); the remaining \$4.2 million is available for any purpose.
- The City's long-term debt (bonds and notes) decreased by \$4.5 million during the fiscal year. Other long-term obligations at year end include net pension liabilities (\$45.4 million), and net Other Post-Employment Benefit (OPEB) obligations (\$12.6 million).

City of Venice, Florida
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OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements. The Basic Financial Statements (BFS) are comprised of three components: 1) Government-Wide Financial Statements (GWFS), 2) Fund Financial Statements (FFS), and 3) 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
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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 110-125.

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 128-133 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 136-137. Required supplementary information for the separate plans can be found on pages 95-102.

City of Venice, Florida
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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 43-92 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 \$177.7 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	
	2016	2015	2016	2015 (*)	2016	2015
Current and other assets	\$ 32,779	\$ 36,858	\$ 51,034	\$ 56,028	\$ 83,813	\$ 92,886
Capital assets	58,826	58,374	132,030	120,588	190,856	178,962
Total assets	91,605	95,232	183,064	176,616	274,669	271,848
Deferred outflows of resources	15,559	11,644	3,124	2,643	18,683	14,287
Current liabilities	2,804	5,071	4,230	3,913	7,034	8,984
Noncurrent liabilities	56,285	53,196	48,125	52,203	104,410	105,399
Total liabilities	59,089	58,267	52,355	56,116	111,444	114,383
Deferred inflows of resources	3,575	2,437	658	773	4,233	3,210
Net position:						
Net investment in capital assets	53,650	52,303	99,361	91,881	153,011	144,184
Restricted	11,433	10,944	9,016	9,344	20,449	20,288
Unrestricted	(20,583)	(17,075)	24,798	21,145	4,215	4,070
Total net position	\$ 44,500	\$ 46,172	\$ 133,175	\$ 122,370	\$ 177,675	\$ 168,542

(*) The 2015 components of net position for business-type activities have been reallocated to provide a more meaningful comparative presentation.

At September 30, 2016, \$153.0 million, or approximately 86.1% 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
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An additional 11.5% of the City's total net position (\$20.4 million), represents resources that are subject to external restrictions on how they may be used. The remaining balance of total net position is unrestricted (\$4.2 million or 2.4%), 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 and OPEB obligations. Unfunded long-term obligations totaled \$51.1 million at September 30, 2016 and \$47.1 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, 2016

Changes in Net Position

The City's total net position increased by \$9.1 million during the current year, compared to an increase of \$17.5 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 3,518	\$ 2,878	\$ 31,106	\$ 29,677	\$ 34,624	\$ 32,555
Operating grants and contributions	2,962	745	15	42	2,977	787
Capital grants and contributions	1,224	3,217	8,109	8,731	9,333	11,948
<i>General Revenues:</i>						
Property taxes	10,256	9,621	-	-	10,256	9,621
Sales taxes	5,615	5,479	-	-	5,615	5,479
Utility services taxes	2,564	2,494	-	-	2,564	2,494
Franchise fees	2,305	2,337	-	-	2,305	2,337
Intergovernmental	2,241	2,129	-	-	2,241	2,129
Interest earnings	94	240	60	340	154	580
Other	1,329	1,150	17	-	1,346	1,150
Total revenues	<u>32,108</u>	<u>30,290</u>	<u>39,307</u>	<u>38,790</u>	<u>71,415</u>	<u>69,080</u>
Expenses:						
General government	6,256	4,971	-	-	6,256	4,971
Finance	1,445	1,328	-	-	1,445	1,328
Information services	1,104	930	-	-	1,104	930
Parks and recreation	2,034	1,903	-	-	2,034	1,903
Police	9,612	9,122	-	-	9,612	9,122
Fire	7,701	7,522	-	-	7,701	7,522
Public works	2,754	3,196	-	-	2,754	3,196
Beach renourishment	7,195	-	-	-	7,195	-
Interest on long-term debt	154	165	-	-	154	165
Water and sewer utility	-	-	15,864	15,400	15,864	15,400
Solid waste	-	-	4,585	4,400	4,585	4,400
Airport	-	-	2,329	3,101	2,329	3,101
Storm water drainage	-	-	1,249	972	1,249	972
Total expenses	<u>38,255</u>	<u>29,137</u>	<u>24,027</u>	<u>23,873</u>	<u>62,282</u>	<u>53,010</u>
Change in net position before special items & transfers	(6,147)	1,153	15,280	14,917	9,133	16,070
Special items	-	1,444	-	-	-	1,444
Transfers	4,475	2,747	(4,475)	(2,747)	-	-
Change in net position	<u>(1,672)</u>	<u>5,344</u>	<u>10,805</u>	<u>12,170</u>	<u>9,133</u>	<u>17,514</u>
Net position - beginning	<u>46,172</u>	<u>40,828</u>	<u>122,370</u>	<u>110,200</u>	<u>168,542</u>	<u>151,028</u>
Net position - end of year	<u>\$ 44,500</u>	<u>\$ 46,172</u>	<u>\$ 133,175</u>	<u>\$ 122,370</u>	<u>\$ 177,675</u>	<u>\$ 168,542</u>

Governmental Activities

As shown above, governmental activities decreased the City's net position by \$1.7 million in 2016, compared to an increase of \$5.3 million for 2015. Following is a further detail of the expenses and program revenues for governmental activities in 2016, compared to 2015:

City of Venice, Florida

Management's Discussion and Analysis

For the Year Ended September 30, 2016

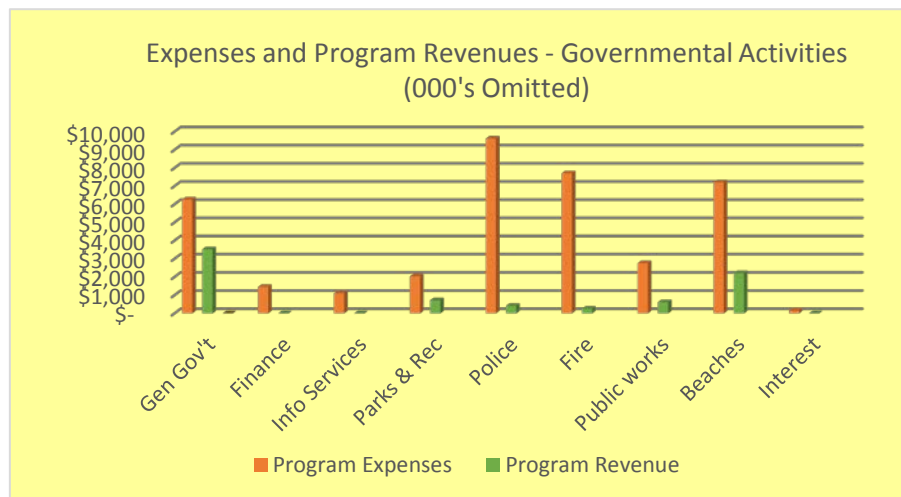
Expenses and Net Program Revenue (Expense) - Governmental Activities

Program	2016			2015		
	Expenses	Program Revenue	Net	Expenses	Program Revenue	Net
General government	\$ 6,256,467	\$ 3,518,295	\$ (2,738,172)	\$ 4,971,377	\$ 3,339,079	\$ (1,632,298)
Finance	1,445,224	-	(1,445,224)	1,327,639	-	(1,327,639)
Information services	1,103,661	-	(1,103,661)	930,268	-	(930,268)
Parks and recreation	2,033,492	712,920	(1,320,572)	1,902,949	882,004	(1,020,945)
Police	9,612,374	409,543	(9,202,831)	9,122,052	200,008	(8,922,044)
Fire	7,701,186	247,885	(7,453,301)	7,522,111	18,991	(7,503,120)
Public works	2,754,047	609,043	(2,145,004)	3,196,019	91,993	(3,104,026)
Beach renourishment	7,194,623	2,206,033	(4,988,590)	-	2,307,712	2,307,712
Interest on long-term debt	154,484	-	(154,484)	164,892	-	(164,892)
Total	<u>\$ 38,255,558</u>	<u>\$ 7,703,719</u>	<u>\$ (30,551,839)</u>	<u>\$ 29,137,307</u>	<u>\$ 6,839,787</u>	<u>\$ (22,297,520)</u>

Expenses for governmental activities increased from \$29.1 million in 2015 to \$38.3 million in 2016, or 31.3%. The largest increase was in the beach renourishment category, where the City recorded the completion of its multi-year beach renourishment project. In addition, the increase in the FRS/HIS net pension liability (net of related deferred outflows/inflows) added \$2.9 million more costs in 2016 versus 2015. Excluding these two transactions, other expenses actually decreased almost \$1 million from 2015 to 2016.

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 2015. This is not unusual; governmental activities are primarily funded with *general* revenues. The reason the beach renourishment activity is reporting net program revenue in 2015 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 2016 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
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The net program (expense) above was \$22.3 million in 2015 and \$30.6 million in 2016. These net program expenses must be funded from general revenues, transfers, and special items, or from beginning net position. Following is a comparison of these general revenue sources for the two years:

General Revenues, Transfers and Special Items

	2016	% of Total	2015	Increase (Decrease)	% Change
General Revenues:					
Property taxes	10,255,897	35.5%	9,620,785	635,112	6.6%
Sales taxes	5,615,140	19.4%	5,479,373	135,767	2.5%
Utility services taxes	2,564,309	8.9%	2,494,179	70,130	2.8%
Franchise fees	2,305,140	8.0%	2,337,425	(32,285)	-1.4%
Intergovernmental	2,240,615	7.8%	2,128,987	111,628	5.2%
Interest earnings	93,739	0.3%	240,218	(146,479)	-61.0%
Other	1,329,299	4.6%	1,149,849	179,450	15.6%
Net Transfers In	4,475,043	15.5%	2,746,712	1,728,331	62.9%
Special Item - BP Settlement	-	0.0%	1,444,163	(1,444,163)	-100.0%
Total	\$ 28,879,182	100.0%	\$ 27,641,691	\$ 1,237,491	4.5%

General revenues, transfers, plus special items increased by \$1.2 million from 2015 to 2016, as shown in the preceding table. In 2015, \$1.4 million in proceeds from the BP settlement offset a one-time transfer of \$1.1 million from the one cent voted sales tax fund to the water and sewer utility fund. Other increases in net transfers were from the enterprise funds into the fleet services fund. The general revenue category that increased the most was property taxes, up \$635,112, or 6.6%.

Business-type activities. As stated previously, business-type activities increased the City's net position by \$10.8 million in 2016 compared to an increase of \$12.2 million in 2015 as a result of operations. Following is a further detail of this change:

Change in Net Position - Business-Type Activities

	2016			2015		
	Expenses	Program Revenue	Net	Expenses	Program Revenue	Net
Program						
Water and sewer utility	\$ 15,864,009	\$ 22,886,524	\$ 7,022,515	\$ 15,399,504	\$ 24,257,316	\$ 8,857,812
Solid waste	4,584,448	5,325,375	740,927	4,400,676	5,294,321	893,645
Airport	2,329,077	9,282,342	6,953,265	3,101,428	6,845,719	3,744,291
Storm water drainage	1,248,508	1,736,486	487,978	971,776	2,051,956	1,080,180
Total	\$ 24,026,042	\$ 39,230,727	15,204,685	\$ 23,873,384	\$ 38,449,312	14,575,928
General Revenues			76,504			340,372
(Transfers)			(4,475,043)			(2,746,712)
Change in net position			\$ 10,806,146			\$ 12,169,588

Expenses for business-type activities increased from \$23.9 million in 2015 to \$24.0 million in 2016, or 0.6%, as shown above. Revenues increased \$781,415, or 2.0%. The revenues are

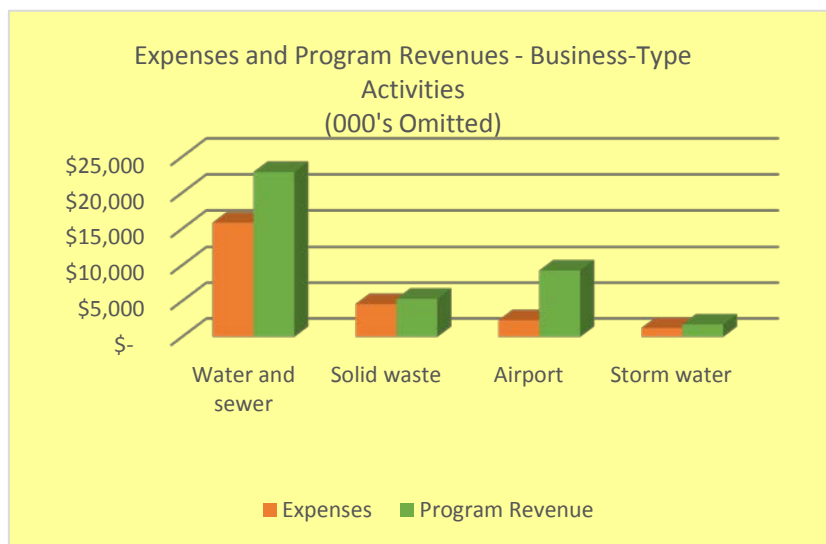
City of Venice, Florida

Management's Discussion and Analysis

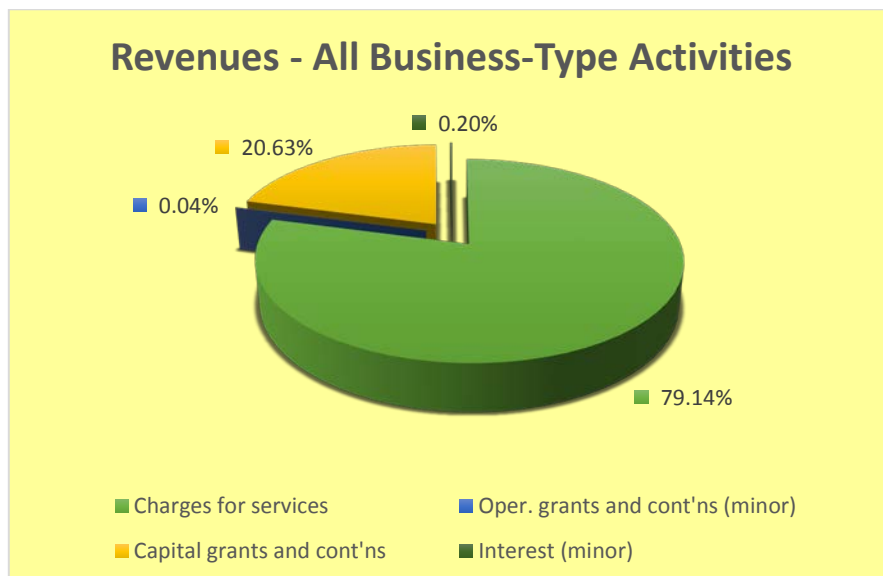
For the Year Ended September 30, 2016

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.

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 2016 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
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For the Year Ended September 30, 2016

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 2016, as shown on page 26, the City's governmental funds reported combined ending fund balances of \$24.3 million. Of this amount, *restricted fund balances* comprise \$11.5 million and *committed fund balances* comprise \$2.1 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. Unassigned fund balances of \$10.7 million in the general fund are available for spending.

The *General Fund* is the chief operating fund of the City. At the end of the fiscal year, the total fund balance in the General Fund was \$11.2 million, and the unassigned portion was \$10.7 million. This represents 43.1% and 41.2% respectively of annual expenditures (2016 actual). During 2016, the fund balance decreased by \$967,684, as expenditures exceeded revenues plus net transfers. This was planned however, as the original budget for the general fund anticipated a use of reserves of \$1.9 million, and the final amended budget increased this budget deficit to \$2.9 million.

The *Beach Renourishment Fund* is the City's other major governmental fund for 2016. This *capital projects* fund accounted for a multi-year beach renourishment project that was completed in 2016. In 2016, the City recorded \$2.2 million in "tourist development tax" revenues, and expensed the entire \$6.6 million project, for a reduction in fund balance of \$4.2 million. Ending fund balance at September 30, 2016 is \$1.3 million.

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 \$133.2 million. Of this amount, \$99.4 million was invested in capital assets (net of related debt), \$9.0 million is restricted for specific purposes, and the balance of \$24.8 million is unrestricted. Unrestricted net position of the enterprise funds at the end of the current and prior year (reallocated) are as follows:

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	Unrestricted Net Position September 30,	
	2016	2015
Water and Sewer Utility	\$ 17,940,018	\$ 12,882,136
Solid Waste	1,766,578	2,516,788
Airport	3,323,049	3,900,949
Storm Water Drainage	1,768,621	1,288,593
	<u>\$ 24,798,266</u>	<u>\$ 20,588,466</u>

Following is a discussion of each fund's performance for 2016, 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 \$5.6 million for 2016 compared to an increase of \$8.3 million for 2015. Following is a summary of the items that contributed to these changes:

<i>Water and Sewer Utility</i>				
	2016	2015	Change	Percent
<i>Operating:</i>				
Revenues	\$ 22,429,107	\$ 20,992,313	\$ 1,436,794	6.8%
Expenses	<u>(14,051,869)</u>	<u>(14,628,597)</u>	<u>576,728</u>	<u>-3.9%</u>
Net	8,377,238	6,363,716	2,013,522	31.6%
Non-operating	(1,408,310)	(863,592)	(544,718)	63.1%
Capital contributions	457,417	3,265,003	(2,807,586)	-86.0%
Transfers	<u>(1,810,844)</u>	<u>(476,166)</u>	<u>(1,334,678)</u>	<u>280.3%</u>
Change in net position	<u>\$ 5,615,501</u>	<u>\$ 8,288,961</u>	<u>\$ (2,673,460)</u>	<u>-32.3%</u>

(Certain 2015 amounts have been reclassified for a more meaningful comparative presentation)

Operating revenues increased because of a 3% retail rate increase, but also because of increased consumption. Net operating expenses decreased for various reasons:

- Personnel costs are down by \$729,608, all of which is attributable to the current year adjustment in the FRS/HIS net pension liability,
- Repairs and maintenance costs are down \$146,048, mostly attributable to sewer plant activity in 2015,
- Other services and charges are down \$241,383 from supplies and inventory adjustments, and,
- Depreciation increased \$570,223 from 2015 to 2016.

Capital contributions represent government grants and water/sewer lines contributed by developers. A one-time transfer in of \$1.1 million from the one cent voted sales tax fund was received in 2015.

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

Solid Waste Fund

Solid waste operations include collection and disposal activities. The Solid Waste Fund reported a decrease in net position of \$1.3 million for 2016 compared to a decrease of \$1.0 million for 2015. Following is a summary of the items that contributed to these changes:

<i>Solid Waste Fund</i>				
	2016	2015	Change	Percent
<i>Operating:</i>				
Revenues	\$ 5,325,375	\$ 5,294,321	\$ 31,054	0.6%
Expenses	(4,512,090)	(4,448,780)	(63,310)	1.4%
Net	813,285	845,541	(32,256)	-3.8%
Non-operating	28,914	(28,115)	57,029	-202.8%
Transfers	(2,151,030)	(1,768,634)	(382,396)	21.6%
Change in net position	<u>\$ (1,308,831)</u>	<u>\$ (951,208)</u>	<u>\$ (357,623)</u>	<u>37.6%</u>

(Certain 2015 amounts have been reclassified for a more meaningful comparative presentation)

Operating revenues were mostly flat; there were no rate changes during the current or prior year. Operating expenses increased by 1.4% year over year, but there were various increases and decreases.

Transfers include payments to the General Fund for indirect costs (up slightly from \$913,634 in 2015 to \$921,030 in 2016) and transfers to the Fleet Services Fund for new equipment and depreciation reserve (up from \$855,000 in 2015 to \$1.23 million in 2016).

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

Airport Fund

The Airport Fund records the activities of the Venice Municipal Airport, a historic general aviation facility. The Airport Fund reported an increase in net position of \$6.7 million for 2016 compared to an increase of \$3.4 million for 2015. Following is a summary of the items that contributed to these changes:

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

<i>Airport</i>				
	2016	2015	Change	Percent
<i>Operating:</i>				
Revenues	\$ 1,811,426	\$ 1,926,773	\$ (115,347)	-6.0%
Expenses	(2,306,813)	(3,006,138)	699,325	-23.3%
Net	(495,387)	(1,079,365)	583,978	-54.1%
Non-operating	(6,469)	(128,143)	121,674	-95.0%
Capital grants	7,470,916	4,918,946	2,551,970	51.9%
Transfers	(303,204)	(299,005)	(4,199)	1.4%
Change in net position	<u>\$ 6,665,856</u>	<u>\$ 3,412,433</u>	<u>\$ 3,253,423</u>	<u>95.3%</u>

Airport operating revenues are down 6.0% mostly because of several minor one-time revenues in 2015. Decreases in operating expenses include depreciation (down \$119,837) and “other services and charges” (down \$491,453). In 2015, this latter category included a one-time settlement with Venice Golf Association for \$495,000.

The Airport Fund generated net cash from operating activities of \$1.1 million in 2016.

Storm Water Drainage Fund

The Storm Water Drainage Fund accounts for the management, operation, and maintenance of the City drainage system. The Storm Water Drainage Fund reported an increase in net position of \$390,223 for 2016 compared to an increase of \$866,189 for 2015. Following is a summary of the items that contributed to these changes:

<i>Storm Water Drainage</i>				
	2016	2015	Change	Percent
<i>Operating:</i>				
Revenues	\$ 1,555,512	\$ 1,463,535	\$ 91,977	6.3%
Expenses	(1,140,714)	(946,624)	(194,090)	20.5%
Net	414,798	516,911	(102,113)	-19.8%
Non-operating	4,416	(36,236)	40,652	-112.2%
Capital grants	180,974	588,421	(407,447)	-69.2%
Transfers	(209,965)	(202,907)	(7,058)	3.5%
Change in net position	<u>\$ 390,223</u>	<u>\$ 866,189</u>	<u>\$ (475,966)</u>	<u>-54.9%</u>

Operating revenues in this fund are up 6.3%, but operating expenses are up 20.5%. Increases in operating expenses include depreciation (up \$155,514) and “professional/contractual services” (up \$121,401). Contractual services in 2016 included a system assessment, video services, and pipe cleaning/lining.

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

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

A budget versus actual comparison of the operating results of the City's General Fund for 2016 can be found on page 30. As shown on that page, the original General Fund budget anticipated using \$1.9 million of beginning fund balance during 2016. One amendment to the original budget during 2016 increased both anticipated revenues and expenditures/transfers, resulting in a projected budget deficit (use of fund balance) of \$2.9 million. Following are some of the changes from the original to final budget:

Increased appropriations:

- Various 2015 departmental and capital outlay encumbrances totaling \$307,089 were "rolled over" to the 2016 budget.
- Contributions to the Police Officer's Pension Trust Fund were increased by \$1,058,318.
- Contributions to the Firefighter's Pension Trust Fund were increased by \$1,070,247.
- The capital outlay budget was increased for Wellfield Park soccer field lighting (\$146,533) and croquet courts (\$50,000)
- The general government (City Attorney) budget was increased by \$40,000.
- A \$46,721 transfer to the General Capital Projects Fund was added.

Offsetting savings:

- Intergovernmental revenues were increased by \$172,264, of which \$169,533 was park impact fees from Sarasota County for lighting at the soccer fields.
- The capital outlay budget for a land purchase (AJAX property) of \$850,000 was moved to the Water and Sewer Utility Fund.
- The Engineering budget for a traffic signalization project (\$170,000) and other professional services (\$50,000) was removed.
- The parks and recreation budget was reduced by \$50,000 for professional services and by \$50,000 for other contractual services.
- The capital outlay budget for City Hall entryway improvements (\$196,470) was moved to the one cent voted sales tax fund. In addition, the capital outlay budget was deferred for the bandshell at Maxine Barret Park (\$50,000), was reduced for the Venice Beach restroom project (by \$45,000) and was reduced for other parks projects (by \$53,530).

The increased contributions to the pension trust funds were the impetus for the budget amendment. In Actuarial Impact Statements dated December 7, 2015 for the Firefighter's Plan, and May 29, 2015 (then further revised August 17, 2015) for the Police Officer's Plan, the actuaries significantly increased the required City contributions for 2016.

Actual Results

In the end, as shown on page 30, actual General Fund revenues exceeded the final amended 2016 budgeted revenues by \$856,004, and actual General Fund expenditures were lower than the final amended 2016 budget by \$1.0 million, for a combined favorable variance of \$1.9 million. The line items on that page show the categories where the savings were achieved.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

General Fund revenues that came in significantly better than budget for 2016 included property taxes (\$160,978), utility services taxes (\$238,544), intergovernmental (\$378,660), and miscellaneous (\$340,739). Intergovernmental revenue favorable variances included the local government half-cent sales tax (\$192,272) and Sarasota County park impact fees (\$96,648). Miscellaneous revenue favorable variances included rental arrangements (\$173,939).

All General Fund expenditure categories came in under budget as shown on page 30, for a total savings (favorable variance) of \$1,035,048. However, a portion of this favorable variance (\$477,246) was encumbered at the end of 2016 and will be automatically rolled over to the 2017 budget. Out of the remaining net favorable variance of \$557,082, the majority was in the general government category (\$353,008), and the largest departmental savings within that category was the planning department (\$167,827).

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 2016 and 2015:

City of Venice Capital Assets
(Net of Accumulated Depreciation)
September 30
(in 000's)

	Governmental Activities		Business- Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 13,713	\$ 13,713	\$ 2,628	\$ 1,838	\$ 16,341	\$ 15,551
Construction in progress	4,035	4,853	37,678	27,233	41,713	32,086
Buildings	11,558	12,099	4,268	4,470	15,826	16,569
Machinery and equipment	3,558	2,478	3,879	6,387	7,437	8,865
Infrastructure	12,060	10,765	-	-	12,060	10,765
Other improvements	13,902	14,466	83,577	80,660	97,479	95,126
Total	<u>\$ 58,826</u>	<u>\$ 58,374</u>	<u>\$ 132,030</u>	<u>\$ 120,588</u>	<u>\$ 190,856</u>	<u>\$ 178,962</u>

Governmental Activities:

Capital assets in the City's governmental activities increased from \$58.4 million to \$58.8 million during 2016, an increase of \$452,816, or 0.8%. The 2016 activity included additions of \$4.3 million, less depreciation of \$3.2 million and disposals of \$632,318.

Governmental activities additions totalled \$765,893 in the Fleet Services internal service fund and \$3.5 million in governmental funds. Vehicles and equipment purchased by the Fleet Services Fund were for the benefit of various City departments/activities in the following amounts:

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Governmental Fund Additions:

Projects in process:

Data warehouse	\$ 213,295
Comprehensive Plan update	233,565
Legacy Park	538,895
Other	160,998

Completed projects:

Wayfinding signs	106,223
2015 paving project	436,609
Wellfield lights	266,199
Sidewalks	251,293
Other	153,520

Vehicles and Equipment:

City Clerk	102,511
Police	252,546
Fire	517,107
Other	309,618

Total	<u><u>\$ 3,542,379</u></u>
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Fleet Services Fund Additions:

Public works	\$ 94,745
Parks and recreation	69,273
Solid waste	564,187
Engineering	11,950
Water and sewer utility	25,738
Total	<u><u>\$ 765,893</u></u>

Business-type Activities:

Capital assets in the City's business-type activities increased from \$120.6 million to \$132.0 million during 2016, an increase of \$11.4 million, or 9.5%. The 2016 activity included additions of \$19.0 million, less depreciation of \$7.6 million. Enterprise fund 2016 capital additions consisted of the following:

Enterprise Fund Additions:

Water and Sewer Utility Fund:

Land - AJAX property	\$ 790,880
Developer water/sewer lines	457,417
2015 utility bond projects	7,341,561
US41 Bypass project	153,170
Valve replacement program	106,060
Border Road watermain	693,560
Replacement well 7AW	101,650
Other improvements	277,116
Equipment	395,485

Airport:

Airport Runway 13-31	8,148,122
Other improvements	188,727
Equipment	47,862

Storm Water Drainage Fund:

Various drainage projects	323,803
Equipment	1,920

Total	<u><u>\$ 19,027,333</u></u>
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At the end of the fiscal year, the City has construction commitments of \$5.7 million on projects approved and in process. Additional information can be found on pages 59-61 of this report.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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 2016 per \$1,000 of assessed valuation was \$0.177.

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

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation notes	\$ 5,176	\$ 6,071	\$ -	\$ -	\$ 5,176	\$ 6,071
Revenue notes	-	-	2,837	5,911	2,837	5,911
Revenue bonds	-	-	36,874	37,365	36,874	37,365
Total	<u>\$ 5,176</u>	<u>\$ 6,071</u>	<u>\$ 39,711</u>	<u>\$ 43,276</u>	<u>\$ 44,887</u>	<u>\$ 49,347</u>

Governmental Activities:

The outstanding balance of long-term debt in the City's governmental activities decreased from \$6.1 million to \$5.2 million during 2016, an decrease of \$895,000, or 14.7%. The reduction of \$895,000 represented the scheduled principal payment of \$395,000 plus an advance principal payment of \$500,000. There was no new governmental debt issued by the City in 2016.

Business-type Activities:

The outstanding balance of long-term debt in the City's business-type activities decreased from \$43.3 million to \$39.7 million during 2016, a decrease of \$3.6 million, or 8.2%. The current year decrease represents the payment of scheduled principal payments of \$3,474,000 and a reduction in the unamortized bond premium of \$91,142. There was no new business-type debt issued by the City in 2016.

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>
Revenue Bonds	AA	Aa2	AA

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Other Long-term Liabilities

The City has unfunded OPEB and net pension obligations outstanding at September 30, 2016. Additional information on all long-term liabilities of the City can be found on pages 63-66 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The budget for the 2017 fiscal year is a balanced budget in most funds, with 2017 appropriations generally funded by 2017 revenues and transfers in. The City's General Fund is projecting a budget surplus of \$419,155 for 2017. Full-time equivalent positions City-wide will increase slightly from 300.65 to 302.70. Capital projects totaling \$50.2 million are included in the Citywide budget for 2017, to be funded by existing revenue sources, and a proposed \$16.9 million General Obligation Bond. Factors considered in preparing the City's 2017 budget were:

- The assessed valuation of commercial and residential property increased from \$3.228 billion for fiscal year 2016 to \$3.528 billion for fiscal year 2017, an increase of 9.1%.
- The General Fund property tax millage rate increased from 3.10 per thousand dollars of taxable property value in 2016 to 3.60 for 2017. The combined effect of the increase in property values and millage rate is expected to add \$2.5 million to General Fund revenues.
- The voter approved debt service property tax millage rate was slightly decreased from \$0.1770 in fiscal year 2016 to \$0.1660 for fiscal year 2017.
- The City's population increased slightly from 21,418 for 2015 to 21,849 for 2016. This is the fifth year in a row of increases. The trend is expected to continue and even improve with new construction activity.
- The unemployment rate for Sarasota County (Venice area) is down to 4.7% for 2016, and is expected to stabilize. It had been as high as 12.5% in 2010.
- Building activity has improved within the City. Permit applications have increased from 4,950 in 2015 to 5,149 in 2016.
- Water and sewer retail rates will increase 3% for 2017, the fourth year out of a five year plan for similar rate increases. Solid waste rates will increase by 5% for 2017. There are no scheduled increases in other major rates or fees.

The voters in the City of Venice approved two general obligation bond issues for 2017, authorizing up to \$18 million for roads and up to \$16 million for a new police facility. The debt service on these bonds will be paid from a direct annual property tax.

City of Venice, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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, 2016

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Pooled cash and investments	\$ 31,374,335	\$ 30,815,039	\$ 62,189,374
Other cash	15,803	100	15,903
Accounts receivables (net of allowance for uncollectibles)	441,848	3,159,596	3,601,444
Interest receivable	46,047	69,739	115,786
Due from other governments	703,912	196,782	900,694
Prepaid items	175,126	-	175,126
Inventories	20,982	735,102	756,084
Restricted assets:			
Pooled cash and investments	-	16,058,429	16,058,429
Capital assets (net of accumulated depreciation):			
Non-depreciable	17,747,736	40,306,898	58,054,634
Depreciable	41,078,756	91,722,721	132,801,477
Total assets	91,604,545	183,064,406	274,668,951
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	15,559,430	3,123,573	18,683,003
LIABILITIES			
Accounts payable	1,294,267	2,485,949	3,780,216
Accrued liabilities	1,450,637	449,450	1,900,087
Due to other governments	34,331	12,579	46,910
Accrued interest payable	25,164	463,240	488,404
Customer deposits	-	818,763	818,763
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	996,142	996,142
Notes payable	406,000	386,000	792,000
Compensated absences	519,744	213,317	733,061
Due in more than one year:			
Bonds payable	-	35,877,499	35,877,499
Notes payable	4,770,000	2,451,000	7,221,000
Compensated absences	519,744	213,316	733,060
Net pension liabilities	41,145,071	4,280,066	45,425,137
Net OPEB obligation	8,924,411	3,707,396	12,631,807
Total liabilities	59,089,369	52,354,717	111,444,086
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	3,575,052	657,589	4,232,641
NET POSITION			
Net investment in capital assets	53,650,492	99,361,353	153,011,845
Restricted for:			
Public safety	18,706	-	18,706
Capital improvements	7,783,925	8,016,054	15,799,979
Building code enforcement	3,428,751	-	3,428,751
Debt service	200,414	-	200,414
Renewal and replacement	-	1,000,000	1,000,000
Unrestricted	(20,582,734)	24,798,266	4,215,532
Total net position	\$ 44,499,554	\$ 133,175,673	\$ 177,675,227

See accompanying Notes to Financial Statements.

City of Venice, Florida
Statement of Activities
For the Year Ended September 30, 2016

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Primary government:			
Governmental activities:			
General government	\$ 6,256,467	\$ 3,518,295	\$ -
Finance	1,445,224	-	-
Information services	1,103,661	-	-
Parks and recreation	2,033,492	-	-
Police	9,612,374	-	398,926
Fire	7,701,186	-	247,885
Public works	2,754,047	-	109,043
Beach renourishment	7,194,623	-	2,206,033
Interest on long-term debt	154,484	-	-
Total governmental activities	38,255,558	3,518,295	2,961,887
Business-type activities:			
Water and sewer utility	15,864,009	22,414,162	14,945
Solid waste	4,584,448	5,325,375	-
Airport	2,329,077	1,811,426	-
Storm water drainage	1,248,508	1,555,512	-
Total business-type activities	24,026,042	31,106,475	14,945
Total primary government	\$ 62,281,600	\$ 34,624,770	\$ 2,976,832

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

Net position at beginning of year

Net position at end of year

See accompanying Notes to Financial Statements.

Capital Grants and Contributions	Net (Expenses) Revenues and		
	Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (2,738,172)	\$ -	\$ (2,738,172)
-	(1,445,224)	-	(1,445,224)
-	(1,103,661)	-	(1,103,661)
712,920	(1,320,572)	-	(1,320,572)
10,617	(9,202,831)	-	(9,202,831)
-	(7,453,301)	-	(7,453,301)
500,000	(2,145,004)	-	(2,145,004)
-	(4,988,590)	-	(4,988,590)
-	(154,484)	-	(154,484)
1,223,537	(30,551,839)	-	(30,551,839)
457,417	-	7,022,515	7,022,515
-	-	740,927	740,927
7,470,916	-	6,953,265	6,953,265
180,974	-	487,978	487,978
8,109,307	-	15,204,685	15,204,685
\$ 9,332,844	\$ (30,551,839)	\$ 15,204,685	\$ (15,347,154)
	10,255,897	-	10,255,897
	5,615,140	-	5,615,140
	2,564,309	-	2,564,309
	2,305,140	-	2,305,140
	2,240,615	-	2,240,615
	93,739	60,185	153,924
	1,329,299	16,319	1,345,618
	4,475,043	(4,475,043)	-
	28,879,182	(4,398,539)	24,480,643
	(1,672,657)	10,806,146	9,133,489
	46,172,211	122,369,527	168,541,738
\$	44,499,554	\$ 133,175,673	\$ 177,675,227

City of Venice, Florida
Balance Sheet
Governmental Funds
September 30, 2016

	General Fund	Beach Renourishment	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash and investments	\$ 11,727,083	\$ 1,341,277	\$ 11,425,743	\$ 24,494,103
Other cash	3,050	\$ -	\$ -	3,050
Accounts receivable	431,445	-	4,183	435,628
Interest receivable	17,546	1,993	16,987	36,526
Due from other governments	350,020	-	353,892	703,912
Prepaid items	725	-	-	725
Inventory	20,982	-	-	20,982
Total assets	<u>\$ 12,550,851</u>	<u>\$ 1,343,270</u>	<u>\$ 11,800,805</u>	<u>\$ 25,694,926</u>
LIABILITIES				
Accounts payable	\$ 550,918	\$ 12,091	\$ 62,065	\$ 625,074
Accrued payroll	690,360	-	36,947	727,307
Due to other governments	34,262	-	69	34,331
Deposits and other liabilities	39,230	-	-	39,230
Total liabilities	<u>1,314,770</u>	<u>12,091</u>	<u>99,081</u>	<u>1,425,942</u>
FUND BALANCES				
Nonspendable:				
Inventory and prepayments	21,707	-	-	21,707
Restricted for:				
Public safety	-	-	18,706	18,706
Boating and waterway improvements	-	-	51,153	51,153
Street improvements	-	-	150,821	150,821
Capital improvements	-	-	6,250,772	6,250,772
Building code enforcement	-	-	3,428,751	3,428,751
Debt service	-	-	225,578	225,578
Beach renourishment	-	1,331,179	-	1,331,179
Committed to:				
Public safety	65,394	-	-	65,394
Training and education	-	-	87,315	87,315
Capital improvements	200,235	-	1,388,997	1,589,232
Economic development	-	-	26,438	26,438
Historic preservation	12,000	-	73,193	85,193
Parks and recreation	77,496	-	-	77,496
General government	122,121	-	-	122,121
Unassigned:				
General fund	10,737,128	-	-	10,737,128
Total fund balances	<u>11,236,081</u>	<u>1,331,179</u>	<u>11,701,724</u>	<u>24,268,984</u>
Total liabilities and fund balances	<u>\$ 12,550,851</u>	<u>\$ 1,343,270</u>	<u>\$ 11,800,805</u>	<u>\$ 25,694,926</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, 2016

Total fund balance - governmental funds	\$	24,268,984
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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	\$	101,430,818	
Accumulated depreciation		<u>(44,022,781)</u>	57,408,037

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.

7,148,289

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

Notes payable	(5,176,000)	
Compensated absences	(1,039,488)	
Net OPEB obligation	(8,924,411)	
Accrued interest on general obligation bonds	<u>(25,164)</u>	(15,165,063)

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	(41,145,071)	
Deferred outflows of resources related to pensions	15,559,430	
Deferred inflows of resources related to pensions	<u>(3,575,052)</u>	(29,160,693)

Net position of governmental activities	\$	<u><u>44,499,554</u></u>
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See accompanying Notes to Financial Statements.

City of Venice, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2016

	<u>General Fund</u>	<u>Beach Renourishment</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Property tax	\$ 9,699,625	\$ -	\$ 556,272	\$ 10,255,897
Local option, use and fuel taxes	454,006	\$ -	4,071,828	4,525,834
Communications services tax	1,089,306	-	-	1,089,306
Utility services taxes	2,564,309	-	-	2,564,309
Franchise fees	2,305,140	-	-	2,305,140
Fees and fines	23,174	-	21,915	45,089
Licenses and permits	588,245	-	2,765,537	3,353,782
Intergovernmental	3,070,604	2,206,033	1,149,402	6,426,039
Charges for services	119,424	-	-	119,424
Interest	39,807	(6,479)	44,423	77,751
Miscellaneous	1,269,392	6,440	30,669	1,306,501
Total revenues	<u>21,223,032</u>	<u>2,205,994</u>	<u>8,640,046</u>	<u>32,069,072</u>
EXPENDITURES				
Current:				
General government	4,041,835	118,788	1,321,242	5,481,865
Finance	1,323,198	-	-	1,323,198
Information services	1,020,265	-	-	1,020,265
Parks and recreation	1,317,705	-	-	1,317,705
Police	8,513,766	-	4,755	8,518,521
Fire	7,806,589	-	-	7,806,589
Public works	1,427,881	-	45,891	1,473,772
Beach renourishment	-	6,573,491	-	6,573,491
Debt service:				
Principal	-	-	895,000	895,000
Interest and fiscal charges	-	-	156,235	156,235
Capital outlay	605,958	-	2,936,420	3,542,378
Total expenditures	<u>26,057,197</u>	<u>6,692,279</u>	<u>5,359,543</u>	<u>38,109,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,834,165)</u>	<u>(4,486,285)</u>	<u>3,280,503</u>	<u>(6,039,947)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,913,202	250,000	391,943	4,555,145
Transfers out	(46,721)	-	(1,744,548)	(1,791,269)
Net other financing sources (uses)	<u>3,866,481</u>	<u>250,000</u>	<u>(1,352,605)</u>	<u>2,763,876</u>
Net change in fund balances	<u>(967,684)</u>	<u>(4,236,285)</u>	<u>1,927,898</u>	<u>(3,276,071)</u>
Fund balances at beginning of year	<u>12,203,765</u>	<u>5,567,464</u>	<u>9,773,826</u>	<u>27,545,055</u>
Fund balances at end of year	<u>\$ 11,236,081</u>	<u>\$ 1,331,179</u>	<u>\$ 11,701,724</u>	<u>\$ 24,268,984</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, 2016

Net change in fund balances - total governmental funds \$ (3,276,071)

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, asset disposals are accounted for differently in the two statements.

Capital additions	\$ 3,542,378	
Depreciation	(2,866,676)	
Disposals	<u>(632,318)</u>	43,384

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	-	
Principal paid	<u>895,000</u>	895,000

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	493,053	
Other post-employment benefits	94,019	
Pensions	<u>(1,793,626)</u>	(1,206,554)

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.

Change in net position	1,313,230	
Prior year lookback adjustment	<u>556,603</u>	1,869,833

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.

		<u>1,751</u>
Change in net position of governmental activities	\$	<u><u>(1,672,657)</u></u>

See accompanying Notes to Financial Statements.

City of Venice, Florida
Budget Comparison Statement
General Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes:				
Property tax	\$ 9,538,647	\$ 9,538,647	\$ 9,699,625	\$ 160,978
Local option, use and fuel taxes	483,656	483,656	454,006	(29,650)
Communications services tax	1,107,120	1,107,120	1,089,306	(17,814)
Utility service taxes	2,325,765	2,325,765	2,564,309	238,544
Franchise fees	2,256,077	2,256,077	2,305,140	49,063
Fees and fines	25,275	25,275	23,174	(2,101)
Licenses and permits	695,294	695,294	588,245	(107,049)
Intergovernmental	2,519,680	2,691,944	3,070,604	378,660
Charges for services	91,340	91,340	119,424	28,084
Interest	223,257	223,257	39,807	(183,450)
Miscellaneous	901,653	928,653	1,269,392	340,739
Total revenues	<u>20,167,764</u>	<u>20,367,028</u>	<u>21,223,032</u>	<u>856,004</u>
EXPENDITURES				
Current:				
General government	4,610,555	4,458,715	4,041,835	416,880
Finance	1,425,425	1,425,480	1,323,198	102,282
Information services	1,025,129	1,031,429	1,020,265	11,164
Parks and recreation	1,494,489	1,420,214	1,317,705	102,509
Police	7,393,120	8,532,199	8,513,766	18,433
Fire	6,766,221	7,836,468	7,806,589	29,879
Public works	1,502,543	1,534,482	1,427,881	106,601
Capital outlay	1,714,845	853,258	605,958	247,300
Total expenditures	<u>25,932,327</u>	<u>27,092,245</u>	<u>26,057,197</u>	<u>1,035,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,764,563)</u>	<u>(6,725,217)</u>	<u>(4,834,165)</u>	<u>1,891,052</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,913,202	3,913,202	3,913,202	-
Transfers out	-	(46,721)	(46,721)	-
Net other financing sources (uses)	<u>3,913,202</u>	<u>3,866,481</u>	<u>3,866,481</u>	<u>-</u>
Net change in fund balances	(1,851,361)	(2,858,736)	(967,684)	1,891,052
Fund balances at beginning of year	<u>12,203,765</u>	<u>12,203,765</u>	<u>12,203,765</u>	<u>-</u>
Fund balances at end of year	<u>\$ 10,352,404</u>	<u>\$ 9,345,029</u>	<u>\$ 11,236,081</u>	<u>\$ 1,891,052</u>

See accompanying Notes to Financial Statements.



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City of Venice, Florida
Statement of Net Position
Proprietary Funds
September 30, 2016

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
ASSETS			
Current assets:			
Pooled cash and investments	\$ 22,211,128	\$ 2,893,295	\$ 3,885,273
Other cash	-	-	100
Accounts receivable	2,397,615	611,055	1,860
Interest receivable	51,867	4,311	10,842
Due from other governments	2,305	-	194,477
Prepaid items	-	-	-
Inventories	735,102	-	-
Total current assets	<u>25,398,017</u>	<u>3,508,661</u>	<u>4,092,552</u>
Noncurrent assets:			
Pooled cash and investments - Restricted	<u>12,641,984</u>	<u>-</u>	<u>3,416,445</u>
Capital assets:			
Land	956,663	220,000	-
Construction in progress	28,220,396	-	9,171,961
Buildings	3,970,284	12,500	6,052,345
Improvements other than buildings	121,462,823	-	20,622,577
Machinery and equipment	9,079,171	4,627,316	791,377
Less accumulated depreciation	<u>(66,106,476)</u>	<u>(3,518,100)</u>	<u>(10,962,238)</u>
Total capital assets	<u>97,582,861</u>	<u>1,341,716</u>	<u>25,676,022</u>
Total noncurrent assets	<u>110,224,845</u>	<u>1,341,716</u>	<u>29,092,467</u>
Total assets	<u>135,622,862</u>	<u>4,850,377</u>	<u>33,185,019</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>2,042,177</u>	<u>682,554</u>	<u>245,336</u>

See accompanying Notes to Financial Statements

Business-Type Activities		Governmental Activities
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
\$ 1,825,343	\$ 30,815,039	\$ 6,880,232
-	100	12,753
149,066	3,159,596	6,220
2,719	69,739	9,521
-	196,782	-
-	-	174,401
-	735,102	-
<u>1,977,128</u>	<u>34,976,358</u>	<u>7,083,127</u>
-	16,058,429	-
1,451,835	2,628,498	-
286,043	37,678,400	-
-	10,035,129	-
8,370,084	150,455,484	-
734,738	15,232,602	1,903,383
(3,413,680)	(84,000,494)	(484,928)
<u>7,429,020</u>	<u>132,029,619</u>	<u>1,418,455</u>
<u>7,429,020</u>	<u>148,088,048</u>	<u>1,418,455</u>
<u>9,406,148</u>	<u>183,064,406</u>	<u>8,501,582</u>
<u>153,506</u>	<u>3,123,573</u>	<u>-</u>

continued

City of Venice, Florida
Statement of Net Position
Proprietary Funds
September 30, 2016

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,131,211	\$ 196,600	\$ 153,742
Accrued liabilities	227,724	50,264	161,534
Accrued interest payable	463,240	-	-
Accrued insurance claims	-	-	-
Due to other governments	6,717	-	5,862
Customer deposits	695,652	123,111	-
Compensated absences	147,437	59,524	6,356
Notes payable	386,000	-	-
Bonds payable	996,142	-	-
Total current liabilities	<u>5,054,123</u>	<u>429,499</u>	<u>327,494</u>
Noncurrent liabilities:			
Compensated absences	147,437	59,524	6,355
Net pension liabilities	2,798,288	935,267	336,170
Net OPEB obligation	2,452,540	856,653	293,171
Notes payable	2,451,000	-	-
Bonds payable	35,877,499	-	-
Total noncurrent liabilities	<u>43,726,764</u>	<u>1,851,444</u>	<u>635,696</u>
Total liabilities	<u>48,780,887</u>	<u>2,280,943</u>	<u>963,190</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>429,930</u>	<u>143,694</u>	<u>51,649</u>
NET POSITION			
Net investment in capital assets	64,914,595	1,341,716	25,676,022
Restricted for:			
Capital projects	4,599,609	-	3,416,445
Renewal and replacement	1,000,000	-	-
Unrestricted	<u>17,940,018</u>	<u>1,766,578</u>	<u>3,323,049</u>
Total net position	<u>\$ 88,454,222</u>	<u>\$ 3,108,294</u>	<u>\$ 32,415,516</u>

See accompanying Notes to Financial Statements

Business-Type Activities		Governmental Activities
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
\$ 4,396	\$ 2,485,949	\$ 669,193
9,928	449,450	7,060
-	463,240	-
-	-	677,040
-	12,579	-
-	818,763	-
-	213,317	-
-	386,000	-
-	996,142	-
<u>14,324</u>	<u>5,825,440</u>	<u>1,353,293</u>
-	213,316	-
210,341	4,280,066	-
105,032	3,707,396	-
-	2,451,000	-
-	35,877,499	-
<u>315,373</u>	<u>46,529,277</u>	<u>-</u>
<u>329,697</u>	<u>52,354,717</u>	<u>1,353,293</u>
<u>32,316</u>	<u>657,589</u>	<u>-</u>
7,429,020	99,361,353	1,418,455
-	8,016,054	-
-	1,000,000	-
<u>1,768,621</u>	<u>24,798,266</u>	<u>5,729,834</u>
<u>\$ 9,197,641</u>	<u>\$ 133,175,673</u>	<u>\$ 7,148,289</u>

City of Venice, Florida
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended September 30, 2016

	Business-Type Activities		
	Water and Sewer Utility	Solid Waste	Airport
OPERATING REVENUES			
Charges for services	\$ 21,132,905	\$ 5,278,955	\$ -
Rentals	-	-	1,755,026
Miscellaneous	1,296,202	46,420	56,400
Total operating revenues	<u>22,429,107</u>	<u>5,325,375</u>	<u>1,811,426</u>
OPERATING EXPENSES			
Personal services	3,846,630	1,460,169	538,245
Insurance	422,244	248,796	96,192
Professional/contractual services	1,026,025	1,308,462	198,195
Claims	-	-	-
Repair and maintenance	843,148	626,754	119,748
Utilities	842,087	11,124	90,133
Other services and charges	1,601,052	306,515	123,345
Depreciation	5,470,683	550,270	1,140,955
Total operating expenses	<u>14,051,869</u>	<u>4,512,090</u>	<u>2,306,813</u>
Operating income (loss)	<u>8,377,238</u>	<u>813,285</u>	<u>(495,387)</u>
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	47,604	12,595	(6,469)
Disposition of capital assets	-	16,319	-
Interest expense	(1,455,914)	-	-
Net non-operating revenues (expenses)	<u>(1,408,310)</u>	<u>28,914</u>	<u>(6,469)</u>
Income (loss) before contributions and transfers	<u>6,968,928</u>	<u>842,199</u>	<u>(501,856)</u>
CAPITAL CONTRIBUTIONS			
Developer capital contributions	457,417	-	-
Federal and state grants	-	-	7,470,916
Total capital contributions	<u>457,417</u>	<u>-</u>	<u>7,470,916</u>
TRANSFERS			
Transfers in	-	-	-
Transfers out	(1,810,844)	(2,151,030)	(303,204)
Net transfers	<u>(1,810,844)</u>	<u>(2,151,030)</u>	<u>(303,204)</u>
Change in net position	5,615,501	(1,308,831)	6,665,856
Total net position at beginning of year	<u>82,838,721</u>	<u>4,417,125</u>	<u>25,749,660</u>
Total net position at end of year	<u>\$ 88,454,222</u>	<u>\$ 3,108,294</u>	<u>\$ 32,415,516</u>

See accompanying Notes to Financial Statements.

Business-Type Activities		
Storm Water Drainage	Total Enterprise Funds	Internal Service Funds
\$ 1,559,003	\$ 27,970,863	\$ 7,682,923
-	1,755,026	-
(3,491)	1,395,531	244,318
<u>1,555,512</u>	<u>31,121,420</u>	<u>7,927,241</u>
275,444	6,120,488	265,438
12,744	779,976	1,961,179
209,765	2,742,447	508,520
-	-	5,143,867
164,081	1,753,731	-
1,555	944,899	-
61,597	2,092,509	139,685
415,528	7,577,436	356,461
<u>1,140,714</u>	<u>22,011,486</u>	<u>8,375,150</u>
<u>414,798</u>	<u>9,109,934</u>	<u>(447,909)</u>
6,455	60,185	15,988
-	16,319	33,984
(2,039)	(1,457,953)	-
<u>4,416</u>	<u>(1,381,449)</u>	<u>49,972</u>
<u>419,214</u>	<u>7,728,485</u>	<u>(397,937)</u>
-	457,417	-
180,974	7,651,890	-
<u>180,974</u>	<u>8,109,307</u>	<u>-</u>
-	-	1,723,167
(209,965)	(4,475,043)	(12,000)
<u>(209,965)</u>	<u>(4,475,043)</u>	<u>1,711,167</u>
390,223	11,362,749	1,313,230
8,807,418	121,812,924	5,835,059
<u>\$ 9,197,641</u>	<u>\$ 133,175,673</u>	<u>\$ 7,148,289</u>

City of Venice, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds		
	Water and Sewer		
	Utility	Solid Waste	Airport
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 22,458,812	\$ 5,455,089	\$ 1,811,512
Payments to suppliers	(3,902,042)	(2,430,358)	(112,118)
Payments to employees	(5,388,440)	(1,683,490)	(589,943)
Claims paid	-	-	-
Net cash provided (used) by operating activities	<u>13,168,330</u>	<u>1,341,241</u>	<u>1,109,451</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in from other funds	-	-	-
Transfers out to other funds	(1,810,844)	(2,151,030)	(303,204)
Short-term interfund repayments (borrowings)	977,000	-	-
Net cash provided (used) by noncapital and related financing activities	<u>(833,844)</u>	<u>(2,151,030)</u>	<u>(303,204)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(9,859,482)	-	(8,384,711)
Proceeds from sale of capital assets	-	24,670	-
Principal paid on notes	(2,909,000)	-	-
Principal paid on revenue bonds	(400,000)	-	-
Interest paid on revenue bonds and notes	(1,583,194)	-	-
Capital grants	-	-	7,470,916
Net cash provided (used) by capital and related financing activities	<u>(14,751,676)</u>	<u>24,670</u>	<u>(913,795)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments matured	12,250,168	1,206,365	2,440,854
Interest earnings	148,580	22,761	12,838
Net cash provided (used) by investing activities	<u>12,398,748</u>	<u>1,229,126</u>	<u>2,453,692</u>
Net increase (decrease) in cash and cash equivalents	9,981,558	444,007	2,346,144
Cash and cash equivalents at beginning of year	24,871,554	2,449,288	4,955,674
Cash and cash equivalents at end of year	<u>\$ 34,853,112</u>	<u>\$ 2,893,295</u>	<u>\$ 7,301,818</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 8,377,238	\$ 813,285	\$ (495,387)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	5,470,683	550,270	1,140,955
Pension adjustments	(787,224)	(235,512)	(63,479)
OPEB adjustments	(16,955)	(2,544)	(983)
Change in assets and liabilities:			
Accounts receivable	44,026	129,714	279
Inventory	(250,598)	-	-
Due from other governments	1,545	-	444,739
Prepaid items	505	-	-
Accounts payable	1,103,586	73,868	70,756
Accrued liabilities	(704,005)	12,790	4,064
Compensated absences	(33,626)	1,945	8,700
Due to other governments	(14,321)	-	(193)
Customer deposits	(22,524)	(2,575)	-
Accrued claims	-	-	-
Net cash provided (used) by operating activities	<u>\$ 13,168,330</u>	<u>\$ 1,341,241</u>	<u>\$ 1,109,451</u>

Supplemental disclosure of noncash investing, capital and financing activities:

Water and Sewer Utility Fund recognized \$457,417 in utility line donations through capital contributions.

See accompanying Notes to Financial Statements.

Business-type Activities		Governmental Activities	
Storm Water		Internal Service	
Drainage	Totals	Funds	
\$ 1,727,853	\$ 31,453,266	\$ 7,957,776	
(544,654)	(6,989,172)	(2,517,040)	
(326,981)	(7,988,854)	(261,842)	
-	-	(5,167,827)	
856,218	16,475,240	11,067	
-	-	1,723,167	
(209,965)	(4,475,043)	(12,000)	
-	977,000	(4,000)	
(209,965)	(3,498,043)	1,707,167	
(325,723)	(18,569,916)	(765,893)	
-	24,670	33,984	
-	(2,909,000)	-	
(165,000)	(565,000)	-	
(3,495)	(1,586,689)	-	
180,974	7,651,890	-	
(313,244)	(15,954,045)	(731,909)	
489,144	16,386,531	1,939,877	
10,079	194,258	28,246	
499,223	16,580,789	1,968,123	
832,232	13,603,941	2,954,448	
993,111	33,269,627	3,938,537	
\$ 1,825,343	\$ 46,873,568	\$ 6,892,985	
\$ 414,798	\$ 9,109,934	\$ (447,909)	
415,528	7,577,436	356,461	
(49,765)	(1,135,980)	-	
(1,157)	(21,639)	-	
172,341	346,360	30,535	
-	(250,598)	-	
-	446,284	-	
-	505	80,368	
(94,912)	1,153,298	11,976	
(615)	(687,766)	3,596	
-	(22,981)	-	
-	(14,514)	-	
-	(25,099)	-	
-	-	(23,960)	
\$ 856,218	\$ 16,475,240	\$ 11,067	

City of Venice, Florida
Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2016

		Total Pension Funds
	ASSETS	
Cash and cash equivalents		\$ 2,824,897
Contributions receivable		49,555
Interest and dividends receivable		52,027
Investments, at fair value:		
U.S. Government and agency obligations		6,210,054
Mortgage-backed obligations		2,008,610
Domestic equities		22,605,537
Foreign equities		943,778
Corporate obligations		3,399,888
Fixed income mutual funds		842,126
Real estate investment funds		5,808,831
Domestic equity mutual funds		2,168,662
Foreign equity mutual funds		5,917,196
Unit investment trusts		201,828
Total investments		<u>50,106,510</u>
Total assets		<u>53,032,989</u>
	NET POSITION	
Restricted for pension benefits		<u>\$ 53,032,989</u>

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, 2016

	Total Pension Funds
<hr/>	
ADDITIONS	
Contributions:	
Employer	\$ 5,155,928
Plan members	152,346
State of Florida (passed through general fund)	454,007
Total contributions	<hr/> 5,762,281 <hr/>
Investment income:	
Net appreciation (depreciation) in fair value of investments	3,546,091
Interest	337,224
Dividends	889,911
Investment income (loss)	<hr/> 4,773,226
Less investment expenses	(252,906)
Net investment income	<hr/> 4,520,320 <hr/>
Total additions	<hr/> 10,282,601 <hr/>
DEDUCTIONS	
Benefit payments	4,843,869
Administrative expense	132,599
Total deductions	<hr/> 4,976,468 <hr/>
Change in net position	5,306,133
Net position restricted for pension benefits at beginning of year	<hr/> 47,726,856 <hr/>
Net position restricted for pension benefits at end of year	<hr/> \$ 53,032,989 <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 *Beach Renourishment Fund* is a capital projects fund that is used to account for the cost of beach renourishment projects and related resources.

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.

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.

City of Venice, Florida Notes to Financial Statements

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 that are not in the pool are reported separately as "other cash." 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.

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

City of Venice, Florida

Notes to Financial Statements

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.

d) Inventories and prepaid items

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

City of Venice, Florida
Notes to Financial Statements

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, 2016:

Restricted Assets	
Water and Sewer Utility Fund:	
Construction account	\$ 4,781,150
Debt service reserves	2,261,225
Renewal and replacement fund	1,000,000
Capacity improvement fees	4,599,609
Sub-total	<u>12,641,984</u>
Airport Fund:	
Property sales proceeds	<u>3,416,445</u>
Total	<u><u>\$ 16,058,429</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 estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. When material, interest incurred during the project construction phase for 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 2016.

City of Venice, Florida
Notes to Financial Statements

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 will sometimes report a separate section for deferred outflows of resources. These deferred outflows of resources 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, 2016, consist of the following:

Deferred Outflows	Florida Retirement System		Firefighters' Pension	Police Officers' Pension	Total
	FRS	HIS			
Related to pensions:					
Employer contributions subsequent to measurement date	\$ 377,524	\$ 61,237	\$ -	\$ -	\$ 438,761
Changes in assumptions	824,483	808,474	2,141,375	1,092,609	4,866,941
Differences between actual and expected experience	1,043,502	-	-	-	1,043,502
Net difference between projected and actual investment earnings	6,269,609	2,605	637,765	1,105,368	8,015,347
Changes in proportion differences	3,326,257	992,195	-	-	4,318,452
Total	\$11,841,375	\$ 1,864,511	\$ 2,779,140	\$ 2,197,977	\$ 18,683,003

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. These deferred inflows of resources 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, 2016, consist of the following:

Deferred Inflows	Florida Retirement System		Firefighters' Pension	Police Officers' Pension	Total
	FRS	HIS			
Related to pensions:					
Differences between actual and expected experience	\$ 126,890	\$ 11,734	\$ 1,134,509	\$ 212,697	\$ 1,485,830
Net difference between projected and actual investment earnings	2,746,811	-	-	-	2,746,811
Total	\$ 2,873,701	\$ 11,734	\$ 1,134,509	\$ 212,697	\$ 4,232,641

City of Venice, Florida
Notes to Financial Statements

h) Accounts payable

Accounts payable include trade and contract obligations due shortly after year-end. Accounts payable at September 30, 2016 also includes retainage payable of \$793,984.

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.

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.

City of Venice, Florida Notes to Financial Statements

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.

I) 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.
- *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.

City of Venice, Florida Notes to Financial Statements

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) Recently Issued Accounting Pronouncements

Beginning with fiscal year 2016, the City implemented GASB Statement No. 72; *Fair Value Measurement and Application*. This statement clarifies the definition of fair value (primarily for investments), and requires new disclosures, such as the Level 1 to 3 hierarchy and how fair values were determined.

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 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

City of Venice, Florida
Notes to Financial Statements

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 at September 30, 2016.

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.

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 Portfolio Concentration
Local Government Surplus Funds Trust Fund, or other 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%

City of Venice, Florida

Notes to Financial Statements

At September 30, 2016, the City's cash and investment pool contained the following deposits and investments:

Investment Type	Fair Value		
Deposits			
Financial Institutions	\$ 23,881,563		
Bank Money Market Accounts	19,352,134		
Certificates of Deposit	4,000,000		
Total Deposits	47,233,697		
Investments			
Florida Surplus Asset Fund Trust:		Weighted Average Maturity (Years)	Hierarchy Level
Florida SAFE Fund	2,034,976	Not Applicable	Not Applicable
Term Series Program	4,000,000	0.60	Not Applicable
U.S. government agency securities	24,979,130	2.64	1
Total Investments	31,014,106		
Total Pooled Cash and Investments	\$ 78,247,803		

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.

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.

City of Venice, Florida Notes to Financial Statements

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 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,

City of Venice, Florida Notes to Financial Statements

- 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,
- 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.

City of Venice, Florida
Notes to Financial Statements

As of September 30, 2016 the Firefighters' Pension Trust Fund had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Hierarchy Level
U. S. Government & agency obligations	\$ 2,474,963	2.66	1
Mortgage-backed obligations	851,788	10.93	2
Corporate obligations	1,087,991	6.46	2
Total fair value	4,414,742		
Investments not subject to risk disclosures:			
Fixed income mutual funds	842,126		1
Domestic equities	5,679,598		1
Foreign equities	124,536		1
Domestic equity mutual funds	2,168,662		1
Real estate investment fund	2,242,960		Not Applicable
Foreign equity mutual fund	2,679,961		1
Unit investment trusts	201,828		1
Total investments	<u>\$ 18,354,413</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, 2016. The corporate obligations in the year-end portfolio were rated A2 to Baa3 by Moody's Investor Services.

At September 30, 2016 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	\$ 3,735,091	11.20	1
Mortgage-backed obligations	1,156,822	13.51	2
Corporate obligations	2,311,897	5.45	2
Total fair value	7,203,810		
Investments not subject to risk disclosures:			
Domestic equities	16,925,939		1
Foreign equities	819,242		1
Real estate investment fund	3,565,871		Not Applicable
Foreign equity mutual fund	3,237,235		1
Total investments	<u>\$ 31,752,097</u>		

City of Venice, Florida
Notes to Financial Statements

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, 2016. The corporate obligations in the year-end portfolio were rated Aaa to Baa3 by Moody's Investor Services and AA+ to BB- by Standard and Poor's.

Investment Risks

The Investment Policy Statements adopted by the Funds do not specifically 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, independent third party custodians, and require investments to 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 of up to 10 mills annually. For the 2016 fiscal year, the City levied taxes of 3.10 mills for the general fund and an additional 0.177 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.

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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, 2016, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 13,712,811	\$ -	\$ -	\$ 13,712,811
Construction in progress	4,853,022	1,843,105	2,661,202	4,034,925
Total capital assets not being depreciated	18,565,833	1,843,105	2,661,202	17,747,736
Other capital assets:				
Buildings	19,125,893	-	-	19,125,893
Other improvements	40,731,442	636,021	13,465,053	27,902,410
Machinery and equipment	11,291,637	2,161,463	196,782	13,256,318
Infrastructure	23,594,092	1,707,752	-	25,301,844
Total other capital assets - at cost	94,743,064	4,505,236	13,661,835	85,586,465
Less accumulated depreciation for:				
Buildings	7,026,549	541,504	-	7,568,053
Other improvements	26,264,571	1,188,384	13,453,867	13,999,088
Machinery and equipment	8,814,540	1,080,378	196,782	9,698,136
Infrastructure	12,829,561	412,871	-	13,242,432
Total accumulated depreciation	54,935,221	3,223,137	13,650,649	44,507,709
Governmental activities capital assets, net	\$ 58,373,676	\$ 3,125,204	\$ 2,672,388	\$ 58,826,492

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

Governmental activities:	
General government	\$ 219,349
Information services	61,962
Parks and recreation	700,498
Police	329,687
Fire	373,755
Public works	1,537,886
Total governmental activities depreciation expense	<u>\$ 3,223,137</u>

City of Venice, Florida
Notes to Financial Statements

Capital asset activity for business-type activities for the year ended September 30, 2016, was as follows:

Business-type activities:

	Beginning Balance *	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,837,618	\$ 790,880	\$ -	\$ 2,628,498
Construction in progress	27,233,005	17,286,807	6,841,412	37,678,400
Total capital assets not being depreciated	29,070,623	18,077,687	6,841,412	40,306,898
Other capital assets:				
Buildings	10,035,129	-	-	10,035,129
Other improvements	143,115,679	7,346,607	6,802	150,455,484
Machinery and equipment	15,085,706	444,451	297,555	15,232,602
Total other capital assets - at cost	168,236,514	7,791,058	304,357	175,723,215
Less accumulated depreciation for:				
Buildings	5,564,808	202,228	-	5,767,036
Other improvements	62,455,746	4,430,258	6,802	66,879,202
Machinery and equipment	8,698,510	2,944,950	289,204	11,354,256
Total accumulated depreciation	76,719,064	7,577,436	296,006	84,000,494
Governmental activities capital assets, net	\$ 120,588,073	\$ 18,291,309	\$ 6,849,763	\$ 132,029,619

* The beginning balance of accumulated depreciation has been reallocated from prior reported amounts. The total accumulated depreciation did not change.

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

Business-type activities:	
Water and sewer utility	\$ 5,470,683
Solid waste	550,270
Airport	1,140,955
Storm water drainage	415,528
Total business-type activities depreciation expense	<u>\$ 7,577,436</u>

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City of Venice, Florida
Notes to Financial Statements

Commitments

Commitments for uncompleted construction projects at September 30, 2016 consist of the following:

Fund	Amounts Authorized	Expended to Date	Remaining Commitment
General	\$ 506,234	\$ 314,439	\$ 191,795
Capital Projects - General	1,329,833	1,214,846	114,987
Capital Projects - Streets	158,088	-	158,088
Water and Sewer Utility	5,386,846	4,422,417	964,429
Airport	16,294,876	12,084,352	4,210,524
Storm Water Drainage	55,272	-	55,272
Total	<u>\$ 23,731,149</u>	<u>\$ 18,036,054</u>	<u>\$ 5,695,095</u>

The above remaining commitments have been encumbered in the City's accounting records and do not require further spending authorization. Additional amounts totaling \$285,451 in the General Fund have also been encumbered, and are reported as committed fund balance at September 30, 2016. Non-construction related encumbrances in other funds are not significant.

NOTE F – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at September 30, 2016, 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, 2016.

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City of Venice, Florida
Notes to Financial Statements

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, 2016, with the purpose noted by numerical reference to the above listing:

	Transfers - In:				Totals
	General Fund	Beach Renourishment Fund	Non-major Governmental Funds	Internal Service Funds	
Transfers - Out:					
General Fund (4)	\$ -	\$ -	\$ 46,721	\$ -	\$ 46,721
Non-major Governmental Funds (1,2)	1,149,326	250,000	345,222	-	1,744,548
Water & Sewer Utility Fund (2,3)	1,433,404	-	-	377,440	1,810,844
Solid Waste Fund (2,3)	921,030	-	-	1,230,000	2,151,030
Airport Fund (2,3)	251,262	-	-	51,942	303,204
Storm Water Drainage Fund (2,3)	158,180	-	-	51,785	209,965
Internal Service Funds (5)	-	-	-	12,000	12,000
Totals	\$ 3,913,202	\$ 250,000	\$ 391,943	\$ 1,723,167	\$ 6,278,312

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City of Venice, Florida
Notes to Financial Statements

NOTE G – LONG-TERM LIABILITIES

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

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due Within
					One Year
Governmental activities:					
General obligation notes payable	\$ 6,071,000	\$ -	\$ 895,000	\$ 5,176,000	\$ 406,000
Net pension liabilities:					
FRS and HIS	5,300,974	9,199,414	-	14,500,388	-
Firefighters' Pension	20,846,595	-	1,947,144	18,899,451	-
Police Officers' Pension	10,426,847	-	2,681,615	7,745,232	-
Compensated absences	1,532,541	460,431	953,484	1,039,488	519,744
Net OPEB obligation	9,018,430	-	94,019	8,924,411	-
Totals	<u>\$ 53,196,387</u>	<u>\$ 9,659,845</u>	<u>\$ 6,571,262</u>	<u>\$ 56,284,970</u>	<u>\$ 925,744</u>
Business-type activities:					
Revenue bonds	\$ 35,365,000	\$ -	\$ 400,000	\$ 34,965,000	\$ 905,000
Unamortized Bond Premium	1,999,783	-	91,142	1,908,641	91,142
Notes payable	5,911,000	-	3,074,000	2,837,000	386,000
Net pension liabilities:					
FRS and HIS	4,747,924	-	467,858	4,280,066	-
Compensated absences	449,614	375,697	398,678	426,633	213,317
Net OPEB obligation	3,729,035	-	21,639	3,707,396	-
Totals	<u>\$ 52,202,356</u>	<u>\$ 375,697</u>	<u>\$ 4,453,317</u>	<u>\$ 48,124,736</u>	<u>\$ 1,595,459</u>

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.

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City of Venice, Florida

Notes to Financial Statements

The City's bonds and notes payable are described further in the table below:

Description of Debt	<u>Governmental</u>	<u>Business-Type</u>
\$6,458,000 Recreation Capital Improvement General Obligation Refunding Bond, Series 2014, due in annual installments of \$387,000 - \$545,000 beginning February 1, 2015 through February 1, 2028; interest at 2.66%; payable from the full faith, credit and taxing authority of the City. Purpose: construct a park, beach renourishment, community center improvements, and fishing pier.	\$ 5,176,000	\$ -
\$15,355,000 Utility System Revenue Bonds, Series 2015 (Green Bonds), due in annual installments of \$490,000 - \$1,080,000 beginning December 1, 2016 through December 1, 2035; interest at 2.00% - 5.00%; secured by a senior lien on water and sewer revenues on a parity with the Series 2012 Bonds 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, fund reserve account, and pay costs of issuance.	-	15,355,000
\$20,770,000 Utility System Revenue Bonds, Series 2012, due in annual installments of \$375,000 - \$1,135,000 beginning December 1, 2013 through December 1, 2042; interest at 2.00% - 5.00%; 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.	-	19,610,000
\$4,157,000 Utility System Refunding Revenue Note, Series 2013, due in semi-annual installments of \$183,000 - \$124,000 through August 15, 2023; interest rate at 1.65%; secured by a senior lien on water and sewer revenues on a parity with the Series 2012 Bonds (above). Purpose: Project A wastewater re-use, utility upgrades and improvements.	-	2,837,000
Total Bonds and Notes	<u><u>\$ 5,176,000</u></u>	<u><u>\$ 37,802,000</u></u>

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City of Venice, Florida
Notes to Financial Statements

Debt Maturity

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

Year Ended September 30,	Governmental Activities	
	Notes Payable	
	Principal	Interest
2017	\$ 406,000	\$ 132,282
2018	416,000	121,349
2019	429,000	110,111
2020	443,000	98,513
2021	452,000	86,610
2022-26	2,456,000	243,230
2027-28	574,000	8,831
Totals	<u>\$ 5,176,000</u>	<u>\$ 800,926</u>

Year Ended September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2017	\$ 905,000	\$ 1,351,225	\$ 386,000	\$ 45,227
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
2022-26	6,180,000	5,093,000	844,000	17,490
2027-31	7,605,000	3,677,200	-	-
2032-36	9,070,000	2,210,331	-	-
2037-41	4,920,000	869,369	-	-
2042-43	2,230,000	81,563	-	-
Totals	<u>\$ 34,965,000</u>	<u>\$ 18,257,788</u>	<u>\$ 2,837,000</u>	<u>\$ 178,663</u>

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, 2016:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenues	Percentage of Revenues to Principal and Interest Paid
Water/sewer net revenues	2043	\$ 56,238,451	\$ 4,892,669	\$13,895,525	284.0%

City of Venice, Florida Notes to Financial Statements

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, 2016 is \$3,818,305.

As of September 30, 2016, the Health Care Revenue Bonds, Series 2002B (Bon Secours Health System, Inc. – hospital bonds) has a principal amount payable of \$4.25 million.

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.

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.

City of Venice, Florida
Notes to Financial Statements

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 in the past year:

Benefit Changes:

- None

Changes in Actuarial Assumptions:

- For the year ended 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.
- The inflation assumption rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption used by the Plan's investment consultant.

The combined effect of these changes was an increase of \$1,320,858 in the total pension liability.

Plan Membership as of October 1, 2016

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.

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.

City of Venice, Florida
Notes to Financial Statements

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.

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, 2016, contributions totaling \$3,408,022 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of

City of Venice, Florida

Notes to Financial Statements

October 1, 2014, and a subsequent actuarial impact statement (AIS) dated December 7, 2015. The City contributed \$3,047,697, members contributed \$114,049, and the State contributed \$246,276.

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

The measurement date for the total/net pension liability is September 30, 2016, same as the reporting date. The measurement period for pension expense was October 1, 2015 to September 30, 2016. The components of the City's net pension liability at September 30, 2016, related to the Firefighters' Plan, were as follows:

Total pension liability	\$ 39,144,607
Plan fiduciary net position	<u>(20,245,156)</u>
City's net pension liability	<u><u>\$ 18,899,451</u></u>

Plan fiduciary net position as a percentage of total pension liability	51.72%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2016, using the following actuarial assumptions:

Inflation	2.50% (reduced from 3.00% in prior valuations)
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

The assumed mortality rates in the October 1, 2016 valuation were changed to the assumptions used by the Florida Retirement System for special risk employees, as required by Chapter 2015-157, Laws of Florida. These are:

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.

Prior actuarial valuations were based on the RP-2000 Combined Healthy assumptions, without projection, sex distinct. Disabled lives were set forward five years.

City of Venice, Florida

Notes to Financial Statements

The other significant actuarial assumptions used in the October 1, 2016 valuation were based upon the most recent actuarial experience study dated April 29, 2007, for the period 2000-2006.

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 2016, 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	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	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 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.

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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, 2015	\$38,553,253	\$ 17,706,658	\$ 20,846,595
<i>Changes for the Year:</i>			
Service cost	702,057	-	702,057
Interest	2,661,396	-	2,661,396
Change in excess State money	(155,521)		(155,521)
Differences between expected and actual experience	(1,795,453)	-	(1,795,453)
Changes of assumptions	1,320,858	-	1,320,858
Changes of benefit terms	-	-	-
Contributions - employer	-	3,047,697	(3,047,697)
Contributions - State	-	246,276	(246,276)
Contributions - employee	-	114,049	(114,049)
Net investment income	-	1,321,617	(1,321,617)
Benefit payments, including refunds of employee contributions	(2,141,983)	(2,141,983)	-
Administrative expense	-	(66,382)	66,382
Accrual adjustments	-	17,224	(17,224)
Net Changes	<u>591,354</u>	<u>2,538,498</u>	<u>(1,947,144)</u>
Balances at September 30, 2016	<u>\$ 39,144,607</u>	<u>\$ 20,245,156</u>	<u>\$ 18,899,451</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:

	Current		
	1% Decrease	Discount Rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)
City's net pension liability - Firefighters' Pension	\$ 23,296,412	\$ 18,899,451	\$ 15,240,982

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

For the year ended September 30, 2016 the City recognized pension expense of \$2,431,945 for the Firefighters' Plan. At September 30, 2016 the City has deferred outflows of resources and deferred inflows of resources related to the Plan as follows:

City of Venice, Florida
Notes to Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,134,509)
Changes of assumptions	2,141,375	-
Net difference between projected and actual earnings on Plan investments	<u>637,765</u>	<u>-</u>
Total	<u>\$ 2,779,140</u>	<u>\$ (1,134,509)</u>

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

<u>Year ended September 30:</u>	
2017	\$ 571,564
2018	808,863
2019	271,995
2020	<u>(7,791)</u>
Total	<u>\$ 1,644,631</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.

Following is a brief description of the changes in benefit terms and/or actuarial assumptions in the past year:

Benefit Changes:

- None

City of Venice, Florida
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Changes in Actuarial Assumptions:

- For the year ended 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.
- The inflation assumption rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption used by the Plan's investment consultant.

The combined effect of these changes was an increase of \$1,343,437 in the total pension liability.

Plan Membership as of October 1, 2016

Inactive Plan members or beneficiaries currently receiving benefits	56
Inactive Plan members entitled to but not yet receiving benefits	32
Active Plan members	7
Total	<u>95</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.

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.

City of Venice, Florida
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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, 2016, contributions totaling \$2,354,259 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2014, and a subsequent actuarial impact statement (AIS) dated May 29, 2015 and revised August 17, 2015. The City contributed \$2,108,231, members contributed \$38,297, and the State contributed \$207,731.

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

The measurement date for the total/net pension liability is September 30, 2016, same as the reporting date. The measurement period for pension expense was October 1, 2015 to September 30, 2016. The components of the City's net pension liability at September 30, 2016, related to the Police Officers' Plan, were as follows:

Total pension liability	\$ 40,533,065
Plan fiduciary net position	<u>(32,787,833)</u>
City's net pension liability	<u><u>\$ 7,745,232</u></u>

Plan fiduciary net position as a percentage of total pension liability	80.89%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2016, using the following actuarial assumptions:

Inflation	2.50% (reduced from 3.00% in prior valuations)
Salary Increases	5.50% - 10.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

City of Venice, Florida
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The assumed mortality rates in the October 1, 2016 valuation were changed to the assumptions used by the Florida Retirement System for special risk employees, as required by Chapter 2015-157, Laws of Florida. These are:

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.

Prior actuarial valuations were based on the RP-2000 Combined Healthy assumptions, without projection, sex distinct. Disabled lives were set forward five years.

The other significant actuarial assumptions are based upon the most recent experience study performed on December 9, 2011, for the period 1991-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. (For 2016, 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	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 at the current contribution rate and that sponsor contributions will be made at rates equal to the

City of Venice, Florida
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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, 2015	\$40,447,045	\$ 30,020,198	\$ 10,426,847
<i>Changes for the Year:</i>			
Service cost	203,840	-	203,840
Interest	2,751,065	-	2,751,065
Differences between expected and actual experience	(1,512,423)	-	(1,512,423)
Changes of assumptions	1,343,437	-	1,343,437
Changes of benefit terms	-	-	-
Contributions - employer	-	2,108,231	(2,108,231)
Contributions - State	-	207,731	(207,731)
Contributions - employee	-	38,297	(38,297)
Net investment income	-	3,176,622	(3,176,622)
Benefit payments, including refunds of employee contributions	(2,699,899)	(2,699,899)	-
Administrative expense	-	(85,428)	85,428
Accrual adjustments	-	22,081	(22,081)
Net Changes	<u>86,020</u>	<u>2,767,635</u>	<u>(2,681,615)</u>
Balances at September 30, 2016	<u>\$40,533,065</u>	<u>\$ 32,787,833</u>	<u>\$ 7,745,232</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 - Police Officers' Pension	\$ 12,295,367	\$ 7,745,232	\$ 3,975,999

City of Venice, Florida
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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, 2016 the City recognized pension expense of \$1,976,984. At September 30, 2016 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	\$ -	\$ (212,697)
Changes of assumptions	1,092,609	-
Net difference between projected and actual earnings on Plan investments	1,105,368	-
Total	<u>\$ 2,197,977</u>	<u>\$ (212,697)</u>

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

<u>Year ended September 30:</u>	
2017	\$ 1,252,342
2018	372,430
2019	578,567
2020	(218,059)
Total	<u>\$ 1,985,280</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 employers. The Department of 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).

City of Venice, Florida Notes to Financial Statements

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.

The FRS Pension Plan 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).

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, 2016, the City recorded pension contributions of \$1,610,414 (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.

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.

City of Venice, Florida
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- *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.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefits payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held 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

	% Value (per year of service)
<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 2016 were as follows:

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City of Venice, Florida
Notes to Financial Statements

Class	Year Ended June 30, 2016		Year Ended June 30, 2017	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer (1)	Employee	Employer (1)
Regular Class	3.00	5.56	3.00	5.80
Elected Officers Class	3.00	40.57	3.00	40.75
Senior Management Service Class	3.00	19.73	3.00	20.05
Special Risk Class	3.00	20.34	3.00	20.85
DROP - Applicable to				
Members from All of the Above Classes	0.00	11.22	0.00	11.33
Reemployed Retiree	(2)	(2)	(2)	(2)
Investment Plan Members	0.00	2.65	0.00	2.83

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 0.04% 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 \$1,337,626 for the fiscal year ended September 30, 2016. Employee contributions totaled \$355,157 for the same period, for a total contribution amount of \$1,692,783.

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

At September 30, 2016, the City reported a liability of \$13,628,488 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2016 contributions relative to the 2016 contributions of all participating members (based on the June 30 Plan year). At June 30, 2016, the City's proportionate share was .0540% which was an increase of .0082 percentage points from its proportionate share of .0458% measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$2,813,914 related to the Plan. At September 30, 2016, 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	\$ 377,524	\$ -
Changes in assumptions	824,483	-
Differences between actual and expected experience	1,043,502	126,890
Net difference between projected and actual investment earnings	6,269,609	2,746,811
Changes in proportion differences	3,326,257	-
Total	\$ 11,841,375	\$ 2,873,701

The deferred outflows of resources related to the Plan totaling \$377,524 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, 2017. 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	\$ 1,329,746
2018	1,329,746
2019	2,703,151
2020	2,049,771
2021	917,432
Thereafter	260,304
Total	<u>\$ 8,590,150</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, as reported in the Plan's valuation dated July 1, 2016. Update procedures were not used. The fiduciary net position used by the actuary to determine the net pension liability was determined on the same basis used by the Plan. Actuarial assumptions in the July 1, 2016 valuation included the following:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.60% net of pension plan investment expense, including inflation

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

City of Venice, Florida
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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 on Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.1%
Total	100%			
Assumed inflation - Mean			2.6%	1.9%

* As outlined in the Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The prior year discount rate was 7.65%. 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.

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 7.60%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
City's proportionate share of the FRS net pension liability	\$ 25,090,969	\$ 13,628,488	\$ 4,087,486

City of Venice, Florida
Notes to Financial Statements

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, 2017 and 2016, the contribution rates were 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 \$227,962 for the fiscal year ended September 30, 2016.

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

At September 30, 2016, the City reported a liability of \$5,151,966 for its proportionate share of the HIS Program net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City’s proportionate share of the net pension liability was based on the City’s 2016 contributions relative to the 2016 contributions of all participating members (based on the June 30 Program year). At June 30, 2016, the City’s proportionate share was .0442%, which was an increase .0037 percentage points from its proportionate share of .0405% measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$610,326 related to the Program. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Venice, Florida
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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$ 61,237	\$ -
Changes in assumptions	808,474	-
Differences between actual and expected experience	-	11,734
Net difference between projected and actual investment earnings	2,605	-
Changes in proportion differences	992,195	-
Total	<u><u>\$ 1,864,511</u></u>	<u><u>\$ 11,734</u></u>

The deferred outflows of resources related to the Program totaling \$61,237 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, 2017. 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	\$ 301,001
2018	301,001
2019	300,504
2020	331,473
2021	365,968
Thereafter	191,593
Total	<u><u>\$ 1,791,540</u></u>

Actuarial Assumptions

The HIS Program has an actuarial valuation performed biennially that is updated for financial reporting in the years a valuation is not performed. The total pension liability was determined by the Program's actuary using the individual entry age actuarial cost method, as reported in the Program's valuation dated July 1, 2016. Update procedures were not used. 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	2.85% 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

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 2.85%. The prior year discount rate was 3.80%. Because the HIS Program is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to a long-duration, high quality, tax-exempt municipal bond rate selected by the plan sponsor. 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 2.85%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
City's proportionate share of the HIS net pension liability	\$ 5,910,475	\$ 5,151,966	\$ 4,522,444

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

City of Venice, Florida

Notes to Financial Statements

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:

Class	Year Ended June 30, 2016		Year Ended June 30, 2017	
	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 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

City of Venice, Florida
Notes to Financial Statements

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.

Participants in the City’s OPEB Plan become participants in the City’s group health self-insurance program. 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 (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.

The City does not issue a stand-alone financial report on the OPEB Plan.

Participant data as of October 1, 2016, the latest actuarial valuation date, is as follows:

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

Funding Policy and Contributions

The OPEB Plan is not currently funded. Contributions to the OPEB Plan and payments of premiums to the City’s self-insurance fund are made on a pay-as-you go (PAYGO) basis.

PAYGO 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 2016 were \$644 for individual coverage, \$1,287 for individual plus one, \$1,995 for family coverage, and \$298 for the Medicare supplement plan.

City of Venice, Florida
Notes to Financial Statements

Annual OPEB Cost and Net OPEB Obligation

The contribution required to support the OPEB Plan is the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover each year's normal cost.

The following table shows the ARC, the annual OPEB cost, amounts contributed, and the change in the City's net OPEB obligation for the year ended September 30, 2016:

Annual required contribution (ARC)	\$ 1,236,911
Interest on net OPEB obligation	509,899
Adjustments to ARC	<u>(708,835)</u>
Annual OPEB cost	1,037,975
Employer Contributions made	(760,968)
Employer Implicit rate subsidy	<u>(392,665)</u>
Change in net OPEB obligation	(115,658)
Net OPEB obligation - beginning of year	<u>12,747,465</u>
Net OPEB obligation - end of year	<u><u>\$ 12,631,807</u></u>

The implicit rate subsidy shown above reflects the City's contributions for active employees that go toward the retiree's ARC (because the monthly premiums are not age-adjusted).

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are shown below for the current and two preceding years:

Year Ended September 30	Annual OPEB Cost	Employer Contributions & Implicit Subsidy	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 1,037,975	\$ 1,153,633	111.1%	\$ 12,631,807
2015	1,033,223	1,086,400	105.1%	12,747,465
2014	1,377,161	1,053,390	76.5%	12,800,642

Funded Status and Funding Progress

Information as to the funding progress of the OPEB Plan as of the most recent actuarial valuation is presented below. The schedule of funding progress is also presented with multi-year trend information in the required supplementary information section following the notes to financial statements, which shows whether the actuarial accrued liability is increasing or decreasing over time. Since the Plan is not currently being funded, the assets value and funded ratio are both zero.

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City of Venice, Florida

Notes to Financial Statements

Actuarial	Actuarial	Actuarial			Annualized	UAAL as a
Valuation Date	Value of	Liability (AAL)	Unfunded AAL	Funded	Covered	Percentage of
	Assets	Entry Age	(UAAL)	Ratio	Payroll	Covered
	(a)	Normal (b)	(b-a)	(a/b)	(c)	((b-a)/c)
October 1, 2016	\$ -	\$ 10,860,905	\$ 10,860,905	0.0%	\$ 15,326,156	70.9%

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuary believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of the factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The entry-age normal actuarial cost method was used in the October 1, 2016 actuarial valuation, which is the latest valuation for the Plan. The actuarial assumptions included a 4.00% discount rate. Medical claims and premium rates are assumed to increase at a rate of 4.5% beginning in 2016, then at 4.5% annually thereafter. These increases include a general inflation assumption of 2.5% per year. The UAAL is being "funded" over a thirty-year period which was restarted October 1, 2010 (30-year closed). Plan amendments are being amortized over 30 years. Subsequent gains and losses are amortized over a fifteen year period. Amortization payments are level dollar amounts, rather than level percentage of salaries.

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.

City of Venice, Florida
Notes to Financial Statements

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.

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.

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City of Venice, Florida
Notes to Financial Statements

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, 2014	\$ 310,000	\$ 434,000
Claims and changes in estimate	4,209,590	375,118
Claims payments	<u>(4,266,590)</u>	<u>(361,118)</u>
Liability balance, September 30, 2015	253,000	448,000
Claims and changes in estimate	4,835,748	308,119
Claims payments	<u>(4,827,708)</u>	<u>(340,119)</u>
Liability balance, September 30, 2016	<u>\$ 261,040</u>	<u>\$ 416,000</u>

NOTE L – 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.

NOTE M – SUBSEQUENT EVENT

In an election held on November 8, 2016, voters in the City approved the City's issuance of general obligation bonds to finance road and other transportation-related capital improvements in an amount not to exceed \$18 million. The bond proceeds are expected to finance resurfacing/reconstruction of approximately 70 lane miles of roads and the Historic Downtown Corridor, and improvements to adjacent pedestrian and bicycle facilities, and will be payable from ad valorem property taxes.

In the same election, voters in the City also approved the issuance of general obligation bonds to finance public safety improvements in an amount not to exceed \$16 million. The bond proceeds are expected to finance a public safety facility for police and emergency operations and training, and will be payable from ad valorem property taxes.

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			
	2016	2015	2014	2013
Total Pension Liability				
Service Cost	\$ 702,057	\$ 1,139,410	\$ 672,304	\$ 623,948
Interest	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	(1,795,453)	(473,564)	-	-
Changes of assumptions (2)	1,320,858	2,961,891	-	-
Benefit payments, including refunds of employee contributions	(2,141,983)	(1,991,123)	(2,003,310)	(1,873,445)
Net change in total pension liability	591,354	3,492,620	1,259,839	1,237,840
Total pension liability, beginning	38,553,253	35,060,633	33,800,794	32,562,954
Total pension liability, ending (a)	<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	\$ 3,047,697	\$ 756,197	\$ 1,674,244	\$ 1,451,786
Contributions - State	246,276	272,353	304,802	270,222
Contributions - employee	114,049	116,523	269,968	269,835
Net investment income	1,321,617	9,360	1,727,970	1,723,100
Benefit payments, including refunds of employee contributions	(2,141,983)	(1,991,123)	(2,003,310)	(1,873,445)
Administrative expense	(66,382)	(67,814)	(42,307)	(42,357)
Accrual adjustments	17,224	5,671	7,631	(3,181)
Net change in Plan fiduciary net position	2,538,498	(898,833)	1,938,998	1,795,960
Plan fiduciary net position, beginning	17,706,658	18,605,491	16,666,493	14,870,533
Plan fiduciary net position, ending (b)	<u>\$ 20,245,156</u>	<u>\$ 17,706,658</u>	<u>\$ 18,605,491</u>	<u>\$ 16,666,493</u>
Net pension liability, ending (a) - (b)	<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	51.72%	45.93%	53.07%	49.31%
Covered employee payroll	\$ 1,629,271	\$ 1,710,697	\$ 2,768,905	\$ 2,767,537
Net pension liability as a percentage of covered employee payroll	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 four years of information is available.

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 3,022,244	\$ 1,184,071	\$ 1,960,108	\$ 1,692,902	\$ 1,550,520
Less excess State monies available as a "prepaid"	-	(155,521)	-	-	-
Contributions in relation to the Actuarially determined contribution	3,293,973	1,028,550	1,960,108	1,692,902	1,584,901
Contribution deficiency (excess)	\$ (271,729)	\$ -	\$ -	\$ -	\$ (34,381)
Covered employee payroll	\$ 1,629,271	\$ 1,710,697	\$ 2,768,905	\$ 2,767,537	\$ 2,663,341
Contributions as a percentage of covered employee payroll	202.17%	60.12%	70.79%	61.17%	59.51%

Notes to Schedule

Latest Valuation date:

October 1, 2014 (and Actuarial Impact Statement dated December 7, 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:	30 years (as of October 1, 2014).
Asset smoothing methodology:	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric four-year average market value return (net of fees).
Inflation:	3.0% (will decrease to 2.5% in the October 1, 2016 valuation for 2018 contributions)
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:	7.75% per year compounded annually, net of investment related expenses (will decrease to 7.0% in the October 1, 2015 valuation for 2017 contributions)
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.
Salary increases:	Service based as shown below. Projected salary at retirement is increased 20% to account for nonregular compensation.
Payroll growth:	2.7% per year.
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.

Salary increases:	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				
2011	2010	2009	2008	2007
\$ 1,617,566	\$ 1,249,740	\$ 1,079,189	\$ 1,021,258	\$ 1,203,867
-	-	-	-	-
1,617,566	1,249,740	1,079,189	1,117,011	1,128,502
\$ -	\$ -	\$ -	\$ (95,753)	\$ 75,365
\$ 2,948,616	\$ 3,124,463	\$ 3,016,684	\$ 2,848,256	\$ 2,620,850
54.86%	40.00%	35.77%	39.22%	43.06%

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

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

Notes to Schedule:

This information is required for ten years. However, only four 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		
	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 203,840	\$ 597,047	\$ 560,060
Interest	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	(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 contributions	(2,699,899)	(2,240,847)	(2,578,773)
Net change in total pension liability	86,020	4,020,273	(1,078,889)
Total pension liability, beginning	40,447,045	36,426,772	37,505,661
Total pension liability, ending (a)	<u>\$ 40,533,065</u>	<u>\$ 40,447,045</u>	<u>\$ 36,426,772</u>
Plan Fiduciary Net Position			
Contributions - City	\$ 2,108,231	\$ 1,753,275	\$ 1,651,993
Contributions - State	207,731	189,276	178,617
Contributions - employee	38,297	40,508	205,801
Contributions - buy back	-	-	17,465
Net investment income	3,176,622	(1,481,414)	3,307,423
Benefit payments, including refunds of employee contributions	(2,699,899)	(2,240,847)	(2,578,773)
Administrative expense	(85,428)	(73,554)	(62,991)
Accrual adjustments	22,081	-	-
Net change in Plan fiduciary net position	2,767,635	(1,812,756)	2,719,535
Plan fiduciary net position, beginning	30,020,198	31,832,954	29,113,419
Plan fiduciary net position, ending (b)	<u>\$ 32,787,833</u>	<u>\$ 30,020,198</u>	<u>\$ 31,832,954</u>
Net pension liability, ending (a) - (b)	<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	80.89%	74.22%	87.39%
Covered employee payroll	\$ 547,100	\$ 761,681	\$ 2,838,631
Net pension liability as a percentage of covered employee payroll	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 three years of information is available.

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,268,143	\$ 1,942,551	\$ 1,818,711	\$ 1,933,371	\$ 1,672,201
Contributions in relation to the Actuarially determined contribution	2,315,962	1,942,551	1,830,610	1,933,371	1,672,201
Contribution deficiency (excess)	<u>\$ (47,819)</u>	<u>\$ -</u>	<u>\$ (11,899)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 547,100	\$ 761,681	\$ 2,838,631	\$ 3,177,273	\$ 3,276,770
Contributions as a percentage of covered employee payroll	423.32%	255.03%	64.49%	60.85%	51.03%

Notes to Schedule

Latest Valuation Date: October 1, 2014 (and Actuarial Impact Stmt. dated May 29, 2015, revised August 17, 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, 2014).								
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).								
Inflation:	3.0% (will decrease to 2.5% in the October 1, 2016 valuation for 2018 contributions).								
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:	7.9% per year compounded annually, net of investment related expenses (will decrease to 7.0% in the October 1, 2015 valuation for 2017 contributions).								
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.								
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 as follows for non-regular								
	<table> <tr> <th>Service as of 10/1/2012</th><th>Final Salary Load</th></tr> <tr> <td>10 or more years</td><td>20.0%</td></tr> <tr> <td>More than 1, less than 10 years</td><td>10.0%</td></tr> <tr> <td>Less than 1 year</td><td>0.0%</td></tr> </table>	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%
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 three years. Information for the other years is unavailable.

Fiscal Year				
2011	2010	2009	2008	2007
\$ 1,444,492	\$ 1,154,509	\$ 767,694	\$ 781,352	\$ 735,138
1,444,492	1,154,510	771,014	781,352	752,729
\$ -	\$ (1)	\$ (3,320)	\$ -	\$ (17,591)
\$ 3,208,345	\$ 3,125,995	\$ 3,109,302	\$ 2,856,283	\$ 2,681,417
45.02%	36.93%	24.80%	27.36%	28.07%

City of Venice, Florida
Required Supplementary Information

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

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

Notes to Schedule:

This information is required for ten years. However, only three 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 Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
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 Payroll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
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
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
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.

Florida Retirement System

NOTE 1 - CHANGES IN BENEFIT TERMS

FRS Pension Plan:

2016 and 2015:

No significant changes.

HIS Program:

2016 and 2015:

No significant changes.

NOTE 2 - CHANGES IN ASSUMPTIONS

FRS Pension Plan:

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%.

2016:

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

HIS Program:

2015:

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

2016:

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

City of Venice, Florida
Required Supplementary Information

**Schedule of Funding Progress
Other Post Employment Benefit (OPEB) Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2016	\$ -	\$ 10,860,905	\$ 10,860,905	0.0%	\$ 15,326,156	70.9%
October 1, 2014	-	23,202,300	23,202,300	0.0%	14,147,701	164.0%
October 1, 2012	-	23,052,600	23,052,600	0.0%	13,690,287	168.4%
October 1, 2010	-	77,624,083	77,624,083	0.0%	15,255,027	508.8%

*Beginning October 1, 2012, retirees were required to pay a portion of the cost of their coverage.
Employees retiring after January 1, 2016 must reimburse the City for the full cost (average blended cost).*

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.

Streets Capital Projects Fund – to account for the cost of major drainage and street improvement capital projects. The projects are generally financed by a combination of several revenue sources, including designated property taxes, road and bridge taxes, interest revenues, and contributions from other funds.

Buildings and Renovations Fund– To account for the cost of constructing new City buildings and/or major renovations to existing City buildings.



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City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2016

	Special Revenue			
	Motor Fuel Tax	Contraband Forfeiture	Police Training	Boat Registration Fees
ASSETS				
Pooled cash and investments	\$ 65,358	\$ 16,485	\$ 1,783	\$ 49,800
Accounts receivable (net)	-	-	129	-
Interest receivable	97	24	3	74
Due from other governments	85,366	-	282	1,279
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 150,821</u>	<u>\$ 16,509</u>	<u>\$ 2,197</u>	<u>\$ 51,153</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	-	16,509	2,197	-
Boating and waterway improvements	-	-	-	51,153
Street improvements	150,821	-	-	-
Capital improvements	-	-	-	-
Building code enforcement	-	-	-	-
Debt Service	-	-	-	-
Committed to:				
Training and education	-	-	-	-
Capital improvements	-	-	-	-
Economic development	-	-	-	-
Historic preservation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>150,821</u>	<u>16,509</u>	<u>2,197</u>	<u>51,153</u>
Total liabilities and fund balances	<u>\$ 150,821</u>	<u>\$ 16,509</u>	<u>\$ 2,197</u>	<u>\$ 51,153</u>

Special Revenue				
One Cent Voted Sales Tax	Second Occupational License	Growth Management Training	Parking Fines Handicapped Access Improvement	Building Permit Fees
\$ 3,876,739	\$ 23,163	\$ 86,373	\$ 96,222	\$ 3,481,979
-	3,241	813	-	-
5,767	34	129	142	5,177
266,072	-	-	-	-
<u>\$ 4,148,578</u>	<u>\$ 26,438</u>	<u>\$ 87,315</u>	<u>\$ 96,364</u>	<u>\$ 3,487,156</u>
\$ 5,928	\$ -	\$ -	\$ -	\$ 21,458
-	-	-	-	36,947
-	-	-	-	-
<u>5,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,405</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,142,650	-	-	96,364	-
-	-	-	-	3,428,751
-	-	-	-	-
-	-	87,315	-	-
-	-	-	-	-
-	26,438	-	-	-
-	-	-	-	-
<u>4,142,650</u>	<u>26,438</u>	<u>87,315</u>	<u>96,364</u>	<u>3,428,751</u>
<u>\$ 4,148,578</u>	<u>\$ 26,438</u>	<u>\$ 87,315</u>	<u>\$ 96,364</u>	<u>\$ 3,487,156</u>

City of Venice, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2016

	Special Revenue			Debt Service
	Centennial Community	Historical Commission	Total Special Revenue Funds	2014 General Obligation Bonds
ASSETS				
Pooled cash and investments	\$ 58,800	\$ 16,547	\$ 7,773,249	\$ 224,351
Accounts receivable (net)	-	-	4,183	-
Interest receivable	87	25	11,559	334
Due from other governments	-	-	352,999	893
Total assets	<u>\$ 58,887</u>	<u>\$ 16,572</u>	<u>\$ 8,141,990</u>	<u>\$ 225,578</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,197	\$ 29,583	\$ -
Accrued payroll	-	-	36,947	-
Due to other governments	-	69	69	-
Total liabilities	<u>-</u>	<u>2,266</u>	<u>66,599</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	-	-	18,706	-
Boating and waterway improvements	-	-	51,153	-
Street improvements	-	-	150,821	-
Capital improvements	-	-	4,239,014	-
Building code enforcement	-	-	3,428,751	-
Debt Service	-	-	-	225,578
Committed to:				
Training and education	-	-	87,315	-
Capital improvements	-	-	-	-
Economic development	-	-	26,438	-
Historic preservation	58,887	14,306	73,193	-
Total fund balances	<u>58,887</u>	<u>14,306</u>	<u>8,075,391</u>	<u>225,578</u>
Total liabilities and fund balances	<u>\$ 58,887</u>	<u>\$ 16,572</u>	<u>\$ 8,141,990</u>	<u>\$ 225,578</u>

Capital Projects

General	Streets	Buildings and Renovations	Total Capital Project Funds	Total Non-Major Governmental Funds
\$ 1,202,001	\$ 2,040,907	\$ 185,235	\$ 3,428,143	\$ 11,425,743
-	-	-	-	4,183
1,786	3,033	275	5,094	16,987
-	-	-	-	353,892
<u>\$ 1,203,787</u>	<u>\$ 2,043,940</u>	<u>\$ 185,510</u>	<u>\$ 3,433,237</u>	<u>\$ 11,800,805</u>
\$ 300	\$ 32,182	\$ -	\$ 32,482	\$ 62,065
-	-	-	-	36,947
-	-	-	-	69
<u>300</u>	<u>32,182</u>	<u>-</u>	<u>32,482</u>	<u>99,081</u>
-	-	-	-	18,706
-	-	-	-	51,153
-	-	-	-	150,821
-	2,011,758	-	2,011,758	6,250,772
-	-	-	-	3,428,751
-	-	-	-	225,578
-	-	-	-	87,315
1,203,487	-	185,510	1,388,997	1,388,997
-	-	-	-	26,438
-	-	-	-	73,193
<u>1,203,487</u>	<u>2,011,758</u>	<u>185,510</u>	<u>3,400,755</u>	<u>11,701,724</u>
<u>\$ 1,203,787</u>	<u>\$ 2,043,940</u>	<u>\$ 185,510</u>	<u>\$ 3,433,237</u>	<u>\$ 11,800,805</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, 2016

	Special Revenue			
	Motor Fuel Tax	Contraband Forfeiture	Police Training	Boat Registration Fees
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option, use and fuel taxes	1,027,556	-	-	-
Fees and fines	-	100	5,371	-
Licenses and permits	-	-	-	-
Intergovernmental	185,046	-	-	17,635
Interest	4,286	49	8	181
Miscellaneous	-	-	-	-
Total revenues	<u>1,216,888</u>	<u>149</u>	<u>5,379</u>	<u>17,816</u>
EXPENDITURES				
General government	-	-	-	-
Police	-	-	4,755	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>4,755</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,216,888</u>	<u>149</u>	<u>624</u>	<u>17,816</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,150,739)	-	-	(13,242)
Total other financing sources (uses)	<u>(1,150,739)</u>	<u>-</u>	<u>-</u>	<u>(13,242)</u>
Net change in fund balances	66,149	149	624	4,574
Fund balances at beginning of year	<u>84,672</u>	<u>16,360</u>	<u>1,573</u>	<u>46,579</u>
Fund balances at end of year	<u>\$ 150,821</u>	<u>\$ 16,509</u>	<u>\$ 2,197</u>	<u>\$ 51,153</u>

Special Revenue

One Cent Voted Sales Tax	Second Occupational License	Growth Management Training	Parking Fines Handicapped Access Improvement	Building Permit Fees
\$ -	\$ -	\$ -	\$ -	\$ -
3,044,272	-	-	-	-
-	-	-	16,444	-
-	5,829	-	-	2,759,708
-	-	-	-	-
19,052	77	271	316	11,647
-	-	20,652	-	409
3,063,324	5,906	20,923	16,760	2,771,764
-	-	9,782	-	1,304,581
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,502,458	-	-	-	38,671
1,502,458	-	9,782	-	1,343,252
1,560,866	5,906	11,141	16,760	1,428,512
-	-	-	-	-
(250,000)	-	-	(7,671)	(322,896)
(250,000)	-	-	(7,671)	(322,896)
1,310,866	5,906	11,141	9,089	1,105,616
2,831,784	20,532	76,174	87,275	2,323,135
\$ 4,142,650	\$ 26,438	\$ 87,315	\$ 96,364	\$ 3,428,751

City of Venice, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2016

	<u>Special Revenue</u>			<u>Debt Service</u>
	<u>Centennial Community</u>	<u>Historical Commission</u>	<u>Total Special Revenue Funds</u>	<u>2014 General Obligation Bond</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 556,272
Local option, use and fuel taxes	-	-	4,071,828	-
Fees and fines	-	-	21,915	-
Licenses and permits	-	-	2,765,537	-
Intergovernmental	-	-	202,681	-
Interest	173	60	36,120	1,744
Miscellaneous	-	9,608	30,669	-
Total revenues	<u>173</u>	<u>9,668</u>	<u>7,128,750</u>	<u>558,016</u>
EXPENDITURES				
General government	-	6,879	1,321,242	-
Police	-	-	4,755	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	895,000
Interest and fiscal charges	-	-	-	156,235
Capital outlay	-	-	1,541,129	-
Total expenditures	<u>-</u>	<u>6,879</u>	<u>2,867,126</u>	<u>1,051,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>173</u>	<u>2,789</u>	<u>4,261,624</u>	<u>(493,219)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,744,548)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,744,548)</u>	<u>-</u>
Net change in fund balances	173	2,789	2,517,076	(493,219)
Fund balances at beginning of year	58,714	11,517	5,558,315	718,797
Fund balances at end of year	<u>\$ 58,887</u>	<u>\$ 14,306</u>	<u>\$ 8,075,391</u>	<u>\$ 225,578</u>

Capital Project

General	Streets	Buildings and Renovation	Total Capital Project Funds	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 556,272
-	-	-	-	4,071,828
-	-	-	-	21,915
-	-	-	-	2,765,537
446,721	500,000	-	946,721	1,149,402
1,976	4,035	548	6,559	44,423
-	-	-	-	30,669
<u>448,697</u>	<u>504,035</u>	<u>548</u>	<u>953,280</u>	<u>8,640,046</u>
-	-	-	-	1,321,242
-	-	-	-	4,755
-	45,891	-	45,891	45,891
-	-	-	-	895,000
-	-	-	-	156,235
<u>926,500</u>	<u>468,791</u>	<u>-</u>	<u>1,395,291</u>	<u>2,936,420</u>
<u>926,500</u>	<u>514,682</u>	<u>-</u>	<u>1,441,182</u>	<u>5,359,543</u>
 (477,803)	 (10,647)	 548	 (487,902)	 3,280,503
46,721	345,222	-	391,943	391,943
-	-	-	-	(1,744,548)
<u>46,721</u>	<u>345,222</u>	<u>-</u>	<u>391,943</u>	<u>(1,352,605)</u>
(431,082)	334,575	548	(95,959)	1,927,898
1,634,569	1,677,183	184,962	3,496,714	9,773,826
<u>\$ 1,203,487</u>	<u>\$ 2,011,758</u>	<u>\$ 185,510</u>	<u>\$ 3,400,755</u>	<u>\$ 11,701,724</u>

City of Venice, Florida
Budget Comparison Schedule
Motor Fuel Tax Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fuel taxes	\$ 951,656	\$ 951,656	\$ 1,027,556	\$ 75,900
Intergovernmental	196,326	196,326	185,046	(11,280)
Interest	2,757	2,757	4,286	1,529
Total revenues	<u>1,150,739</u>	<u>1,150,739</u>	<u>1,216,888</u>	<u>66,149</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,150,739</u>	<u>1,150,739</u>	<u>1,216,888</u>	<u>66,149</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,150,739)</u>	<u>(1,150,739)</u>	<u>(1,150,739)</u>	<u>-</u>
Net other financing sources (uses)	<u>(1,150,739)</u>	<u>(1,150,739)</u>	<u>(1,150,739)</u>	<u>-</u>
Net change in fund balances	-	-	66,149	66,149
Fund balances at beginning of year	<u>84,672</u>	<u>84,672</u>	<u>84,672</u>	<u>-</u>
Fund balances at end of year	<u>\$ 84,672</u>	<u>\$ 84,672</u>	<u>\$ 150,821</u>	<u>\$ 66,149</u>

City of Venice, Florida
Budget Comparison Schedule
Contraband Forfeiture Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ -	\$ -	\$ 100	\$ 100
Interest	96	96	49	(47)
Total revenues	<u>96</u>	<u>96</u>	<u>149</u>	<u>53</u>
EXPENDITURES				
Current:				
Police	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balances	(9,904)	(9,904)	149	10,053
Fund balances at beginning of year	<u>16,360</u>	<u>16,360</u>	<u>16,360</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,456</u>	<u>\$ 6,456</u>	<u>\$ 16,509</u>	<u>\$ 10,053</u>

City of Venice, Florida
Budget Comparison Schedule
Police Training Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ 4,847	\$ 4,847	\$ 5,371	\$ 524
Interest	169	169	8	(161)
Total revenues	<u>5,016</u>	<u>5,016</u>	<u>5,379</u>	<u>363</u>
EXPENDITURES				
Current:				
Police	5,000	5,000	4,755	245
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,755</u>	<u>245</u>
Net change in fund balances	16	16	624	608
Fund balances at beginning of year	<u>1,573</u>	<u>1,573</u>	<u>1,573</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,589</u>	<u>\$ 1,589</u>	<u>\$ 2,197</u>	<u>\$ 608</u>

City of Venice, Florida
Budget Comparison Schedule
Boat Registration Fees Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 16,242	\$ 16,242	\$ 17,635	\$ 1,393
Interest	406	406	181	(225)
Total revenues	<u>16,648</u>	<u>16,648</u>	<u>17,816</u>	<u>1,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,648</u>	<u>16,648</u>	<u>17,816</u>	<u>1,168</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(13,242)	(13,242)	(13,242)	-
Net other financing sources (uses)	<u>(13,242)</u>	<u>(13,242)</u>	<u>(13,242)</u>	<u>-</u>
Net change in fund balances	3,406	3,406	4,574	1,168
Fund balances at beginning of year	<u>46,579</u>	<u>46,579</u>	<u>46,579</u>	<u>-</u>
Fund balances at end of year	<u>\$ 49,985</u>	<u>\$ 49,985</u>	<u>\$ 51,153</u>	<u>\$ 1,168</u>

City of Venice, Florida
Budget Comparison Schedule
One Cent Voted Sales Tax Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Sales taxes	\$ 2,622,991	\$ 2,622,991	\$ 3,044,272	\$ 421,281
Interest	18,200	18,200	19,052	852
Total revenues	<u>2,641,191</u>	<u>2,641,191</u>	<u>3,063,324</u>	<u>422,133</u>
EXPENDITURES				
Capital outlay	<u>2,862,489</u>	<u>3,536,578</u>	<u>1,502,458</u>	<u>2,034,120</u>
Total expenditures	<u>2,862,489</u>	<u>3,536,578</u>	<u>1,502,458</u>	<u>2,034,120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(221,298)</u>	<u>(895,387)</u>	<u>1,560,866</u>	<u>2,456,253</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balances	(471,298)	(1,145,387)	1,310,866	2,456,253
Fund balances at beginning of year	<u>2,831,784</u>	<u>2,831,784</u>	<u>2,831,784</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,360,486</u>	<u>\$ 1,686,397</u>	<u>\$ 4,142,650</u>	<u>\$ 2,456,253</u>

City of Venice, Florida
Budget Comparison Schedule
Second Occupational License Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 6,176	\$ 6,176	\$ 5,829	\$ (347)
Interest	86	86	77	(9)
Total revenues	<u>6,262</u>	<u>6,262</u>	<u>5,906</u>	<u>(356)</u>
Net change in fund balances	6,262	6,262	5,906	(356)
Fund balances at beginning of year	<u>20,532</u>	<u>20,532</u>	<u>20,532</u>	<u>-</u>
Fund balances at end of year	<u>\$ 26,794</u>	<u>\$ 26,794</u>	<u>\$ 26,438</u>	<u>\$ (356)</u>

City of Venice, Florida
Budget Comparison Schedule
Growth Management Training Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 562	\$ 562	\$ 271	\$ (291)
Miscellaneous	14,547	14,547	20,652	6,105
Total revenues	<u>15,109</u>	<u>15,109</u>	<u>20,923</u>	<u>5,814</u>
EXPENDITURES				
Current:				
General government	14,500	14,500	9,782	4,718
Total expenditures	<u>14,500</u>	<u>14,500</u>	<u>9,782</u>	<u>4,718</u>
Net change in fund balances	609	609	11,141	10,532
Fund balances at beginning of year	<u>76,174</u>	<u>76,174</u>	<u>76,174</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 76,783</u></u>	<u><u>\$ 76,783</u></u>	<u><u>\$ 87,315</u></u>	<u><u>\$ 10,532</u></u>

City of Venice, Florida
Budget Comparison Schedule
Parking Fines Handicapped Access Improvement Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Fees and fines	\$ 22,282	\$ 22,282	\$ 16,444	\$ (5,838)
Interest	296	296	316	20
Total revenues	<u>22,578</u>	<u>22,578</u>	<u>16,760</u>	<u>(5,818)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,578</u>	<u>22,578</u>	<u>16,760</u>	<u>(5,818)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(7,671)</u>	<u>(7,671)</u>	<u>(7,671)</u>	<u>-</u>
Net other financing sources (uses)	<u>(7,671)</u>	<u>(7,671)</u>	<u>(7,671)</u>	<u>-</u>
Net change in fund balances	14,907	14,907	9,089	(5,818)
Fund balances at beginning of year	<u>87,275</u>	<u>87,275</u>	<u>87,275</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 102,182</u></u>	<u><u>\$ 102,182</u></u>	<u><u>\$ 96,364</u></u>	<u><u>\$ (5,818)</u></u>

City of Venice, Florida
Budget Comparison Schedule
Building Permit Fees Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 2,214,819	\$ 2,214,819	\$ 2,759,708	\$ 544,889
Fees and fines	4,975	4,975	-	(4,975)
Interest	10,349	10,349	11,647	1,298
Miscellaneous	-	-	409	409
Total revenues	<u>2,230,143</u>	<u>2,230,143</u>	<u>2,771,764</u>	<u>541,621</u>
EXPENDITURES				
Current:				
General government	1,601,863	1,670,374	1,304,581	365,793
Capital outlay	-	41,319	38,671	2,648
Total expenditures	<u>1,601,863</u>	<u>1,711,693</u>	<u>1,343,252</u>	<u>368,441</u>
Excess (deficiency) of revenues over (under) expenditures	<u>628,280</u>	<u>518,450</u>	<u>1,428,512</u>	<u>910,062</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(322,896)	(322,896)	(322,896)	-
Net other financing sources (uses)	<u>(322,896)</u>	<u>(322,896)</u>	<u>(322,896)</u>	<u>-</u>
Net change in fund balances	305,384	195,554	1,105,616	910,062
Fund balances at beginning of year	<u>2,323,135</u>	<u>2,323,135</u>	<u>2,323,135</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,628,519</u>	<u>\$ 2,518,689</u>	<u>\$ 3,428,751</u>	<u>\$ 910,062</u>

City of Venice, Florida
Budget Comparison Schedule
Centennial Community Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 349	\$ 349	\$ 173	\$ (176)
Total revenues	<u>349</u>	<u>349</u>	<u>173</u>	<u>(176)</u>
Net change in fund balances	349	349	173	(176)
Fund balances at beginning of year	<u>58,714</u>	<u>58,714</u>	<u>58,714</u>	<u>-</u>
Fund balances at end of year	<u>\$ 59,063</u>	<u>\$ 59,063</u>	<u>\$ 58,887</u>	<u>\$ (176)</u>

City of Venice, Florida
Budget Comparison Schedule
Historical Commission Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 39	\$ 39	\$ 60	\$ 21
Miscellaneous	9,961	9,961	9,608	(353)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>9,668</u>	<u>(332)</u>
EXPENDITURES				
Current:				
General government	<u>10,000</u>	<u>10,000</u>	<u>6,879</u>	<u>3,121</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>6,879</u>	<u>3,121</u>
Net change in fund balances	-	-	2,789	2,789
Fund balances at beginning of year	<u>11,517</u>	<u>11,517</u>	<u>11,517</u>	<u>-</u>
Fund balances at end of year	<u>\$ 11,517</u>	<u>\$ 11,517</u>	<u>\$ 14,306</u>	<u>\$ 2,789</u>

City of Venice, Florida
Budget Comparison Schedule
2014 General Obligation Bond Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes	\$ 542,652	\$ 542,652	\$ 556,272	\$ 13,620
Interest	4,990	4,990	1,744	(3,246)
Total revenues	<u>547,642</u>	<u>547,642</u>	<u>558,016</u>	<u>10,374</u>
EXPENDITURES				
Debt Service:				
Principal	895,000	895,000	895,000	-
Interest and fiscal charges	<u>156,235</u>	<u>156,235</u>	<u>156,235</u>	<u>-</u>
Total expenditures	<u>1,051,235</u>	<u>1,051,235</u>	<u>1,051,235</u>	<u>-</u>
Net change in fund balances	(503,593)	(503,593)	(493,219)	10,374
Fund balances at beginning of year	<u>718,797</u>	<u>718,797</u>	<u>718,797</u>	<u>-</u>
Fund balances at end of year	<u>\$ 215,204</u>	<u>\$ 215,204</u>	<u>\$ 225,578</u>	<u>\$ 10,374</u>

City of Venice, Florida
Budget Comparison Schedule
General Capital Projects Fund
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 446,721	\$ 446,721
Interest	8,192	8,192	1,976	(6,216)
Total revenues	8,192	8,192	448,697	440,505
EXPENDITURES				
Capital outlay	-	1,004,955	926,500	78,455
Total expenditures	-	1,004,955	926,500	78,455
Excess (deficiency) of revenues over (under) expenditures	8,192	(996,763)	(477,803)	518,960
OTHER FINANCING SOURCES (USES)				
Transfers in	-	46,721	46,721	-
Net other financing sources (uses)	-	46,721	46,721	-
Net change in fund balances	8,192	(950,042)	(431,082)	518,960
Fund balances at beginning of year	1,634,569	1,634,569	1,634,569	-
Fund balances at end of year	\$ 1,642,761	\$ 684,527	\$ 1,203,487	\$ 518,960

City of Venice, Florida
Budget Comparison Schedule
Streets Capital Projects Fund
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 500,000	\$ (500,000)
Interest	5,156	5,156	4,035	(1,121)
Total revenues	1,005,156	1,005,156	504,035	(501,121)
EXPENDITURES				
Current:				
General government	52,500	52,500	45,891	6,609
Capital outlay	1,000,000	1,000,000	468,791	531,209
Total expenditures	1,052,500	1,052,500	514,682	537,818
Excess (deficiency) of revenues over (under) expenditures	(47,344)	(47,344)	(10,647)	36,697
OTHER FINANCING SOURCES (USES)				
Transfers in	345,222	345,222	345,222	-
Net other financing sources (uses)	345,222	345,222	345,222	-
Net change in fund balances	297,878	297,878	334,575	36,697
Fund balances at beginning of year	1,677,183	1,677,183	1,677,183	-
Fund balances at end of year	\$ 1,975,061	\$ 1,975,061	\$ 2,011,758	\$ 36,697

City of Venice, Florida
Budget Comparison Schedule
Building and Renovation Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Interest	\$ 1,418	\$ 1,418	\$ 548	\$ (870)
Total revenues	<u>1,418</u>	<u>1,418</u>	<u>548</u>	<u>(870)</u>
Net change in fund balances	1,418	1,418	548	(870)
Fund balances at beginning of year	<u>184,962</u>	<u>184,962</u>	<u>184,962</u>	<u>-</u>
Fund balances at end of year	<u>\$ 186,380</u>	<u>\$ 186,380</u>	<u>\$ 185,510</u>	<u>\$ (870)</u>

City of Venice, Florida
Budget Comparison Schedule
Beach Renourishment Fund
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 2,206,033	\$ 2,206,033	\$ -
Interest	-	-	(6,479)	(6,479)
Miscellaneous	-	-	6,440	6,440
Total revenues	<u>-</u>	<u>2,206,033</u>	<u>2,205,994</u>	<u>(39)</u>
EXPENDITURES				
Current:				
General government	400,000	400,000	118,788	281,212
Beach renourishment	<u>-</u>	<u>6,549,170</u>	<u>6,573,491</u>	<u>(24,321)</u>
Total expenditures	<u>400,000</u>	<u>6,949,170</u>	<u>6,692,279</u>	<u>256,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(400,000)</u>	<u>(4,743,137)</u>	<u>(4,486,285)</u>	<u>256,852</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	(150,000)	(4,493,137)	(4,236,285)	256,852
Fund balances at beginning of year	<u>5,567,464</u>	<u>5,567,464</u>	<u>5,567,464</u>	<u>-</u>
Fund balances at end of year	<u>\$ 5,417,464</u>	<u>\$ 1,074,327</u>	<u>\$ 1,331,179</u>	<u>\$ 256,852</u>



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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, 2016

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
ASSETS			
Current assets:			
Pooled cash and investments	\$ 2,803,198	\$ 767,417	\$ 142
Other cash	-	12,753	-
Accounts receivable (net)	1,297	-	4,923
Interest receivable	3,453	1,188	-
Prepaid items	1,799	34,523	-
Total current assets	<u>2,809,747</u>	<u>815,881</u>	<u>5,065</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>2,809,747</u>	<u>815,881</u>	<u>5,065</u>
LIABILITIES			
Current liabilities:			
Accounts payable	664,443	4,750	-
Accrued liabilities	1,541	1,544	-
Accrued insurance claims	<u>261,040</u>	<u>416,000</u>	<u>-</u>
Total liabilities	<u>927,024</u>	<u>422,294</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted	<u>1,882,723</u>	<u>393,587</u>	<u>5,065</u>
Total net position	<u>\$ 1,882,723</u>	<u>\$ 393,587</u>	<u>\$ 5,065</u>

Governmental Activities

Property and Liability Insurance	Fleet Services	Total Internal Service Funds
\$ 659,391	\$ 2,650,084	\$ 6,880,232
-	-	12,753
-	-	6,220
943	3,937	9,521
138,079	-	174,401
<u>798,413</u>	<u>2,654,021</u>	<u>7,083,127</u>
-	1,903,383	1,903,383
-	(484,928)	(484,928)
<u>-</u>	<u>1,418,455</u>	<u>1,418,455</u>
<u>798,413</u>	<u>4,072,476</u>	<u>8,501,582</u>
-	-	669,193
1,256	2,719	7,060
<u>-</u>	<u>-</u>	<u>677,040</u>
<u>1,256</u>	<u>2,719</u>	<u>1,353,293</u>
-	1,418,455	1,418,455
<u>797,157</u>	<u>2,651,302</u>	<u>5,729,834</u>
<u>\$ 797,157</u>	<u>\$ 4,069,757</u>	<u>\$ 7,148,289</u>

City of Venice, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For Fiscal Year Ended September 30, 2016

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
OPERATING REVENUES			
Charges for services	\$ 6,157,420	\$ 507,891	\$ -
Miscellaneous	-	23,198	130,097
Total operating revenues	6,157,420	531,089	130,097
OPERATING EXPENSES			
Personal services	90,990	49,407	-
Insurance	1,030,154	143,249	-
Professional services	423,786	41,234	6,000
Claims	4,835,748	308,119	-
Other services and charges	-	-	127,307
Depreciation	-	-	-
Total operating expenses	6,380,678	542,009	133,307
Operating income (loss)	(223,258)	(10,920)	(3,210)
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	9,165	1,025	-
Disposition of capital assets	-	-	-
Net non-operating revenues (expenses)	9,165	1,025	-
Income (loss) before transfers	(214,093)	(9,895)	(3,210)
Transfers in			12,000
Transfers (out)	(12,000)	-	-
Change in net position	(226,093)	(9,895)	8,790
Total net position at beginning of year	2,108,816	403,482	(3,725)
Total net position at end of year	\$ 1,882,723	\$ 393,587	\$ 5,065

Governmental Activities

Property and Liability Insurance	Fleet Services	Total Internal Service Funds
\$ 1,017,612	\$ -	\$ 7,682,923
91,023	-	244,318
<u>1,108,635</u>	<u>-</u>	<u>7,927,241</u>
39,574	85,467	265,438
787,776	-	1,961,179
37,500	-	508,520
-	-	5,143,867
-	12,378	139,685
-	356,461	356,461
<u>864,850</u>	<u>454,306</u>	<u>8,375,150</u>
<u>243,785</u>	<u>(454,306)</u>	<u>(447,909)</u>
2,266	3,532	15,988
-	33,984	33,984
<u>2,266</u>	<u>37,516</u>	<u>49,972</u>
246,051	(416,790)	(397,937)
-	1,711,167	1,723,167
-	-	(12,000)
<u>246,051</u>	<u>1,294,377</u>	<u>1,313,230</u>
<u>551,106</u>	<u>2,775,380</u>	<u>5,835,059</u>
<u>\$ 797,157</u>	<u>\$ 4,069,757</u>	<u>\$ 7,148,289</u>

City of Venice, Florida
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2016

	Governmental Activities		
	Employees' Group Health and Life Insurance	Workers' Compensation Self Insurance	Employee Flexible Spending
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,182,536	\$ 535,839	\$ 125,174
Payments to suppliers	(1,143,768)	(219,006)	(133,307)
Payments to employees	(90,780)	(49,040)	-
Claims paid	(4,827,708)	(340,119)	-
Net cash provided (used) by operating activities	<u>120,280</u>	<u>(72,326)</u>	<u>(8,133)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in from other funds	-	-	12,000
Transfers out to other funds	(12,000)	-	-
Short-term interfund repayments (borrowings)	-	-	(4,000)
Net cash provided (used) by noncapital and related financing activities	<u>(12,000)</u>	<u>-</u>	<u>8,000</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			
Investments matured	884,359	280,269	91
Interest earnings	15,043	3,195	-
Net cash provided (used) by investing activities	<u>899,402</u>	<u>283,464</u>	<u>91</u>
Net increase (decrease) in cash and cash equivalents	1,007,682	211,138	(42)
Cash and cash equivalents at beginning of year	1,795,516	569,032	184
Cash and cash equivalents at end of year	<u>\$ 2,803,198</u>	<u>\$ 780,170</u>	<u>\$ 142</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (223,258)	\$ (10,920)	\$ (3,210)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	-
Change in assets and liabilities:			
Accounts receivable	25,116	4,750	(4,923)
Prepaid items	77,671	(34,523)	-
Accounts payable	232,501	-	-
Accrued liabilities	210	367	-
Accrued claims	8,040	(32,000)	-
Net cash provided (used) by operating activities	<u>\$ 120,280</u>	<u>\$ (72,326)</u>	<u>\$ (8,133)</u>

Governmental Activities

Property and Liability Insurance	Fleet Services	Total Governmental Activities
\$ 1,114,227	\$ -	\$ 7,957,776
(963,700)	(57,259)	(2,517,040)
(39,274)	(82,748)	(261,842)
-	-	(5,167,827)
<u>111,253</u>	<u>(140,007)</u>	<u>11,067</u>
-	1,711,167	1,723,167
-	-	(12,000)
-	-	<u>(4,000)</u>
-	1,711,167	<u>1,707,167</u>
-	(765,893)	(765,893)
-	33,984	33,984
-	<u>(731,909)</u>	<u>(731,909)</u>
179,938	595,220	1,939,877
<u>2,872</u>	<u>7,136</u>	<u>28,246</u>
<u>182,810</u>	<u>602,356</u>	<u>1,968,123</u>
294,063	1,441,607	2,954,448
<u>365,328</u>	<u>1,208,477</u>	<u>3,938,537</u>
<u>\$ 659,391</u>	<u>\$ 2,650,084</u>	<u>\$ 6,892,985</u>
\$ 243,785	\$ (454,306)	\$ (447,909)
-	356,461	356,461
5,592	-	30,535
37,220	-	80,368
(175,644)	(44,881)	11,976
300	2,719	3,596
-	-	<u>(23,960)</u>
<u>\$ 111,253</u>	<u>\$ (140,007)</u>	<u>\$ 11,067</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, 2016

	Police Officers' Retirement	Firefighters' Retirement	Total Pension Funds
ASSETS			
Cash and cash equivalents	\$ 1,004,397	\$ 1,820,500	\$ 2,824,897
Contributions receivable	-	49,555	49,555
Interest and dividends receivable	31,339	20,688	52,027
Investments, at fair value:			
U.S. Government and agency obligations	3,735,091	2,474,963	6,210,054
Mortgage-backed obligations	1,156,822	851,788	2,008,610
Domestic equities	16,925,939	5,679,598	22,605,537
Foreign equities	819,242	124,536	943,778
Corporate obligations	2,311,897	1,087,991	3,399,888
Fixed income mutual funds	-	842,126	842,126
Real estate investment funds	3,565,871	2,242,960	5,808,831
Domestic equity mutual funds	-	2,168,662	2,168,662
Foreign equity mutual funds	3,237,235	2,679,961	5,917,196
Unit investment trusts		201,828	201,828
Total investments	<u>31,752,097</u>	<u>18,354,413</u>	<u>50,106,510</u>
Total assets	<u>32,787,833</u>	<u>20,245,156</u>	<u>53,032,989</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 32,787,833</u>	<u>\$ 20,245,156</u>	<u>\$ 53,032,989</u>

City of Venice, Florida
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2016

	Police Officers' Retirement	Firefighters' Retirement	Total Pension Funds
ADDITIONS			
Contributions:			
Employer	\$ 2,108,231	\$ 3,047,697	\$ 5,155,928
Plan members	38,297	114,049	152,346
State of Florida (passed through general fund)	207,731	246,276	454,007
Total contributions	2,354,259	3,408,022	5,762,281
Investment income:			
Net appreciation (depreciation) in fair value of investments	2,772,376	773,715	3,546,091
Interest	188,599	148,625	337,224
Dividends	386,802	503,109	889,911
Investment income (loss)	3,347,777	1,425,449	4,773,226
Less investment expenses	(149,074)	(103,832)	(252,906)
Net investment income	3,198,703	1,321,617	4,520,320
Total additions	5,552,962	4,729,639	10,282,601
DEDUCTIONS			
Benefit payments	2,701,886	2,141,983	4,843,869
Administrative expense	83,441	49,158	132,599
Total deductions	2,785,327	2,191,141	4,976,468
Change in net position	2,767,635	2,538,498	5,306,133
Net position restricted for pension benefits at beginning of year	30,020,198	17,706,658	47,726,856
Net position restricted for pension benefits at end of year	\$ 32,787,833	\$ 20,245,156	\$ 53,032,989

STATISTICAL SECTION

(UNAUDITED)

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			
	2016	2015*	2014*	2013*
Governmental Activities				
Net investment in capital assets	\$ 53,650,492	\$ 52,302,676	\$ 49,065,887	\$ 52,923,502
Restricted	11,431,796	10,944,412	4,208,000	4,752,964
Unrestricted	(20,582,734)	(17,074,877)	13,368,134	15,362,309
Total governmental activities net position	<u>\$ 44,499,554</u>	<u>\$ 46,172,211</u>	<u>\$ 66,642,021</u>	<u>\$ 73,038,775</u>
Business-type activities				
Net investment in capital assets	\$ 99,361,353	\$ 91,881,058	\$ 82,198,144	\$ 79,086,596
Restricted	9,016,054	9,343,400	9,106,093	6,151,773
Unrestricted	24,798,266	21,145,069	21,877,048	18,160,486
Total business-type activities net position	<u>\$ 133,175,673</u>	<u>\$ 122,369,527</u>	<u>\$ 113,181,285</u>	<u>\$ 103,398,855</u>
Primary government				
Net investment in capital assets	\$ 153,011,845	\$ 144,183,734	\$ 131,264,031	\$ 132,010,098
Restricted	20,447,850	20,287,812	13,314,093	10,904,737
Unrestricted	4,215,532	4,070,192	35,245,182	33,522,795
Total primary government net position	<u>\$ 177,675,227</u>	<u>\$ 168,541,738</u>	<u>\$ 179,823,306</u>	<u>\$ 176,437,630</u>

* Certain amounts shown above for business-type activities in fiscal year 2013 through 2015 have been adjusted for more meaningful comparative data.

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 50,783,764	\$ 53,788,685	\$ 56,254,962	\$ 56,144,537	\$ 48,816,977	\$ 42,034,017
4,161,566	4,332,318	456,963	432,556	10,246,587	10,021,925
19,662,287	13,165,605	21,244,184	24,958,239	22,518,909	19,937,818
<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>	<u>\$ 71,993,760</u>
\$ 72,384,149	\$ 72,481,113	\$ 72,578,375	\$ 72,628,925	\$ 72,556,158	\$ 72,371,861
6,044,652	4,698,588	3,533,319	3,030,990	2,469,958	2,761,605
15,074,544	11,586,071	8,127,028	4,922,572	4,236,094	1,675,878
<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>	<u>\$ 76,809,344</u>
\$ 123,167,913	\$ 126,269,798	\$ 128,833,337	\$ 128,773,462	\$ 121,373,135	\$ 114,405,878
10,206,218	9,030,906	3,990,282	3,463,546	12,716,545	12,783,530
34,736,831	24,751,676	29,371,212	29,880,811	26,755,003	21,613,696
<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>	<u>\$ 148,803,104</u>

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

Schedule 2

Expenses	Fiscal Year			
	2016	2015	2014	2013
Governmental Activities:				
General government	\$ 6,256,467	\$ 4,971,377	\$ 4,474,822	\$ 4,206,832
Finance	1,445,224	1,327,639	1,205,358	1,087,557
Information services	1,103,661	930,268	926,971	802,515
Parks & recreation	2,033,492	1,902,949	5,402,255	3,712,915
Police	9,612,374	9,122,052	8,132,658	8,086,812
Fire	7,701,186	7,522,111	6,780,381	6,077,107
Public works	2,754,047	3,196,019	2,260,453	3,970,036
Beach renourishment	7,194,623	-	-	-
Interest on long-term debt	154,484	164,892	278,728	411,059
Total Governmental Activities	38,255,558	29,137,307	29,461,626	28,354,833
Business-type activities:				
Water and sewer utility	15,864,009	15,399,504	14,912,950	16,086,267
Solid waste	4,584,448	4,400,676	4,436,619	4,153,871
Airport	2,329,077	3,101,428	2,316,491	2,269,392
Storm water drainage	1,248,508	971,776	1,136,533	849,906
Total Business-Type Activities	24,026,042	23,873,384	22,802,593	23,359,436
Total Primary Government	\$ 62,281,600	\$ 53,010,691	\$ 52,264,219	\$ 51,714,269
Program Revenues				
Governmental Activities:				
Charges for Services:				
General government	\$ 3,518,295	\$ 2,877,449	\$ 2,685,997	\$ 2,590,060
Parks & recreation	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Operating grants and contributions	2,961,887	745,310	828,956	639,423
Capital grants and contributions	1,223,537	3,217,028	310,309	1,282,348
Total Governmental Activities Program Revenues	7,703,719	6,839,787	3,825,262	4,511,831
Business-type activities:				
Charges for services:				
Water and sewer utility	22,414,162	20,992,313	20,746,517	20,256,649
Solid waste	5,325,375	5,294,321	5,270,417	4,946,247
Airport	1,811,426	1,926,773	2,064,538	2,231,127
Storm water drainage	1,555,512	1,463,535	1,370,008	1,454,101
Operating grants and contributions	14,945	41,777	30,100	33,934
Capital grants and contributions	8,109,307	8,730,593	2,754,510	6,588,388
Total Business-Type Activities Program Revenues	39,230,727	38,449,312	32,236,090	35,510,446
Total Primary Government Program Revenues	\$ 46,934,446	\$ 45,289,099	\$ 36,061,352	\$ 40,022,277

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 4,446,788	\$ 5,198,807	\$ 5,920,863	\$ 7,965,653	\$ 6,299,922	\$ 6,113,770
1,152,095	1,356,326	1,431,757	1,558,111	999,886	1,116,887
768,393	812,838	781,431	738,468	810,482	770,597
3,756,177	4,025,781	3,728,776	4,174,416	2,349,277	1,359,061
7,816,343	8,721,527	9,261,347	8,145,302	7,159,554	7,547,982
6,007,408	6,947,947	7,022,925	6,371,069	5,215,533	4,806,412
3,451,185	3,964,456	2,351,870	2,259,029	1,696,343	1,919,293
-	-	-	-	-	-
348,675	358,664	371,857	423,242	366,977	503,153
<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>	<u>24,137,155</u>
15,745,402	13,946,052	13,659,439	14,352,665	13,359,880	13,076,661
3,753,293	3,726,327	4,038,082	4,211,740	4,004,394	3,852,875
1,886,028	1,911,288	2,277,568	2,036,569	1,616,095	1,617,371
751,336	815,119	866,768	879,087	579,923	590,057
<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>19,136,964</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>	<u>\$ 43,274,119</u>
\$ 2,154,292	\$ 1,800,769	\$ 1,901,769	\$ 1,783,389	\$ 2,003,856	\$ 1,820,031
-	-	-	-	-	357,853
-	-	-	-	88,639	95,505
-	-	-	12,523	60,067	48,557
-	-	-	-	85,297	110,626
842,277	713,750	826,223	47,910	12,360	-
6,662,348	208,037	979,819	3,804,691	2,109,662	-
<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>	<u>2,432,572</u>
18,692,175	18,330,838	18,108,135	16,962,042	16,210,376	13,595,250
5,016,252	4,883,706	4,886,855	4,919,755	4,944,586	5,055,959
2,028,300	1,935,056	1,936,363	1,888,786	1,797,152	1,693,113
1,343,924	1,357,669	1,344,248	1,342,375	1,259,310	1,240,263
48,302	71,658	14,100	-	-	-
1,729,140	359,141	890,617	444,498	392,984	4,561,702
<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>26,146,287</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>	<u>\$ 28,578,859</u>

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

Schedule 2

	Fiscal Year			
	2016	2015	2014	2013
Net (Expense)/Revenue				
Governmental Activities	\$ (30,551,839)	\$ (22,297,520)	\$ (25,636,364)	\$ (23,843,002)
Business-type activities	15,204,685	14,575,928	9,433,497	12,151,010
Total primary government net expense	<u>\$ (15,347,154)</u>	<u>\$ (7,721,592)</u>	<u>\$ (16,202,867)</u>	<u>\$ (11,691,992)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property taxes	\$ 10,255,897	\$ 9,620,785	\$ 8,946,291	\$ 8,428,377
Sales taxes	5,615,140	5,479,373	5,109,151	5,037,404
Excise taxes	2,564,309	2,494,179	2,402,437	2,169,465
Franchise fees	2,305,140	2,337,425	2,213,124	1,694,100
Intergovernmental	2,240,615	2,128,987	1,902,549	1,783,665
Investment earnings	93,739	240,218	327,007	143,453
Miscellaneous	1,329,299	1,149,849	801,527	765,062
Special Item	-	1,444,163	(5,123,295)	-
Transfers, net	4,475,043	2,746,712	2,660,819	2,252,633
Total governmental activities	<u>28,879,182</u>	<u>27,641,691</u>	<u>19,239,610</u>	<u>22,274,159</u>
Business-Type Activities:				
Investment earnings	76,504	340,372	334,752	(2,867)
Gain on asset sales	-	-	2,675,000	-
Miscellaneous	-	-	-	-
Transfers, net	(4,475,043)	(2,746,712)	(2,660,819)	(2,252,633)
Total business-type activities	<u>(4,398,539)</u>	<u>(2,406,340)</u>	<u>348,933</u>	<u>(2,255,500)</u>
Total primary government	<u>24,480,643</u>	<u>25,235,351</u>	<u>19,588,543</u>	<u>20,018,659</u>
Change in Net Position				
Governmental activities	(1,672,657)	5,344,171	(6,396,754)	(1,568,843)
Business-type activities	10,806,146	12,169,588	9,782,430	9,895,510
Total primary government	<u>\$ 9,133,489</u>	<u>\$ 17,513,759</u>	<u>\$ 3,385,676</u>	<u>\$ 8,326,667</u>

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ (18,088,147)	\$ (28,663,790)	\$ (27,163,015)	\$ (25,986,777)	\$ (20,538,093)	\$ (21,704,583)
6,722,034	6,539,282	6,338,461	4,077,395	5,044,116	7,009,323
<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>	<u>\$ (14,695,260)</u>
\$ 8,401,213	\$ 8,288,532	\$ 9,217,044	\$ 10,581,789	\$ 12,389,422	\$ 14,617,977
4,746,512	4,987,554	4,402,702	4,535,649	4,740,682	3,809,873
1,979,004	1,809,671	1,979,696	1,822,560	1,774,534	1,766,935
1,664,783	1,912,512	1,788,025	1,912,443	2,029,285	1,861,315
1,747,719	1,758,590	2,057,677	2,545,037	2,581,898	5,356,379
352,056	442,335	404,474	848,836	1,000,375	1,552,179
365,311	548,717	925,235	694,870	281,828	1,050,484
-	-	-	-	2,425,952	-
2,152,555	2,246,378	2,808,939	2,998,452	2,902,830	2,902,830
<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>	<u>32,917,972</u>
168,094	234,146	126,713	241,334	311,580	638,903
-	-	-	-	-	-
-	-	-	-	-	2,213
<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>(2,902,830)</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>(2,261,714)</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>	<u>30,656,258</u>
3,321,006	(6,669,501)	(3,579,223)	(47,141)	9,588,713	11,213,389
4,737,573	4,527,050	3,656,235	1,320,277	2,452,866	4,747,609
<u>\$ 8,058,579</u>	<u>\$ (2,142,451)</u>	<u>\$ 77,012</u>	<u>\$ 1,273,136</u>	<u>\$ 12,041,579</u>	<u>\$ 15,960,998</u>

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

Schedule 3

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Reserved (1)	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (1)	-	-	-	-	-
Nonspendable	21,707	40,896	352,249	3,596,456	3,979,298
Restricted	-	170,000	170,000	225,100	225,100
Committed	477,246	307,089	189,643	426,168	99,911
Assigned	-	-	-	-	-
Unassigned	10,737,128	11,685,780	9,820,800	9,991,064	9,985,185
Total General Fund	<u>11,236,081</u>	<u>12,203,765</u>	<u>10,532,692</u>	<u>14,238,788</u>	<u>14,289,494</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)	9,219,624	2,980,968	3,254,145	3,204,422	2,884,625
Debt Service Funds	225,578	718,797	703,855	1,239,805	1,222,167
Capital Project Funds	2,011,758	7,244,647	3,294,891	3,625,444	7,472,403
Committed, reported in:					
Special Revenue Funds (2)	186,946	2,577,347	1,964,755	1,109,384	294,851
Capital Project Funds	1,388,997	1,819,531	4,522,841	4,231,795	4,621,835
Unassigned, reported in:					
Special Revenue Funds	-	-	-	-	-
Total All Other Governmental Funds	<u>13,032,903</u>	<u>15,341,290</u>	<u>13,740,487</u>	<u>13,410,850</u>	<u>16,495,881</u>
Total Governmental Funds	<u>\$ 24,268,984</u>	<u>\$ 27,545,055</u>	<u>\$ 24,273,179</u>	<u>\$ 27,649,638</u>	<u>\$ 30,785,375</u>

Note (1): The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal years 2007-2010 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.

Fiscal Year				
2011	2010	2009	2008	2007
\$ -	\$ 5,074,866	\$ 5,342,307	\$ 6,627,747	\$ 10,574,144
-	9,773,921	10,965,345	11,404,730	6,416,646
4,791,037	-	-	-	-
244,676	-	-	-	-
205,142	-	-	-	-
-	-	-	-	-
7,772,036	-	-	-	-
<u>13,012,891</u>	<u>14,848,787</u>	<u>16,307,652</u>	<u>18,032,477</u>	<u>16,990,790</u>
-	6,940,919	207,456	10,196,587	10,026,346
-	3,993,776	1,326,901	2,573,837	1,936,343
-	-	25,184	-	-
-	-	8,438,332	-	-
3,112,112	-	-	-	-
1,200,630	-	-	-	-
1,521,923	-	-	-	-
1,446,206	-	-	-	-
3,604,710	-	-	-	-
(177,313)	-	-	-	-
<u>10,708,268</u>	<u>10,934,695</u>	<u>9,997,873</u>	<u>12,770,424</u>	<u>11,962,689</u>
<u>\$ 23,721,159</u>	<u>\$ 25,783,482</u>	<u>\$ 26,305,525</u>	<u>\$ 30,802,901</u>	<u>\$ 28,953,479</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				
	2016	2015	2014	2013	2012
Revenues:					
Taxes	\$ 18,435,346	\$ 17,594,337	\$ 16,457,879	\$ 15,635,246	\$ 15,126,729
Franchise fees	2,305,140	2,337,425	2,213,124	1,694,100	1,664,783
Licenses & permits	3,353,782	2,755,529	2,526,188	2,369,345	1,617,757
Intergovernmental revenues	6,426,039	6,091,325	3,041,814	3,705,436	9,252,344
Charges for services	119,424	74,535	106,622	171,962	502,440
Fees and fines	45,089	47,385	53,187	35,056	34,095
Interest and investments earnings	77,751	197,735	299,432	156,114	324,317
Miscellaneous	1,306,501	1,149,849	801,527	765,062	365,311
Total Revenues	<u>32,069,072</u>	<u>30,248,120</u>	<u>25,499,773</u>	<u>24,532,321</u>	<u>28,887,776</u>
Expenditures					
General government services	7,825,328	7,087,380	6,263,354	5,682,908	5,618,736
Public safety	16,325,110	14,134,827	14,206,286	13,249,160	12,775,263
Public works (incl. parks and rec)	2,791,477	3,295,185	4,359,168	4,003,651	4,043,054
Beach renourishment (1)	6,573,491	-	-	-	-
Capital outlay	3,542,378	4,999,251	4,488,149	6,313,241	866,854
Debt service					
Principal	895,000	387,000	7,245,000	340,000	330,000
Interest	156,235	166,607	304,299	331,732	342,208
Total Expenditures	<u>38,109,019</u>	<u>30,070,250</u>	<u>36,866,256</u>	<u>29,920,692</u>	<u>23,976,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,039,947)</u>	<u>177,870</u>	<u>(11,366,483)</u>	<u>(5,388,371)</u>	<u>4,911,661</u>
Other financing sources (uses)					
Transfers from other funds	4,555,145	5,664,450	5,203,134	4,067,001	5,804,005
Transfers to other funds	(1,791,269)	(4,014,607)	(3,671,110)	(1,814,368)	(3,651,450)
Proceeds from long-term debt	-	-	6,458,000	-	-
Total other financing sources (uses)	<u>2,763,876</u>	<u>1,649,843</u>	<u>7,990,024</u>	<u>2,252,633</u>	<u>2,152,555</u>
Special item	<u>-</u>	<u>1,444,163</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (3,276,071)</u>	<u>\$ 3,271,876</u>	<u>\$ (3,376,459)</u>	<u>\$ (3,135,738)</u>	<u>\$ 7,064,216</u>
Debt Service as a percentage of non- capital expenditures	3.76%	2.21%	23.32%	2.85%	2.91%

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

Fiscal Year				
2011	2010	2009	2008	2007
\$ 15,085,757	\$ 15,599,442	\$ 16,939,998	\$ 18,904,638	\$ 20,194,785
1,912,512	1,788,025	1,912,443	2,029,285	1,861,315
1,325,033	1,312,205	1,261,300	1,491,748	1,765,693
2,680,377	3,863,719	6,397,638	4,789,216	5,356,379
431,998	540,985	474,768	572,175	571,375
43,738	48,579	59,842	88,639	95,505
384,877	351,637	737,294	929,997	1,449,099
548,717	926,092	693,711	281,828	1,050,482
<u>22,413,009</u>	<u>24,430,684</u>	<u>28,476,994</u>	<u>29,087,526</u>	<u>32,344,633</u>
5,980,606	6,341,338	8,385,035	7,079,607	7,512,459
13,647,396	13,641,993	12,463,758	12,156,924	11,966,559
4,473,201	2,727,889	2,917,332	3,024,778	2,929,164
-	-	-	-	-
1,877,155	4,319,557	10,530,950	8,646,485	7,506,838
384,849	367,147	1,241,144	1,277,385	1,257,118
358,503	363,742	434,603	381,708	491,954
<u>26,721,710</u>	<u>27,761,666</u>	<u>35,972,822</u>	<u>32,566,887</u>	<u>31,664,092</u>
<u>(4,308,701)</u>	<u>(3,330,982)</u>	<u>(7,495,828)</u>	<u>(3,479,361)</u>	<u>680,541</u>
6,385,662	5,581,974	9,226,250	10,583,725	10,880,673
(4,139,284)	(2,773,035)	(6,227,798)	(7,680,894)	(8,893,626)
-	-	-	-	-
<u>2,246,378</u>	<u>2,808,939</u>	<u>2,998,452</u>	<u>2,902,831</u>	<u>1,987,047</u>
-	-	-	2,425,952	-
<u>\$ (2,062,323)</u>	<u>\$ (522,043)</u>	<u>\$ (4,497,376)</u>	<u>\$ 1,849,422</u>	<u>\$ 2,667,588</u>
2.99%	3.12%	6.59%	6.94%	7.24%

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			
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
2007	5,381,912,021	183,470,126	1,415,068,870	4,150,313,277	3.400

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	
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
2007	3.129	0.215	3.344	5.554	7.210	0.422	16.530

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
2016	\$ 10,595,490	\$ 10,244,464	96.7%	\$ 1,963	\$ 10,246,427	96.7%
2015	9,944,109	9,601,711	96.6%	7,385	9,609,096	96.6%
2014	9,257,988	8,934,711	96.5%	3,066	8,937,777	96.5%
2013	8,717,002	8,390,344	96.3%	23,551	8,413,895	96.5%
2012	8,650,774	8,333,155	96.3%	56,412	8,389,567	97.0%
2011	8,593,327	8,249,561	96.0%	25,903	8,275,464	96.3%
2010	9,531,621	9,190,963	96.4%	5,183	9,196,146	96.5%
2009	10,898,897	10,492,073	96.3%	3,872	10,495,945	96.3%
2008	12,839,323	12,338,368	96.1%	6,292	12,344,660	96.1%
2007	13,828,494	13,382,891	96.8%	3,069	13,385,960	96.8%

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						Coverage ⁽³⁾
	Water & Sewer Charges and other ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2007	13,595,250	8,841,164	4,754,086	2,238,224	1,150,651	1.4	

(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
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
2007	13,435,394	4,992,456	1,766,936	20,194,786

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)	Per Capita (a)
	General Obligation Bonds	Revenue Bonds	Capital Leases	Promissory Notes/Bonds	Revenue Bonds	Notes Payable	Capital Leases			
2016	\$ -	\$ -	\$ -	\$ 5,176,000	\$ 36,873,641	\$ 2,837,000	\$ -	\$ 44,886,641	4.99%	\$ 2,054
2015	-	-	-	6,071,000	37,364,783	5,911,000	-	49,346,783	5.79%	2,304
2014	-	-	-	6,458,000	21,206,134	8,958,000	-	36,622,134	4.60%	1,728
2013	7,245,000	-	-	-	21,609,847	11,967,000	-	40,821,847	5.36%	1,933
2012	7,585,000	-	-	-	-	14,867,373	-	22,452,373	3.00%	1,073
2011	7,915,000	-	-	-	11,855,000	5,362,211	-	25,132,211	3.46%	1,211
2010	8,235,000	-	-	69,442	14,490,983	4,865,400	-	27,660,825	3.69%	1,247
2009	8,545,000	-	-	126,589	16,503,409	5,181,057	-	30,356,055	2.84%	1,371
2008	8,850,000	760,000	111,857	200,037	18,350,705	5,503,466	33,131	33,809,196	3.28%	1,526
2007	9,145,000	1,495,000	220,340	338,688	20,501,584	5,817,075	64,597	37,582,284	4.19%	1,741

(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
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
2007	4,150,313,277	21,584	10,978,687	812,689	10,165,998	0.24%	471.00

* Population revised based on revisions to the 2010 Census.

City of Venice, Florida
Direct and Overlapping Governmental Activities Debt
as of September 30, 2016

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	<u>\$ 5,176,000</u>	<u>100%</u>	<u>\$ 5,176,000</u>
Sarasota County School Board	180,605,272 ^(a)	6.94% ^(c)	12,534,006
Sarasota County	<u>321,601,637 ^(b)</u>	6.94% ^(c)	<u>22,319,154</u>
Subtotal, overlapping debt	<u>502,206,909</u>		<u>34,853,160</u>
Total direct and overlapping debt	<u><u>\$ 507,382,909</u></u>		<u><u>\$ 40,029,160</u></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	\$ 3,228,144,657
by the total taxable valuation of Sarasota County	\$ 46,542,124,786

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)
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%
2007	21,584	897,397,968	41,577	3.0%

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, 2011-2015 5-year American Community Survey (in 2015 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>	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
PGT Industries, Inc.	\$ 56,998,368	1	1.77%	\$ 20,375,000	5	0.49%
Venice HMA Inc. (Venice Regional Medical Center)	56,859,949	2	1.76%	61,908,700	1	1.49%
MHC Bay Indies LLC	56,696,900	3	1.76%	51,539,900	2	1.24%
AG (Aston Gardens) Venice Senior Housing LLC	55,045,465	4	1.71%	34,702,600	3	0.84%
Florida Power & Light Co.	29,214,253	5	0.90%	-		-
Southwest Florida Retirement Center Inc.	21,847,122	6	0.68%	-		-
Tervis Tumbler Co.	17,536,910	7	0.54%	-		-
Publix Supermarkets Inc.	15,659,560	8	0.49%	-		-
Neal Communities	13,990,436	9	0.43%	-		-
WCI Communities, Inc.	13,419,851	10	0.42%	11,668,300	8	0.28%
Csh-ing Bella Vita LP (Bella Vita Arv)	-		-	20,860,000	4	0.50%
Sarasota County Health Facilities Authority Retirement Center	-		-	13,720,054	6	0.33%
Waterford at Laurel Park N, LLC	-		-	13,705,130	7	0.33%
Healthcare Realty Trust, Inc.	-		-	10,269,100	9	0.25%
Venice Plaza Shopping Ctr. Ltd.	-		-	9,618,700	10	0.23%
Totals	<u>\$ 337,268,814</u>		<u>10.46%</u>	<u>\$ 248,367,484</u>		<u>5.98%</u>
Total taxable assessed value - City of Venice	<u>\$3,228,144,657</u>			<u>\$4,150,313,277</u>		

Source: Sarasota County Property Appraiser

Total taxable assess value of Venice for 2016 - \$3,228,144,657

Total taxable assess value of Venice for 2016 - \$4,150,313,277

City of Venice, Florida
Principal Employers
Current Year and Nine Years Ago

Schedule 15

<u>Employer</u>	2016			2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
School Board of Sarasota County	5,611	1	3.23%	5,447	1	3.08%
Sarasota Memorial Hospital	3,958	2	2.28%	4,128	2	2.33%
Sarasota County Government	3,501	3	2.01%	3,552	3	2.01%
Publix Super Markets	2,677	4	1.54%	3,042	4	1.72%
PGT Industries	1,924	5	1.11%	1,780	5	1.01%
Venice Regional Medical Center	1,200	6	0.69%	927	7	0.52%
Sunset Automotive Group	715	7	0.41%	-	-	-
Sun Hydraulics Corporation	683	8	0.39%	-	-	-
Tervis Tumbler Co.	679	9	0.39%	-	-	-
Goodwill Industries	509	10	0.29%	-	-	-
Wal-Mart	-	-	-	1,277	6	0.72%
Nielsen Media Research	-	-	-	700	8	0.40%
Target	-	-	-	659	9	0.37%
Sarasota Herald Tribune	-	-	-	533	10	0.30%
	<u>21,457</u>		<u>12.34%</u>	<u>22,045</u>		<u>12.46%</u>
Total Sarasota County Employment:	<u>173,581</u>			<u>176,797</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Department:										
Mayor and Council	7.00	7.00	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City Manager	3.25	3.20	3.0	3.0	3.0	4.0	4.0	4.0	4.0	6.5
Historical Resources	3.00	3.00	3.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
City Clerk	5.00	5.00	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Finance	13.00	13.00	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0
Public Works										
Administration	2.00	2.00	3.0	3.0	1.0	4.0	4.0	4.0	4.0	4.0
General Maintenance	9.60	9.60	11.0	11.0	12.0	13.0	13.0	15.0	15.0	15.0
Parks Maintenance	12.70	11.70	12.0	10.0	9.0	11.0	12.0	14.0	15.0	15.0
Engineering	4.65	3.15	5.0	5.0	6.0	9.0	9.0	10.0	10.0	9.0
Police	60.00	58.00	66.0	66.0	64.0	72.0	73.0	73.0	73.0	77.0
Fire	44.25	44.25	45.0	41.5	42.5	45.5	46.5	46.5	46.0	46.5
Planning & Zoning	9.00	8.00	6.0	7.0	8.0	4.0	5.0	4.0	5.0	5.0
Information Technology	5.00	5.00	5.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Administrative Services	5.00	5.00	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Building & Code										
Enforcement	12.60	12.60	10.0	7.0	6.0	6.0	7.0	8.0	8.0	14.0
Airport	8.20	8.30	8.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0
Utilities Administration	10.20	10.10	9.0	7.0	8.0	6.0	2.0	2.0	2.0	2.0
Distribution / Collection	25.00	24.00	25.0	21.0	20.0	21.0	26.0	28.0	28.0	23.0
Water Production	15.00	15.00	15.0	14.0	14.0	14.0	14.0	15.0	15.0	17.0
Water Reclamation	17.00	18.00	18.0	17.0	17.0	17.0	20.0	21.0	21.0	25.0
Utility Engineering/ Construction	-	-	-	-	-	-	-	-	-	3.0
Solid Waste	14.25	12.03	11.5	12.5	11.0	13.5	13.5	13.5	13.5	13.5
Recycling	9.25	10.02	9.5	8.5	11.0	9.5	9.5	10.5	10.5	10.5
Stormwater	5.70	5.80	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	300.65	293.75	295.0	276.5	276.5	293.5	302.5	314.5	316.0	332.0

Source: City of Venice Finance Department

City of Venice, Florida
Operating Indicators By Function/Program
Last Seven Fiscal Years

Schedule 17

	Fiscal Year						
	2016	2015	2014	2013	2012	2011	2010
Parks and Recreation							
Number of trees trimmed and maintained	6000	6,000	6,000	6,000	6,000	6,000	6,000
Number of irrigation systems maintained including:	31	30	30	28	28	28	26
Spray heads	2510	2,450	2,450	2,400	2,400	2,400	2,300
Zones	188	183	183	181	181	181	171
Feet of drip line	31,200	31,200	31,200	31,200	31,200	31,200	31,000
Police							
Number of sworn officers	48	47	47	43	45	45	51
Total calls received	31,781	29,319	12,433	30,454	29,041	31,753	36,191
Number of crime scenes processed (property division)	25	54	38	26	16	36	24
Drug related arrests	98	61	45	37	123	93	109
Traffic citations issues	2308	1,331	1,043	1,000	1,366	1,435	1,849
Parking citations	686	625	958	346	379	451	114
Marine citations	6	20	25	6	23	12	51
Traffic warnings	782	1,181	2,437	3,457	4,093	4,115	4,202
Parking warnings	2	7	20	8	9	32	95
Marine warnings	91	122	142	164	140	418	120
Fire							
Number of firefighters	41	41	41	41	39	41	42
Calls for service	3450	3,225	2,723	2,757	2,625	2,652	2,442
Public Works							
Miles of roadway	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	11	11	11	11
School zone areas	3	3	3	3	3	3	3
Street lights	690	690	690	690	690	690	690
Decorative pedestrian lights	30	30	30	30	30	30	30
Water and sewer utilities							
Finished water pumped to system (millions of gallons)	776.8	783.9	797.4	738.6	767.3	720.3	746.0
Potable water gallons delivered to customers (millions)	760.0	779.6	734.4	714.6	738.2	720.7	711.2
Produced gallons of reuse water per day (MGD)	3.2992	2.705	2.837	2.770	2.422	2.256	3.399
Solid Waste							
Number of Residential Customers:							
Single family	6,774	6,601	6,414	6,200	6,200	6,108	6,013
Mobile homes	2,718	2,718	2,718	2,718	2,718	2,718	2,718
Duplex	88	89	89	90	90	90	90
Condos/apartments	7,802	7,782	7,630	7,600	7,600	7,600	7,600
Number of Commercial Customers:							
Commercial/retail	318	328	329	327	327	327	327
Office	142	144	255	144	144	140	140
Industrial	120	118	118	116	116	116	116
Institutional	60	59	60	60	60	60	60
Tons of garbage	21,325	19,932	18,343	16,622	15,784	15,717	15,539
Tons of yard waste	2,922	2,957	2,769	3,306	2,662	2,624	3,064
Tons of construction & debris	1,398	5,311	514	1,069	253	320	652
Tons of Recycle Material:							
Tons of paper	1,634	1,558	1,541	1,546	1,431	1,558	1,540
Tons of commingled recyclables	1,296	1,246	1,179	1,182	1,021	1,040	899
Tons of cardboard	940	926	919	955	1,063	859	781
Tons of scrap metal	112	70	44	61	49	68	61
Airport							
Number of T-Hangars	166	166	166	175	175	167	167
Number of tie-downs	47	47	49	49	49	49	49
Number of shade hangars	12	12	0	3	3	3	3
Number of mobile homes	185	185	185	185	185	186	186
Storm Water Drainage							
Miles of pipe	24.9	24.8	19.42	19.33	19.33	19.33	19
Miles of swales and ditches	22	22	22	19	19	19	19
Ditch regrading maintenance: tons of material removed	378.4	128	76.8	204.74	29.01	100.74	11.52

Source: Various departments throughout the City of Venice.



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CITY OF VENICE, FLORIDA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Schedule 18				
	Fiscal Year				
	2016	2015	2014	2013	2012
Parks and Recreation					
Number of Parks	37	37	37	37	37
Park Acreage	383.07	383.07	383.07	383.07	383.07
Playgrounds	10	10	10	10	10
Baseball and Softball Diamonds	9	9	9	9	9
Tennis Courts	8	8	8	8	8
Basketball Courts	3	3	3	3	3
Shuffleboard Courts	18	18	18	18	18
Community Centers	1	1	1	1	1
Golf Courses	1	1	1	1	1
Boat Docks	2	2	2	2	2
Nature/Fitness Trail (miles)	1.6	1.6	1.6	1.6	1.6
Soccer Fields	3	3	3	3	3
Football Fields	3	3	3	3	3
Croquet Courts	5	3	3	3	3
Interactive Fountain	1	1	1	1	1
Gazebo	2	2	2	2	2
Fishing Pier	1	1	1	1	1
Paw (Dog) Park	1	1	1	1	1
Police					
Police Stations	1	1	1	1	1
Fire					
Fire Stations	3	3	3	3	3
Fire Hydrants	1,076	1,065	1,035	1,030	1,018
Public Works					
Paved Streets (miles)	63.1	63	59.9	53.7	53.7
Unimproved Streets (miles)	0	0	0	0	0
Water and Sewer Utilities					
Wastewater Main (miles)	157	157.6	200.0	142.0	142.3
(includes collection pipe and forcemain)					
Water Mains (miles)	209.79	196.3	196.2	195.0	195.6
(includes distribution pipe & raw water mains)					
Reclaimed Water Mains (miles)	59.14	52.0	49.2	50.0	50
Reclaimed Water Bulk connections	5	7.0	7.0	6.0	7
Reclaimed Water Residential connections	3024	2,914	2,911	2,970	2,976
Stormwater Drainage					
Storm Sewers (miles)	46.9	46.8	41.42	38.41	38.41

Source: Various departments throughout the City of Venice.

Fiscal Year				
2011	2010	2009	2008	2007
36	35	35	35	28
383.07	382.07	367.78	367.78	357.58
10	10	10	10	8
9	9	9	9	9
8	8	8	8	8
3	3	3	3	3
18	18	18	18	18
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
1.6	1.6	1.6	1.6	1.6
3	3	3	3	3
3	3	3	3	3
3	3	3	3	3
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
1,018	1,018	1,018	1,019	1,001
53.7	52	52	52	52
0	0	0	0	0
148.0	147.4	141.4	165.09	147.1
201	196.2	196.2	212.06	195.8
49.2	49.2	49.2	49.2	49.2
7	7	7	7	7
2,953	2,930	2,908	2,899	2,871
38.41	38.08	38.08	38.08	38.08



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COMPLIANCE

**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, 2016, and have issued our report thereon dated February 10, 2017.

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 10, 2017.

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

Orlando, Florida
February 10, 2017

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, 2016. 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 above 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, 2016.

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 above. 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 10, 2017, 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

Orlando, Florida
February 10, 2017

CITY OF VENICE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2016

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
-------	-----	-------	---	----

Identification of Major Federal Programs and Major State Projects:

CFDA Number

20.106

Name of Federal Program

Airport Improvement Program Grant

CSFA Number

37.003

Name of State Project

Beach Management Funding Assistance 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
-------	---	-----	-------	----

CITY OF VENICE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont.)
For the Year Ended September 30, 2016

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, 2016

Federal Agency/Program Title	Federal CFDA Number	Federal or Pass-through Grant Number	Expenditures
U.S. DEPARTMENT ENVIRONMENTAL PROTECTION AGENCY			
Nonpoint Source Implementation Grants	66.460	G0389	9,000
<i>Passed-Through State of Florida, Department of Environmental Protection</i>			
Venice Beach Outfall 1 and 2 Water Quality Improvement Project			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW580430	91,485
<i>Passed-Through State of Florida, Department of Environmental Protection</i>			
Replacement Well 7AW			
Total U.S. Department of Environmental Protection Agency			100,485
U.S. DEPARTMENT OF JUSTICE:			
Bureau of Justice Assistance (BJA)			
Bulletproof Vest Partnership Program	16.607	2015BUBX15077263	4,160
<i>Passed-Through Florida Department of Law Enforcement:</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738		
Grant for Thermal Imaging Device		2016-JAGD-SARA-1-H4-065	2,731
Total U.S. Department of Justice			6,891
U.S. DEPARTMENT OF TRANSPORTATION:			
Federal Aviation Administration (FAA)			
Airport Improvement Program Grant	20.106		
DBE Plan		3-12-0082-013-2014	6
Taxiway A/C Rehabilitation - Construction		3-12-0082-013-2014	2,413
Improvement Runway Safety Area Runway 13-31		3-12-0082-014-2015	6,995,350
Rehabilitation of Tie-Down Apron		3-12-0082-015-2016	47,554
Federal Highway Administration (FHWA)			
<i>Passed-Through State of Florida, Department of Environmental Protection</i>			
Recreational Trails Program	20.219		
Legacy Park		T1220/T12020	34,069
Total U.S. Department of Transportation			7,079,392
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Federal Emergency Management Agency:			
<i>Passed-Through State of Florida, Division of Emergency Management</i>			
Hazard Mitigation Grant Program	97.039		
West Gate Drive, Stormwater System Pump Upgrade, Phase 2	FEMA #	4068-09-R	
	Contract #	14HM-6B-09-68-02-279	104,906
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,291,674

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, 2016

State Agency/Program Title	CSFA Number	State Contract/ Grant Number	Expenditures
STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION:			
Aviation Development Grants	55.004		
Floodplain and Stormwater Plan		434439-1-94-01	8,184
Taxiways A and C -Construction Phase		435087-1-94-01	134
Construction Runway 13-31 Improvements Runway Safety Area		436482-1-94-01	397,272
Airport Security Improvements		436984-1-94-01	21,607
T-Hangers - Midfield		436988-1-94-01	29,435
Rehabilitation of Tie-Down Apron		431879-1-94-01	2,642
Obstruction Removal		438257-1-94-01	12,065
Total Department of Transportation			<u>471,339</u>
STATE OF FLORIDA, DEPARTMENT OF ENVIROMENTAL PROTECTION			
Division of Water Resources Management			
Beach Management Funding Assistance Program	37.003		
Venice Beach Nourishment		13ST1	2,166,982
STATE OF FLORIDA, DEPARTMENT OF HEALTH			
Bureau of Emergency Medical Services			
<i>Passed-Through Sarasota County-County Grant Awards</i>	64.005		
EMS Equipment - Automated External Defibrillator		C4056	1,609
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>2,639,930</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$ 9,931,604</u></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, 2016

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, 2016.

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, 2016

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, 2016, 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.

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and City Council
City of Venice, Florida

We have examined the compliance of the City of Venice (the "City") with the requirements of Sections 218.415 and 288.8018(1), Florida Statutes, during the fiscal year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 10, 2017



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, and have issued our report thereon dated February 10, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Reports and Schedule

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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 10, 2017 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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 Assessment

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.

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, 2016, filed with the Florida Department of Financial Services, pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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


Other Matters

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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

Orlando, Florida
February 10, 2017