

City of Fort Pierce
COMPREHENSIVE
ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2012

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
CITY OF FORT PIERCE, FLORIDA**



For Fiscal Year Ended September 30, 2012

Prepared by:

**Gloria J. Johnson
Director of Finance**

City of Fort Pierce Finance Department

FORT PIERCE CITY HALL



Built in 1991, City Hall serves as the center for government in Fort Pierce, Florida

Mission Statement

“To provide community leadership, quality public service, and a safe environment for all citizens, by an empowered team of employees motivated by pride in themselves and in their work.”

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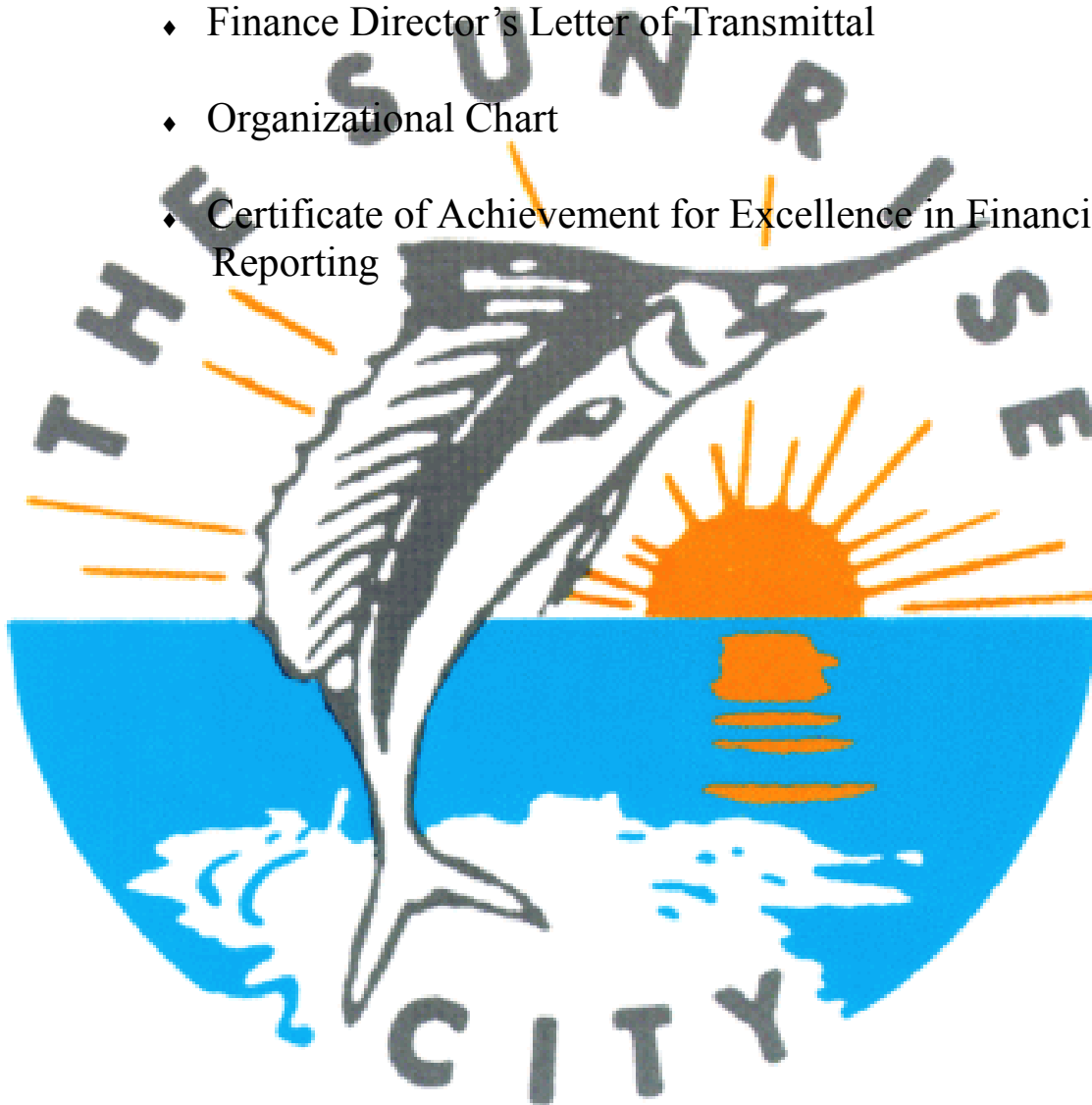




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CITY COMMISSION



Robert J. Benton III, Mayor



Rufus J. Alexander II



Edward Becht



Thomas K. Perona



Reginald Sessions

CITY OFFICIALS



Nicholas Mimms, Interim-City Manager



Robert V. Schwerer
City Attorney

Cassandra Steele
City Clerk

Samuel L. Barnes, *Director of Administrative Services*

Gloria J. Johnson, *Director of Finance*

R. Sean Baldwin, *Chief of Police*

John R. Andrews, *City Engineer*

Marjorie B. Gaskin, *Director of Management Information Systems*

Marc Meyers, *Building Official*

Jon Ward, *Director of Urban Redevelopment*

David Carlin, *Planning & Zoning Manager*

Robert Reals, *Deputy Director of Public Works/Solid Waste*

Anne Satterlee, *Communications & Riverwalk Manager*

Dean Kubitschek, *Marina Manager*

Peggy Arraiz, *Code Compliance Manager*

Lucille Posa, *Golf Course Manager*

John Wilkes, *Director, Sunrise Theatre*

DiBartolomeo, McBee, Hartley & Barnes, P.A.
City Auditors



OFFICE OF
DIRECTOR OF FINANCE
CITY HALL, 100 NORTH U.S. 1
P.O. BOX 1480
FORT PIERCE, FLORIDA 34954-1480

TEL. (772) 460-2200
FAX (772) 489-2594

March 29, 2013

Honorable Mayor, Members of the
City Commission and Citizens
Of the City of Fort Pierce, Florida

Dear Mayor, Commissioners, and Citizens:

It is our pleasure to submit this *Comprehensive Annual Financial Report* for the City of Fort Pierce, Florida for the fiscal year ended September 30, 2012. The report fulfills the requirements set forth in the *City Code of Ordinances, Florida Statutes*, Chapter 166.241; and the *Rules of the Florida Auditor General*, Chapter 10.550. The organization, form and contents of this report, plus the accompanying financial statements and statistical tables, are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the State of Florida, the city Code of Ordinances, and the Government Finance Officers Association.

This report consists of management's representations concerning the finances of the City of Fort Pierce. Consequently, management assumes full responsibility for the completeness and reliability of all 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.

Florida Statutes and the *City Code of Ordinances* require that an annual financial audit be performed by independent certified public accountants. This year the audit was performed by DiBartolomeo, McBee, Hartley & Barnes. 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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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

The Reporting Entity and Its Services

The City of Fort Pierce, Florida was incorporated in 1901 and covers an area of approximately 29.14 square miles. The City operates under an elected City Commission (5 members) and provides a full range of municipal services including general government, public safety, public improvements, planning and zoning, and related general and administrative services to over 41,993 residents. In addition, the City operates a solid waste enterprise activity, a marina, a golf course, a theatre and a stormwater utility fund. This report includes two component units and one related organization.

Component Units. The financial data of the City's two component units, the Fort Pierce Utilities Authority (FPUA), a proprietary fund, is discreetly presented, and the Community Redevelopment Agency (CRA), a governmental fund, is blended in Combined Financial Statement. The FPUA is reported in a separate column to emphasize that it is legally separate from the City.

The FPUA provides electric, water, wastewater and natural gas services to residents and businesses of Fort Pierce. The CRA was established for the purpose of carrying out redevelopment activities for areas existing in the City that are defined as slum or blighted. The members of the FPUA governing board are appointed or removed from office by the Fort Pierce City Commission. The members of the governing board of the CRA are the Fort Pierce City Commissioners. The CRA's budget and the FPUA's budget and rates for service are subject to the approval of the City Commission. Complete financial statements of the FPUA can be obtained from its administrative office located at 206 South Sixth Street, Fort Pierce, Florida 34948.

Fort Pierce Retirement and Benefit System and the Municipal Police Officers' Retirement Trust Fund. The accounts of these two retirement plans are included in the financial statements as the General Employees' Pension Trust, and the Police Officers' Pension Trust. Both of the pension trust funds are governed by a separate Board of Trustees subject to the requirements of local ordinances and by applicable provisions of Florida Law which require participation in the respective governing authorities by certain key City officials. Additional criteria include the scope of public service provided by organizations which exist for the benefit of the employees of the City of Fort Pierce.

Related Organizations. The Mayor of Fort Pierce is responsible for appointing the members of the Board of the Fort Pierce Housing Authority (FPHA), but the City's accountability for this organization does not extend beyond making these appointments. The FPHA's operating and capital expenditures, including debt service, are funded entirely from federal grants and rentals. The City has no involvement in the determination of FPHA's budget or rental rates, and has no obligation for FPHA's outstanding debt.

Economic Condition and Outlook

The City of Fort Pierce, Florida is located on the southeastern coast of the state in an area categorized as the Fort Pierce Metropolitan Statistical Area.

The major factors in the economy of Fort Pierce and surrounding St. Lucie County are agri-business, construction, retail and wholesale trade, light manufacturing, tourism, and sport and commercial fishing.

For years the local economy has counted on construction as the number one industry in the county. However, with the downturn of the housing market this has created the greatest percentage of the unemployment rate which has been as high as 16%.

The slowdown in the real estate market and the construction industry has had a significant impact on the local economy. The unemployment rate has been adversely impacted along with the revenues generated by the businesses associated with the real estate and construction activities.

Local business and community leaders continue to recruit new light industrial activity to the area. It is anticipated this type of activity will assist in improving the unemployment rate and the overall economy.

Emphasis is being made on expanding the capabilities of both the St. Lucie County Airport and the Port of Fort Pierce, and ecotourism are activities which will act as catalysts in promoting future business and industrial growth.

The City continues its pursuit of an aggressive annexation program which in the past has increased the tax base, and also provided additional customers for the City's owned and operated utility systems. The City has annexed mostly agricultural land which was massive in area but provided very little tax base. All of the enhanced activity resultant of the area's growth, while having a positive impact, also presents challenges for the future. The City will need to maintain the high level of service standards that are in effect through effective utilization of both natural and financial resources. A comprehensive plan has been developed to establish goals, objectives and policies for growth management.

Major Initiatives

The city continues its commitment to the revitalization of the downtown area, commercial properties and residential neighborhoods. The City demolished an old electric utility plant in the downtown area and has been awarded a \$600,000 brownfill grant to clean-up the property. The clean-up has begun and will take an estimated three years. This land is contemplated on being used to expand the City's existing Marina and or building a five star hotel. The City has finally completed the permitting phase and is now starting the construction phase of the reconstruction of the floating docks that were

destroyed in 2004 by hurricanes Frances and Jean. Before the dock reconstruction can begin a breakwater island design has to be constructed to mitigate damages that could be caused by future hurricanes. This mitigation project or barrier island is an \$18 million dollar project. The project began and an estimated \$7 million was expended in fiscal 2012. The floating dock replacement project is anticipated to cost \$14 million dollars. The funding sources of these two projects are Federal grants, insurance proceeds, debt and financial resources of the Marina.

The City, in funding partnership with St. Lucie County, constructed an intermodal transit station along one of the major revitalization corridors in the City. This structure enhances the entrance to the Avenue D corridor and displays a mural honoring the Highwaymen and their paintings, which are some of the area's greatest historic individuals. This transit station borders and further enhances another multimillion dollar project, the Moores Creek Project, which also created a beautiful walk-way and addressed stormwater, environmental and infrastructure issues associated with the creek. This project replaced 7 beautiful bridges that crossed the creek and a park with meandering walkways. The A1A to Blue Heron Blvd transportation project includes a roundabout, landscaping, underground utilities, lighting, and road construction improvements. This construction project is slated to be completed in fiscal 2013 at an estimated \$26 million dollars. The 2012 budget had very little funding for capital equipment. The budget, with limited resources, has not been able to support capital equipment purchases in over five years. The capital improvements constructed were through bond proceeds or grant funding. The City's bonded long-term debt at 9/30/2012 was \$89,989,881.

2012-2013 Budget Issues

The City of Fort Pierce budget for fiscal 2013 is financed at the same level as fiscal 2012. The budget for 2012 was \$32,215,962 and 2013, \$32,326,046, an insignificant increase of \$110,084. There were different strategies implemented to whittle the deficit to where current resources would be adequate to finance the reduced services to the City's citizenry. Significant budget issues had to be addressed to close the budget gap.

The City's taxable valuation is \$1,879,203,274 compared to last year's final valuation of \$1,950,013,641. This represents a decrease by approximately 3.8% or \$70,810,367. This decline in property values and the City Commission electing to hold the millage rate constant at 5.4674 for the last five years has caused a difficult task in balancing the budget. The City has experienced a reduction of \$6.8 million in property taxes in the last 6 years. The adoption of the roll-back rate (5.7131) for FY 2013 has helped to stabilize further reduction in tax revenues. The roll-back rate generated \$450,000 to be used to finance fiscal 2014 budget.

The City will receive from the Utilities Authority approximately \$750,000 in additional transfers under the 6% computation; using the power cost adjustment for electric (\$30) and gas for eight months.

The City appropriated \$1,219,993 from fund balance to balance General Fund's budget. The City issued refunding debt and had the annual debt service payments restructured to save annually for the next 3 years \$1 million dollars. This is the final year of these savings.

City personnel had not received a cost of living or any pay increase adjustment since 2008. The 2013 budget (General Fund) included in personnel services a 2% pay increase for non-bargaining and bargaining units. There were also 9 police officers added to the General Fund roster due to the expiration of a Federal Grant. Health insurance premiums for employees increased 3%; retirement rates for general members are 16.50%, up from 12.59%. Police officers 15.83 up from 13.51%. These

wage and benefit increases equated to \$867,246.

Further saving was derived from the implementation of the Deferred Retirement Option Plan (DROP). There were 27 employees who participated in the plan. In doing so the City no longer has to make contribution to the retirement system. The City saved approximately \$244,000 this year and it is anticipated to be more next year.

General Fund's \$1,410,793 transfer to Fort Pierce Redevelopment Agency to assist in its operations is approximately \$312,417 more than last year due to the continual decline of property values.

Reserve Policy

The City adopted a formal policy setting the requirement as to what is the level of unreserved funding that should be set aside for unforeseen expenditures. The policy established and require ten percent (10%) of General Fund's annual budget be set aside and held for any unexpected costs.

Fiscal Year	Budget	10% Reserve	Beginning Fund Balance
2011	32,258,896	3,225,889	4,149,368
2012	32,215,962	3,221,596	5,098,537

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Pierce, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of the state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Fort Pierce, Florida has received a Certificate of Achievement for the last twenty-five consecutive years. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

I thank the Mayor and members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

The preparation of the comprehensive financial report was made possible by the dedicated service of the entire staff of the Finance Department. Special recognition is given to the City's Chief Accountant and Accountant.

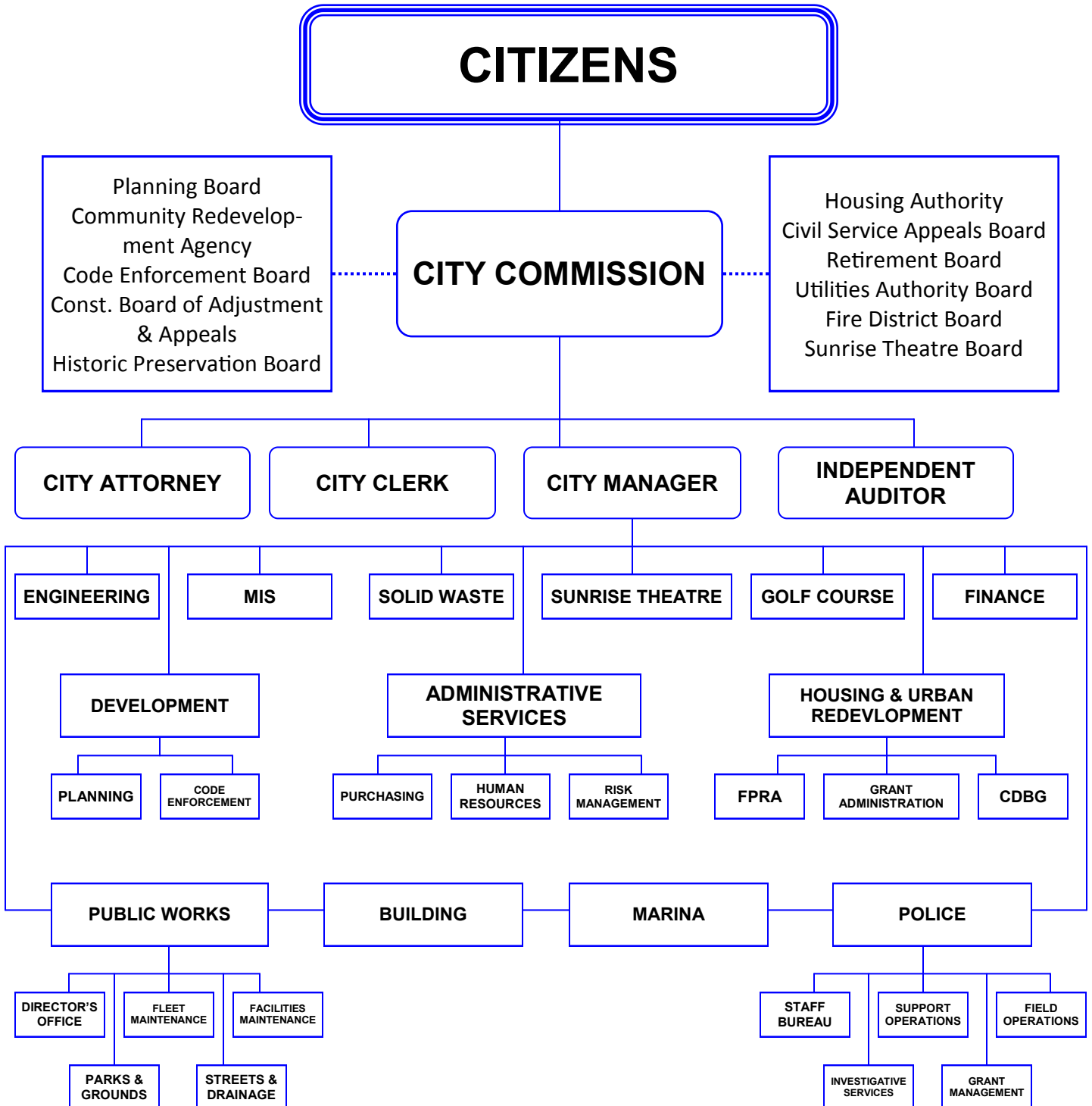
Sincere appreciation is extended to the firm of DiBartolomeo, McBee, Hartley & Barnes for their professional approach and high standard in the conduct of their independent audit of the City's financial records and transactions.

Respectfully submitted,

A handwritten signature in blue ink that reads "Gloria J. Johnson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Gloria J. Johnson
Director of Finance

CITY OF FORT PIERCE , FLORIDA ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Pierce
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

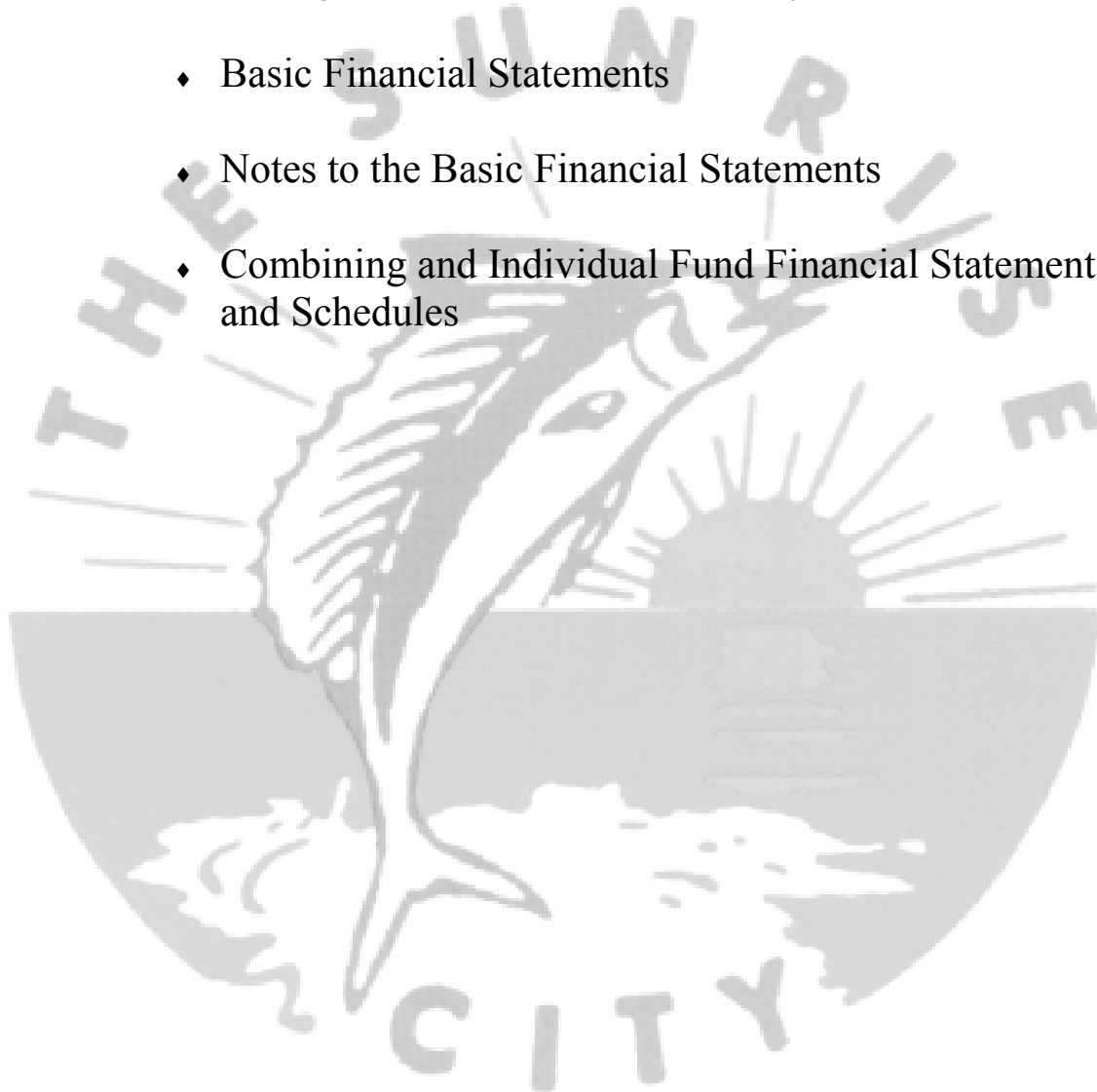
President

Jeffrey R. Emer

Executive Director

I. *FINANCIAL SECTION*

- ◆ Report of Independent Certified Public Accountants
- ◆ Management Discussion and Analysis
- ◆ Basic Financial Statements
- ◆ Notes to the Basic Financial Statements
- ◆ Combining and Individual Fund Financial Statements and Schedules



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Independent Auditors' Report

To the City Commission
Fort Pierce, Florida

March 29, 2013

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Pierce, Florida (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Pierce, Florida as of September 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Community Development Block Grant Fund, Community Redevelopment Agency Fund, and Hurricane Housing Recovery Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013 on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the City Commission
Fort Pierce, Florida

March 29, 2013

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis, and the schedule of funding progress 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 inquires 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund statements, statistical tables, and other schedules listed in the Table of Contents section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements of the City. The combining and individual fund financial statements, budgetary comparison information, schedule of expenditures of federals awards and state financial assistance, and other schedules listed in the Table of Contents, 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. 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 basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fort Pierce (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial positions, (d) identify any material deviations from the financial plans, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the front of this report and the City's financial statements which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$116,660,303 of which \$49,864,918 is governmental and \$66,795,385 is the total for business-type activities.
- The City's revenues for Governmental Activities at year end were \$35,109,241 a 1.65% decrease before transfers in of \$1,243,024, and expenses were \$38,856,478 a 3.66% increase. The expenses exceeded the revenues by \$2.504 million. The major revenue decrease from 2011 was (\$.59 million); this can be attributed to a decrease in taxes (\$1.13 million), (\$.87 million) in charges for services and an increase of (\$1.64 million) in operating and capital grants. The increase in expenses in comparison to last year was (\$1.37 million) and the increase was in public safety and economic environment all categories were small decreases. The expense increases included public safety (\$.4 million), economic environment (1.3 million) and the decreases are general governmental expenses (\$.21 million), transportation (\$.06 million) and culture and recreation (\$.05 million) and interest on long-term debt (.02 million).
- Business-type funds revenues were \$26,982,233 an increase of 33.79% or \$6,815,259 before transfers out (\$1,243,024), and expenses were \$17,573,438, .078% or a \$136,716 increase from the previous year.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$11,463,444, a decrease of \$1,522,964; of which there was an decrease of \$.29 million in General Fund, \$.61 million in debt service reserve, a \$.44 million decrease in restricted revenue and grant funding and finally a (\$.17 million) decrease in capital project funds.

The long-term bonded debt of the City on 9/30/12 was \$89,989,881, a decrease of (\$2.71 million) or 2.92%. The debt services requirements were met financially.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, transportation, economic environment, culture and recreation, and interest on long-term debt. The business-type activities include refuse collection, a marina, a golf course, a theatre and a stormwater utility and building and code fund.

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

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

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

Proprietary funds. The City maintains one of the two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains six enterprise funds to account for the following operations; a solid waste collection and disposal system, a marina, a golf course, a theatre and a stormwater utility and a building and code fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with its General Fund budget and the City's progress in funding its obligation to provide pension benefits to its employees. The combining and individual fund statements are included along with statistical, historic and trend information about the government's operations.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$116,660,303 at the close of the most recent fiscal year.

Approximately 71.9% of the City's net assets reflect its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental		Business Type		Total	
	Activities		Activities			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other Assets	25,772,617	27,439,423	18,930,690	16,539,954	44,703,307	43,979,377
Capital Assets	105,885,921	108,027,400	70,685,165	62,796,705	176,571,086	170,824,105
Total Assets	131,658,538	135,466,823	89,615,855	79,336,659	221,274,393	214,803,482
Long-term Liabilities O/S	76,385,737	78,480,458	17,622,378	18,179,769	94,008,115	96,660,227
Other Liabilities	5,407,883	4,617,234	5,198,092	2,527,276	10,605,975	7,144,510
Total Liabilities	81,793,620	83,097,692	22,820,470	20,707,045	104,614,090	103,804,737
Net Assets:						
Invested in Capital Assets, Net of						
Related Debt	30,700,782	31,066,247	53,122,423	44,669,243	83,823,205	75,735,490
Restricted	4,469,991	5,246,658			4,469,991	5,246,658
Unrestricted	14,694,145	16,056,226	13,672,962	13,960,371	28,367,107	30,016,597
Total Net Assets	49,864,918	52,369,131	66,795,385	58,629,614	116,660,303	110,998,745

The City's net assets increased by \$5,661,558 during the fiscal year, the net assets of the Governmental Funds decreased by \$2.50 million and business type funds increased by \$8.17 million. Assets of the Governmental Funds decreased \$3.81 million and liabilities decreased by \$1.30 million. However, for the enterprise funds, the assets had an increase of 13% or approximately \$10.28 million and liabilities had an increase of 10.21% or approximately \$2.11 million.

City of Fort Pierce Statement of Activities- FY 2012 and 2011

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	5,961,706	6,834,485	16,091,808	15,377,759	22,053,514	22,212,244
Operating grants and Contributions	2,968,721	1,977,408		-	2,968,721	1,977,408
Capital Grants and Contributions	1,311,204	659,333	10145196	4,046,662	11,456,400	4,705,995
General Revenues:						
Ad Valorem Taxes	10,009,972	11,144,640	-	-	10,009,972	11,144,640
Other Taxes	6,977,030	6,983,668	-	-	6,977,030	6,983,668
Unrestricted grants and contributions	-	-	-	-	-	-
Intergovernmental	2,725,485	2,778,225	-	-	2,725,485	2,778,225
Miscellaneous	191,827	194,349	665,346	654,803	857,173	849,152
Contributions from Component Units	4,767,268	4,925,280	-	-	4,767,268	4,925,280
Unrestricted investment earnings	196,028	202,640	79,883	87,750	275,911	290,390
Total Revenues	35,109,241	35,700,028	26,982,233	20,166,974	62,091,474	55,867,002
Expenses						
General government	9,368,691	9,578,646			9,368,691	9,578,646
Public safety	13,758,635	13,353,710			13,758,635	13,353,710
Transportation	6,277,776	6,347,717			6,277,776	6,347,717
Economic Environment	3,361,379	2,040,019			3,361,379	2,040,019
Culture & recreation	2,268,586	2,321,424			2,268,586	2,321,424
Interest on long-term debt	3,821,411	3,841,700			3,821,411	3,841,700
Solid Waste			5,440,958	5,486,548	5,440,958	5,486,548
Marina			2,155,455	2,353,376	2,155,455	2,353,376
Stormwater			3,241,933	3,182,318	3,241,933	3,182,318
Golf Course			1,610,301	1,600,742	1,610,301	1,600,742
Sunrise Theatre			4,173,135	3,816,102	4,173,135	3,816,102
Building Department			951,656	997,636	951,656	997,636
Total Expenses	38,856,478	37,483,216	17,573,438	17,436,722	56,429,916	54,919,938

City of Fort Pierce Statement of Activities- FY 2012 and 2011 (Cont.)

	Governmental		Business Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Increase (Decrease) in net assets						
before transfers	(3,747,237)	(1,783,188)	9,408,795	2,730,252	5,661,558	947,064
Transfers In (Out)	1,243,024	(294,281)	(1,243,024)	294,281	0	0
Changes in net assets	(2,504,213)	(2,077,469)	8,165,771	3,024,533	5,661,558	947,064
Net Assets - Beginning	52,369,131	54,446,600	58,629,614	55,605,081	110,998,745	110,051,681
Net Assets – Ending	49,864,918	52,369,131	66,795,385	58,629,614	116,660,303	110,998,745

Governmental activities. Governmental activities accounted for a negative growth of \$2,504,213 in net assets of the City.

Revenues decreased \$590,787 or 1.65% in Fiscal Year 2012. There are increases and decreases in a few categories; grants and contributions increased by \$1.6 million and charges for services decreased \$.82 million. Property values continue to decelerate and resulted in \$1.13 million less ad valorem revenue. The 3.66% or \$1.37 million increase in expenses was attributed to an increase of \$1.32 million in economic environment and the remaining increases of \$.05 million are between the following categories: general government public safety, interest on debt service cost and culture and recreation.

Business-type activities. The business-type activities include the activities of a stormwater utility program, golf course, city marina, Sunrise theatre, solid waste and building and code operations. Expenses increased \$.13 million, which most funds were consistent with 2011; the exception being the Sunrise Theatre, where expenses increased \$.36 million, \$.56 million was depreciation. Revenues increased \$6.8 million, operating and capital grants counted for \$6.1 million of the increase; charges for services recorded an increase of \$.71 million.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$11,463,444 a decrease of \$1,522,963 in comparison with the prior year. The non-spendable portion is \$276,643, restricted is \$6,448,574, \$1,219,933 is committed, \$3,422,666 is assigned and \$95,628 is unassigned and available for spending at the government's discretion.

The *general fund* is the chief operating fund of the City. The ending fund balance in 2012 is \$4,808,371, which decreased \$290,166. The decrease helped supplement the 2012 budget. The debt service reserve fund balance was \$1,561,513 a decrease of \$.61 million. Capital projects fund balance was \$2,908,478 a reduction of \$.17 million, which represent construction of infrastructure and other capital improvements. Finally the fund balance in the special revenue funds at 9/30/2012 is \$2,185,082, a decrease of \$723,396.

Business Type Funds. The enterprise funds have unrestricted net assets of \$13,672,962. Investment in capital assets net of related debt is \$53,122,423 with a combined net asset total of \$66,795,385.

General Fund Budgetary Highlights

The General Fund 2012 budget revenue was \$31,321,282; the amount realized was \$31,530,786, an increase of \$209,504 or .66%. The expenditure budget was \$32,215,962, and the actual amount was \$31,821,054, a reduction of \$394,908 or 1.22%. All the budget numbers are presented without the netting of transfers in this section. Differences between the original and final revenue and expenditure budget increased fund balance by \$604,412; the charges were substantial in some categories and listed below are the major notable amendments:

- \$35,632 or .21% decrease in taxes; \$444,571 less in ad valorem taxes, \$95,904 more in local option taxes and \$312,015 more in utility taxes.
- \$14,386 or 7.59% decrease in fines and forfeitures; violation of local ordinances produced \$19,600 more and court finds \$34,000 less in this category.
- \$189,075 or 6.82% increase in intergovernmental revenue; \$167,536 increase in state shared revenue was the major difference.
- \$290,041 or 12.71% decrease in miscellaneous revenue; revenues from the State of Florida \$200,000 less, City contractual \$130,000 and other miscellaneous contractual decreased by \$20,000. Interest and special assessments brought to the fund \$57,000 in extra revenues.
- \$103,742 or 4.22% decrease in interfund transfers, \$120,000 not needed for train station and an increase in other fund transfers in the amount of \$16,857.
- \$410,012 or 6.72% increase in transfer from Solid Waste in the amount of \$768,000 and \$358,000 less from Fort Pierce Utilities Authority.
- \$604,412 or 67.56% decrease in Fund Balance Appropriation only; \$298,268 was needed for fiscal 2012.
- \$286,616 was the administrative division increase in expenditures. The major increases were: Cost for DROP was \$96,000. For retirees who exited under the VSIP, final insurance payment of \$72,000 is included. Consultant and contractual fees increased by \$99,069. Insurance decreased \$75,000. Interfund transfers increased; the Urban Redevelopment \$144,000 (\$50,000 for code enforcement and \$94,000 for admin), FPRA Fund transfer by \$30,660. The Building Department \$85,349 was not transferred.
- All other departments decreased \$794,031. The Police Department and Public Works, in an effort to assist with funding of the FY 2013 Budget, volunteered to save \$175,000 and \$150,000 respectively. The actual saving from the Police department was \$186,688 and Public Works \$327,167. Engineering' budget was \$148,207 less. In addition, other departments reduced their operation costs by \$131,969, which assisted with the revenue shortfalls.

Capital Asset and Debt Administration

Capital assets. The City's investments in *capital assets* for its governmental and business type activities as of September 30, 2012 amounts to \$176,571,086 (this is net of accumulated depreciation). Significant additions during the year consisted of building improvements for economic development, street reconstruction, park improvement, and traffic calming improvements. See Note H for detail information on the primary government's Capital Assets.

City of Fort Pierce' Capital Assets- FY 2012 and 2011 (net of depreciation)						
	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land & CIP	28,206,509	28,470,067	14,428,953	4,108,745	42,635,462	32,578,812
Buildings	23,101,422	22,550,033	13,573,913	14,121,541	36,675,335	36,671,574
Improvements Other than Buildings	19,775,956	20,829,660	41,329,923	42,927,910	61,105,879	63,757,570
Machinery & Equipment	1,903,630	2,007,508	1,352,376	1,638,509	3,256,006	3,646,017
Infrastructure	32,898,404	34,170,132	0	0	32,898,404	34,170,132
Total	<u>105,885,921</u>	<u>108,027,400</u>	<u>70,685,165</u>	<u>62,796,705</u>	<u>176,571,086</u>	<u>170,824,105</u>

Bonded debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$89,989,881.

City of Fort Pierce Outstanding Debt Revenue Bond, Road Improvement Notes & Intergovernmental Notes						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue bonds, road improvement notes & intergovernmental notes	73,017,139	75,141,153	16,972,742	17,557,462	89,989,881	92,698,615

The City's bonded debt decreased during the year by a net \$2.24 million. The City continues to work on redevelopment projects issued under previous bond issues. The Notes to the Financial Statements (Note K) has additional information on all debt activity.

All bonded debt is insured and carries ratings from Moody's of A1, as of September 30, 2012. No direct ad valorem tax-supported debt exists at this time.

Economic Factors and Next Year's Budgets and Rates

The budget process for the 2013 budget began with a status quo General Fund Budget and expenditures exceeding revenues by approximately \$1.2 million dollars; savings from the 2011 and 2012 budgets were used to fund the shortfall.

Some of the significant factors considered in preparing the City's Annual Fund Budget for Fiscal Year 2013, that caused and closed the budget gap, are listed below:

- In the General Fund, the City's taxable valuation is \$1,879,203,274 compared to last year's final valuation of \$1,950,013,641. This represents a decrease by approximately 3.8% or \$70,810,367. This decline in property values and the City Commission electing to hold the millage rate constant at 5.4674 for the last five years has caused a difficult task in balancing the budget. The City has experienced a reduction of \$6.8 million in property taxes in the last 6 years. The adoption of the roll-back rate (5.7131) for FY 2013 has helped to stabilize further reduction in tax revenues. The roll-back rate generated \$450,000, to be used to finance fiscal 2014 budget.
- The City received from the Utilities Authority approximately \$750,000 in additional transfers under the 6% computation; using of the power cost adjustment for electric (\$30) and gas for eight months.
- The City appropriated \$1,219,993 from fund balance to balance General Fund's budget.
- The City issued refunding debt and had the annual debt service payments restructured to save annually for the next 3 years \$1 million dollars. This is the final year of these savings.
- City personnel had not received a cost of living or any pay increase adjustment since 2008. In the 2013 budget (General Fund) the personnel services included a 2% pay increase for non-bargaining and bargaining units. There were also 9 police officers added to the General Fund roster, due to the expiration of a Federal Grant. Health insurance premiums for employees increased 3%; retirement rates for general members are 16.50%, up from 12.59%. Police officers 15.83% up from 13.51%. These wage and benefit increases equated to \$867,246.
- The Fort Pierce Redevelopment Agency tax increment financing (TIF) soared to a high of \$8.6 million in 2008 and to a low of \$3.7 million in 2013. The housing market has continued to spiral downward resulting in re-adjustment of property values. The decrease in the valuation of property has resulted in a 7% decrease in taxable value from 2012 to 2013. However, due to the City's adoption of the rollback rate the reduction in TIF (\$3,692,868) was only \$170,000. The budget is unable, as it has in the past, to support a number of special projects under historic preservation and restoration; funding for neighborhood and business grants; and other cultural and community events and functions.
- As for the business-type activities, the Solid Waste operations had to make up its budget shortfalls by appropriating retained earnings of \$622,100 in 2013. Transfers from other funds were used to balance the budgets of the Sunrise Theatre (\$400,000 from Redevelopment Agency).

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Finance Director, 100 North US 1, P. O. Box 1480, Fort Pierce, Florida 34954.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Fort Pierce, Florida
STATEMENT OF NET ASSETS
September 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
ASSETS				
Current assets:				
Cash and investments	\$ 10,909,835	\$ 11,171,570	\$ 22,081,405	\$ 30,178,573
Receivables (net of allowance for uncollectibles)	2,918,398	1,748,831	4,667,229	12,698,513
Due from component unit	288,937	824,456	1,113,393	-
Internal balances	225,501	(225,501)	-	-
Due from other governments	1,951,953	4,886,471	6,838,424	546,969
Inventories and other current assets	276,643	111,840	388,483	4,678,724
Restricted Assets:				
Temporarily restricted:				
Cash and investments	-	231,537	231,537	28,512,569
Total current assets	16,571,267	18,749,204	35,320,471	76,615,348
Noncurrent assets:				
Deferred charges	1,801,956	181,486	1,983,442	1,103,537
Notes Receivable	7,399,394	-	7,399,394	-
FMPA working capital receivable	-	-	-	1,918,608
Investment in Public Gas Partners Pool	-	-	-	830,210
Capital assets, not being depreciated:				
Land	27,165,338	674,008	27,839,346	10,207,000
Construction in progress	1,041,171	13,754,945	14,796,116	15,485,179
Capital assets (net of accumulated depreciation):				
Buildings	33,987,899	17,854,498	51,842,397	-
Improvements other than buildings	34,194,734	53,915,120	88,109,854	-
Equipment	13,604,629	8,841,366	22,445,995	-
Infrastructure	108,772,364	-	108,772,364	395,939,377
Accumulated depreciation	(112,880,214)	(24,354,772)	(137,234,986)	(199,294,006)
Total noncurrent assets	115,087,271	70,866,651	185,953,922	226,189,905
Total assets	\$ 131,658,538	\$ 89,615,855	\$ 221,274,393	\$ 302,805,253

The accompanying notes are an integral part of this statement.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,101,904	\$ 3,525,707	\$ 5,627,611	\$ 7,784,969
Unearned revenue	191,050	464,524	655,574	4,498,134
Accrued compensated absences	187,299	34,356	221,655	82,000
Capital leases payable	-	-	-	38,933
Due to other governments	-	-	-	699,538
Notes and revenue bonds-current	2,168,000	590,000	2,758,000	5,955,000
Accrued interest payable	715,303	351,968	1,067,271	1,863,758
Liabilities payable from restricted assets:				
Customer deposits	44,327	231,537	275,864	6,869,129
Total current liabilities	<u>5,407,883</u>	<u>5,198,092</u>	<u>10,605,975</u>	<u>27,791,461</u>
Noncurrent liabilities:				
Notes and bonds payable, net	73,017,139	16,972,742	89,989,881	92,682,533
Pollution remediation	-	-	-	700,000
Accrued compensated absences	2,761,478	547,441	3,308,919	1,674,636
Other post employment benefits	607,120	102,195	709,315	509,000
Total noncurrent liabilities	<u>76,385,737</u>	<u>17,622,378</u>	<u>94,008,115</u>	<u>95,566,169</u>
Total liabilities	<u>81,793,620</u>	<u>22,820,470</u>	<u>104,614,090</u>	<u>123,357,630</u>
NET ASSETS				
Invested in capital assets, net of related debt	30,700,782	53,122,423	83,823,205	125,837,304
Restricted for:				
Capital projects	2,908,478	-	2,908,478	-
Capital improvement charges	-	-	-	7,122,115
Debt service	1,561,513	-	1,561,513	6,702,538
Unrestricted	<u>14,694,145</u>	<u>13,672,962</u>	<u>28,367,107</u>	<u>39,785,666</u>
Total net assets	<u>\$ 49,864,918</u>	<u>\$ 66,795,385</u>	<u>\$ 116,660,303</u>	<u>\$ 179,447,623</u>

City of Fort Pierce, Florida
STATEMENT OF ACTIVITIES
Year ended September 30, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,368,691	\$ 451,139	\$ 41,763	\$ 1,146,391
Public safety	13,758,635	335,806	771,354	-
Transportation	6,277,776	18,850	-	-
Economic environment	3,361,379	5,021,998	2,155,604	164,813
Culture and recreation	2,268,586	133,913	-	-
Interest on long-term debt	3,821,411	-	-	-
Total governmental activities	<u>38,856,478</u>	<u>5,961,706</u>	<u>2,968,721</u>	<u>1,311,204</u>
Business-type activities:				
Solid waste	5,440,958	6,139,701	-	-
Marina	2,155,455	1,920,455	-	6,855,564
Storm Water	3,241,933	2,679,764	-	3,289,632
Golf Course	1,610,301	1,439,569	-	-
Sunrise Theatre	4,173,135	3,066,474	-	-
Building Fund	951,656	845,845	-	-
Total business-type activities	<u>17,573,438</u>	<u>16,091,808</u>	<u>-</u>	<u>10,145,196</u>
Total primary government	<u>\$ 56,429,916</u>	<u>\$ 22,053,514</u>	<u>\$ 2,968,721</u>	<u>\$ 11,456,400</u>
Component units:				
Fort Pierce Utilities Authority	\$ 94,162,845	\$ 96,460,467	\$ 8,000	\$ 1,229,394
Total component units	<u>\$ 94,162,845</u>	<u>\$ 96,460,467</u>	<u>\$ 8,000</u>	<u>\$ 1,229,394</u>
General revenues:				
Ad valorem taxes				
General sales and use taxes				
Utility service and franchise taxes				
State revenue sharing-unrestricted				
Additional one cent sales taxes				
Insurance premium tax				
Contributions from component unit				
Miscellaneous				
Unrestricted investment earnings				
Extraordinary Item				
Transfers				
Total general revenues, extraordinary items, and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

The accompanying notes are an integral part of this statement.

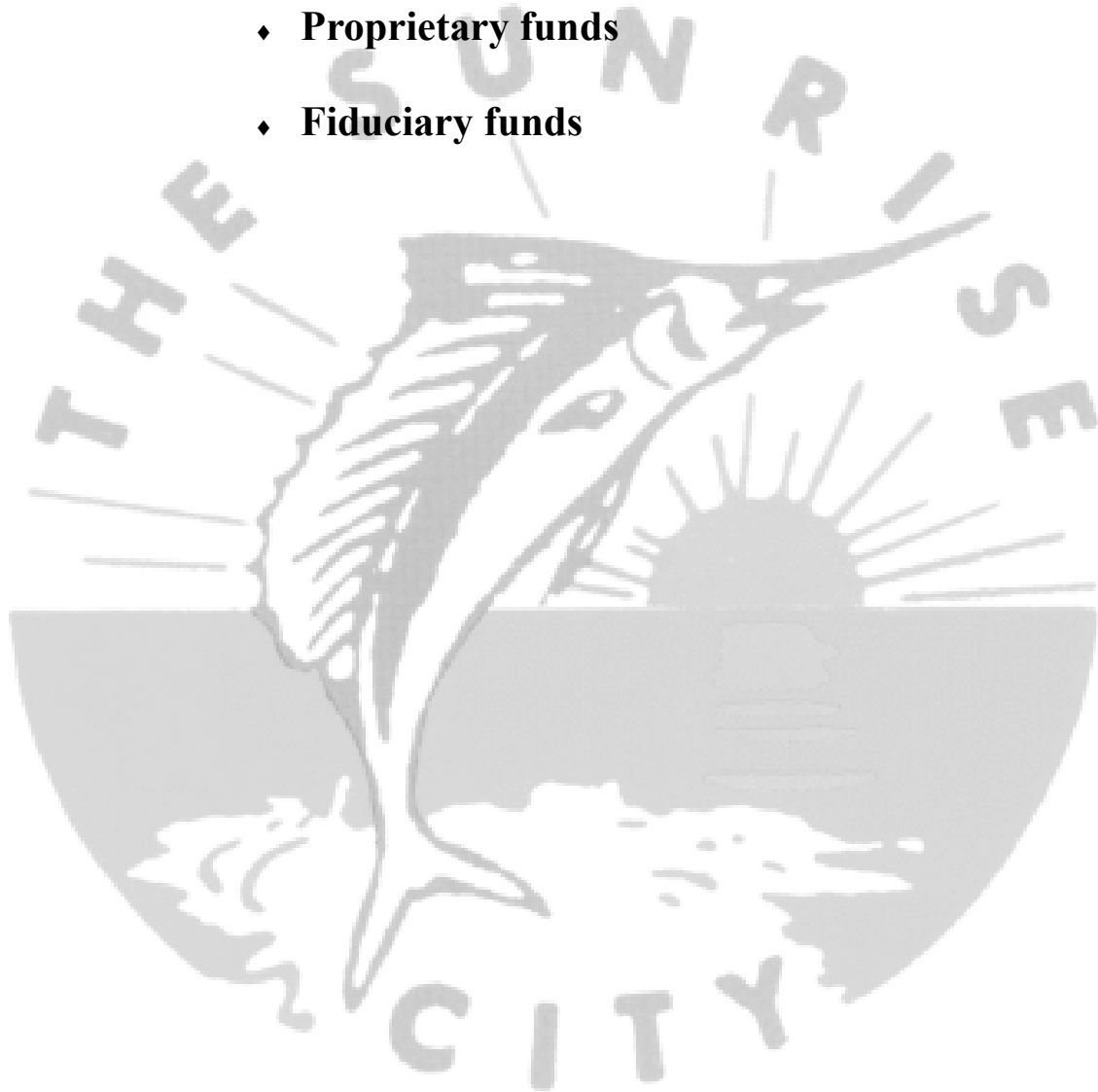
Net (expense) Revenue and Change in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
\$ (7,729,398)	\$ -	\$ (7,729,398)	\$ -
(12,651,475)	-	(12,651,475)	-
(6,258,926)	-	(6,258,926)	-
3,981,036	-	3,981,036	-
(2,134,673)	-	(2,134,673)	-
(3,821,411)	-	(3,821,411)	-
<u>(28,614,847)</u>	<u>-</u>	<u>(28,614,847)</u>	<u>-</u>
-	698,743	698,743	-
-	6,620,564	6,620,564	-
-	2,727,463	2,727,463	-
-	(170,732)	(170,732)	-
-	(1,106,661)	(1,106,661)	-
-	(105,811)	(105,811)	-
-	8,663,566	8,663,566	-
<u>\$ (28,614,847)</u>	<u>\$ 8,663,566</u>	<u>\$ (19,951,281)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 3,535,016
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,535,016</u>
\$ 10,009,972	-	\$ 10,009,972	\$ -
2,268,673	-	2,268,673	-
4,708,357	-	4,708,357	-
1,153,572	-	1,153,572	-
1,330,114	-	1,330,114	-
241,799	-	241,799	-
4,767,268	-	4,767,268	(4,767,268)
191,827	665,346	857,173	-
196,028	79,883	275,911	2,211,335
-	-	-	(1,200,000)
1,243,024	(1,243,024)	-	-
<u>26,110,634</u>	<u>(497,795)</u>	<u>25,612,839</u>	<u>(3,755,933)</u>
(2,504,213)	8,165,771	5,661,558	(220,917)
<u>52,369,131</u>	<u>58,629,614</u>	<u>110,998,745</u>	<u>179,668,540</u>
<u>\$ 49,864,918</u>	<u>\$ 66,795,385</u>	<u>\$ 116,660,303</u>	<u>\$ 179,447,623</u>

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FUND FINANCIAL STATEMENTS

- ◆ **Governmental Funds**
- ◆ **Proprietary funds**
- ◆ **Fiduciary funds**



City of Fort Pierce, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2012

	General Fund	Community Development Block Grant	Community Redevelopment Agency
ASSETS			
Cash and investments	\$ 4,659,023	\$ 583,767	\$ 46,404
Accounts receivables	3,756,783	-	246,279
Liens receivables	3,196,613	-	-
Due from component unit	288,937	-	-
Due from other funds	881,653	53,399	-
Due from other governments	73,298	276,052	-
Prepaid items	185,761	26	13,937
Inventories	74,445	-	-
Notes receivable	-	3,918,970	-
Total assets	<u>\$ 13,116,513</u>	<u>\$ 4,832,214</u>	<u>\$ 306,620</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,189,060	\$ 24,870	\$ 48,780
Contracts payable - retainage	-	-	-
Deposits	44,327	-	-
Due to other funds	13,988	353,971	12,444
Deferred revenues	7,060,767	3,908,935	231,452
Total liabilities	<u>8,308,142</u>	<u>4,287,776</u>	<u>292,676</u>
FUND BALANCES			
Nonspendable	260,206	26	13,937
Restricted	-	544,412	7
Committed	1,219,933	-	-
Assigned	3,232,604	-	-
Unassigned	95,628	-	-
Total fund balances	<u>4,808,371</u>	<u>544,438</u>	<u>13,944</u>
Total liabilities and fund balances	<u>\$ 13,116,513</u>	<u>\$ 4,832,214</u>	<u>\$ 306,620</u>

The accompanying notes are an integral part of this statement.

Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
\$ 41,054	\$ 5,579,587	\$ 10,909,835
2,000	37,315	4,042,377
-	-	3,196,613
-	-	288,937
25,411	702,900	1,663,363
-	1,602,603	1,951,953
159	2,315	202,198
-	-	74,445
3,454,459	25,965	7,399,394
<u>\$ 3,523,083</u>	<u>\$ 7,950,685</u>	<u>\$ 29,729,115</u>

\$ 32,787	\$ 780,620	\$ 2,076,117
-	25,787	25,787
-	-	44,327
35,607	1,021,852	1,437,862
3,454,459	25,965	14,681,578
<u>3,522,853</u>	<u>1,854,224</u>	<u>18,265,671</u>

159	2,315	276,643
71	5,904,084	6,448,574
-	-	1,219,933
-	190,062	3,422,666
-	-	95,628
<u>230</u>	<u>6,096,461</u>	<u>11,463,444</u>
<u>\$ 3,523,083</u>	<u>\$ 7,950,685</u>	<u>\$ 29,729,115</u>

City of Fort Pierce, Florida

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES**

September 30, 2012

Total fund balance per this statement	\$	11,463,444
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds. The cost of the assets is \$218,766,135 and the accumulated depreciation is \$112,880,214		105,885,921
Long-term liabilities (capital lease obligations, intergovernmental notes, other post employment benefits, and accrued compensated absences) of \$79,264,040 net of unamortized costs of \$523,004 are not due and payable and therefore, are not reported in the funds.		(78,741,036)
Governmental funds do not report a liability for accrued interest until it is due and payable. Accrued interest must be reported as a liability in the government-wide financial statements.		(715,303)
Debt issuance costs are financial uses in the fund statement; for full accrual, however these expenses are reported as non-current assets in the government-wide financial statements.		1,801,956
Various receivables, (liens receivable, loans receivable, notes receivable, and due from other governments are not financial resources in the current period and therefore, are reported as deferred revenue in the funds.		10,169,936
Net assets of governmental activities	\$	<u>49,864,918</u>

The accompanying notes are an integral part of this statement.

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City of Fort Pierce, Florida

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year ended September 30, 2012

	General Fund	Community Development Block Grant	Community Redevelopment Agency
Revenues			
Taxes	\$ 16,987,002	\$ -	\$ -
Licenses and permits	353,390	-	-
Intergovernmental	2,924,767	659,662	4,123,746
Charges for services	195,748	-	-
Fines and forfeitures	175,114	-	-
Contributions from component unit	4,767,268	-	-
Investment income	73,513	35,925	11,124
Other	1,956,446	4,265	160,908
Total revenues	<u>27,433,248</u>	<u>699,852</u>	<u>4,295,778</u>
Expenditures			
Current			
General government	10,350,322	-	-
Public safety	11,919,982	-	-
Transportation	3,058,459	-	-
Economic environment	-	606,229	470,089
Culture and recreation	1,943,145	-	-
Capital outlay	522,348	-	283,028
Debt service			
Principal	-	-	-
Interest and fees	-	45,236	-
Other	-	13,663	-
Total expenditures	<u>27,794,256</u>	<u>665,128</u>	<u>753,117</u>
Excess of revenues over (under) expenditures	(361,008)	34,724	3,542,661
Other financing sources (uses)			
Transfers in	4,097,640	-	1,203,996
Transfers out	(4,026,798)	-	(4,785,859)
Total other financing sources (uses)	<u>70,842</u>	<u>-</u>	<u>(3,581,863)</u>
Net change in fund balances	(290,166)	34,724	(39,202)
Fund balances - beginning of year	<u>5,098,537</u>	<u>509,714</u>	<u>53,146</u>
Fund balances - end of year	<u>\$ 4,808,371</u>	<u>\$ 544,438</u>	<u>\$ 13,944</u>

The accompanying notes are an integral part of this statement.

Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ 16,987,002
-	-	353,390
57,329	3,572,707	11,338,211
-	-	195,748
-	18,000	193,114
-	-	4,767,268
37,508	37,958	196,028
144,524	533,810	2,799,953
<u>239,361</u>	<u>4,162,475</u>	<u>36,830,714</u>
-	1,104	10,351,426
-	1,052,386	12,972,368
-	-	3,058,459
475,632	1,725,542	3,277,492
-	-	1,943,145
-	1,578,232	2,383,608
-	1,820,000	1,820,000
-	3,716,204	3,761,440
-	15,100	28,763
<u>475,632</u>	<u>9,908,568</u>	<u>39,596,701</u>
(236,271)	(5,746,093)	(2,765,987)
219,000	5,118,977	10,639,613
-	(583,932)	(9,396,589)
<u>219,000</u>	<u>4,535,045</u>	<u>1,243,024</u>
(17,271)	(1,211,048)	(1,522,963)
<u>17,501</u>	<u>7,307,509</u>	<u>12,986,407</u>
<u>\$ 230</u>	<u>\$ 6,096,461</u>	<u>\$ 11,463,444</u>

City of Fort Pierce, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES**

Year ended September 30, 2012

Net change in fund balances-total governmental funds	\$ (1,522,963)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation(\$4,524,277) exceeds capital outlay(\$2,383,608) in the current period.	(2,140,669)
Governmental funds report the sale of general capital assets as financial resources, the deletions of general capital assets is not reflected in the fund statement. This is the net amount of the proceeds and the adjusted basis of the assets deleted.	(810)
Repayment of bond and note principal (\$1,820,000) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,820,000
Compensated absences of (\$25,508) and other post employment benefits of (\$37,145)reported in the Statement of Activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(62,653)
In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds interest expenditures are reported when due. This is the net amount between the prior and current year.	12,778
Bond issuance and discounts are reported as expenditures when paid. In the Statement of Net Assets these costs are amortized. Current year amortization expense was (\$192,727)	(192,727)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net amount between the prior and current year.	(417,169)
Net assets of governmental activities	<u>\$ (2,504,213)</u>

The accompanying notes are an integral part of this statement.

City of Fort Pierce, Florida
**STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND**
Year ended September 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes	\$ 17,022,634	\$ 16,987,002	\$ 16,987,002	\$ -
Licenses and permits	353,500	353,390	353,390	-
Intergovernmental	2,753,000	2,924,767	2,924,767	-
Charges for services	141,420	195,748	195,748	-
Fines and forfeitures	189,500	175,114	175,114	-
Contributions from component unit	5,125,280	4,767,268	4,767,268	-
Investment income	46,750	73,513	73,513	-
Other	2,255,840	1,956,446	1,956,446	-
Total revenues	<u>27,887,924</u>	<u>27,433,248</u>	<u>27,433,248</u>	-
Expenditures				
General government	10,678,186	10,610,000	10,610,000	-
Public safety	12,295,989	12,106,304	12,106,304	-
Transportation	3,310,774	3,113,009	3,113,009	-
Culture and recreation	2,083,581	1,964,943	1,964,943	-
Total expenditures	<u>28,368,530</u>	<u>27,794,256</u>	<u>27,794,256</u>	-
Excess of revenues over expenditures	(480,606)	(361,008)	(361,008)	-
Other financing sources (uses)				
Transfers in	3,458,358	4,097,640	4,097,640	-
Transfers out	<u>(3,972,683)</u>	<u>(4,026,798)</u>	<u>(4,026,798)</u>	-
Total other financing sources (uses)	<u>(514,325)</u>	<u>70,842</u>	<u>70,842</u>	-
Net change in fund balances	(994,931)	(290,166)	(290,166)	-
Fund balance - beginning of year	<u>4,149,368</u>	<u>5,098,537</u>	<u>5,098,537</u>	-
Fund balance - end of year	<u>\$ 3,154,437</u>	<u>\$ 4,808,371</u>	<u>\$ 4,808,371</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of Fort Pierce, Florida

**STATEMENT OF SPECIAL REVENUE FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY**

Year ended September 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ 4,552,732	\$ 4,123,746	\$ 4,123,746	\$ -
Investment income	100	11,124	11,124	-
Other	95,000	160,908	160,908	-
Total revenues	<u>4,647,832</u>	<u>4,295,778</u>	<u>4,295,778</u>	<u>-</u>
Expenditures				
Current				
Economic environment	432,000	470,089	470,089	-
Capital outlay	600,000	283,028	283,028	-
Total expenditures	<u>1,032,000</u>	<u>753,117</u>	<u>753,117</u>	<u>-</u>
Excess of revenues over expenditures	3,615,832	3,542,661	3,542,661	-
Other financing sources (uses)				
Transfers in	1,098,376	1,203,996	1,203,996	-
Transfers out	(4,714,208)	(4,785,859)	(4,785,859)	-
Total other financing sources (uses)	(3,615,832)	(3,581,863)	(3,581,863)	-
Net change in fund balances	-	(39,202)	(39,202)	-
Fund balance - beginning of year	<u>25,526</u>	<u>53,146</u>	<u>53,146</u>	<u>-</u>
Fund balance - end of year	<u>\$ 25,526</u>	<u>\$ 13,944</u>	<u>\$ 13,944</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of Fort Pierce, Florida

**STATEMENT OF SPECIAL REVENUE FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT**

Year ended September 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ 1,483,412	\$ 659,662	\$ 659,662	\$ -
Investment income	-	35,925	35,925	-
Other	-	4,265	4,265	-
Total revenues	<u>1,483,412</u>	<u>699,852</u>	<u>699,852</u>	<u>-</u>
Expenditures				
Current				
Economic environment	1,483,412	606,229	606,229	-
Interest and Fees	-	58,899	58,899	-
Total expenditures	<u>1,483,412</u>	<u>665,128</u>	<u>665,128</u>	<u>-</u>
Excess of revenues over(under) expenditures	-	34,724	34,724	-
Net change in fund balances	-	34,724	34,724	-
Fund balance - beginning of year	<u>419,184</u>	<u>509,714</u>	<u>509,714</u>	<u>-</u>
Fund balance - end of year	<u>\$ 419,184</u>	<u>\$ 544,438</u>	<u>\$ 544,438</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of Fort Pierce, Florida

**STATEMENT OF SPECIAL REVENUE FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
HURRICANE HOUSING RECOVERY GRANT FUND**

Year ended September 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 57,329	\$ 57,329	\$ -
Investment income	-	37,508	37,508	-
Other	-	144,524	144,524	-
Total revenues	<u>-</u>	<u>239,361</u>	<u>239,361</u>	<u>-</u>
Expenditures				
Current				
Economic environment	<u>467,083</u>	<u>475,632</u>	<u>475,632</u>	<u>-</u>
Total expenditures	<u>467,083</u>	<u>475,632</u>	<u>475,632</u>	<u>-</u>
Excess of revenues over(under) expenditures	(467,083)	(236,271)	(236,271)	-
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>219,000</u>	<u>219,000</u>	<u>-</u>
Total other financing sources (uses)	-	219,000	219,000	-
Net change in fund balances	(467,083)	(17,271)	(17,271)	-
Fund balance - beginning of year	<u>59,948</u>	<u>17,501</u>	<u>17,501</u>	<u>-</u>
Fund balance - end of year	<u>\$ (407,135)</u>	<u>\$ 230</u>	<u>\$ 230</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

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City of Fort Pierce, Florida
**STATEMENT OF FUND NET ASSETS -
 PROPRIETARY FUNDS**
 September 30, 2012

	Business-type Activities		
	Solid Waste	Marina	Storm Water
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 474,239	\$ 2,851,742	\$ 7,229,160
Receivables - net of allowances:			
Accounts	461,262	59,403	1,034,583
Unbilled services	187,488	-	-
Due from component units	586,732	-	237,487
Due from other funds	-	-	-
Due from other governments	-	4,028,137	858,334
Inventories and other current assets	45,535	21,486	-
Restricted Assets			
Cash and investments	132,568	42,556	-
Total current assets	<u>1,887,824</u>	<u>7,003,324</u>	<u>9,359,564</u>
NON-CURRENT ASSETS			
Deferred charges	-	28,885	152,601
Non-depreciable capital assets			
Land	-	9,197	-
Construction in progress	-	9,027,089	4,727,856
Depreciable capital assets			
Buildings	106,279	843,196	-
Improvements other than buildings	47,243	10,530,180	40,562,866
Equipment	7,229,591	141,733	590,866
Accumulated depreciation	<u>(6,251,778)</u>	<u>(6,170,174)</u>	<u>(6,937,249)</u>
Total non-current assets	<u>1,131,335</u>	<u>14,410,106</u>	<u>39,096,940</u>
Total assets	<u>\$ 3,019,159</u>	<u>\$ 21,413,430</u>	<u>\$ 48,456,504</u>

The accompanying notes are an integral part of this statement.

<u>Golf Course</u>	<u>Sunrise Theatre</u>	<u>Building Fund</u>	<u>Business-type Activities Totals</u>
\$ 30,999	\$ 477,500	\$ 107,930	\$ 11,171,570
-	6,095	-	1,561,343
-	-	-	187,488
-	-	237	824,456
-	-	-	-
-	-	-	4,886,471
9,838	31,145	3,836	111,840
-	56,413	-	231,537
<u>40,837</u>	<u>571,153</u>	<u>112,003</u>	<u>18,974,705</u>
-	-	-	181,486
314,811	350,000	-	674,008
-	-	-	13,754,945
845,676	16,059,347	-	17,854,498
2,774,831	-	-	53,915,120
524,029	157,762	197,385	8,841,366
<u>(1,266,140)</u>	<u>(3,536,888)</u>	<u>(192,543)</u>	<u>(24,354,772)</u>
<u>3,193,207</u>	<u>13,030,221</u>	<u>4,842</u>	<u>70,866,651</u>
<u>\$ 3,234,044</u>	<u>\$ 13,601,374</u>	<u>\$ 116,845</u>	<u>\$ 89,841,356</u>

City of Fort Pierce, Florida
STATEMENT OF FUND NET ASSETS - (CONTINUED)
PROPRIETARY FUNDS
September 30, 2012

	Business-type Activities		
	Solid Waste	Marina	Storm Water
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 277,604	\$ 2,024,033	\$ 312,045
Contracts payable - retainage	-	402,708	311,548
Due to other funds	3,333	31,145	168,572
Accrued compensated absences	4,651	15,078	-
Revenue bonds - current	-	-	590,000
Accrued interest - revenue bonds and notes	-	-	351,968
Liabilities payable from restricted assets			
Customer deposits	132,568	42,556	-
Deferred revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities	418,156	2,515,520	1,734,133
NON-CURRENT LIABILITIES			
Other Post Employment Benefits	48,886	9,334	-
Accrued compensated absences	294,887	84,700	-
Revenue bonds payable, net	-	1,832,252	15,140,490
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	343,773	1,926,286	15,140,490
	<hr/>	<hr/>	<hr/>
Total liabilities	761,929	4,441,806	16,874,623
NET ASSETS			
Invested in capital assets, net of related debt	1,131,335	12,548,969	23,213,849
Unrestricted	1,125,895	4,422,655	8,368,032
Total net assets	<hr/>	<hr/>	<hr/>
	2,257,230	16,971,624	31,581,881
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	\$ 3,019,159	\$ 21,413,430	\$ 48,456,504
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

			Business-type Activities Totals	
Golf Course	Sunrise Theatre	Building Fund		
\$ 48,684	\$ 84,404	\$ 64,681	\$ 2,811,451	
-	-	-	714,256	
1,959	14,068	6,424	225,501	
9,668	2,364	2,595	34,356	
-	-	-	590,000	
-	-	-	351,968	
-	56,413	-	231,537	
-	464,524	-	464,524	
60,311	621,773	73,700	5,423,593	
21,155	13,735	9,085	102,195	
63,580	54,330	49,944	547,441	
-	-	-	16,972,742	
84,735	68,065	59,029	17,622,378	
145,046	689,838	132,729	23,045,971	
3,193,207	13,030,221	4,842	53,122,423	
(104,209)	(118,685)	(20,726)	13,672,962	
3,088,998	12,911,536	(15,884)	66,795,385	
\$ 3,234,044	\$ 13,601,374	\$ 116,845	\$ 89,841,356	

City of Fort Pierce, Florida
**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS**
Year ended September 30, 2012

	Business-type Activities		
	Solid Waste	Marina	Storm Water
Operating revenues			
Sales and charges for services	\$ 6,137,851	\$ 687,362	\$ 2,679,764
Gas and oil sales	-	855,462	-
Other	1,850	377,631	-
Total operating revenues	<u>6,139,701</u>	<u>1,920,455</u>	<u>2,679,764</u>
Operating expenses			
Personal services	1,932,958	311,227	-
General and administrative	40,509	-	319,579
Cost of goods and services sold	2,208,098	827,940	-
Depreciation	420,065	319,009	1,366,282
Other operating expenses	839,328	598,586	833,672
Total operating expenses	<u>5,440,958</u>	<u>2,056,762</u>	<u>2,519,533</u>
Operating income (loss)	698,743	(136,307)	160,231
Non-operating revenues (expenses)			
Investment income	3,920	18,082	56,670
Intergovernmental	650,000	-	-
Gain (Loss) on disposition of equipment	5,883	-	-
Interest expense	-	(98,693)	(722,400)
Total non-operating revenues (expenses)	<u>659,803</u>	<u>(80,611)</u>	<u>(665,730)</u>
Income (loss) before transfers and capital contributions	1,358,546	(216,918)	(505,499)
Capital Contributions	-	6,855,564	3,289,632
Transfers in	-	-	-
Transfers out	(1,803,024)	-	-
CHANGE IN NET ASSETS	(444,478)	6,638,646	2,784,133
Total net assets - beginning	<u>2,701,708</u>	<u>10,332,978</u>	<u>28,797,748</u>
Total net assets - end of year	<u>\$ 2,257,230</u>	<u>\$ 16,971,624</u>	<u>\$ 31,581,881</u>

The accompanying notes are an integral part of this statement.

			Business-type Activities Totals
Golf Course	Sunrise Theatre	Building Fund	
\$ 1,435,438	\$ 3,029,267	\$ 845,845	\$ 14,815,527
-	-	-	855,462
4,131	37,207	-	420,819
<u>1,439,569</u>	<u>3,066,474</u>	<u>845,845</u>	<u>16,091,808</u>
752,369	497,202	699,454	4,193,210
52,705	73,094	-	485,887
44,711	1,404,510	-	4,485,259
143,845	546,164	4,564	2,799,929
616,671	1,652,165	247,638	4,788,060
<u>1,610,301</u>	<u>4,173,135</u>	<u>951,656</u>	<u>16,752,345</u>
(170,732)	(1,106,661)	(105,811)	(660,537)
484	363	364	79,883
-	9,463	-	659,463
-	-	-	5,883
-	-	-	(821,093)
<u>484</u>	<u>9,826</u>	<u>364</u>	<u>(75,864)</u>
(170,248)	(1,096,835)	(105,447)	(736,401)
-	-	-	10,145,196
-	610,000	-	610,000
-	(50,000)	-	(1,853,024)
(170,248)	(536,835)	(105,447)	8,165,771
<u>3,259,246</u>	<u>13,448,371</u>	<u>89,563</u>	<u>58,629,614</u>
<u>\$ 3,088,998</u>	<u>\$ 12,911,536</u>	<u>\$ (15,884)</u>	<u>\$ 66,795,385</u>

City of Fort Pierce, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2012

	Business-type Activities	
	Solid Waste	Marina
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,021,750	\$ 1,729,102
Receipts from rental property	-	216,067
Payments to suppliers for goods and services	(3,075,189)	932,378
Payments to employees for services	(1,417,403)	(243,590)
Payments for benefits on behalf of employees	(504,579)	(62,735)
Net cash provided (used) by operating activities	<u>1,024,579</u>	<u>2,571,222</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from Intergovernmental	650,000	-
Transfers in	-	-
Transfers (out)	(1,803,024)	-
Net cash provided (used) by noncapital financing activities	<u>(1,153,024)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(238,667)	(6,891,179)
Receipts from Intergovernmental	-	2,827,427
Proceeds from sale of capital assets	5,883	-
Bond and loan principal payments	-	-
Bond and loan interest payments	-	(94,093)
Net cash provided (used) by capital and related financing activities	<u>(232,784)</u>	<u>(4,157,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	3,920	18,082
Net cash provided (used) by investing activities	<u>3,920</u>	<u>18,082</u>
Net increase (decrease) in cash and investments	(357,309)	(1,568,541)
Cash and investments at beginning of year	964,116	4,462,839
Cash and investments at end of year	<u>\$ 606,807</u>	<u>\$ 2,894,298</u>
Cash and investments-unrestricted	\$ 474,239	\$ 2,851,742
Cash and investments-restricted	132,568	42,556
	<u>\$ 606,807</u>	<u>\$ 2,894,298</u>

The accompanying notes are an integral part of this statement.

				Business-type Activities Totals
Storm Water	Golf Course	Sunrise Theatre	Building Fund	
\$ 2,463,543	\$ 1,432,712	\$ 3,084,128	\$ 845,687	\$ 15,576,922
-	-	-	-	216,067
(868,463)	(647,468)	(3,099,792)	(214,959)	(6,973,493)
-	(608,888)	(403,019)	(524,654)	(3,197,554)
-	(136,824)	(99,009)	(170,962)	(974,109)
<u>1,595,080</u>	<u>39,532</u>	<u>(517,692)</u>	<u>(64,888)</u>	<u>4,647,833</u>
-	-	9,463	-	659,463
-	-	610,000	-	610,000
-	-	(50,000)	-	(1,853,024)
-	-	569,463	-	(583,561)
(3,526,539)	(10,810)	(22,600)	-	(10,689,795)
3,090,091	-	-	-	5,917,518
-	-	-	-	5,883
(570,000)	-	-	-	(570,000)
(716,235)	-	-	-	(810,328)
<u>(1,722,683)</u>	<u>(10,810)</u>	<u>(22,600)</u>	<u>-</u>	<u>(6,146,722)</u>
<u>56,670</u>	<u>484</u>	<u>363</u>	<u>364</u>	<u>79,883</u>
<u>56,670</u>	<u>484</u>	<u>363</u>	<u>364</u>	<u>79,883</u>
(70,933)	29,206	29,534	(64,524)	(2,002,567)
<u>7,300,093</u>	<u>1,793</u>	<u>504,379</u>	<u>172,454</u>	<u>13,405,674</u>
<u>\$ 7,229,160</u>	<u>\$ 30,999</u>	<u>\$ 533,913</u>	<u>\$ 107,930</u>	<u>\$ 11,403,107</u>
\$ 7,229,160	\$ 30,999	\$ 477,500	107,930	\$ 11,171,570
-	-	56,413	-	231,537
<u>\$ 7,229,160</u>	<u>\$ 30,999</u>	<u>\$ 533,913</u>	<u>\$ 107,930</u>	<u>\$ 11,403,107</u>

City of Fort Pierce, Florida
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
Year ended September 30, 2012

	Business-type Activities	
	Solid Waste	Marina
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 698,743	\$ (136,307)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	420,065	319,009
(Increase) decrease in accounts receivable	(100,021)	23,051
(Increase) decrease in due from component unit	(17,930)	-
(Increase) decrease in inventories and other current assets	-	13,994
Increase (decrease) in accounts payable and accrued liabilities	12,746	2,347,892
Increase (decrease) in due to other funds	-	(2,982)
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in customer deposits	-	1,663
Increase (decrease) in other post employment benefits	3,613	622
Increase (decrease) in accrued compensated absences	7,363	4,280
Net cash provided (used) by operating activities	<u>\$ 1,024,579</u>	<u>\$ 2,571,222</u>

The accompanying notes are an integral part of this statement.

<u>Storm Water</u>	<u>Golf Course</u>	<u>Sunrise Theatre</u>	<u>Building Fund</u>	<u>Business-type Activities Totals</u>
\$ 160,231	\$ (170,732)	\$ (1,106,661)	(105,811)	\$ (660,537)
1,366,282	143,845	546,164	4,564	2,799,929
(216,221)	-	(1,950)	-	(295,141)
(74,336)	-	-	(158)	(92,424)
-	574	17,704	13	32,285
243,995	1,809	13,205	32,986	2,652,633
115,129	64,236	(932)	(320)	175,131
-	-	(9,613)	-	(9,613)
-	(6,857)	29,217	-	24,023
-	1,171	1,010	1,340	7,756
-	5,486	(5,836)	2,498	13,791
<u>\$ 1,595,080</u>	<u>\$ 39,532</u>	<u>\$ (517,692)</u>	<u>\$ (64,888)</u>	<u>\$ 4,647,833</u>

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TRUST FUNDS

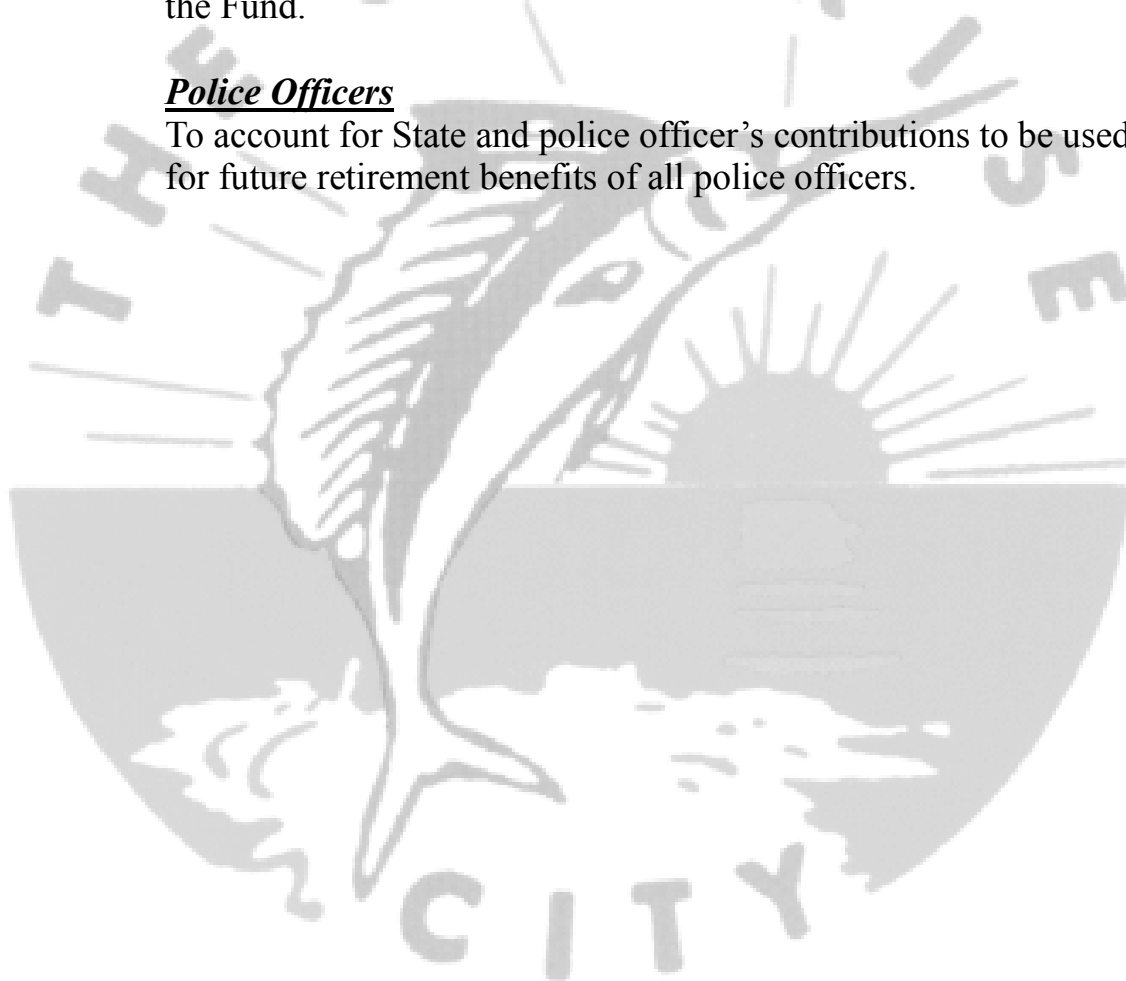
◆ Pension Trust

General Employees

To account for the accumulation of resources to be used for retirement benefits of all City employees. The City has a multi-employer plan; therefore, other governmental units are included in the Fund.

Police Officers

To account for State and police officer's contributions to be used for future retirement benefits of all police officers.



City of Fort Pierce, Florida
STATEMENT OF FIDUCIARY FUNDS NET ASSETS
September 30, 2012

	Pension Trusts
ASSETS	
Cash and cash equivalents	\$ 1,367,861
Investments, at fair value:	
U.S. Government Securities	7,872,482
Mutual Funds	94,235,400
Common Stock	14,321,427
Corporate Bonds	43,119,263
Money Market	3,180,270
Total investments	<u>162,728,842</u>
Total cash and investments	164,096,703
Accounts receivable	241,561
Accrued interest receivable	595,735
	<u>595,735</u>
Total assets	<u><u>\$ 164,933,999</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 132,767
	<u>132,767</u>
Total liabilities	<u>132,767</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 164,801,232</u></u>

The accompanying notes are an integral part of this statement.

City of Fort Pierce, Florida
STATEMENT OF CHANGES IN FIDUCIARY FUNDS NET ASSETS
Year ended September 30, 2012

	Pension Trusts
ADDITIONS	
Contributions	
Employer	\$ 3,566,751
Employees	1,874,591
State-Via the General Fund	241,799
Total contributions	5,683,141
Investment income	
Interest	2,357,884
Dividends	683,442
Net appreciation in fair value of investments	24,525,238
Total investment income	27,566,564
Investment expenses	(684,785)
Net investment income	26,881,779
Total additions	32,564,920
DEDUCTIONS	
Retirement benefits paid	10,874,268
Refunds of employee contributions	346,839
Administrative expenses	129,911
Insurance expense	18,992
Total deductions	11,370,010
Net Increase	21,194,910
NET ASSETS HELD IN TRUST FOR PENSION	
BENEFITS	
Beginning of year	143,606,322
End of year	\$ 164,801,232

The accompanying notes are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS



NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. REPORTING ENTITY

The City of Fort Pierce, Florida was incorporated in 1901 under the general law. This incorporation was validated by Act of the State Legislature, Chapter 5100, Acts 1901. The City covers an area of approximately 20 square miles and is located in St. Lucie County, Florida. The City operates under an elected City Commission (5 members) and provides services to its more than 41,993 residents in the form of law enforcement, street maintenance, solid waste, culture and recreation, planning and zoning, human resources and general administrative services.

The accompanying financial statements present the primary government and its component units. Component units are legally separate entities for which the primary government is financially accountable or entities which should be included in the City’s financial statements because of the nature and significance of their relationship with the primary government.

The decision to include a potential component unit in the City’s reporting entity is based on the criteria stated in GASB Statement No. 14 – *The Financial Reporting Entity*, which includes the ability to appoint a voting majority of an organization’s governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burden on the City.

Based upon the application of the criteria in GASB Statement No. 14, the financial statements of the component units listed on the following pages have been included in the City’s reporting entity as either blended or discretely presented component units.

Blended component units, although legally separate entities, are, in substance, part of the City’s operations. Accordingly, data from these component units are included with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that it is legally separate from the City. The financial activities and balances for each blended and discretely presented component units are as of and for the period ended September 30, 2012.

A. BLENDED COMPONENT UNITS

Community Redevelopment Agency

The Community Redevelopment Agency (CRA) was established for the purpose of carrying out redevelopment activities for certain areas existing in the City of Fort Pierce. The members of the governing board are comprised of the Fort Pierce City Commission. The CRA’s budget is subject to approval by the City Commission.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. REPORTING ENTITY (CONTINUED)

B. DISCRETELY PRESENTED COMPONENT UNIT

Fort Pierce Utilities Authority

The Fort Pierce Utilities Authority (Authority) provides electric, water, wastewater and natural gas services to residents and businesses of Fort Pierce and is responsible for the management and operations of the Manatee Observation and Education Center. The members of the governing board are appointed and/or removed from office by the Fort Pierce City Commission. The budget and rates for services are subject to the approval of the Commission. Complete financial statements of the Authority can be obtained from its administrative office located at 206 South Sixth Street, Fort Pierce, Florida 34948.

C. RELATED ORGANIZATION

Fort Pierce Housing Authority

The Mayor of Fort Pierce is responsible for appointing the members of the Board of the Fort Pierce Housing Authority (FPHA), but the City's accountability for this organization does not extend beyond making these appointments. The FPHA's operating and capital expenditures, including debt service, are financed entirely from federal grants and rentals. The City has no involvement in the determination of FPHA's budget or rental rates, and has no obligation for FPHA's outstanding debt. Hence, the FPHA is not considered a component unit of the City, and no financial information is included in these financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The City chooses to eliminate the general and administrative charges between governmental activities to avoid a “doubling up” effect.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*, as are the proprietary fund, internal service fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The measurement focus of the governmental funds (in the Fund Financial Statements) is upon determination of financial position and changes in financial position rather than upon net income. These governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considered property taxes as available if they are collected within 60 days after year-end. A six-month availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Taxpayer-assessed property and other taxes, and charges for regularly billed or routinely provided services, are recorded as revenue when earned, taxpayer liability has been established and collectibility is assured, or losses can be reasonably estimated. Licenses and fees, fines and forfeitures, and miscellaneous revenues are recorded when received in cash, because they are generally not measurable until actually received. Investment income from cash deposits is recorded as revenue when earned, since it is measurable and available.

The city reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *community redevelopment agency-special revenue fund* accounts for the redevelopment of designated areas within the City. Financing is provided by an incremental increase in ad valorem taxes levied each year.

The *community development block grant-special revenue fund* accounts for the federal grant revenues received under Title I of the Housing and Community Development Act of 1974. Such grants are used to finance the City's community development program activities and are legally restricted for that purpose.

The *hurricane housing recovery grant fund* accounts for the hurricane housing assistance from the state of Florida for down payment assistance and rehabilitation assistance for low income households within the City.

The government reports the following major proprietary funds:

Business type activities

The *solid waste fund* is used to account for the solid waste disposal services provided to the residents of the City.

The *marina fund* is used to account for the activities of a special recreation facility for the residents of the City and the surrounding area.

The *storm water fund* is used to account for the storm water drainage and control services provided to the residents of the City.

The *golf course fund* is used to account for the activities of a special recreation facility for the residents of the City and the surrounding area.

The *sunrise theatre fund* is used to account for the activities of a historic theatre for the residents of the City and the surrounding area.

The *building fund* is used to account for the activities of a building department for the residents of the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental activities

Additionally, the government reports the following fund types:

Fiduciary funds

The two pension trust funds account for the activities of the General Employees and the Police Officers' Pension Plans, which accumulate resources for pension benefit payments to qualified employees of the respective plans.

FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins (ARBs) for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow this option.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's solid waste disposal function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the solid waste, golf course, sunrise theatre, and marina enterprise funds, are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

a. Deposits and investments

The City has defined cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes and local ordinances authorize the government and the component units to invest in various types of investments as discussed in a subsequent note.

Investments of the City, as well as for its component units, are reported at fair value. The State Board of Administration Pooled Trust Fund operates in accordance with appropriate state laws and regulations. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value based on market indicators regarded as measures of equity or fixed income performance results. The City does not have a significant amount of investments valued at other than quoted market prices. Except in the pension trust funds, amortization of premium and accretion of discount on investments purchased are not recorded over the term of the investment. The effect of this policy on the financial statements of the various funds is not significant. The reported value of the pool is the same as the fair value of the pool shares.

b. Receivables and payables

All trade receivables are shown net of an allowance for uncollectible accounts. Unbilled service receivables represent the estimated amount of accounts receivable for services that have not yet been billed. The amount represents a timing difference between the end of the financial statement cycle (month end) and the billing cycle (varying dates each billing period).

c. Due to/Due from

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 inter-fund loans) or “advances to/from other funds” (i.e., the non-current 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.”

d. Inventories and prepaid items

Inventories are valued at cost (using average cost) in governmental type funds and the lower of cost (weighted average) or market in business-type funds. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

e. Restricted assets

Certain proceeds from bonds, notes, and loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and restrictions. As a general rule these restricted assets are maintained in separate accounts.

The Fort Pierce Utilities Authority has similar restricted assets.

f. Capital assets

Capital assets, to include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings and improvements	3-55 years
Improvements other than buildings	20-25 years
Equipment	3-20 years
Public domain infrastructure	15-75 years

g. Compensated absences

Accumulated unpaid vacation and sick pay and the benefits associated with them are accrued when incurred in all proprietary fund types and in the component units. In governmental and Fiduciary fund types, the cost of vacation and sick pay is recognized when payments are made to employees or when matured, as a result of employee resignation or retirement.

All sick and vacation pay is accrued when incurred in the Government-Wide Financial Statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

h. Other Post Employment Benefits

In 2008, the City implemented Statement No. 45, “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.” The City provides certain health care and life insurance benefits for retired employees. The primary government recognizes the costs associated with providing these benefits as claims are paid. In the Government-Wide Financial Statements and proprietary fund types in the Fund Financial statements, other post employment benefits are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets

i. Long-term obligations

In the Government-Wide Financial Statements and propriety fund types in the Fund Financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund equity

The City implemented GASB No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”, for the year ended September 30, 2011. The Statement requires the fund balance of governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

5. ACCOUNTING ESTIMATES

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

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary Information

The appropriated budget is the expenditure authority created by the appropriation ordinance which is signed into law along with related estimated revenues for the general fund, and the following major special revenue funds; community development block grant, community redevelopment agency fund, and the hurricane housing recovery grant fund.

The amended budget reflects the appropriated budget for the general fund and special revenue funds. Budgets are not adopted for governmental funds other than the general fund and the major special revenue funds. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the appropriated budget reflected in the financial statement:

- a. Prior to August 15, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d. Formal budgetary integration is employed as a management control device during the year for the general fund and major special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternately achieved through general obligation bond indenture provisions.
- e. Budgets for the general fund, and major special revenue funds are adopted on a basis consistent with generally accepted accounting principles. (GAAP).
- f. The level of control (level at which expenditures may not exceed budget) is the department. Department heads may move budget appropriations from one line item to another line item within his/her department with the approval of the Director of Finance. Transfers of budget appropriations between departments must be approved by the Director of Finance and the City Manager. Any increase in budget over what was appropriated must be approved by the City Commission. Unexpended balances of appropriations lapse at year end.
- g. In accordance with past practices, after the close of the year, the budget has been amended to reflect changes in available revenues and transfers of appropriations between departments and programs.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE C – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

“Total fund balances” as reported on the City’s Governmental Funds Balance Sheet \$11,463,444 differs from the “net assets” of governmental activities \$49,864,918 that are reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the Governmental Funds Balance Sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (land, buildings and improvements, infrastructure, machinery and equipment, and construction in progress that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the city as a whole:

Cost of capital assets, not being depreciated	\$ 28,206,509
Cost of capital assets, being depreciated	190,559,626
Accumulated depreciation	(112,880,214)
Total	<u>\$ 105,885,921</u>

Long-term debt transactions

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets. Balances at September 30, 2012 were:

Bonds and notes payable	\$ (75,185,139)
Other post employment benefits	(607,120)
Compensated absences	(2,948,777)
Total	<u>\$ (78,741,036)</u>

Accrued interest

Accrued liabilities in the Statement of Net Assets differ from the amount reported in governmental funds due to accrued interest on bonds and revenue notes.

Bond and revenue notes	<u>\$ (715,303)</u>
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NOTE C – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (continued)

Bond issuance costs

Bond issuance costs in the Statement of Net Assets differs from the amount reported in governmental funds because bond issuance costs are capitalized and amortized over the term of the bonds, whereas these costs are reported as expenditures in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance.

Net note issuance costs	\$ <u>1,801,956</u>
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Deferred revenues

Deferred revenues in the Statement of Net Assets differ from the amount reported in governmental funds due to various receivables. Governmental fund financial statements report unearned revenues or revenues which are measurable but not available, as deferred revenues. However, deferred revenues in governmental funds are subject to full accrual on the government-wide financial statements.

Liens receivable	\$ 2,714,073
Loans receivable	56,469
Notes receivable	7,399,394
Deferred revenues	\$ <u>10,169,936</u>

Elimination of inter-fund receivables/payables

Inter-fund receivables and payables in the amount of \$1,437,862 between governmental funds have been eliminated for the Statement of Net Assets.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE C – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The “net change in fund balances” for government funds (\$1,522,963) differs from the “change in net assets” for governmental activities (\$2,504,213) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets are purchased or constructed for governmental activities, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 2,383,608
Depreciation expense	(4,524,277)
	<u>\$ (2,140,669)</u>

In the Statement of Activities, only the gain and loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the adjusted basis of the capital assets sold. Also, governmental funds do not show contributions of capital assets. Thus, the change in net assets differs from the change in fund balance by the fair market value of the asset at date of contribution.

Sale of capital assets	<u>\$ (810)</u>
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Long-term debt transactions

Repayments of principal on bonds, notes, and capital leases are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. Principal payments reduce the liabilities in the Statement of Net Assets, but do not result in an expense in the Statement of Activities.

Bond principal payments	<u>\$ 1,820,000</u>
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City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE C – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. The amounts listed below are the net of prior and current fiscal years and are included in the Statement of activities.

Net change in other post employment benefits	\$ <u>(37,145)</u>
Net change in compensated absences	\$ <u>(25,508)</u>
Net interest adjustment	\$ <u>12,778</u>

Bond issuance costs

Bond issuance costs are reported as expenditures in the governmental funds. However, in the Statement of Activities, the bond issuance costs are amortized over the terms of the bond agreement.

Amortization expenses	\$ <u>(192,727)</u>
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Deferred revenues

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Net change in Deferred Revenue	\$ <u>(417,169)</u>
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NOTE C – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Reclassification and Eliminations

The General Fund recognizes revenues in the amount of \$1,304,303 for the general administrative charges to the various functions. These revenues and expenditures must be eliminated to avoid “double counting”. Transfers in and transfers out in the amount of \$9,396,589 between governmental activities are eliminated in the government-wide financial statements.

NOTE D – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments. The carrying amount of these deposits at September 30, 2012 was \$21,551,334 and the bank balance was \$22,438,927. The deposits are insured by federal depository insurance or collateralized under the provisions of Chapter 280, Florida Statutes.

Deposits - Florida statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2012, or with banks in which depository insurance was sufficient to cover the deposit balance.

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the City Finance Director. Cash equivalents consist of demand deposits, certificates of deposit, and money market accounts. Investments in the pooled fund consist of State Board of Administration (SBA) Pooled Trust Funds, Repurchase agreements (overnight), Treasury notes, and Government securities. The SBA Pooled Trust Funds is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Investments in the SBA consist of the Florida Prime and the Fund B surplus Trust Fund (Fund B). Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

The Florida PRIME has met the criteria as a “2a7-like” pool; this pool was assigned a rating of AAAM by the Standards and Poor’s Rating Service. The City has a \$0 balance and the FPUA has a \$2,711,434 balance at September 30, 2012. The fair value of the position in the pool is valued the same as the pooled shares.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE D – CASH AND INVESTMENTS (CONTINUED)

Fund B does not meet the requirements of a SEC 2a7 fund and therefore, is accounted for using a fluctuating net asset value pool. The fair value factor at September 30, 2012 was .94896811, and the weighted average life of Fund B investments is 4.08 years at September 30, 2012. However, because Fund B consists of restructured or defaulted securities, there is a considerable uncertainty regarding the weighted average life. The pool is not rated by any nationally recognized rating agency. At September 30, 2012 the City had \$214,558 in Pool B with a fair value of \$203,609. The FPUA had \$322,628 in Pool B with a fair value of \$306,164.

The Florida Municipal Investment Trust (Municipal Trust) was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust. The Municipal Trust is not a registrant with the Securities and Exchange Commission (SEC); however the board has adopted operating procedures consistent with the requirements for a “2a-7 like” pool.

A summary of pooled cash and investments as of September 30, 2012 is as follows:

	<u>Primary Government</u>	<u>Component Unit-FPUA</u>
Cash	\$ 14,092	\$ 8,022,369
Investments:		
State Board of Administration pooled trust fund	203,609	3,034,062
Florida Municipal Investment trust	557,948	-
Money market	-	7,041,170
Funds-held in escrow	11,140	-
Repurchase agreements	<u>21,526,153</u>	<u>40,593,541</u>
Total investments	<u>22,298,850</u>	<u>50,668,773</u>
Total pooled cash and investments	<u>\$ 22,312,942</u>	<u>\$ 58,691,142</u>

All investments held in the primary government and component unit at September 30, 2012 have maturity dates less than three months.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE D – CASH AND INVESTMENTS (CONTINUED)

A summary of investments held in pension trust funds as of September 30, 2012 is as follows:

	Investment Maturities in Years					total
	under 1	1-5	6-10	10-20	over 20	
U.S. Agencies	\$ -	\$ 961,502	\$ 1,476,151	\$ 74,925	\$ 748,033	\$ 3,260,611
U.S. Treasuries	162,604	158,881	109,880	996,800	3,183,706	4,611,871
Corporate obligations	7,271,010	13,459,860	11,572,221	6,002,332	4,813,840	43,119,263
Common stock	14,321,427	-	-	-	-	14,321,427
Mutual funds-equity	94,235,400	-	-	-	-	94,235,400
Money market funds	3,180,270	-	-	-	-	3,180,270
	<u>\$ 119,170,711</u>	<u>\$ 14,580,243</u>	<u>\$ 13,158,252</u>	<u>\$ 7,074,057</u>	<u>\$ 8,745,579</u>	<u>\$ 162,728,842</u>

Fixed income securities have inherent financial risks, including credit risk and interest rate risk. Credit risk for fixed income securities is the risk that the issuer will not fulfill its obligations. Nationally recognized statistical rating organizations (“NSROs”), such as Moody’s and Standard and Poor’s, assign credit ratings to security issuers and issues that indicate a measure of potential credit risk to investors. Fixed income securities considered investment grade are those rated at least Baa by Moody’s and BBB by Standard and Poor’s.

Credit Risk. State law limits investments in corporate notes to the top two ratings issued by nationally recognized statistical ratings organizations (NRSROs). It is the City’s policy to limit its investments in these investment types to A or better, with a maximum 15% discretionary allocation to BBB by Standard and Poor’s. Money Market securities rated A1/P1 by Standard and Poor’s/Moody’s are allowed. The City has certain investments in an unrated 2a7-like investment pool administered by the State of Florida and the Florida League of Cities.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy discourages long-term investments. For the City’s pension plans, maturities are significantly longer. The pension system may invest in various mortgaged-backed securities, such as collateralized mortgage obligations. These securities are based on cash flows on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

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 investments or collateral securities that are in the possession of an outside party. The City’s pension funds consist of uninsured, unregistered investments held by a counterparty’s trust department but not in the City’s name.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE D – CASH AND INVESTMENTS (CONTINUED)

Investments - The primary government, except for the Enterprise Fund and Expendable Pension Trust Funds, is authorized by Ordinance to invest in:

1. Local Governmental Surplus Trust Funds
2. Interest-bearing time deposits or savings accounts in banks organized under the laws of this State or the United States and doing business in this State as detailed in the investment policy of the City.
3. Deposits and certificates of deposit in out-of-state banks, savings and loan associations and other regulated financial institutions as may be required by contractual agreements when approved by the City Commission.
4. Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government at the then prevailing price for such securities.
5. Repurchase Agreements, secured by the type of investment listed above, restricted as to acquisition, term, and market value.

The FPUA (a component unit) is authorized by resolution to invest in:

1. Local Government Surplus Trust Funds.
2. Negotiable direct obligations of the United States Government, or obligations, the principal and interest which are unconditionally guaranteed by the United States Government.
3. Obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, including Federal Home Loan Corporation participation certificates, or the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association, U. S. Treasury, agencies, and instrumentalities.
4. Repurchase Agreements secured by the type of investment listed above, restricted as to acquisition, term and market value.
5. Interest-bearing time deposits or savings accounts in banks organized under the laws of this State, in national banks organized under the laws of the United States and doing business and situated in this State, in savings and loan associations which are under State supervision, or in federal savings and loan associations located in this State and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law.
6. Deposits and certificates of deposit in out-of-state banks, savings and loan associations and other regulated financial institutions insured by the FDIC.
7. Full faith and credit direct general obligations of any state, or unlimited tax direct obligations of any political subdivision thereof, the payment of which the full faith and credit of such political subdivision is pledged, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE D – CASH AND INVESTMENTS (CONTINUED)

The General Employees Pension Trust Fund is authorized by resolution to invest in:

1. Common and preferred stock issues.
2. Publicly traded Government, corporate, and agency bonds.
3. Publicly traded money market securities.

The Police Officers Pension Trust Fund is authorized by resolution to invest in:

1. Common and preferred stock issues. (Limited to holdings of less than five percent of any one entity's stock, and aggregate stock holdings of less than fifty percent of total plan assets.)
2. Publicly traded Government, corporate, and agency bonds.
3. Publicly traded money market securities.
4. Interest-bearing time deposits or savings accounts in banks organized under the laws of this State or the United States and doing business in this State as detailed in the investment policy of the Police Officers' Pension Trust Fund.

NOTE E - PROPERTY TAXES

The City's property tax is levied by St. Lucie County each November 1 on the assessed value listed as of the prior January 1 for real and personal property located in the City. Property taxes become a lien on the first day of the levy year and are due on or before March 31. Assessed values are established by the St. Lucie County Property Appraiser. The assessed value at January 1, 2011, upon which the 2011-2012 levy is based, was \$1,950,013,641.

The City is permitted by State law to levy taxes of up to 10 mills of assessed valuation for the General Fund. Taxes are levied at 5.4674 mills for the General Fund for the fiscal year ended September 30, 2012.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE F - ACCOUNTS RECEIVABLE/NOTES RECEIVABLE

Accounts Receivable

Accounts receivable held by the primary government's enterprise funds and the FPUA (a component unit) are stated net of allowances for estimated uncollectibles of \$15,639 for the marina, \$27,235 for sanitation, \$0 for storm water, \$0 for golf course, and \$3,461,071 the FPUA, respectively. The general fund accounts receivable is stated net of allowance for estimated uncollectibles of \$4,320,592. No other allowance is provided for receivables held by governmental or fiduciary fund types because, in the opinion of management, all such accounts are collectible.

Notes Receivable

On October 15, 2009, the city entered into a Mortgage Note Receivable for \$3,795,000 with a developer for the construction of a shopping center. The City used proceeds from a Section 108 loan from the US Department of Housing and Urban Development. The developer is paying interest only quarterly at .2% above LIBOR and annual principal payments beginning in August 2013 of August 2024.

The remaining balance in Notes Receivable is comprised of various down payment assistance loans and Mortgage receivables on City constructed homes as part of the City's redevelopment plan. The terms of the mortgages and notes range from 5 to 30 years with interest rates from 0% to 5% based on the recipient's income level.

NOTE G - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments include \$4,518 from the Department of Legal Affairs, \$276,052 from U.S. Department of Housing & Urban Development, \$838,667 from Florida Department of Transportation, \$16,163 from the State of Florida, \$144,009 from the Florida Department of Economic Opportunity, \$204,842 due from St. Lucie County, \$2,601 due from St. Lucie County Housing Authority, \$170,836 due from the Department of Justice, \$6,208 from the Department of Law Enforcement and \$5,174,528 from the Florida Executive Office of the Governor.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE H - CAPITAL ASSETS

Capital asset activity of the **primary government** for the year ended September 30, 2012 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 27,165,338	\$ -	\$ -	\$ -	\$ 27,165,338
Construction in Progress	1,304,729	544,297	-	(807,855)	1,041,171
Total capital assets, not being depreciated	28,470,067	544,297	-	(807,855)	28,206,509
Capital assets, being depreciated:					
Buildings	32,735,297	1,252,602	-	-	33,987,899
Improvements other than buildings	33,523,738	141,459	-	529,537	34,194,734
Equipment	13,189,451	445,250	(30,072)	-	13,604,629
Infrastructure	108,494,046	-	-	278,318	108,772,364
Total	187,942,532	1,839,311	(30,072)	807,855	190,559,626
Less accumulated depreciation for:					
Buildings	(10,185,264)	(701,213)	-	-	(10,886,477)
Improvements other than buildings	(12,694,078)	(1,724,700)	-	-	(14,418,778)
Equipment	(11,181,943)	(548,318)	29,262	-	(11,700,999)
Infrastructure	(74,323,914)	(1,550,046)	-	-	(75,873,960)
Total accumulated depreciation	(108,385,199)	(4,524,277)	29,262	-	(112,880,214)
Total capital assets, being depreciated, net	79,557,333	(2,684,966)	(810)	807,855	77,679,412
Total capital assets, net	<u>\$ 108,027,400</u>	<u>\$ (2,140,669)</u>	<u>\$ (810)</u>	<u>\$ -</u>	<u>\$ 105,885,921</u>

Depreciation expense charged to functions/programs of the **primary government** (governmental activities) for the year ended September 30, 2012 was as follows:

Governmental activities:

General government	\$ 187,244
Public safety	728,690
Transportation	3,209,706
Economic environment	79,820
Culture and recreation	318,817
Total	<u>\$ 4,524,277</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE H - CAPITAL ASSETS (CONTINUED)

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 674,008	\$ -	\$ -	\$ -	\$ 674,008
Construction in Progress	3,434,737	10,320,208	-	-	13,754,945
Total capital assets, not being depreciated	4,108,745	10,320,208	-	-	14,428,953
Capital assets, being depreciated:					
Buildings	17,815,827	38,671	-	-	17,854,498
Improvements other than buildings	53,817,610	97,510	-	-	53,915,120
Equipment	8,618,261	232,000	-	(8,895)	8,841,366
Total	80,251,698	368,181	-	(8,895)	80,610,984
Less accumulated depreciation for:					
Buildings	(3,694,286)	(586,299)	-	-	(4,280,585)
Improvements other than buildings	(10,889,700)	(1,695,497)	-	-	(12,585,197)
Equipment	(6,979,752)	(518,133)	-	8,895	(7,488,990)
Total accumulated depreciation	(21,563,738)	(2,799,929)	-	8,895	(24,354,772)
Total capital assets, being depreciated, net	58,687,960	(2,431,748)	-	-	56,256,212
Total capital assets, net	<u>\$ 62,796,705</u>	<u>\$ 7,888,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,685,165</u>

Additions to accumulated depreciation and depreciation expense charged to functions/programs of the **primary government** (business-type activities) for the year ended September 30, 2012 was as follows:

Solid waste	\$ 420,065
Marina	319,009
Stormwater	1,366,282
Golf course	143,845
Sunrise Theatre	546,164
Building Fund	4,564
Total	<u>\$ 2,799,929</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE H - CAPITAL ASSETS (CONTINUED)

Capital asset activity of the **FPUA** (a component unit) for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Utility Plant, not being depreciated:				
Land	\$ 10,186,000	\$ 21,000	\$ -	\$ 10,207,000
Construction Work in Progress	15,957,795	8,699,384	(9,172,000)	15,485,179
Total Utility Plant, not being depreciated	26,143,795	8,720,384	(9,172,000)	25,692,179
Utility Plant, being depreciated:				
Transmission, distribution and collection systems	306,919,121	8,302,000	-	315,221,121
Equipment	43,465,000	716,256	(569,000)	43,612,256
Structures and improvements	37,007,000	99,000	-	37,106,000
Total Utility Plant being depreciated	387,391,121	9,117,256	(569,000)	395,939,377
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(134,459,517)	(12,201,489)	-	(146,661,006)
Equipment	(31,350,000)	(1,908,000)	569,000	(32,689,000)
Structures and improvements	(18,800,000)	(1,144,000)	-	(19,944,000)
Total accumulated depreciation	(184,609,517)	(15,253,489)	569,000	(199,294,006)
Total Utility Plant, being depreciated, net	202,781,604	(6,136,233)	-	196,645,371
Total Utility Plant, net	<u>\$ 228,925,399</u>	<u>\$ 2,584,151</u>	<u>\$ (9,172,000)</u>	<u>\$ 222,337,550</u>

Construction work in progress at September 30, 2012 consists principally of expansions and upgrades to the electric transmission and distribution system, water supply and distribution system, wastewater collection system, and gas distribution system. FPUA capitalizes interest costs on funds borrowed to finance the construction of the utility plant in conformity with the Statements of Financial Accounting Standards 34, 42, and 62 as applicable. Total interest costs for the year ended September 30, 2012, were \$4,821,000 of which \$98,000 was capitalized as plant utility construction costs.

The **FPUA** has entered into contracts for the construction or expansion of various system assets as follows.

	<u>Project Total</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Water	\$ 287,000	\$ 188,000	\$ 99,000
Wastewater	1,272,000	572,000	700,000
	<u>\$ 1,559,000</u>	<u>\$ 760,000</u>	<u>\$ 799,000</u>

NOTE H - CAPITAL ASSETS (CONTINUED)

In addition, the component unit has entered into unit price contracts for the construction and renovation of system assets. These contracts are not firm commitments, and the contractors are utilized as needed. As of September 30, 2012, expenditures of \$252,000 were authorized under these contracts, \$144,000 had been spent, and authorized amounts of \$108,000 remained.

NOTE I - EMPLOYEE RETIREMENT SYSTEMS

The City participates in two retirement and benefit plans. The General Employees' Retirement and Benefit System covers all primary government and component unit employees. The Municipal Police Officers' Retirement Trust Fund covers the City's police officers. The City and The Utilities Authority, a component unit, offer a Deferred Retirement Option Plan (DROP).

The General Employees' Retirement and Benefit System

Plan Description - The General Employees' Retirement and Benefit System (the System) is a cost-sharing multiple-employer PERS defined benefit plan administered by the City covering all municipal employees, including the Fort Pierce Utilities authority employees (FPUA). The System does not issue a stand-alone financial report but is included in the Pension Trust Fund of the City's financial statements. Participation in the Plan is compulsory for all full-time employees of the City, who are eligible upon employment.

Benefits vest 100 percent after five years of service. Upon retirement members are entitled to an annual retirement benefit, payable for life, of total service times 3.0% of final average salary, based upon the highest five consecutive years of the last ten years for General Employees and Utilities Authority.

Police receive 3.0% of final average salary, based upon the highest five years out of the last ten years. (Optional benefit forms are available on an actuarial equivalent basis.) The system also provides death and disability benefits. These benefit provisions and all other requirements are established and may be amended by State Statute and City ordinance. Ad hoc increases in benefits may be granted periodically by a decision of the Retirement Board with the approval of the City Commission.

Funding Policy - Per City Code Section 13-39 and 13-40, as amended by Ordinance K-121, the City and FPUA employees are required to contribute 5.16% and 6.16% respectively of their annual salary to the System whether or not they are subject to collective bargaining. The employer is required to contribute actuarially determined amounts which, together with member contributions, are sufficient to fund the System. Administrative costs are financed through investment earnings.

The System funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized at a level percent of payroll over periods of 1-30 years.

At September 30, 2012, the Plan's membership consisted of: (1) 452 retirees and beneficiaries currently receiving benefits and 35 terminated employees entitled to benefits but not yet receiving them; (2) 302 vested active employees; and (3) 150 non-vested active employees.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

For the Three years ended 2010, 2011 and 2012, employer contributions to the Plan, all made in accordance with actuarially determined requirements, were \$3,377,350, \$3,181,447 and \$3,566,751 which was 11.06%, 11.81% and 13.46% respectively, of annual covered payroll. The total payroll for employees covered by the System for the year ended September 30, 2012 was \$20,427,289 which includes \$11,801,344 for Fort Pierce Utilities Authority employees. One hundred percent of required contributions were actually made for 2010, 2011 and 2012.

The annual required contribution for the current year was determined as part of the September 30, 2012 actuarial valuation of the Plan using the individual entry age actuarial cost method. Significant actuarial assumptions included (a) a rate of return on the investment (net of administrative expenses) of 8.0%; (b) projected salary increases of 4.5% to 8.7% per year; and (c) the assumption that benefits will not increase after retirement. Assumption (a) includes an inflation component of 4.5%. The unfunded actuarial accrued liability was financed at a level percent of member payroll, closed.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
9/30/2012	147,618,000	173,314,000	25,696,000	85	25,842,000	99

Municipal Police Officers' Retirement Trust Fund

Plan Description - The Municipal Police Officers' Retirement Trust Fund (the Fund) is a single employer defined benefit plan administered by the City for the benefit of its police officers. The Fund is established under the provisions of Chapter 185 Florida Statutes. The Fund does not issue a stand-alone financial report, but is included in the Pension Trust Fund of the City's financial statements. Participation in the Plan is compulsory for all police officers of the City, who are eligible upon employment.

Police officers with ten or more years of continuous service with the police department are eligible for benefits. On April 15, 1985, the Fort Pierce City Commission approved an amendment to the benefit provisions of the Pension Trust. Prior to the amendment, all police officers who were eligible for benefits had the option to accept a lump sum in cash or the purchase of an annuity equal to the value of the lump sum payment at the date of retirement.

The amendment allows lump sum payments only to participants hired prior to December 17, 1984. These benefit provisions and all other requirements are established and may be amended by State Statute and City Ordinance. Ad hoc increases in benefits may be granted periodically by a decision of the Police Retirement Board with approval by the City Commission.

As of September 30, 2012, Plan membership consisted of: (1) 24 retirees and beneficiaries currently receiving benefits and 1 terminated employee entitled to benefits but not yet receiving them; (2) 48 vested active employees; and (3) 55 non-vested active employees.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Funding Policy - Contribution requirements for the Plan are established and may be amended by State law and City ordinance. Contributions for the Plan are financed principally by contributions from the State of Florida, which are financed by a .85% excise tax on casualty insurance premiums on policies covering property within the corporate limits of City of Fort Pierce, as provided under provisions of Chapter 185, Florida Statutes. Current year contributions to the plan from the State of Florida were \$241,799. The revenue and corresponding expense are recorded in the general fund. In accordance with City Code Section 13-169 each Plan member is required to make contributions of 4.5 percent of their salaries to the Plan. The funding policy for the Plan is actuarially determined in that an annual actuarial valuation is made to determine if State and employee contributions are sufficient to fund the Plan. The City is not required to contribute in any way to the Plan. Administrative costs are financed through investment earnings.

The actuarial valuation as of September 30, 2012 found anticipated revenues to be sufficient to fund the current year benefits provided by the Plan in accordance with the provisions of Chapter 185, Florida Statutes.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability was financed at a level percent of member payroll, closed.

The annual required contribution for the current year was determined as part of the September 30, 2012 actuarial valuation of the Plan using the individual entry age actuarial cost method. Significant actuarial assumptions included (a) a rate of return on the investment (net of administrative expenses) of 7.5%; (b) projected salary increases of 5.0% to 8.8% per year; and (c) the assumption that benefits will not increase after retirement. Assumption (a) includes an inflation component of 3.0%.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
9/30/2012	10,146,881	10,771,458	624,577	94	5,422,508	12

Following is the annual pension cost and net pension obligation for the current and prior two years:

	2010	2011	2012
Annual Pension Costs (APC)	\$ 663,491	\$ 676,051	\$ 652,995
Actual Contribution	\$ 497,848	\$ 471,752	\$ 642,881
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	-	-	-

The difference between the annual pension costs and actual contributions was funded with the excess contribution reserve.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Currently an annual actuarial evaluation is performed for both Plans. The most recent actuarial valuations were performed for the year ended September 30, 2012. Other information regarding contributions and funding progress is included as supplementary information to this report.

The City accounts for both plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds with an economic resources measurement focus and the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with terms of the plans. Plan assets are valued at fair market value for financial statement purposes.

The defined benefit plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. Financial statements for the individual pension plans are presented below since separate GAAP financial reports have not been issued for the individual plans.

City of Fort Pierce, Florida
COMBINING STATEMENT OF
FIDUCIARY FUNDS NET ASSETS
September 30, 2012

	Pension Trusts		Total
	General Employees	Police Officers	
ASSETS			
Cash and cash equivalents	\$ 581,059	\$ 786,802	\$ 1,367,861
Investments, at fair value:			
U.S. Government Securities	6,576,421	1,296,061	7,872,482
Mutual Funds	90,929,547	3,305,853	94,235,400
Common Stock	11,419,701	2,901,726	14,321,427
Corporate Bonds	41,046,994	2,072,269	43,119,263
Money Market	2,886,383	293,887	3,180,270
Total investments	<u>152,859,046</u>	<u>9,869,796</u>	<u>162,728,842</u>
Total cash and investments	<u>153,440,105</u>	<u>10,656,598</u>	<u>164,096,703</u>
Accounts receivable	228,900	12,661	241,561
Accrued interest receivable	<u>570,191</u>	<u>25,544</u>	<u>595,735</u>
 Total assets	 <u>\$ 154,239,196</u>	 <u>\$ 10,694,803</u>	 <u>\$ 164,933,999</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>\$ 39,801</u>	<u>\$ 92,966</u>	<u>\$ 132,767</u>
NET ASSETS HELD IN TRUST FOR PENSION			
BENEFITS	<u>\$ 154,199,395</u>	<u>\$ 10,601,837</u>	<u>\$ 164,801,232</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

City of Fort Pierce, Florida
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY FUNDS NET ASSETS
Year ended September 30, 2012

	Pension Trusts		Total
	General Employees	Police Officers	
ADDITIONS			
Contributions			
Employer	\$ 3,566,751	\$ -	\$ 3,566,751
Employees	1,473,509	401,082	1,874,591
State-via the general fund	-	241,799	241,799
Total contributions	5,040,260	642,881	5,683,141
Investment income			
Interest	2,252,563	105,321	2,357,884
Dividends	523,377	160,065	683,442
Net appreciation in fair value of investments	23,389,164	1,136,074	24,525,238
Total investment income	26,165,104	1,401,460	27,566,564
Investment expenses	(554,754)	(130,031)	(684,785)
Net investment income	25,610,350	1,271,429	26,881,779
Total increases	30,650,610	1,914,310	32,564,920
DEDUCTIONS			
Retirement benefits paid	10,594,665	279,603	10,874,268
Refunds of employee contributions	247,838	99,001	346,839
Administrative expenses	124,612	5,299	129,911
Insurance expense	17,758	1,234	18,992
Total deductions	10,984,873	385,137	11,370,010
Net Increase	19,665,737	1,529,173	21,194,910
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of year	134,533,658	9,072,664	143,606,322
End of year	\$ 154,199,395	\$ 10,601,837	\$ 164,801,232

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE J - DEFERRED COMPENSATION PLAN

The primary government (the City) and the component unit (the Authority) offer employees a deferred compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation assets are not available to employees until termination, retirement, death, or unforeseeable emergency.

During the year ended September 30, 1997, the assets in the plan were transferred into trust funds. The assets are protected by the trust agreement from any claims on the employer and from any use by the employer other than paying benefits to employees and their beneficiaries in accordance with the plan. In accordance with GASB Statement No. 32, the plan's assets and related liability were removed from the City and the Authority balance sheets as of September 30, 1997.

NOTE K - LOANS AND BONDS PAYABLE

Bond and note obligations of the **primary government** as of September 30, 2012 are as follows:

	<u>Business-type Activities</u>	<u>Government Activities</u>
\$5,880,000 Stormwater Utility System Revenue Bonds, Series 2002, payable from and secured by a first lien and pledge upon the Stormwater revenues and the monies on deposit in the various funds and accounts created pursuant to the Resolution, interest ranging from 3.5% to 4.75% payable semi-annually and sinking fund installments ranging from \$195,000 to \$370,000 through October 1, 2027. Proceeds used to finance stormwater system improvements throughout the City. Current portion is \$195,000.	4,355,000	-
\$4,345,000 Sales Tax Revenue Refunding Bonds, Series 2003, collateralized by a first lien upon and pledge of the proceeds of the Local Governmental Half-Cent Sales Tax distributed by the State of Florida and income earned on bond related investment accounts, interest ranging from 3.75% to 4%, payable semi-annually and sinking fund installments of \$490,000 through December 1, 2012. Proceeds used to refund Sales Tax Revenue Bonds. Current portion is \$490,000.	-	490,000

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

	<u>Business-type Activities</u>	<u>Government Activities</u>
<p>\$3,170,000 Capital Improvements Revenue Bonds, Series 2004, payable from non-advallorem revenues appropriated in the annual budget to the extent permitted by law, with interest ranging from 3.75% to 5.0%, payable semi-annually and sinking fund installments ranging from \$75,000 to \$200,000 through December 1, 2034. Proceeds used to reconstruct and improve the city-owned golf course. Current portion is \$75,000.</p>	-	2,845,000
<p>\$20,200,000 Fort Pierce Redevelopment Revenue and Refunding Bonds, Series 2005, payable from and secured by a first lien and pledge upon tax increment revenues, with interest ranging from 3.5% to 5%, payable semi-annually and sinking fund installments ranging from \$655,000 to \$1,310,000 through December 1, 2030. Proceeds will be used to refund the Fort Pierce Redevelopment Bonds, Series 2003, and to acquire and construct redevelopment projects. Current portion is \$655,000.</p>	-	16,815,000
<p>\$20,000,000 Fort Pierce Redevelopment Revenue Bonds, Series 2006, payable from and secured by a first lien and pledge upon tax increment revenues, with interest ranging from 4.0% to 5.0%, payable semi-annually and sinking fund installments ranging from \$550,000 to \$2,600,000 through May 1, 2031. Proceeds will be used to to acquire and construct redevelopment projects. Current portion is \$550,000.</p>	-	17,265,000

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

	<u>Business-type Activities</u>	<u>Government Activities</u>
<p>\$13,665,000 Stormwater Utility System Revenue Bonds, Series 2006, payable from and secured by a first lien and pledge upon the Stormwater revenues and the monies on deposit in the various funds and accounts created pursuant to the Resolution, interest ranging from 3.5% to 5.00% payable semi-annually and sinking fund installments ranging from \$395,000 to \$865,000 through October 1, 2030. Proceeds used to finance stormwater system improvements throughout the City. Current portion is \$395,000.</p>	11,420,000	-
<p>\$23,190,000 Capital Improvement Revenue Refunding Bonds, Series 2008A, payable from Non-Ad Valorem Revenues appropriated in the City's annual budget, with interest ranging from 4.0% to 6.0%, payable semi-annually and sinking fund installments ranging from \$115,000 to \$2,225,000 through September 1, 2032 . Proceeds used to refund the 2007 Sunshine State Governmental Financing Commission Non-taxable Revenue Note. Current portion of new bond is \$115,000.</p>	-	22,860,000
<p>\$6,650,000 Taxable Capital Improvement Revenue Refunding Bonds, Series 2008B, payable from Non-Ad Valorem Revenues appropriated in the City's annual budget, 6.125% interest payable semi-annually and annual sinking fund installments ranging from 730000 to 925,000 beginning in 2014 through September 1, 2018. Proceeds used to refund the 2007 Sunshine State Governmental Financing Commission Taxable Revenue Note. Current portion of new bond is 0.</p>	-	4,125,000

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

	<u>Business-type Activities</u>	<u>Government Activities</u>
<p>\$6,825,000 Capital Improvement Revenue Refunding Bonds, Series 2010A, payable from Non-Ad Valorem Revenues appropriated in the City's annual budget, 5% interest payable semi-annually and annual sinking fund installments ranging from 480,000 to 780,000 beginning in 2020 through September 1, 2030. Proceeds used to defease the 1998 and 2001 Capital Improvement bonds. Current portion of bond is 0.</p>	1,846,857	4,978,143
<p>\$2,935,000 Taxable Capital Improvement Revenue Refunding Bonds, Series 2010B, payable from Non-Ad Valorem Revenues appropriated in the City's annual budget, 5.344% interest payable semi-annually and annual sinking fund installments ranging from 260,000 to 400,000 beginning in 2014 through September 1, 2022. Proceeds used to partially refund the Taxable Capital Improvement Revenue Refunding Bonds, Series 2008. Current portion of bond is 0.</p>	-	2,935,000
<p>\$3,395,000 Section 108 Loan Payable, variable interest only monthly to 2012, annual principal payments beginning in 2012 ranging from 282,000 to 283,000 to 2023, payable from proceeds of a note receivable secured by a shopping center with a pledge of the City's Community Development Block Grant revenues Current portion of note is \$283,000.</p>	-	3,395,000
	17,621,857	75,708,143
Less: current portion payable from restricted assets	(590,000)	(2,168,000)
Unamortized items	(59,115)	(523,004)
	\$ 16,972,742	\$ 73,017,139

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Requirements to pay principal and interest on the **primary government's** obligations in each of the years/periods ending September 30, is as follows

Governmental Activities:

2013	\$	2,168,000	3,493,205	\$	5,661,205
2014		2,718,000	3,423,742		6,141,742
2015		2,833,000	3,309,725		6,142,725
2016		2,963,000	3,176,807		6,139,807
2017		3,098,000	3,046,667		6,144,667
2018-2022		16,685,038	13,066,005		29,751,043
2023-2027		21,432,900	8,794,391		30,227,291
2028-2032		23,240,205	3,337,903		26,578,108
2033-2037		570,000	43,750		613,750
		<u>\$ 75,708,143</u>	<u>\$ 41,692,195</u>		<u>\$ 117,400,338</u>

Principal

Interest

Total

Business-Type Activities:

		Principal	Interest		Total
2013	\$	590,000	789,629	\$	1,379,629
2014		615,000	764,249		1,379,249
2015		635,000	741,919		1,376,919
2016		665,000	712,089		1,377,089
2017		700,000	680,179		1,380,179
2018-2022		4,369,962	2,894,099		7,264,061
2023-2027		5,812,100	1,696,489		7,508,589
2028-2032		4,234,795	414,782		4,649,577
		<u>\$ 17,621,857</u>	<u>\$ 8,693,435</u>		<u>\$ 26,315,292</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Long-term liability activity of the **primary government** for the year ended September 30, 2012 was as follows:

	<u>Beginning Balance 10/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/2012</u>	<u>Amounts Due within One Year</u>	<u>Amounts Due after One Year</u>
Governmental Activities:						
Notes and bonds payable:						
Revenue bonds	\$ 74,133,143	\$ -	\$ 1,820,000	\$ 72,313,143	\$ 1,885,000	\$ 70,428,143
Unamortized items	(566,990)	-	(43,986)	(523,004)	-	(523,004)
	<u>73,566,153</u>	<u>-</u>	<u>1,776,014</u>	<u>71,790,139</u>	<u>1,885,000</u>	<u>69,905,139</u>
Section 108 Loan	3,395,000	-	-	3,395,000	283,000	3,112,000
	<u>76,961,153</u>	<u>-</u>	<u>1,776,014</u>	<u>75,185,139</u>	<u>2,168,000</u>	<u>73,017,139</u>
Other Liabilities:						
Other post employment benefits	569,975	37,145	-	607,120	-	607,120
Compensated absences	2,923,269	970,188	944,680	2,948,777	187,299	2,761,478
Total governmental activities	<u>\$ 80,454,397</u>	<u>\$ 1,007,333</u>	<u>\$ 2,720,694</u>	<u>\$ 78,741,036</u>	<u>\$ 2,355,299</u>	<u>\$ 76,385,737</u>
Business-type Activities:						
Notes and bonds payable:						
Revenue bonds	\$ 18,191,857	\$ -	\$ 570,000	\$ 17,621,857	\$ 590,000	\$ 17,031,857
Unamortized items	(64,395)	-	(5,280)	(59,115)	-	(59,115)
	<u>18,127,462</u>	<u>-</u>	<u>564,720</u>	<u>17,562,742</u>	<u>590,000</u>	<u>16,972,742</u>
Other Liabilities:						
Other post employment benefits	94,437	7,758	-	102,195	-	102,195
Compensated absences	568,006	197,347	183,556	581,797	34,356	547,441
Total business activities	<u>\$ 18,789,905</u>	<u>\$ 205,105</u>	<u>\$ 748,276</u>	<u>\$ 18,246,734</u>	<u>\$ 624,356</u>	<u>\$ 17,622,378</u>

<u>Compensated absences</u>	<u>Beginning Balance 10/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/2012</u>
Governmental Activities:				
General Fund	\$ 2,882,931	\$ 953,836	\$ 931,417	\$ 2,905,350
Community Development Block Grant	3,969	255	1,283	2,941
Community Redevelopment Agency	36,369	16,097	11,980	40,486
	<u>\$ 2,923,269</u>	<u>\$ 970,188</u>	<u>\$ 944,680</u>	<u>\$ 2,948,777</u>

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Stormwater Utility System Revenue Bonds, Series 2002

The Series 2002 Bonds were issued pursuant to Chapter 166, Part II, Florida Statutes, The City Charter and Resolution No. 02-165 as supplemented for the purpose of (i) making certain capital improvements to the City's storm-water utility system and (ii) financing the costs of issuance of the Series 2002 Bonds including the municipal bond insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. The “reserve account requirement” is defined as the lesser of (i) the maximum debt service requirement, (ii) 125% of the average annual debt service requirement, or (iii) 10% of the proceeds of the Series 2003 Bonds. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through Ambac Assurance Corporation in the amount of \$392,248, which is the maximum bond service requirement.
2. Construction Fund – Proceeds from the bond issuance, after payment of costs and expenses related to issuance of the bonds, shall be deposited into the Construction Fund for purposes of paying project costs.

The Series 2002 Bonds and interest thereon are payable from and secured by a first lien and pledge upon the (i) Storm-water Revenues of the System and(ii) the moneys on deposit in the various funds and accounts created by the resolution, with exception to the Rebate Fund.

The Series 2002 Bonds maturing on or prior to October 1, 2013, are subject to optional redemption on or after October 1, 2012. The Series 2002 Bonds maturing on October 1, 2018 are subject to mandatory sinking fund redemption beginning October 1, 2016. The Series 2002 Bonds maturing on October 1, 2022 are subject to mandatory sinking fund redemption beginning October 1, 2019. The Series 2002 Bonds maturing on October 1, 2027 are subject to mandatory sinking fund redemption beginning October 1, 2023.

Sales Tax Revenue Refunding and Improvement Bonds, Series 2003

The Series 2003 Bonds were issued pursuant to Chapter 166, Part II, and Chapter 218, Part VI, Florida Statutes, the City Charter and Resolution No. 03-55, as supplemented for the purpose of (i) currently refund all of the City's outstanding Sales Tax Revenue Refunding, Bonds, Series 1993 (ii) to construct certain public capital projects, and (iii) finance the costs of issuance of the Series 2003 Bonds including the financial guaranty insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. The “reserve account requirement” is defined as the lesser of (i) the maximum debt service requirement, (ii) 125% of the average annual debt service requirement, or (iii) 10% of the proceeds of the Series 2003 Bonds. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through Ambac Assurance Corporation in the amount of \$512,800, which is the maximum bond service requirement.
2. Construction Fund – For deposit of all remaining bond proceeds after refunding all of the City’s outstanding Sales Tax Revenue Refunding, Bonds, Series 1993, and payment of all costs and expenses in connection with the preparation, issuance and sale of the bonds and funding of the reserve fund. Amounts deposited into the construction fund shall be used for the purpose of paying construction costs.

The Series 2003 Bonds and interest thereon are payable solely from pledged funds of the Sales Tax Revenues, including the proceeds of the local government half cent sales tax distributed to the City from the Local Government Half-cent Sales Tax Clearing Trust fund as described in Chapter 218, Part VI, Florida Statutes.

The Series 2003 Bonds maturing are not redeemable prior to their respective maturities.

Capital Improvement Revenue Bonds, Series 2004

The Series 2004 Bonds were issued pursuant to Chapter 166, Part II, and Chapter 218, Part VI, Florida Statutes, the City Charter and Resolution No. 04-20, as supplemented for the purpose of (i) financing the reconstruction and improvement of a City-owned golf course (ii) to capitalize a portion of the interest accruing on the Series 2004 Bonds, and (iii) finance the costs of issuance of the Series 2004 bonds including the financial guaranty insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. The “reserve account requirement” is defined as the lesser of (i) the maximum bond service requirement, (ii) 125% of the average annual bond service requirement, or (iii) 10% of the proceeds of the Series 2004 Bonds. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through Financial Guaranty Insurance Company in the amount of \$310,777, which is the maximum bond service requirement.
2. Construction Fund – For deposit of all remaining bond proceeds after payment of all costs and expenses in connection with the preparation, issuance and sale of the bonds and funding of the reserve account. Amounts deposited into the construction fund shall be used for the purpose of paying construction costs.

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

The Series 2004 Bonds and interest thereon are payable from amounts the City has covenanted and agreed to appropriate in its annual budget by amendment if necessary, from non-ad valorem funds sufficient to pay principal of, redemption price, if any, and interest on the Series 2004 Bonds when due.

The Series 2004 Bonds maturing on or after to December 1, 2014, are not redeemable prior to their respective maturities. The Series 2004 Bonds maturing in the year 2028 are subject to mandatory redemption.

Redevelopment Revenue and Refunding Bonds, Series 2005

The Series 2005 Bonds were issued under and pursuant to Chapter 163, Part III, Florida Statutes, the City Charter and Resolution No. 05-33, and Fort Pierce Redevelopment Agency as supplemented for the purpose of (i) acquiring and constructing community redevelopments, (ii) make a deposit to the Series 2005 Subaccount within the Reserve Account in an amount equal to the Reserve Account Requirement for the Series 2005 Bonds, (iii) to refund and defease all of the Agency's Outstanding Redevelopment Revenue Bonds, Series 2003(the "Refunded Bonds"), and (iv) financing the costs of issuance of the Series 2005 Bonds including the municipal bond insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through XL Capital Assurance.
2. Construction Fund – Proceeds from the bond issuance, after payment of costs and expenses related to issuance of the bonds, shall be deposited into the Construction Fund for purposes of paying project costs.

The Series 2005 Bonds and interest thereon are payable from and secured by a first lien and pledge upon the Tax Increment Revenues, and until applied in accordance with the provisions of the Debt resolution the City has agreed to appropriate in its annual budget, by amendment, if necessary, from non-ad valorem funds, amounts sufficient to pay principal of and interest on the Series 2005 Bonds to the extent pledged funds are insufficient thereon.

The Series 2005 Bonds maturing on or after May 1, 2016, are subject to optional redemption on or after May 1, 2015. The Series 2005 Bonds maturing on May 1, 2023 are subject to mandatory sinking fund redemption beginning May 1, 2021. The Series 2005 Bonds maturing on May 1, 2026 are subject to mandatory sinking fund redemption beginning May 1, 2024. The Series 2005 Bonds maturing on May 1, 2030 are subject to mandatory sinking fund redemption beginning May 1, 2027.

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Redevelopment Revenue Bonds, Series 2006

The Series 2006 Bonds were issued under and pursuant to Chapter 163, Part III, Florida Statutes, the City Charter and Resolution No. 06-04, and Fort Pierce Redevelopment Agency as supplemented for the purpose of (i) acquiring and constructing community redevelopments, (ii) financing the costs of issuance of the Series 2006 Bonds including the municipal bond insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through XL Capital Assurance.
2. Construction Fund – Proceeds from the bond issuance, after payment of costs and expenses related to issuance of the bonds, shall be deposited into the Construction Fund for purposes of paying project costs.

The Series 2006 Bonds and interest thereon are payable from and secured by a first lien and pledge upon the Tax Increment Revenues and certain moneys and investments on deposit in the debt service fund.

The Series 2006 Bonds maturing on or after May 1, 2017, are subject to optional redemption on or after May 1, 2016. The Series 2006 Bonds maturing on May 1, 2031 are subject to mandatory sinking fund redemption beginning May 1, 2022. The Series 2006 Bonds maturing on May 1, 2026 are subject to mandatory sinking fund redemption beginning May 1, 2024.

Stormwater Utility System Revenue Bonds, Series 2006

The Series 2006 Bonds were issued pursuant to Chapter 166, Part II, Florida Statutes, The City Charter and Resolution No. 06-04 as supplemented for the purpose of (i) making certain capital improvements to the City’s storm-water utility system and (ii) financing the costs of issuance of the Series 2006 Bonds including the municipal bond insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. The “reserve account requirement” is defined as the lesser of (i) the maximum debt service requirement, (ii) 125% of the average annual debt service requirement, or (iii) 10% of the proceeds of the Series 2006 Bonds. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through XL Capital Assurance.

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

2. Construction Fund – Proceeds from the bond issuance, after payment of costs and expenses related to issuance of the bonds, shall be deposited into the Construction Fund for purposes of paying project costs.

The Series 2006 Bonds and interest thereon are payable from and secured by a first lien and pledge upon the (i) Storm-water Revenues of the System and(ii) the moneys on deposit in the various funds and accounts created by the resolution, with exception to the Rebate Fund.

The Series 2006 Bonds maturing on or prior to October 1, 2016, are subject to optional redemption on or after October 1, 2016. The Series 2006 Bonds maturing on October 1, 2025 are subject to mandatory sinking fund redemption beginning October 1, 2021. The Series 2006 Bonds maturing on October 1, 2030 are subject to mandatory sinking fund redemption beginning October 1, 2026.

Capital Improvement Revenue Refunding Bonds, Series 2008A and 2008B

The Series 2008 Bonds were issued pursuant to Chapter 166, Part II, Florida Statutes, The City Charter, Chapter 159, Part VII, Florida Statutes, and Resolution No. 08-30 as supplemented for the purpose of (i) refinancing the Sunshine State Governmental Financing Commission Revenue Notes including accrued interest (ii) financing the costs of issuance of the Series 2008 Bonds including the municipal bond insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. The “reserve account requirement” is defined as the lesser of (i) the maximum debt service requirement, (ii) 125% of the average annual debt service requirement, or (iii) 10% of the proceeds of the Series 2008 Bonds. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through Assured Guaranty Corp.

The Series 2008 Bonds and interest thereon are payable from amounts the City has covenanted and agreed to appropriate in its annual budget by amendment if necessary, from non-ad valorem funds sufficient to pay principal of, redemption price, if any, and interest on the Series 2008 Bonds when due. Since the proceeds of the Series 2008 Bonds were used to refinance Notes for community redevelopment projects, the Fort Pierce Redevelopment Agency has an obligation to repay the Series 2008 Notes.

Capital Improvement Revenue Refunding Bonds, Series 2010A and 2010B

The Series 2010 Bonds were issued pursuant to Chapter 166, Part II, Florida Statutes, The City Charter, Chapter 159, Part VII, Florida Statutes, and Resolution No. 10-34 as supplemented for the purpose of (i) refunding all of the City’s outstanding Capital Improvement Revenue Bonds, Series 1998, all of the City’s outstanding Capital Improvement Revenue Refunding Bonds, Series 2001 and a portion of the City’s outstanding Taxable Capital Improvement Revenue Refunding Bonds, Series 2008B. (ii) financing the costs of issuance of the Series 2010 Bonds including the municipal bond insurance premium and reserve policy premium. The resolution provides for the creation and establishment of the following funds:

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

1. Reserve Fund – For deposit of an amount equal to the reserve requirement to be used only for the purpose of the payment of amortization installments, principal of, or interest on the outstanding bonds when the other monies are insufficient therefore, and for no other purpose. The “reserve account requirement” is defined as the lesser of (i) the maximum debt service requirement, (ii) 125% of the average annual debt service requirement, or (iii) 10% of the proceeds of the Series 2010 Bonds. As provided for in the resolution, the City elected to provide for the maximum reserve by purchasing a surety bond through Assured Guaranty municipal Corp.

The Series 2010 Bonds and interest thereon are payable from amounts the City has covenanted and agreed to appropriate in its annual budget by amendment if necessary, from non-ad valorem funds sufficient to pay principal of, redemption price, if any, and interest on the Series 2010 Bonds when due.

Section 108 Note Payable

The City entered into a Loan Guarantee Assistance Contract with the Secretary of Housing and Urban Development in 2009, for the construction of a shopping center by a developer. The City then executed a mortgage receivable with the developer to ensure repayment of the debt. The Note Payable requires quarterly interest payments at .2% above LIBOR. Annual principal payments begin in 2013 and continue to 2023. The loan is secured by future Community Development Block Grant funds in the event that the developer defaults.

Defeasance of Revenue Bonds Payable

In prior years, the city defeased certain outstanding Redevelopment Revenue Bonds payable from tax increment revenues. The city also defeased certain Sunshine Governmental Financing Commission Revenue Notes payable from Non-Ad Valorem Revenues appropriated in the City’s annual budget. For each issue, the City deposited proceeds of the refunding bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City’s financial statements.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

At September 30, 2012 the following bonds are considered defeased:

Bond Issue	Beginning Balance 10-1-2011	Additions	Retirement	Ending Balance 9-30-2012
Capital Improvement Bonds, Series 2001	\$ 1,945,000	\$ -	\$ 310,000	\$ 1,635,000
Redevelopment Revenue Bonds, Series 2003	6,930,000	-	455,000	6,475,000
	\$ 8,875,000	\$ -	\$ 765,000	\$ 8,110,000

Component Unit

Bond obligations of the FPUA (a component unit) as of September 30, 2012 are as follows:

	Business-type Activities
\$22,445,000 Utilities Refunding Revenue Bonds, Series 1999A, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 5.125% to 5.375%, on the remaining annual principal amounts ranging from \$220,000 to \$255,000 through October 1, 2015.	955,000
\$10,223,254 Utilities Revenue Capital Appreciation Bonds, Series 1999B, collateralized by pledge of and first lien on the net revenues of the combined systems, yeild varying from 5.70% to 5.90%. The accreted value at September 30, 2011 is \$21,635,000. The bonds mature October 1, 2016, through October 1, 2024, with principal amounts totaling \$34,970,000 due in those years in annual amounts ranging from \$275,000 to \$4,340,000.	21,635,000

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

	<u>Business-type Activities</u>
<p>\$9,545,000 Utilities Revenue Bonds, Series 2002, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 5%. The bonds mature October 1, 2025, through October 1, 2027, with principal amounts ranging from \$3,025,000 to \$3,340,000.</p>	9,545,000
<p>\$42,965,000 Utilities Refunding Revenue Bonds, Series 2003, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 3.90% to 5.00% on the remaining annual principal amounts ranging from \$5,735,000 to \$6,970,000 through October 1, 2016.</p>	31,690,000
<p>\$34,800,000 Utilities Refunding Revenue Bonds, Series 2009, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 3.9% to 5.00% on the remaining annual principal amounts ranging from \$1,210,000 to \$7,285,000 through October 1, 2029.</p>	34,800,000
<p>On October 6, 2009 Fort Pierce Utilities Authority entered into an interlocal agreement with St. Lucie County. St. Lucie is performing a construction project which requires relocation of utilities. St. Lucie County is providing a portion of the funds to Fort Pierce Utilities Authority for the cost of the relocation work. Fort Pierce Utilities Authority intends to repay the advance by means of in-kind services, the value of which are subject to acceptance by St. Lucie County.</p>	189,000
	<u>98,814,000</u>
Less: Unamortized portion of bond premium and discounts	(647,000)
Unamortized deferred bond loss	824,000
Current portion payable from restricted assets	<u>5,955,000</u>
	<u>\$ 92,682,000</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Long-term liability activity of the **FPUA** (a component unit) for the year ended September 30, 2012 was as follows:

	Beginning Balance 10/1/2011	Additions	Reductions	Ending Balance 9/30/2012	Amounts Due within One Year
Loans and revenue bonds	\$ 103,289,000	\$ 56,781,000	\$ (61,256,000)	\$ 98,814,000	\$ 5,955,000
Deferred Amounts	46,000	732,000	(955,000)	(177,000)	-
Capital Leases	71,000	-	(32,000)	39,000	39,000
Other Liabilities:					
Compensated absences	1,646,000	1,338,000	(1,227,000)	1,757,000	82,000
Other Post Employment Benefits	456,000	53,000	-	509,000	-
Pollution Remediation	-	1,200,000	-	1,200,000	500,000
Total	\$ 105,508,000	\$ 60,104,000	\$ (63,470,000)	\$ 102,142,000	\$ 6,576,000

Requirements to pay principal and interest on the **FPUA** (a component unit) obligations in each of the years/periods ending September 30, 2012 are as follows

	Principal	Interest	Total
2013	\$ 5,955,000	3,429,000	\$ 9,384,000
2014	6,255,000	3,116,000	9,371,000
2015	6,570,000	2,787,000	9,357,000
2016	6,895,000	2,441,000	9,336,000
2017	7,245,000	2,093,000	9,338,000
2018-2022	28,429,000	9,697,000	38,126,000
2023-2027	29,945,000	7,442,000	37,387,000
2028-2030	20,855,000	1,052,000	21,907,000
	<u>112,149,000</u>	<u>32,057,000</u>	<u>144,206,000</u>
Future accretion on capital appreciation bonds	(13,335,000)	13,335,000	-
	<u>\$ 98,814,000</u>	<u>\$ 45,392,000</u>	<u>\$ 144,206,000</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Other Requirements

The Series 1999, 2002, 2003, and 2009 bond issues provide that the Authority accumulate monthly 1/6 of the amount of all interest becoming due on the next semi-annual interest payment date, and 1/12 of the amount of principal which will become due and payable on the next principal maturity or sinking fund installment date. Additionally, the issues require renewal and replacement and emergency reserve and reserve subaccount funds with minimum requirements of \$500,000, \$900,000 and \$3,744,000, respectively. These reserves are funded in the amounts of \$959,000, \$2,000,000, and \$3,744,000, respectively, at September 30, 2012.

Series 1999A Bonds maturing on or after October 1, 2012 are redeemable prior to their stated dates of maturity, at the option of the Authority, at par plus interest accrued to the redemption date.

The 2002 Bonds maturing in the year 2027 are redeemable, prior to their stated dates of maturity, at the option of the Authority beginning April 1, 2012 at par plus accrued interest to the redemption date.

The 2003 Bonds maturing on or after October 1, 2014 are redeemable prior to their stated date of maturity, at the option of the Authority, beginning October 1, 2013 at par. On November 14, 2012, the Authority issued Taxable Utilities Refunding Revenue Bonds, Series 2012, in the amount of \$20,896,000, in order to provide funds for the redemption of \$1,940,000 of the 2003 bonds, in accordance with the above provisions.

The Series 2009 Bonds maturing in the year 2029 with an interest rate of 4.70% are redeemable, prior to their stated date of maturity, at the option of the Authority, on or after October 1, 2014. The Series 2009 Bonds maturing on or after October 1, 2020 (excluding those maturing in the year 2029) are redeemable, prior to their stated date of maturity, at the option of the Authority, on or after October 1, 2019 at par plus accrued interest to the redemption date.

In prior years, the Utilities Authority defeased certain outstanding utilities revenue bonds issued for the systems payable out of revenues derived from the operation of the utility systems. These defeasances were achieved by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities (including bond discounts and finance costs) for the defeased bonds are not included in the component unit's financial statements. At September 30, 2012, Utilities Revenue Bonds Series 1991, in the amount of \$33,165,000 are considered defeased.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE L - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of and for the year ended September 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 314,989
General	Community Development Block	328,719
General	Community Redevelopment Agency	12,444
General	Solid Waste	3,333
General	Marina	31,145
General	Stormwater	168,572
General	Golf Course	1,959
General	Sunrise Theatre	14,068
General	Building Fund	6,424
Community Development Block	Hurricane Housing Recovery Grant	35,607
Community Development Block	Nonmajor	17,792
Hurricane Housing Recovery Grant	General	13,988
Hurricane Housing Recovery Grant	Nonmajor	11,423
Nonmajor	Community Development Block	25,252
Nonmajor	Nonmajor	677,648
		<u>\$ 1,663,363</u>

Due to/Due from other funds:

Amounts due to the General Fund include general and administrative charges and various reimbursements. Amounts due to the Community Development Block Grant and Hurricane Housing Recovery Grant Fund relate to reimbursements due to grant administration expenditures. Amounts due to Nonmajor funds include capital projects expenditures due from other Nonmajor funds and the Community Development Block Grant fund.

Due to the primary government and from the component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General fund	FPUA	\$ 288,937
Stormwater fund	FPUA	586,732
Solid waste fund	FPUA	237,487
Building Fund	FPUA	237
		<u>\$ 1,113,393</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE L - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Inter-fund transfers:

	<u>General</u>	<u>Community Redev. Agency</u>	<u>Hurricane Housing Recovery</u>	<u>Sunrise Theatre</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Transfers out:						
General	\$ -	\$ 1,129,036	\$ 144,000	\$ -	\$ 2,753,762	\$ 4,026,798
Community						
Redev. Agency	1,929,903	-	75,000	500,000	2,280,956	4,785,859
Solid Waste	1,693,024	-	-	110,000	-	1,803,024
Sunrise	50,000	-	-	-	-	50,000
Nonmajor	424,713	74,960	-	-	84,259	583,932
	<u>\$ 4,097,640</u>	<u>\$ 1,203,996</u>	<u>\$ 219,000</u>	<u>\$ 610,000</u>	<u>\$ 5,118,977</u>	<u>\$ 11,249,613</u>

Transfers into the Nonmajor funds were for debt service payments made from the various debt service funds. The transfer into the Sunrise Theatre from the Community Redevelopment Agency special revenue fund and Solid Waste enterprise fund were to provide support for operations. The General Fund received a transfer from the Community Redevelopment Agency Fund to subsidize projects in the redevelopment district. The General Fund also received an annual transfer from the Solid Waste Fund and Sunrise Theatre. The General Fund received a transfer from a Nonmajor fund for reimbursement of debt service funds.

NOTE M - TRANSACTIONS WITH COMPONENT UNITS

Fort Pierce Utilities Authority (a discretely presented component unit)

Transactions occur throughout the year in the ordinary course of operations between the City and the Fort Pierce Utilities Authority (FPUA) (a proprietary fund and component unit of the City). A summary of significant transactions follows:

Administrative Services - The City bills the FPUA monthly for various administrative services performed.

Vehicle Maintenance - The City charges the FPUA, on a monthly basis, for fuel used by FPUA vehicles.

Non-metered and Metered Service Charges - The FPUA bills the City, on a monthly basis, for all nonmetered and metered services.

Charges to City residents for sanitation and utility taxes are included on the FPUA's monthly billing statements to customers as a service to the City. The FPUA acts only as an agent with all cash collections relating to the charges forwarded directly to the City. The City is charged \$187,000 annually by the FPUA for performance of these services.

Total charges to the City for nonmetered and metered services for the year ended September 30, 2012 were approximately \$1,963,000 of which approximately \$1,775,000 was paid. Total disbursements made to the City by the FPUA, including payments of utility tax and sanitation charges collected during year ended September 30, 2012, were approximately \$13,601,000. Amounts receivable from the FPUA at September 30, 2012 were \$904,000.

The Fort Pierce City Charter, Article X, Section 140 (as amended by referendum on October 4, 1995), provides that each year the Utility Authority shall pay to the City of Fort Pierce a sum equal to six percent of gross revenues derived from the operation of the utilities for the preceding fiscal year. The city commission, by majority vote, may agree to accept a lesser percentage. For purposes of this section the Charter defines gross revenues as all income derived from retail sales of electricity, gas, and wastewater disposal; wholesale and retail sales of water; gains on sales of assets, interest, rents, royalties, dividends, and management fees. Where a power cost adjustment or purchase gas adjustment is utilized, gross income shall mean the amount billed based upon the applicable rate without a debit or credit for the cost adjustment. For the year ended September 30, 2012, the amount transferred to the General Fund under this provision was \$4,767,268.

NOTE N - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program mainly encompasses obtaining property and liability insurance through commercial insurance carriers. During the year ended September 30, 2012, the City paid premiums of approximately \$1,369,000 to commercial insurance carriers for provisions of various liability, property, casualty and workers compensation insurance. The City has various deductible amounts ranging from \$500 to \$25,000 on various policies. At year-end, the City did not have any significant claims. There were no significant changes in coverage retention, or limits during the fiscal year. The General Fund handles property claims for the City and absorbs the loss for any amounts below the deductible amounts.

NOTE N - RISK MANAGEMENT (CONTINUED)

The City contracted with Blue Cross and Blue Shield of Florida for health insurance for its employees, effective June 1, 2008. Prior to June 1, 2008, the City was a self-insurer for the health and accident claims of its employees. The City closed the Internal Service Fund as of September 30, 2009 and accordingly, no current claims liability is reported.

The City has adopted the provisions of GASB No. 49, *Accounting and Reporting for Pollution Remediation Obligations*, in the fiscal year ending September 30, 2011. Fort Pierce Utilities Authority transferred property to the Fort Pierce Redevelopment Agency, for which there is a dual responsibility for post remediation monitoring. The estimated cost related to the cleanup is discussed in Note W.

NOTE O - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The primary government recognizes the costs associated with providing these benefits as premiums are paid. The FPUA (a component unit) recognizes the cost as it is incurred. Premiums paid by retirees for the primary government and for the FPUA total approximately \$75,163 and \$146,000, respectively.

Section 112.0801, Florida Statutes, as amended by Sections 1 and 2 of Chapter 87-373, Laws of Florida, requires all public employers to allow their retirees to participate in the same health group plan or self-insurance plan offered to their active employees. There are currently 12 City retirees and 36 Utilities Authority retirees participating in the health insurance plan.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits over time.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE O - POST-EMPLOYMENT HEALTH CARE BENEFITS(CONTINUED)

The Other Post Employment Benefit plan is a single-employer benefit plan administered by the City. Retiree's are charged the same rate by the insurance company as active employees. Premiums charged by the insurance company are a blended rate based on the experience of younger active employees and older retired employees. Since retirees actually have higher costs yet pay the same rate as younger active employees, the city actually subsidizes the cost of the retirees' health insurance coverage.

	<u>City</u>	<u>FPUA</u>
Annual Required Contribution	120,067	75,000
Contributions made	<u>75,163</u>	<u>22,000</u>
Increase in Net OPEB Obligation	44,904	53,000
Net OPEB Obligation-beginning of year	<u>693,709</u>	<u>456,000</u>
Net OPEB Obligation-end of year	\$ <u><u>738,613</u></u>	\$ <u><u>509,000</u></u>

The City's and FPUA's annual OPEB cost, employer contributions toward that cost, percentage of OPEB cost contributed, and the net OPEB obligation for 2012 and two preceding years were as follows:

	<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Employer</u> <u>Contributions</u> <u>Toward</u> <u>OPEB Cost</u>	<u>% of</u> <u>Annual OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
City	9/30/2010	230,232	130,740	57%	595,624
	9/30/2011	240,592	142,507	59%	693,709
	9/30/2012	120,067	75,163	63%	738,613
FPUA	9/30/2010	274,000	139,000	50.7%	148,000
	9/30/2011	368,000	60,000	16.3%	456,000
	9/30/2012	75,000	22,000	29.3%	509,000

Other information regarding funding progress is included as supplementary information to this report.

Funding Policy

As of September 30, 2012, the most recent actuarial valuation date, the plans were unfunded. The unfunded actuarial accrued liability was \$1,460,763 and 709,000 for the City and FPUA respectively.

The covered payroll for active employees covered by the plan was \$14,041,070 and 13,637,000 for the City and FPUA. The ratio of the UAAL to covered payroll was 10.4% for the City and 5.2% for the FPUA. As of September 30, 2012, the plan remains unfunded.

NOTE O - POST-EMPLOYMENT HEALTH CARE BENEFITS(CONTINUED)

Actuarial Methods and Assumption

In any long-term actuarial valuation, certain demographics, economic and behavioral assumptions must be made concerning the population, investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, benefits to be provided, and contributions to be collected. The investment return rate assumption is used to discount the future benefits to a present value on the valuation date. While assumptions such as future rates of retirement and mortality are similar for both OPEB and pension plans, there are some additional assumptions. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2012 actuarial valuation, the Individual Entry Age Normal Actuarial Cost Method was used. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The entry age method then provides a systematic funding for the anticipated payments. The yearly Annual Required Contribution(ARC) is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. The Amortization method is Level Percent Open with a 30 year Amortization period.

The actuarial assumptions include a 8.7% to 4.5% salary increase assumption, with an annual healthcare cost trend rate initially at 9%, reduced annually to a 4.5% rate after ten years. The assumed rate of investment return is 4.5% per year, compounded annually, net of expenses and assumes no real rate of return. The growth rate for amortizing the Unfunded Actuarial Accrued Liabilities was also assumed to be 4.5%.

NOTE P - CONTRACT COMMITMENTS

FPUA, the “Authority” (a component unit)

FMPA All-requirements Power Supply Project

As of January 1, 1998, the Authority became a participant in Florida Municipal Power Agency’s (FMPA) All-Requirements Power Supply Project (hereinafter referred to as ARP). The Authority has agreed to purchase its total bulk power requirements, in excess of certain excluded resources, from the ARP through October 1, 2033.

Prior to being involved in the ARP, the Authority had Project Support Contracts and Power Sales Contracts with FMPA regarding Stanton Unit No. 1 (Stanton and Tri-City Projects) and Stanton Unit No. 2, coal-fired plants constructed by the Orlando Utilities Commission. The Authority’s resources which have been assigned include the contracts with FMPA related to Stanton Unit No. 1 and Stanton Unit No. 2, and part of the contract with Florida Gas Transmission for the purchase of firm capacity natural gas. (See below). The contracts related to the St. Lucie Project, detailed below, have not been assigned; however, as of January 1, 1998, the Authority’s share of transmission costs related to the St. Lucie Project has been assigned to the ARP.

NOTE P - CONTRACT COMMITMENTS(CONTINUED)

FMPA St. Lucie Project

The Authority has entered into agreements with the Florida Municipal Power Agency (FMPA), of which it is a member, and with certain other members of FMPA, for entitlement to capacity, energy and transmission services from Florida Power & Light Company's St. Lucie Unit No. 2 (the Unit), which is located on South Hutchinson Island near Fort Pierce, and through a reliability exchange agreement in St. Lucie Unit No. 1, located on the same site. Pursuant to a Power Sales Contract and a Project Support Contract, the Authority has acquired an entitlement share of FMPA's allocation of these services. The Power Sales Contract requires payments for each month in which capacity, energy, or transmission services are available from the St. Lucie Project. Payments due each month are based upon an annual budget. Once each year the excess or deficiency of payments related to actual cost is calculated and applied to the monthly statements from FMPA to the Authority.

The Power Sales Contract will remain in effect until the latest of (i) the date principal of, premium, if any, and interest on all bonds of the Unit have been paid or funds are set aside for the payment thereof, (ii) the date the Unit is decommissioned or finally disposed of as an electric generating unit pursuant to the Participation Agreement or FMPA's interest in the Unit is terminated pursuant to the Participation Agreement or otherwise disposed of, or (iii) the date all obligations or FMPA under the Participation Agreement have been paid, performed or provided for.

In any month when electric capacity, energy, or transmission services are not made available to the Authority, payment is made to FMPA under a Project Support Contract in a like amount as would have been due under the Power Sales Contract.

Purchases under these contracts are accounted for as operating expenses by the Authority. Total cost included in operating expenses for the year ended September 30, 2012 is \$6,986,000. The Authority is committed under the agreements to payments totaling \$6,947,000 for the year ending September 30, 2013.

Florida Gas Transmission

The Authority executed an All Requirements Gas Service Agreement with Florida Gas Utility (FGU) on January 15, 2002. As a member of the All Requirements project, the Authority is required to purchase natural gas and the firm capacity needed for its delivery through FGU. The firm capacity of natural gas is the availability of the pipeline required to transport the natural gas to the Authority. This agreement will remain in effect until cancelled by the Authority.

On July 3, 2012, the Authority acquired additional firm capacity from the City of Sunrise, Florida in order to meet the needs of new industrial customers. This agreement will remain in effect until July 2, 2017 or until cancelled by the Authority. In fiscal 2013, the Authority will be entitled to firm capacity of 485,212 MMBtu, and will commit to purchase 199,750 MMBtu of natural gas at a cost of \$734,000. The amounts purchased under these contracts for fiscal 2012 and fiscal 2013 were \$1,676,000 and 1,325,000, respectively.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE P - CONTRACT COMMITMENTS (CONTINUED)

FMPA Treasure Coast Energy Center

The Authority has entered into an agreement with FMPA to manage and operate their newly developed facility located in St. Lucie County near Fort Pierce. The Treasure Coast Energy Center (TCEC) is a natural gas fueled power generation site. The initial terms of this agreement(s) commenced on July 24, 2007 and expired on September 30, 2011, after which the agreement becomes a one-year evergreen protecting both parties from a long term commitment.

The Authority has been engaged to manage, operate, and maintain the TCEC. TCEC employees are on the payroll of the Authority and all costs associated with them are reimbursed bi-weekly by FMPA. TCEC employee costs and revenue for Fiscal 2012 totaled \$1,642,000.

NOTE Q - CONTINGENT LIABILITIES

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

NOTE R - LEASES

Operating Leases:

The City entered into a 25 year lease agreement, effective October 2012, with the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida. The City, as lessee, agrees to certain conditions for the use of sovereign submerged land for the purpose of operating the Marina under an operating lease expiring September 23, 2037. Per the agreement, annual lease payments may be adjusted due to a change in the 5 year average consumer price index. Minimum future rental payments under the operating lease for each of the years/period ending September 30 are as follows:

2013	\$	30,564
2014		30,564
2015		30,564
2016		30,564
2017		30,564
Thereafter		611,280
	\$	<u>895,580</u>

Rent expense for the above referenced lease was \$30,211 for the year ended September 30, 2012.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE R – LEASES(CONTINUED)

Capital Leases:

FPUA(component unit) entered into a capital lease on October 1, 2009 for equipment capitalized at \$121,000. The interest/maintenance costs for 2011 were \$16,000. The Future minimum lease payments for this capital lease are as follows:

	<u>Amount</u>
2013	39,000
	<u>\$ 39,000</u>

NOTE S - OPERATING LESSOR

On August 18, 1998, the City, as lessor, entered into an agreement with the Tiki Bar and Restaurant of Fort Pierce, Inc. (the “tenant”), the lessee, to rent the restaurant facility located at the City’s public marina and docking facility. The lease calls for an initial term of fifteen years commencing September 1, 1998 to and including August 31, 2013. The tenant shall have the option to renew this lease for an additional five-year term. Rent is payable monthly on the last day of each month. Currently the lease terms call for rent payments equal to a certain percentage of the tenant’s gross revenues. Until the tenant’s calendar year-to-date revenues exceed \$1,000,000, rent is equal to 10% of the tenant’s gross revenues. For the remainder of the calendar year, rent is equal to 4% of the tenant’s gross revenues. The City collected \$186,119 from the tenant for the year ended September 30, 2012. The minimum future rental payments beyond that date cannot be determined.

On December 15, 2005 the City, as a lessor, entered into an agreement with Ianco, LLC (the “tenant”), the lessee, to rent the restaurant facility located on the western side of the City’s public marina and docking facility. The lease calls for an initial term of six months commencing January 1, 2006 to and including June 30, 2006. Both parties are continuing to operate under the terms of this lease as of September 30, 2012, on a month to month basis. Rent is payable monthly within five business days of the closing of any monthly period. Rent is the computed at the greater of 7.5% of all gross revenues or \$6,500 per month. The City collected \$104,830 from the tenant for the year ended September 30, 2012.

On January 24, 2008 the City, as a lessor, entered into an agreement with the Boys & Girls Club of St. Lucie County, Inc (the “tenant”), the lessee, to rent the gymnasium known as the Human Development & Resources Center Gymnasium, Phase 2, located at the corner of 29th Street and Avenue D. The lease calls for an initial term of fifteen years commencing January 1, 2008 to and including December 31, 2022. Rent in the amount of \$10 is payable annually. The City collected \$10 from the tenant for the year ended September 30, 2012.

NOTE T-FUND BALANCE

The City implemented GASB No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”, for the year ended September 30, 2011. The Statement requires the fund balance of governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

As of September 30, 2012, the fund balances of the governmental funds are classified as follows:

Non-spendable-Amounts that cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

Restricted- Amounts can be used only for specific purposes because of a constitutional provision, enabling legislation, or externally imposed constraints by creditors, grantors, contributors, or other governments.

Committed-Amounts can be used only for specific purposes because of a formal action of the City Commission such as ordinances.

Assigned- Amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes as determined by the City Commission.

Unassigned- Residual amount retained in the general fund that has not been otherwise classified.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first from committed, second from assigned, and lastly from unassigned balances.

Through a resolution, the City Commission established a minimum fund balance of ten percent of annual operating budgeted expenditures in the general fund to be held for unexpected unforeseen expenditures. The Commission reviews the policy annually to determine if adjustments are necessary.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE T-FUND BALANCE (CONTINUED)

As of September 30, 2012, the fund balances of the governmental funds are:

FUND BALANCES	General Fund	Community Development Block Grant	Community Redevelopment Agency	Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
Nonspendable:						
Inventories	\$ 74,445	\$ -	\$ -	\$ -	\$ -	\$ 74,445
Prepaid Items	185,761	26	13,937	159	2,315	202,198
Restricted for:						
Law Enforcement	-	-	-	-	97,322	97,322
Debt Service	-	-	-	-	1,561,513	1,561,513
Grant-BEDI	-	544,412	-	-	-	544,412
Redevelopment Projects	-	-	7	-	-	7
State Housing Initiatives	-	-	-	-	175,535	175,535
Grant-Administration	-	-	-	71	-	71
Impact Fees-Capital Improv.	-	-	-	-	375,406	375,406
PSFRD-Capital Improv.	-	-	-	-	135,059	135,059
Park Improvements	-	-	-	-	425,856	425,856
Special Projects	-	-	-	-	224,915	224,915
Capital Improv-Heathcote	-	-	-	-	2,457,490	2,457,490
Capital Improv-Roads A1A	-	-	-	-	450,988	450,988
Committed to:						
Budget Appropriations	1,219,933	-	-	-	-	1,219,933
Assigned to:						
10% Reserve Policy	3,232,604	-	-	-	-	3,232,604
Art in Public Places	-	-	-	-	190,062	190,062
Unassigned:	95,628	-	-	-	-	95,628
	<u>\$ 4,808,371</u>	<u>\$ 544,438</u>	<u>\$ 13,944</u>	<u>\$ 230</u>	<u>\$ 6,096,461</u>	<u>\$ 11,463,444</u>

NOTE U - RESTRICTED ASSETS

Certain assets are restricted by bond resolution and some have been classified as restricted in accordance with governmental accounting standards for enterprise funds.

The restricted assets of the **primary government** as of September 30, 2012 are as follows:

Business-type activities:

Cash and investments:	
Customer deposits	<u>\$ 231,537</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

NOTE U - RESTRICTED ASSETS(CONTINUED)

The restricted assets of the **FPUA** (a component unit) as of September 30, 2012, are as follows:

Cash and investments:	
Principal and interest on debt service	\$ 7,818,758
Capital Improvement Charges	7,122,144
Debt service	3,743,577
Emergency reserve	2,000,000
Renewal and replacement reserve	958,961
Customer security deposits	6,869,129
	<u>\$ 28,512,569</u>

NOTE V – CONDUIT DEBT OBLIGATIONS

The City issued Capital Improvement Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public’s 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 facilities transfers to the private-sector entity served by the bond issuance. The City, the State, and any political subdivisions thereof are not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2012, there were two series of Capital Improvement Revenue Bonds outstanding. The aggregate principal amount payable for the three series issued after October 1, 1996, is \$9,238,021.

NOTE W- EXTRAORDINARY ITEM

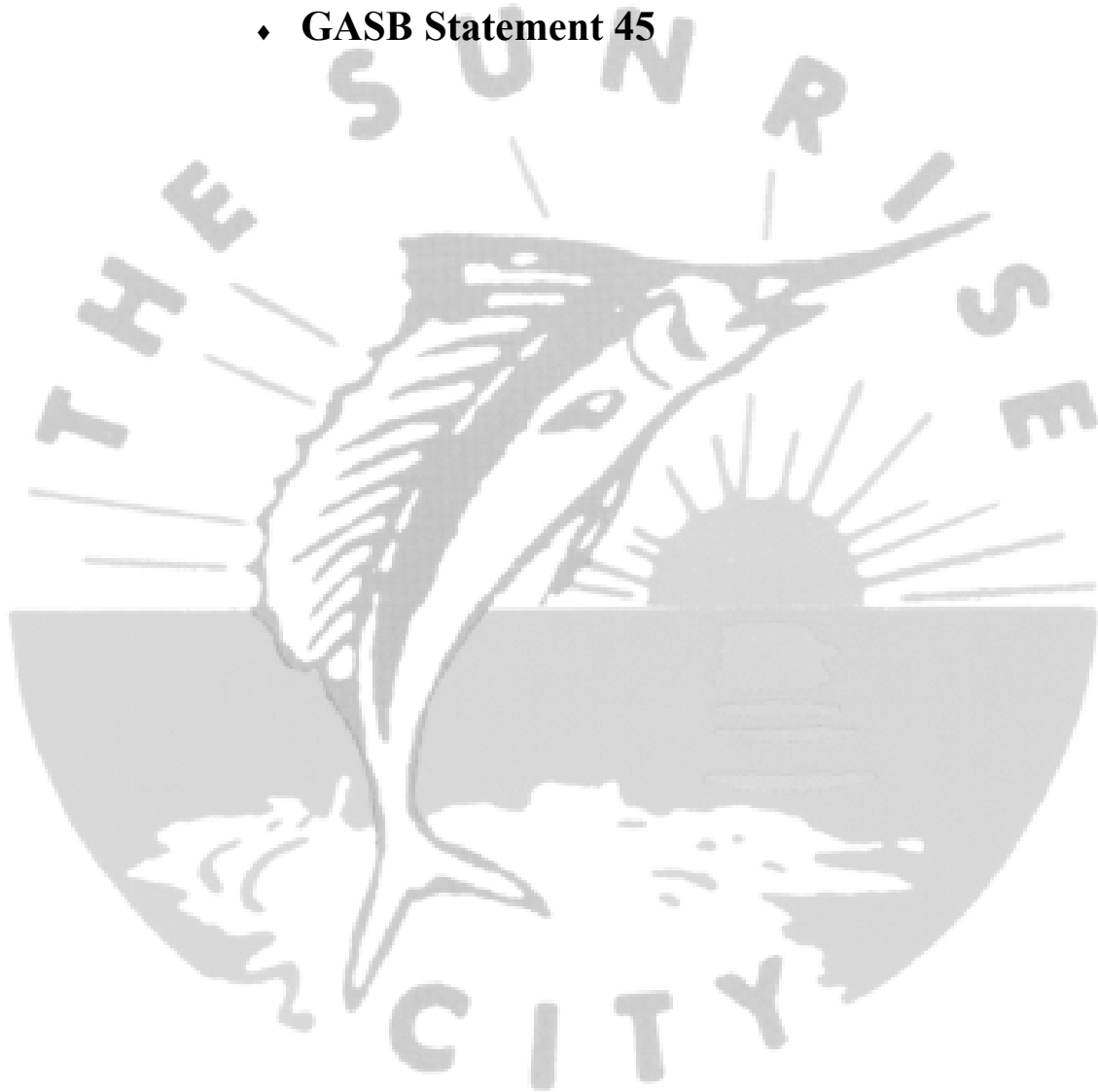
The Authority transferred the ownership of the former site of the Henry D. King Power Plant to the city on October 15, 2009. A grant awarded to the city for cleanup, which will expire on June 30, 2013, will not be sufficient to cover the remaining cost of remediation. Based upon current estimates, an independent consultant has estimated the cost over a three year period, to be approximately \$3,000,000. Voluntary Cleanup Tax Credits have been estimated at \$1,800,000. Based on these assumptions, the Authority will be responsible for the remaining \$1,200,000. The amount expected to paid in fiscal 2013 is \$500,000. The remainder has been recorded as a long term liability in the accompanying financial statements. As this project progresses, estimates and the anticipated cost of completion will be reevaluated.

NOTE X- SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to September 30, 2012 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2012. Management has performed their analysis through March 29, 2013, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

- ◆ **GASB Statement 25**
- ◆ **GASB Statement 45**



City of Fort Pierce, Florida
GASB STATEMENT 25 REQUIREMENT SUPPLEMENTARY INFORMATION
 General Employee's Retirement and Benefit System
 September 30, 2012
 (Unaudited)

Schedule of Funding Progress

(\$ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
		Accrued Liability (AAL) -Entry Age (b)					
9/30/2003	168.9	162.0		(6.9)	104	40.3	(17)
9/30/2004	171.6	186.7		15.1	92	43.5	35
9/30/2005	185.8	216.5		30.7	86	48.9	63
9/30/2006	* 120	130.9		10.9	92	30.56	36
9/30/2007	* 136	139		3	98	31.0	10
9/30/2008	143	150		7	95	33.0	21
9/30/2009	147	158.7		11.7	93	31	38
9/30/2010	* 149	165		16	90	27	59
9/30/2011	* 142	167		25	85	26	96
9/30/2012	147	173		26	85	26	100

Schedule of Employer Contributions

Fiscal Year Ended September 30	Aggregate Contribution Rates as Percent of Valuation Payroll	Projected Dollar Contribution Based on Valuation Payroll	Actual Contribution Based On Actual Payroll @	Percentage Contributed
2003	5.22	2,048,079	2,271,079	100
2004	7.34	2,893,397	3,610,663	100
2005	9.2	3,948,626	5,634,357	100
2006	13.6	6,283,117	8,975,380	100
2007	12.8	3,624,157	4,114,963	100
2008	12.1	3,939,766	4,082,846	100
2009	10.4	3,517,935	3,580,089	100
2010	11.06	3,978,173	3,377,350	100
2011	11.81	3,999,560	3,181,447	100
2012	13.46	3,937,037	3,566,751	100

@ Actual City contributions are determined by applying the City's contribution rate to the emerging payroll.

City of Fort Pierce, Florida
GASB STATEMENT 25 REQUIREMENT SUPPLEMENTARY INFORMATION
 General Employee's Retirement and Benefit System
 September 30, 2012
 (Unaudited)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as the latest actuarial valuation follows:

Valuation date:	September 30, 2012
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent of payroll, closed
Remaining amortization periods	1 - 30 years
Asset valuation method	4 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	General & U.A.: 4.5% - 8.7%
	Police: 4.5% - 8.5%
*Included inflation and other increases at	4.5%
Cost-of-living adjustments	None

City of Fort Pierce, Florida
GASB STATEMENT 25 REQUIREMENT SUPPLEMENTARY INFORMATION
Municipal Police Officers' Retirement Trust Fund
September 30, 2012
(Unaudited)

Schedule of Employer and Other Contributing Entities Contributions

- This schedule is not applicable to the aggregate actuarial cost method -

Fiscal Year Ended September 30	Actuarial Valuation Date	Annual Calculated Contribution	* State Contribution	Percentage Contributed
2003	9/30/2002	305,841	294,190	96.2
2004	9/30/2003	409,698	294,190	71.8
2005	9/30/2004	518,466	294,190	56.7
2006	9/30/2005	450,068	294,190	65.4
2007	9/30/2006	530,485	294,190	55.5
* 2008	9/30/2007	456,784	303,324	66.4
2009	9/30/2008	520,905	276,943	53.2
2010	9/30/2009	530,943	262,634	49.5
** 2011	9/30/2010	433,051	241,312	55.7
*** 2012	9/30/2011	295,499	241,312	81.7

The City does not contribute to this plan, all contributions are from the state and the employees

- * Reflects plan changes under Ordinance No. L-34
- ** Reflects plan changes under Ordinance No. L-212
- *** This is the required contribution amount determined as a percentage of the actual payroll for the fiscal year.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
9/30/2005	7,487,837	8,936,741	1,448,904	84	5,943,309	24
9/30/2006	7,561,205	9,446,757	1,885,552	80	6,838,249	28
9/30/2007 **	7,883,635	8,940,664	1,057,029	88	6,323,737	17
9/30/2008	8,449,679	9,668,809	1,219,130	87	6,992,600	17
9/30/2009	9,062,193	10,060,601	998,408	90	6,754,679	15
9/30/2010	9,093,257	9,952,866	859,609	91	6,393,190	13
9/30/2011	9,433,638	10,081,314	647,676	94	5,696,599	11
9/30/2012	10,146,881	10,771,458	624,577	94	5,422,508	12

**Reflects plan changes under Ordinance No. L-34

City of Fort Pierce, Florida
GASB STATEMENT 25 REQUIREMENT SUPPLEMENTARY INFORMATION
Municipal Police Officers' Retirement Trust Fund
September 30, 2012
(Unaudited)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as the latest actuarial valuation follows:

Valuation date:	September 30, 2012
Actuarial cost method	Individual Entry Age
Amortization method	Level percent of Payroll, closed
Remaining amortization periods	30 years
Asset valuation method	4 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	5.0% - 8.8%
*Included inflation and other increases at	3.0%
Cost-of-living adjustments	None

City of Fort Pierce, Florida
GASB STATEMENT 45 REQUIREMENT SUPPLEMENTARY INFORMATION
City of Ft. Pierce Other Post Employment Benefits
September 30, 2012
(Unaudited)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
City of Ft. Pierce						
9/30/2008	- \$	3,848,898 \$	3,848,898 \$	0%	\$ 17,923,099	21%
9/30/2009	- \$	3,848,898 \$	3,848,898 \$	0%	\$ 17,151,291	22%
9/30/2010	- \$	2,899,180 \$	2,899,180 \$	0%	\$ 14,962,156	19%
9/30/2011	- \$	2,899,180 \$	2,899,180 \$	0%	\$ 13,850,285	21%
9/30/2012	- \$	1,460,763 \$	1,460,763 \$	0%	\$ 14,041,070	10%
FPUA(a discretely presented component unit)						
9/30/2008	- \$	2,094,000 \$	2,094,000 \$	0%	\$ 14,591,000	14%
9/30/2009	- \$	2,094,000 \$	2,094,000 \$	0%	\$ 14,711,000	14%
9/30/2010	- \$	2,274,000 \$	2,274,000 \$	0%	\$ 14,700,000	15%
9/30/2011	- \$	2,274,000 \$	2,274,000 \$	0%	\$ 14,023,000	16%
9/30/2012	- \$	709,000 \$	709,000 \$	0%	\$ 13,637,000	5%

COMBINING AND INDIVIDUAL FUND STATEMENTS



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GENERAL FUND

The General Fund is used to account for all sources and uses of financial resources applicable to the general operations of the City of Fort Pierce. All general operating revenue which are not restricted as to use are recorded in the General Fund.



City of Fort Pierce, Florida
**SCHEDULE OF GENERAL FUND REVENUES AND
OTHER FINANCING SOURCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND**

Year ended September 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes			
Ad valorem	\$ 10,454,543	\$ 10,010,991	\$ 10,010,991
General sales and use	2,172,768	2,268,673	2,268,673
Franchise	4,395,323	4,707,338	4,707,338
	<u>17,022,634</u>	<u>16,987,002</u>	<u>16,987,002</u>
Licenses and permits			
Occupational licenses	280,000	260,002	260,002
Other	73,500	93,388	93,388
	<u>353,500</u>	<u>353,390</u>	<u>353,390</u>
Intergovernmental revenue			
State shared revenue	2,445,000	2,610,738	2,610,738
State retirement contribution	240,000	241,799	241,799
County shared revenue	68,000	72,230	72,230
	<u>2,753,000</u>	<u>2,924,767</u>	<u>2,924,767</u>
Charges for services			
General government	131,420	187,721	187,721
Physical environment	10,000	8,027	8,027
	<u>141,420</u>	<u>195,748</u>	<u>195,748</u>
Fines and forfeitures			
Court cases	108,500	100,594	100,594
Code violation	81,000	74,520	74,520
	<u>189,500</u>	<u>175,114</u>	<u>175,114</u>
Other			
Contributions from component unit	5,125,280	4,767,268	4,767,268
Investment income	46,750	73,513	73,513
Rents	25,440	26,025	26,025
Administrative and contractual services	625,000	410,598	410,598
Reimbursements by other funds	1,492,000	1,218,687	1,218,687
Special assessments	2,000	13,651	13,651
Impact fees	-	18,802	18,802
Miscellaneous	111,400	268,683	268,683
	<u>7,427,870</u>	<u>6,797,227</u>	<u>6,797,227</u>
Total revenues	27,887,924	27,433,248	27,433,248
Other financing sources			
Transfers in	3,458,358	4,097,640	4,097,640
Total other financing sources	<u>3,458,358</u>	<u>4,097,640</u>	<u>4,097,640</u>
Total revenues, other financing sources,	<u>\$ 31,346,282</u>	<u>\$ 31,530,888</u>	<u>\$ 31,530,888</u>

City of Fort Pierce, Florida
**SCHEDULE OF GENERAL FUND EXPENDITURES
AND OTHER FINANCING USES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND**
Year ended September 30, 2012

	Budgeted Amounts		Actual
	Original	Final	
Expenditures			
General Government			
Legislative			
City Commission	\$ 271,404	\$ 269,310	\$ 269,310
Executive			
City Manager	443,982	455,127	455,127
City Clerk	288,993	280,266	280,266
Financial and administrative			
General administration	4,321,016	4,495,814	4,495,814
Finance	676,709	649,501	649,501
MIS	905,606	875,911	875,911
Purchasing	158,770	151,730	151,730
Personnel	435,324	445,829	445,829
Legal counsel			
City Attorney	617,608	690,147	690,147
Comprehensive planning			
Planning	672,105	606,730	606,730
Public works			
Director	331,310	343,250	343,250
Garage	559,741	422,630	422,630
Building maintenance	995,618	923,755	923,755
	<u>10,678,186</u>	<u>10,610,000</u>	<u>10,610,000</u>
Public safety			
Law enforcement			
Police	605,619	568,124	568,124
Police- Investigation	2,672,210	2,458,138	2,458,138
Police- Neighborhood	5,567,927	5,514,561	5,514,561
Police- Support Operations	2,689,086	2,807,333	2,807,333
Code Enforcement	761,147	758,148	758,148
	<u>12,295,989</u>	<u>12,106,304</u>	<u>12,106,304</u>
Transportation			
Road and street facilities			
Engineering	1,082,923	934,715	934,715
Street maintenance	2,227,851	2,178,294	2,178,294
	<u>3,310,774</u>	<u>3,113,009</u>	<u>3,113,009</u>
Culture and recreation			
Parks and recreation	1,909,697	1,822,603	1,822,603
Riverwalk Center	173,884	142,340	142,340
	<u>2,083,581</u>	<u>1,964,943</u>	<u>1,964,943</u>
Total expenditures	28,368,530	27,794,256	27,794,256
Other financing uses			
Transfers out	3,972,683	4,026,798	4,026,798
Total expenditures and other financing uses	<u>\$ 32,341,213</u>	<u>\$ 31,821,054</u>	<u>\$ 31,821,054</u>

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City does not have an appropriated budget for special revenue funds.

◆ **The Law Enforcement Trust Fund**

This fund is used to account for the assets confiscated by the Police Department. The money generated from the sale of confiscated property is used solely for the City's law enforcement system and is legally restricted for that purpose.

◆ **Police Grant Fund**

This fund is used to account for all Federal and State Grants received for the purpose of Law Enforcement.

◆ **State Housing Initiative Program (SHIP)**

This fund is used to record assistance received from the State of Florida for housing assistance for the City's low and moderate income citizens.

◆ **Federal Major Grant Program**

This fund is used to account for major grants administered by Urban Redevelopment; to record grant income and related eligible expenditures.

◆ **Restricted Revenue Fund**

This fund is used to account for all revenue that is restricted as to the purpose the money generated can be utilized.

NONMAJOR GOVERNMENTAL FUNDS (CONT'D)

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The City does not have an appropriated budget for debt service funds.

- ◆ **City Hall Revenue Refunding Bond Fund, Series 2003**

This fund is used to account for the accumulation of monies to pay \$4,345,000 of Capital Sales Tax Revenue Refunding Bonds, Series 1993. The Local Government Half-Cent Sales Tax funds are pledged for the payments of principal and interest due from 2003-2012.

- ◆ **Capital Improvement Revenue Refunding Bond Fund, Series 2008
A&B**

This fund is used to account for the accumulation of monies to pay \$23,190,00 2008 Series A and \$6,650,000 2008 Series B of the Capital Improvement Revenue Refunding Bonds, Series 2008 issue. FPRA TIF funds are pledged for the payments of principal and interest due from 2009-2034.

- ◆ **Capital Improvement Revenue Refunding Bond Fund, Series 2010
A&B**

This fund is used to account for the accumulation of monies to pay \$6,825,000 2010 Series A and \$2,935,000 2010 Series B of the Capital Improvement Revenue Refunding Bonds, Series 2010 issue. FPRA TIF funds are pledged for the payments of principal and interest due from 2014-2030.

NONMAJOR GOVERNMENTAL FUNDS (CONT'D)

DEBT SERVICE FUNDS (CONT'D.)

- ◆ **Capital Improvement Revenue Fund, Series 2004**

This fund is used to account for the accumulation of monies to pay \$3,170,000 Capital Improvements Bonds for reconstruction of the City's golf course. Non-ad Valorem Revenues are pledged for the payment of principal and interest due from 2004-2034.

- ◆ **Fort Pierce Redevelopment Bonds, Series 2006**

This fund is used to account for the accumulation of monies to pay \$20,000,000 of capital improvements. Tax increment revenues are pledged for the payment of principal and interest due from 2006-2031.

- ◆ **Fort Pierce Redevelopment Bonds, Series 2005**

This fund is used to account for the accumulation of monies to pay \$20,200,000 of capital improvements. Tax increment revenues are pledged for the payment of principal and interest due from 2005-2030.

CAPITAL PROJECT FUNDS

- ◆ **Capital Improvement Fund, Redevelopment**

This fund is used to account for the sources and uses of TIF funds to construct various capital improvements within the City including improvements to roads and buildings, and construction of infrastructure, land and other improvements.

- ◆ **Special Capital Projects Fund**

This fund is used to account for the sources and uses of funds to account for the construction of various capital improvement of the City.

City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 1,672,003	\$ 1,561,513	\$ 2,346,071	\$ 5,579,587
Accounts Receivable	37,315	-	-	37,315
Due from other funds	25,252	-	677,648	702,900
Due from other governments	1,602,603	-	-	1,602,603
Prepaid Expenses	2,315	-	-	2,315
Notes Receivable	25,965	-	-	25,965
Total assets	<u>\$ 3,365,453</u>	<u>\$ 1,561,513</u>	<u>\$ 3,023,719</u>	<u>\$ 7,950,685</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 691,166	\$ -	\$ 89,454	\$ 780,620
Contracts payable - retainage	-	-	25,787	25,787
Due to other funds	1,021,852	-	-	1,021,852
Deferred revenues	25,965	-	-	25,965
Total liabilities	<u>1,738,983</u>	<u>-</u>	<u>115,241</u>	<u>1,854,224</u>
FUND BALANCES				
Nonspendable	2,315	-	-	2,315
Restricted	1,434,093	1,561,513	2,908,478	5,904,084
Assigned	190,062	-	-	190,062
Total fund balances	<u>1,626,470</u>	<u>1,561,513</u>	<u>2,908,478</u>	<u>6,096,461</u>
Total liabilities and fund balances	<u>\$ 3,365,453</u>	<u>\$ 1,561,513</u>	<u>\$ 3,023,719</u>	<u>\$ 7,950,685</u>

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NONMAJOR GOVERNMENTAL FUNDS



City of Fort Pierce, Florida
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
Year ended September 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental	\$ 3,572,707	\$ -	\$ -	\$ 3,572,707
Fines and forfeitures	18,000	-	-	18,000
Investment income	6,921	11,217	19,820	37,958
Miscellaneous	533,810	-	-	533,810
Total revenues	4,131,438	11,217	19,820	4,162,475
Expenditures				
Current				
General Government	1,095	-	9	1,104
Public safety	1,052,386	-	-	1,052,386
Economic environment	1,725,542	-	-	1,725,542
Capital Outlay	1,304,759	-	273,473	1,578,232
Debt service				
Principal	-	1,820,000	-	1,820,000
Interest and fees	-	3,716,204	-	3,716,204
Other	-	15,100	-	15,100
Total expenditures	4,083,782	5,551,304	273,482	9,908,568
Excess of revenues over (under) expenditures	47,656	(5,540,087)	(253,662)	(5,746,093)
Other financing sources (uses)				
Transfers in	101,895	4,932,823	84,259	5,118,977
Transfers out	(583,932)	-	-	(583,932)
Total other financing sources (uses)	(482,037)	4,932,823	84,259	4,535,045
Net change in fund balances	(434,381)	(607,264)	(169,403)	(1,211,048)
Fund balance - beginning of year	2,060,851	2,168,777	3,077,881	7,307,509
Fund balance - end of year	\$ 1,626,470	\$ 1,561,513	\$ 2,908,478	\$ 6,096,461

City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012

	Police Grants Fund	Law Enforcement Trust Fund
ASSETS		
Cash and investments	\$ -	\$ 97,322
Accounts Receivable	37,315	-
Due from other funds	-	-
Due from other governments	312,203	-
Prepaid Expenses	2,315	-
Notes receivable	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 351,833</u>	<u>\$ 97,322</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 34,578	\$ -
Due to other funds	314,940	-
Deferred revenues	-	-
	<u> </u>	<u> </u>
Total liabilities	349,518	-
FUND BALANCES		
Nonspendable	2,315	-
Restricted	-	97,322
Assigned	-	-
	<u> </u>	<u> </u>
Total fund balances	2,315	97,322
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 351,833</u>	<u>\$ 97,322</u>

State Housing Initiatives Program (S.H.I.P.)	Federal Major Grant Program	Restricted Revenue Fund	Disaster Relief	Total Nonmajor Special Revenue Funds
\$ 193,429	\$ -	\$ 1,381,252	\$ -	\$ 1,672,003
-	-	-	-	37,315
-	25,252	-	-	25,252
-	144,009	-	1,146,391	1,602,603
-	-	-	-	2,315
25,965	-	-	-	25,965
<u>\$ 219,394</u>	<u>\$ 169,261</u>	<u>\$ 1,381,252</u>	<u>\$ 1,146,391</u>	<u>\$ 3,365,453</u>
\$ 53	\$ 23,786	\$ 20,449	\$ 612,300	\$ 691,166
17,841	145,475	9,505	534,091	1,021,852
25,965	-	-	-	25,965
43,859	169,261	29,954	1,146,391	1,738,983
-	-	-	-	2,315
175,535	-	1,161,236	-	1,434,093
-	-	190,062	-	190,062
175,535	-	1,351,298	-	1,626,470
<u>\$ 219,394</u>	<u>\$ 169,261</u>	<u>\$ 1,381,252</u>	<u>\$ 1,146,391</u>	<u>\$ 3,365,453</u>

City of Fort Pierce, Florida

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

Year ended September 30, 2012

	Police Grants Fund	Law Enforcement Trust Fund
	<u> </u>	<u> </u>
Revenues		
Intergovernmental	\$ 771,354	\$ -
Fines and forfeitures	-	18,000
Investment income	13	345
Miscellaneous	221,834	49,654
	<u> </u>	<u> </u>
Total revenues	993,201	67,999
Expenditures		
Current		
General Government	-	-
Public safety	983,412	68,974
Economic environment	-	-
Capital outlay	118,822	-
Total expenditures	<u>1,102,234</u>	<u>68,974</u>
Excess of revenues over (under) expenditures	(109,033)	(975)
Other financing sources (uses)		
Transfers in	101,895	-
Transfers out	<u>-</u>	<u>-</u>
Total other financing sources (uses)	101,895	-
Net change in fund balances	(7,138)	(975)
Fund balance - beginning of year	9,453	98,297
Fund balance - end of year	<u>\$ 2,315</u>	<u>\$ 97,322</u>

State Housing Initatives Program (S.H.I.P.)	Federal Major Grant Program	Restricted Fund	Disaster Relief	Total Non-Major Special Revenue Funds
\$ 63,708	\$ 1,427,915	\$ 163,339	\$ 1,146,391	\$ 3,572,707
-	-	-	-	18,000
817	-	5,746	-	6,921
-	166,124	96,198	-	533,810
64,525	1,594,039	265,283	1,146,391	4,131,438
-	-	1,095	-	1,095
-	-	-	-	1,052,386
108,837	1,594,039	-	22,666	1,725,542
-	-	62,212	1,123,725	1,304,759
108,837	1,594,039	63,307	1,146,391	4,083,782
(44,312)	-	201,976	-	47,656
-	-	-	-	101,895
-	-	(583,932)	-	(583,932)
-	-	(583,932)	-	(482,037)
(44,312)	-	(381,956)	-	(434,381)
219,847	-	1,733,254	-	2,060,851
\$ 175,535	\$ -	\$ 1,351,298	\$ -	\$ 1,626,470

City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
September 30, 2012

	Fort Pierce Redevelopment Bonds	City Hall Revenue	Golf Course Improvement Bonds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 371,287	\$ 499,677	\$ 142,883
Total Assets	<u>\$ 371,287</u>	<u>\$ 499,677</u>	<u>\$ 142,883</u>
 LIABILITIES AND FUND BALANCES			
 FUND BALANCES			
Restricted	<u>371,287</u>	<u>499,677</u>	<u>142,883</u>
Total fund balance	<u>371,287</u>	<u>499,677</u>	<u>142,883</u>
Total liabilities and fund balance	<u>\$ 371,287</u>	<u>\$ 499,677</u>	<u>\$ 142,883</u>

Capital Improvement Revenue 2008	Capital Improvement Refunding 2010	Total Nonmajor Debt Service Funds
\$ 212,763	\$ 334,903	\$ 1,561,513
<u>\$ 212,763</u>	<u>\$ 334,903</u>	<u>\$ 1,561,513</u>
<u>212,763</u>	<u>334,903</u>	<u>1,561,513</u>
<u>212,763</u>	<u>334,903</u>	<u>1,561,513</u>
<u>\$ 212,763</u>	<u>\$ 334,903</u>	<u>\$ 1,561,513</u>

City of Fort Pierce, Florida
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE**
NONMAJOR DEBT SERVICE FUNDS
 Year Ended September 30, 2012

	Fort Pierce Redevelopment Bonds	City Hall Revenue	Golf Course Improvement Bonds
Revenues			
Investment income	\$ 3,790	\$ 1,340	\$ 414
Expenditures			
Debt service			
Principal	1,160,000	475,000	70,000
Interest and fees	1,567,642	28,518	138,236
Other	7,081	1,167	750
Total expenditures	2,734,723	504,685	208,986
Excess of revenues over (under) expenditures	(2,730,933)	(503,345)	(208,572)
Other financing sources (uses)			
Transfers in	2,280,956	506,100	185,930
Total other financing sources (uses)	2,280,956	506,100	185,930
Net change in fund balances	(449,977)	2,755	(22,642)
Fund balances - beginning of year	821,264	496,922	165,525
Fund balances - end of year	\$ 371,287	\$ 499,677	\$ 142,883

Capital Improvement Revenue 2008	Capital Improvement Refunding 2010	Total Nonmajor Debt Service Funds
\$ 3,153	\$ 2,520	\$ 11,217
115,000	-	1,820,000
1,576,054	405,754	3,716,204
3,050	3,052	15,100
1,694,104	408,806	5,551,304
(1,690,951)	(406,286)	(5,540,087)
1,774,581	185,256	4,932,823
1,774,581	185,256	4,932,823
83,630	(221,030)	(607,264)
129,133	555,933	2,168,777
\$ 212,763	\$ 334,903	\$ 1,561,513

City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2012

	<u>Capital Project Fund Redevelopment</u>	<u>Capital Project Fund Special Capital Projects Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
ASSETS			
Cash and investments	\$ 358,750	\$ 1,987,321	\$ 2,346,071
Due from other funds	<u>145,475</u>	<u>532,173</u>	<u>677,648</u>
Total assets	<u>\$ 504,225</u>	<u>\$ 2,519,494</u>	<u>\$ 3,023,719</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 27,450	\$ 62,004	\$ 89,454
Contracts Payable-Retainage	<u>25,787</u>	<u>-</u>	<u>25,787</u>
Total liabilities	53,237	62,004	115,241
FUND BALANCES			
Restricted	<u>450,988</u>	<u>2,457,490</u>	<u>2,908,478</u>
Total liabilities and fund balances	<u>\$ 504,225</u>	<u>\$ 2,519,494</u>	<u>\$ 3,023,719</u>

City of Fort Pierce, Florida

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

Year ended September 30, 2012

	Capital Project Fund Redevelopment	Capital Project Fund Special Capital Projects Fund	Total Nonmajor Capital Project Funds
<i>Revenues</i>			
Investment income	\$ 11,611	\$ 8,209	\$ 19,820
Total revenues	11,611	8,209	19,820
<i>Expenditures</i>			
Operating Expenses	9	-	9
Capital outlay	194,210	79,263	273,473
Total expenditures	194,219	79,263	273,482
Excess of revenues over (under) expenditures	(182,608)	(71,054)	(253,662)
<i>Other financing sources (uses)</i>			
Transfers in	74,754	9,505	84,259
Total other financing sources (uses)	74,754	9,505	84,259
Net change in fund balances	(107,854)	(61,549)	(169,403)
Fund balance - beginning of year	558,842	2,519,039	3,077,881
Fund balance - end of year	\$ 450,988	\$ 2,457,490	\$ 2,908,478

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STATISTICAL SECTION



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A-1 STATISTICAL TABLES

This section of the City of Fort Pierce's Comprehensive Annual Report contains information to assist the reader in understanding the financial Statements, notes to the financial and other supplemental information.

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

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

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

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities it performs.

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MISCELLANEOUS STATISTICS

Date of Incorporation:	February 2, 1901	City of Fort Pierce Population:	
Adoption of City Charter:	1957	1940	8,040
Form of Govt:	Commission/City Manager	1950	13,502
Fiscal Year:	October 1, 2011 through September 30, 2012	1960	25,113
Area:	as of 1/31/2012	1970	29,721
	29.14 square miles	1980	33,802
		1990	36,830
		2000	38,401
Number of Employees:	622	2010	41,590
City	347		
Utilities Authority	275		
Police Protection:		Recreation:	
Number of Stations	3	Acres of Public Parks	294.3
Number of Arresting Personnel	107	Baseball Practice Fields	23
		Basketball Courts	11
Fire Protection:		Boat Ramps	10
(County wide)		Football Fields	1
Number of Stations	18	Playgrounds	12
Number of Firemen & Officers	364	Miles of Public Beach	2.3
		Municipal Pools	2
Infrastructure:		Racquetball/Handball Courts	2
Cemeteries (not City owned)		Shuffleboard Courts	1
City Bridges	8	Tennis Courts	18
City Buildings	23	Utilities Customers:	
Flashing Caution Lights	30	Electric	28,413
Street Lights	5,106	Water	19,394
Traffic & Caution Lights	177	Wastewater	14,842
Miles of:		Natural Gas	4,039
Streets	152.46	County Schools Enrollment:	
•Paved	150.43	ESE (all grades)	5,493
•Unpaved	2.03	Elementary	19,132
Canals	10.09	Middle	9,555
Curbs and Gutters	121.42	High School	12,273
Seawalls	1.13	Total Enrollment	46,453
Sidewalks	78.90	Solid Waste Customers:	
Storm Sewers	73.10	Commercial	1,675
Building Permits New Construction:	12	Residential	11,427
Construction Valuation	\$ 3,607,647	Public	35

Sources: City of Fort Pierce financial records, St. Lucie County Fire District records, Ft. Pierce Utilities Authority, St. Lucie County School records and Bureau of Business and Economic Research.

City of Fort Pierce, Florida
Net Assets by Component
Last Ten Fiscal Years

	Fiscal Year			
	2012	2011	2010	2009
Governmental activities				
Invested in capital assets, net of related debt	\$ 30,700,782	\$ 31,066,247	\$ 28,668,343	\$ 36,179,711
Restricted	4,469,991	7,448,269	7,448,269	6,262,950
Unrestricted	14,694,145	13,854,615	18,329,988	13,913,684
Total governmental activities net assets	\$ 49,864,918	\$ 52,369,131	\$ 54,446,600	\$ 56,356,345
Business type activities				
Invested in capital assets, net of related debt	\$ 53,122,423	\$ 44,669,243	\$ 45,408,923	\$ 40,490,367
Restricted	-	-	-	-
Unrestricted	13,672,962	13,960,371	10,201,851	12,419,077
Total business-type activities net assets	\$ 66,795,385	\$ 58,629,614	\$ 55,610,774	\$ 52,909,444
Primary Government				
Invested in capital assets, net of related debt	\$ 83,823,205	\$ 75,735,490	\$ 77,472,266	\$ 76,670,078
Restricted	4,469,991	7,448,269	7,448,269	6,262,950
Unrestricted	28,367,107	27,814,986	25,868,516	26,332,761
Total primary government net assets	\$ 116,660,303	\$ 110,998,745	\$ 110,789,051	\$ 109,265,789

Source: Statement of Net Assets

Notes: 2002 First year of collecting data

*** Data not available

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 39,596,736	\$ 34,683,122	\$ 34,940,179	\$ 23,716,538	\$ 30,410,138	\$ 32,150,577
8,583,007	8,630,792	5,979,367	14,793,226	17,913,369	14,971,600
9,190,260	8,813,572	8,284,023	9,249,853	2,230,886	4,184,165
\$ 57,370,003	\$ 52,127,486	\$ 49,203,569	\$ 47,759,617	\$ 50,554,393	\$ 51,306,342
\$ 28,158,381	\$ 29,329,512	\$ 24,776,985	\$ 6,806,387	\$ 3,439,331	\$ 3,719,336
-	-	-	-	-	-
18,071,190	10,548,133	11,662,622	9,901,064	3,677,445	2,496,446
\$ 46,229,571	\$ 39,877,645	\$ 36,439,607	\$ 16,707,451	\$ 7,116,776	\$ 6,215,782
\$ 67,755,117	\$ 64,012,634	\$ 59,717,164	\$ 30,522,925	\$ 33,849,469	\$ 35,869,913
8,583,007	8,630,792	5,979,367	14,793,226	17,913,369	14,971,600
27,261,450	19,361,705	19,946,645	19,150,917	5,908,331	6,680,611
\$ 103,599,574	\$ 92,005,131	\$ 85,643,176	\$ 64,467,068	\$ 57,671,169	\$ 57,522,124

City of Fort Pierce, Florida
Changes in Net Assets
Last Ten Fiscal Years

	Fiscal Year			
	2012	2011	2010	2009
Expenses				
Government activities:				
General government	\$ 9,368,691	\$ 9,578,646	\$ 11,039,863	\$ 12,967,795
Public Safety	13,758,635	13,353,710	14,614,487	16,893,985
Transportation	6,277,776	6,347,717	7,375,759	6,647,625
Economic Environment	3,361,379	2,040,019	6,075,167	7,863,601
Culture and recreation	2,268,586	2,321,424	2,548,710	2,642,486
Interest of long-term debt	3,821,411	3,841,700	3,680,658	4,001,465
Total government activities expenses	<u>\$ 38,856,478</u>	<u>\$ 37,483,216</u>	<u>\$ 45,334,644</u>	<u>\$ 51,016,957</u>
Business-type activities				
Solid Waste	\$ 5,440,958	\$ 5,486,548	\$ 5,245,043	\$ 4,747,297
Marina	2,155,455	2,353,376	2,300,594	2,233,160
Storm Water	3,241,933	3,182,318	2,648,312	2,578,157
Golf Course	1,610,301	1,600,742	1,908,161	1,933,926
Sunrise Theater	4,173,135	3,816,102	3,845,893	4,017,465
Building Fund	951,656	997,636	915,411	-
Total business-type activities	<u>\$ 17,573,438</u>	<u>\$ 17,436,722</u>	<u>\$ 16,863,414</u>	<u>\$ 15,510,005</u>
Total primary government expenses	<u>\$ 56,429,916</u>	<u>\$ 54,919,938</u>	<u>\$ 62,198,058</u>	<u>\$ 66,526,962</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 451,139	\$ 695,767	\$ 1,320,108	\$ 2,396,587
Public Safety	335,806	338,144	480,040	1,120,931
Transportation	18,850	102,831	124,853	121,646
Economic Environment	5,021,998	5,565,047	9,151,126	293,568
Culture and recreation	133,913	132,696	721,037	10,167
Operating grants and contributions	2,968,721	1,977,408	3,228,715	12,358,009
Capital grants and contributions	1,311,204	659,333	510,645	2,966,734
Total governmental activities program revenues	<u>\$ 10,241,631</u>	<u>\$ 9,471,226</u>	<u>\$ 15,536,524</u>	<u>\$ 19,267,642</u>
Business-type activities				
Charges for services:				
Solid Waste	\$ 6,139,701	\$ 6,078,244	\$ 6,177,815	\$ 6,079,811
Marina	1,920,455	1,626,788	1,531,036	1,551,310
Storm Water	2,679,764	2,720,486	2,608,393	2,599,139
Golf Course	1,439,569	1,350,526	1,373,150	1,471,253
Sunrise Theater	3,066,474	2,625,109	2,156,753	2,211,941
Building Fund	845,845	976,606	1,044,916	-
Operating grants and contributions	-	-	4,727,554	3,825,307
Capital grants and contributions	10,145,196	4,046,662	-	4,208,215
Total business-type activities	<u>\$ 26,237,004</u>	<u>\$ 19,424,421</u>	<u>\$ 19,619,617</u>	<u>\$ 21,946,976</u>
Total primary government revenues	<u>\$ 36,478,635</u>	<u>\$ 28,895,647</u>	<u>\$ 35,156,141</u>	<u>\$ 41,214,618</u>
Net (Expense) Revenue				
Governmental activities	\$ (28,614,847)	\$ (28,011,990)	\$ (29,798,120)	\$ (31,749,315)
Business-type activities	8,663,566	1,987,699	2,756,203	6,436,971
Total primary government net expenses	<u>\$ (19,951,281)</u>	<u>\$ (26,024,291)</u>	<u>\$ (27,041,917)</u>	<u>\$ (25,312,344)</u>

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 15,157,106	\$ 13,450,017	\$ 13,100,535	\$ 14,741,595	\$ 14,229,637	\$ 9,885,116	
16,773,117	16,485,679	16,650,512	13,407,321	11,900,163	11,705,758	
7,003,523	7,024,296	6,590,194	6,261,610	5,402,102	2,577,943	
7,758,223	9,475,767	8,894,855	2,994,655	1,428,611	1,763,620	
2,825,114	2,610,912	3,467,988	5,392,943	2,241,848	1,902,661	
3,537,105	2,856,782	1,596,722	1,202,837	975,409	742,444	
<u>\$ 53,054,188</u>	<u>\$ 51,903,453</u>	<u>\$ 50,300,806</u>	<u>\$ 44,000,961</u>	<u>\$ 36,177,770</u>	<u>\$ 28,577,542</u>	
\$ 5,168,303	\$ 5,074,554	\$ 5,237,869	\$ 4,976,786	\$ 4,509,758	\$ 4,166,062	
2,459,231	2,554,290	2,441,381	1,944,677	2,689,567	2,130,298	
2,499,171	2,475,360	1,861,218	1,376,538	1,194,486	754,293	
1,813,631	1,777,562	1,622,928	1,067,884	1,094,109	1,313,907	
3,821,918	3,781,301	563,450	-	-	-	
-	-	-	-	-	-	
<u>\$ 15,762,254</u>	<u>\$ 15,663,067</u>	<u>\$ 11,726,846</u>	<u>\$ 9,365,885</u>	<u>\$ 9,487,920</u>	<u>\$ 8,364,560</u>	
<u>\$ 68,816,442</u>	<u>\$ 67,566,520</u>	<u>\$ 62,027,652</u>	<u>\$ 53,366,846</u>	<u>\$ 45,665,690</u>	<u>\$ 36,942,102</u>	
\$ 3,551,313	\$ 4,249,283	\$ 8,084,053	\$ 5,415,316	\$ 6,199,171	\$ 2,623,558	
1,724,209	2,253,572	3,164,892	3,638,404	1,544,010	660,093	
259,442	501,618	756,794	222,452	117,359	168,521	
507,295	349,130	-	-	454,361	98,677	
78,877	110,719	179,282	225,188	129,150	55,324	
13,141,206	15,710,657	10,569,716	5,533,452	4,311,988	1,004,701	
2,086,094	100,000	539,500	68,222	567,913	364,839	
<u>\$ 21,348,436</u>	<u>\$ 23,274,979</u>	<u>\$ 23,294,237</u>	<u>\$ 15,103,034</u>	<u>\$ 13,323,952</u>	<u>\$ 4,975,713</u>	
\$ 6,185,722	\$ 6,235,950	\$ 5,359,719	\$ 5,084,531	\$ 4,826,295	\$ 4,181,082	
1,630,162	1,623,322	1,501,071	1,066,132	1,969,786	2,173,384	
2,498,258	2,471,274	2,314,063	1,238,885	1,076,431	1,453,555	
1,659,221	1,641,172	1,556,868	402,752	624,922	856,069	
2,254,689	1,554,963	83,489	-	-	-	
-	-	-	-	-	-	
2,544,073	1,459,848	2,521,350	2,893,976	-	-	
5,164,319	1,524,028	16,423,052	-	-	-	
<u>\$ 21,936,444</u>	<u>\$ 16,510,557</u>	<u>\$ 29,759,612</u>	<u>\$ 10,686,276</u>	<u>\$ 8,497,434</u>	<u>\$ 8,664,090</u>	
<u>\$ 43,284,880</u>	<u>\$ 39,785,536</u>	<u>\$ 53,053,849</u>	<u>\$ 25,789,310</u>	<u>\$ 21,821,386</u>	<u>\$ 13,639,803</u>	
\$ (31,705,752)	\$ (27,006,569)	\$ (28,897,927)	\$ (28,897,927)	\$ (23,601,829)	\$ (23,601,829)	
6,174,190	18,032,766	1,320,391	1,320,391	(990,486)	299,530	
<u>\$ (25,531,562)</u>	<u>\$ (8,973,803)</u>	<u>\$ (27,577,536)</u>	<u>\$ (27,577,536)</u>	<u>\$ (24,592,315)</u>	<u>\$ (23,302,299)</u>	

General Revenues and Other Changes in Net Assets

	Fiscal Year			
	2012	2011	2010	2009
Governmental Activities:				
Taxes				
Ad valorem tax	\$ 10,009,972	\$ 11,144,640	\$ 11,867,277	\$ 14,476,029
General Sales and use tax	2,268,673	2,326,799	2,334,521	2,523,926
Utility service and franchise	4,708,357	4,656,869	4,771,753	4,886,723
State Revenue Sharing	1,153,572	1,149,797	1,146,272	1,148,859
Additional one-cent sales tax	1,330,114	1,387,116	1,333,339	1,353,418
Unrestricted grants and contributions	241,799	241,312	262,634	276,943
Component unit transfer	4,767,268	4,925,280	4,853,329	5,045,811
Investment earnings	191,827	194,349	249,136	273,147
Miscellaneous	196,028	202,640	286,804	237,912
Special Item-Sale of Land	-	-	-	-
Transfers	1,243,024	(294,281)	783,310	512,889
Total government activities	\$ 26,110,634	\$ 25,934,521	\$ 27,888,375	\$ 30,735,657
Business-type activities				
Investment earnings	\$ 79,883	\$ 87,750	\$ 122,060	\$ 142,244
Insurance proceeds-unrestricted		-	-	-
Miscellaneous	665,346	654,803	606,377	613,547
Transfers	(1,243,024)	294,281	(783,310)	(512,889)
Total business-type activities	\$ (497,795)	\$ 1,036,834	\$ (54,873)	\$ 242,902
Total primary government	\$ 25,612,839	\$ 26,971,355	\$ 27,833,502	\$ 30,978,559
Change in Net Assets				
Governmental Activities	\$ (2,504,213)	\$ (2,077,469)	\$ (1,909,745)	\$ (1,013,658)
Business-type activities	8,165,771	3,024,533	2,701,330	6,679,873
Total primary government	\$ 5,661,558	\$ 947,064	\$ 791,585	\$ 5,666,215

Source: Statement of Activities

Notes: 2002 First year of collecting data

*** Data not available

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 15,983,798	\$ 15,708,542	\$ 12,155,111	\$ 11,592,435	\$ 10,806,049	\$ 8,254,665	
2,408,440	2,586,791	2,809,910	2,755,281	2,443,899	2,197,978	
4,729,859	4,361,022	4,553,618	4,699,273	4,364,647	4,473,004	
1,167,446	1,371,713	1,463,753	1,428,351	1,212,058	1,112,497	
1,550,221	1,715,029	2,039,174	2,060,923	1,851,659	1,589,470	
345,472	345,742	-	4,585,395	4,919,453	4,477,259	
4,951,964	4,208,790	4,651,977	-	-	-	
1,202,125	1,949,595	115,455	469,309	327,327	98,862	
521,986	300,424	961,523	194,716	127,327	1,940,391	
3,207,299	-	-	-	-	-	
879,659	(995,257)	(300,000)	(1,682,512)	(267,056)	1,589,116	
\$ 36,948,269	\$ 31,552,391	\$ 28,450,521	\$ 26,103,171	\$ 25,785,363	\$ 25,733,242	
\$ 620,760	\$ 1,141,317	\$ 759,369	\$ 135,227	\$ 537,291	\$ 111,243	
-	-	236,345	5,996,876	-	-	
436,635	453,974	403,676	455,669	1,186,508	496,179	
(879,659)	995,257	300,000	1,682,512	267,056	(1,589,116)	
\$ 177,736	\$ 2,590,548	\$ 1,699,390	\$ 8,270,284	\$ 1,990,855	\$ (981,694)	
\$ 37,126,005	\$ 34,142,939	\$ 30,149,911	\$ 34,373,455	\$ 27,776,218	\$ 24,751,548	
\$ 5,242,517	\$ 2,923,917	\$ 1,443,952	\$ (2,794,756)	\$ 2,931,545	\$ 2,131,413	
6,351,926	20,623,314	3,019,781	9,590,675	1,061,451	(682,164)	
\$ 11,594,443	\$ 23,547,231	\$ 4,463,733	\$ 6,795,919	\$ 3,992,996	\$ 1,449,249	

City of Fort Pierce, Florida
Fund Balances, Government Funds
Last Ten Fiscal Years

	Fiscal Year			
	2012	*2011	2010	2009
General Fund				
Nonspendable	\$ 260,206	\$ 415,980	\$ -	\$ -
Restricted		-	-	-
Committed	1,219,933	894,680	-	-
Assigned	3,232,604	3,222,160	-	-
Unassigned	95,628	565,717		
Unreserved	-	-	4,149,368	4,525,073
Total General Fund	<u>\$ 4,808,371</u>	<u>\$ 5,098,537</u>	<u>\$ 4,149,368</u>	<u>\$ 4,525,073</u>
All Other Government Funds				
Special Revenue:				
Restricted	\$ 1,434,093	\$ 1,867,420	\$ 2,196,502	\$ 662,216
Nonspendable	16,437	16,591		
Assigned	190,062	190,062		
Committed	544,490	567,140		
Debt Service:				
Restricted	1,561,513	2,168,777	3,416,600	2,492,069
Capital projects:				
Restricted	2,908,478	3,077,881	4,031,669	8,225,425
Total all other governmental funds	<u>\$ 6,655,073</u>	<u>\$ 7,887,871</u>	<u>\$ 9,644,771</u>	<u>\$ 11,379,710</u>
Total governmental and general funds	<u>\$ 11,463,444</u>	<u>\$ 12,986,408</u>	<u>\$ 13,794,139</u>	<u>\$ 15,904,783</u>

* Implementation of GASB 54 in 2011

Source: Balance Sheet Governmental Funds

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,000,000	-	-	-	-	-
-	-	-	-	-	-
4,868,200	4,837,799	3,399,430	7,528,148	6,591,240	3,399,134
<u>\$ 7,868,200</u>	<u>\$ 4,837,799</u>	<u>\$ 3,399,430</u>	<u>\$ 7,528,148</u>	<u>\$ 6,591,240</u>	<u>\$ 3,399,134</u>
\$ 3,495,240	\$ 3,528,819	\$ 5,201,199	\$ 939,482	\$ 607,221	\$ 74,121
6,044,864	6,928,848	2,451,080	2,124,375	2,180,086	1,956,664
7,273,739	13,868,386	23,528,287	12,903,101	9,825,850	13,166,202
<u>\$ 16,813,843</u>	<u>\$ 24,326,053</u>	<u>\$ 31,180,566</u>	<u>\$ 15,966,958</u>	<u>\$ 12,613,157</u>	<u>\$ 15,196,987</u>
<u>\$ 24,682,043</u>	<u>\$ 29,163,852</u>	<u>\$ 34,579,996</u>	<u>\$ 23,495,106</u>	<u>\$ 19,204,397</u>	<u>\$ 18,596,121</u>

City of Fort Pierce, Florida
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2012	2011	2010	2009
Revenues				
Taxes	\$ 16,987,002	\$ 18,128,308	\$ 18,973,552	\$ 21,886,678
Licenses, fees and permits	353,390	465,984	393,408	946,089
Intergovernmental	11,338,211	9,157,273	12,180,543	16,068,886
Charges for services	195,748	180,180	74,964	93,280
Fines and penalties	193,114	207,067	350,920	521,193
Contributions from component units	4,767,268	4,925,280	4,853,329	5,045,811
Investment earnings	196,028	202,640	286,804	237,912
Other revenues	2,799,953	3,490,107	2,970,580	3,844,946
Total revenues	<u>\$ 36,830,714</u>	<u>\$ 36,756,839</u>	<u>\$ 40,084,100</u>	<u>\$ 48,644,795</u>
Expenditures				
General government	\$ 10,351,426	\$ 10,158,774	\$ 12,178,323	\$ 14,914,645
Public safety	12,972,368	12,555,394	13,918,785	16,191,118
Transpiration	3,058,459	2,981,763	3,130,854	3,783,786
Economic environment	3,277,492	1,944,850	6,042,952	7,759,398
Culture and recreation	1,943,145	1,988,264	2,144,593	2,389,376
Capital outlay	2,383,608	2,118,083	3,642,606	6,236,137
Debt service:				
Principal	1,820,000	1,695,000	1,645,484	1,887,041
Interest	3,761,440	3,813,474	3,644,993	3,821,412
Other	28,763	14,687	419,481	912,131
Total expenditures	<u>\$ 39,596,701</u>	<u>\$ 37,270,289</u>	<u>\$ 46,768,071</u>	<u>\$ 57,895,044</u>
Excess of Revenues over and (under) expenditures	<u>\$ (2,765,987)</u>	<u>\$ (513,450)</u>	<u>\$ (6,683,971)</u>	<u>\$ (9,250,249)</u>
Other Financing sources (Uses)				
Transfers in	\$ 10,639,613	\$ 6,319,305	\$ 13,083,132	\$ 18,338,952
Transfers out	(9,396,589)	(6,613,586)	(12,313,489)	(17,105,170)
Issuance of debt	-	-	459,099	-
Discount on issuance of debt	-	-	-	(450,795)
Proceeds from refunding	-	-	11,308,143	29,840,000
Total other financing	-	-	-	-
Payment on Current Refunding	-	-	(7,963,557)	(30,150,000)
Total sources (uses)	<u>\$ 1,243,024</u>	<u>\$ (294,281)</u>	<u>\$ 4,573,328</u>	<u>\$ 472,987</u>
Net change in fund balances	<u>\$ (1,522,963)</u>	<u>\$ (807,731)</u>	<u>\$ (2,110,643)</u>	<u>\$ (8,777,262)</u>
Debt service as a percentage of non capital expenditures	15.0%	15.7%	12.3%	11.1%

SOURCE: Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 23,122,097	\$ 22,656,355	\$ 19,518,639	\$ 19,046,989	\$ 16,329,901	\$ 14,910,580	
1,629,310	1,997,284	2,820,335	3,417,698	1,264,681	904,533	
18,493,398	19,422,168	19,535,244	12,404,309	9,328,110	5,292,416	
85,260	94,256	101,933	110,669	202,519	67,850	
475,811	536,872	642,792	528,894	547,841	434,831	
4,951,964	4,208,790	4,651,977	4,585,395	4,919,453	-	
1,202,125	1,949,595	961,523	469,309	308,991	196,320	
5,272,877	6,168,564	5,085,586	3,547,218	4,630,498	1,789,087	
\$ 55,232,842	\$ 57,033,884	\$ 53,318,029	\$ 44,110,481	\$ 37,531,994	\$ 23,595,617	
\$ 16,553,623	\$ 15,393,131	\$ 13,627,277	\$ 15,193,614	\$ 11,218,205	\$ 9,306,005	
15,842,453	15,659,093	15,593,122	12,667,329	12,383,763	10,858,265	
3,794,313	3,960,131	3,735,841	3,512,083	3,257,346	3,034,952	
7,439,327	9,356,712	8,809,116	2,910,853	1,413,564	1,147,395	
2,729,348	2,317,515	3,184,392	5,121,215	2,213,207	1,942,529	
12,115,028	38,092,574	13,944,562	5,458,921	6,704,265	2,679,452	
1,777,174	4,024,196	1,605,506	1,986,452	1,656,094	4,230,234	
3,501,542	2,522,186	1,404,507	1,241,669	753,805	709,894	
48,800	279,233	238,816	550,139	226,413	325,696	
\$ 63,801,608	\$ 91,604,771	\$ 62,143,139	\$ 48,642,275	\$ 39,826,662	\$ 34,234,422	
\$ (8,568,766)	\$ (34,570,887)	\$ (8,825,110)	\$ (4,531,794)	\$ (2,294,668)	\$ (10,638,805)	
\$ 11,573,501	\$ 11,088,614	\$ 3,164,320	\$ 3,554,512	\$ 5,232,921	\$ 10,838,021	
(10,693,843)	(12,083,871)	(3,464,320)	(5,237,024)	(5,499,977)	(5,171,646)	
-	30,150,000	20,210,000	20,200,000	3,170,000	14,625,000	
-	-	-	(66,164)	-	-	
-	-	-	(9,628,821)	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 879,658	\$ 29,154,743	\$ 19,910,000	\$ 8,822,503	\$ 2,902,944	\$ 20,291,375	
3,207,299						
\$ (4,481,809)	\$ (5,416,144)	\$ 11,084,890	\$ 4,290,709	\$ 608,276	\$ 9,652,570	
10.2%	12.2%	6.2%	7.5%	7.3%	15.7%	

City of Ft. Pierce, Florida
Changes In Net Assets
Last Ten Fiscal Years

	Fiscal Year			
	2012	2011	2010	2009
Additions				
Employer	\$ 3,566,751	\$ 3,181,446	\$ 3,377,350	\$ 3,580,089
Employees	1,874,591	1,738,084	1,929,755	2,168,561
State	241,799	241,312	262,634	276,943
Other	-	-	-	-
Investment income (net of expenses)	26,881,779	1,482,590	14,806,065	4,352,746
Total additions to plan net assets	\$ 32,564,920	\$ 6,643,432	\$ 20,375,804	\$ 10,378,339
Deductions				
Benefit payments	\$ 10,874,268	\$ 10,413,658	\$ 9,727,760	\$ 7,160,364
Refunds	346,839	274,419	496,099	443,021
Administrative expenses	129,911	141,620	198,932	186,494
Fire District Asset Withdrawal	-	-	-	-
Other expenses	18,992	19,122	18,218	18,479
Total deductions from plan net assets	\$ 11,370,010	\$ 10,848,819	\$ 10,441,009	\$ 7,808,358
Change in net assets	\$ 21,194,910	\$ (4,205,387)	\$ 9,934,795	\$ 2,569,981

Source: Combining Statement of Changes in Fiduciary Funds Net Asstes

Fiscal Year						
2008	2007	2006	2005	2004	2003	
\$ 4,053,604	\$ 6,475,387	\$ 8,975,380	\$ 5,634,357	\$ 841,375	\$ 339,828	
2,122,748	2,045,601	1,973,325	1,791,010	1,717,985	1,564,737	
345,472	345,472	369,999	345,472	327,497	366,732	
-	699	291	3,395,780	2,769,870	1,931,251	
(23,183,079)	30,501,473	19,294,520	20,405,068	18,592,851	21,027,113	
\$ (16,661,255)	\$ 39,368,632	\$ 30,613,515	\$ 31,571,687	\$ 24,249,578	\$ 25,229,661	
\$ 6,833,788	\$ 8,751,479	\$ 8,975,796	\$ 7,380,700	\$ 6,869,866	\$ 6,571,789	
306,553	312,244	208,479	247,846	515,726	455,817	
126,355	127,238	115,064	159,127	161,006	79,010	
-	98,084,291	-	-	-	-	
19,984	23,403	23,985	22,791	24,886	18,826	
\$ 7,286,680	\$ 107,298,655	\$ 9,323,324	\$ 7,810,464	\$ 7,571,484	\$ 7,125,442	
\$ (23,947,935)	\$ (67,930,023)	\$ 21,290,191	\$ 23,761,223	\$ 16,678,094	\$ 18,104,219	

**City of Fort Pierce, Florida
Assessed Value and Actual Value of Taxable Property
Last Ten Years**

Fiscal Year Ended September 30,	Real Property	Personal Property	Centrally Assessed Property
2012	\$ 2,463,908,875	\$ 209,865,288	\$ 7,135,634
2011	2,582,341,713	241,596,029	6,734,681
2010	2,539,072,299	183,522,400	11,900,267
2009	2,873,362,731	205,905,211	18,164,297
2008	3,002,624,903	214,832,817	14,072,164
2007	2,702,985,715	181,290,747	11,355,976
2006	1,646,709,160	170,369,946	9,995,714
2005	1,352,991,854	138,788,961	8,997,426
2004	1,092,799,271	139,004,863	7,691,877
2003	1,010,256,354	165,713,775	7,687,466

Note: Property in the City of Fort Pierce is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1000 of assessed value.

Less: Exemption	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 707,684,181	\$ 1,973,225,616	5.4674
696,878,963	2,133,793,460	5.4674
441,744,364	2,292,750,602	5.4674
286,847,886	2,810,584,353	5.4674
169,294,535	3,062,235,349	5.4674
161,885,441	2,733,746,997	5.9823
157,605,955	1,669,468,865	6.9823
163,126,268	1,337,651,973	7.8305
160,718,229	1,078,777,782	7.8305
160,204,594	1,023,453,001	7.3305

**City of Fort Pierce, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	County Parks MSTU	Co Public Transit MSTU	Erosion District E	Law Enf. Jail, Judicial Sys	Co General Revenue Fund	St. Lucie County Port Bond	Childrens Services Council	St Lucie Co Fire District
2012	0.2313	0.1269	0.0925	3.9699	2.9221	0.0154	0.4872	2.6500
2011	0.2313	0.1269	0.0925	3.9699	2.8707	0.0154	0.4872	2.4839
2010	0.2313	0.0833	0.0925	3.3957	2.7694	0.0154	0.4872	2.2000
2009	0.2313	0.0833	0.0925	2.5478	3.6173	0.0154	0.3858	2.2000
2008	0.2313	0.0833	0.0925	1.9352	4.2299	0.0144	0.3858	2.2000
2007	0.2500	0.0900	0.1000	2.3778	4.2734	0.0154	0.3915	2.4562
2006	0.2500	0.0900	0.1000	2.9807	4.2619	0.0216	0.3915	2.7562
2005	0.2500	-	0.1000	3.3178	4.1248	-	0.3915	2.7806
2004	0.2500	-	0.1000	3.5066	4.0728	0.0255	0.3915	2.7806
2003	-	-	0.1000	4.6155	2.9639	0.0268	0.3915	2.6726

Source: St. Lucie County Property Appraisers Office

FL Inland Navigation Dist	City of Fort Pierce	County School District	Mosquito Control	S FL Water Mgmt District	Beach Bond	Environ Signif Land Bond	Everglades Constructio n Project	Total
0.0345	5.4674	7.8780	0.2036	0.4363	-	-	-	24.5151
0.0345	5.4674	8.1770	0.2036	0.5346	-	0.0459	0.0894	24.8302
0.0345	5.4674	7.6760	0.2036	0.5346	-	0.0459	0.0894	23.3262
0.0345	5.4674	7.6850	0.2036	0.5346	-	0.0459	0.0894	23.2338
0.0345	5.4674	7.4900	0.2036	0.5340	-	0.0776	0.0894	23.0689
0.0385	5.9823	7.7370	0.2200	0.5970	-	0.0823	0.1000	24.7114
0.0385	6.9823	7.9220	0.2757	0.5970	-	0.1154	0.1000	26.8828
0.0385	7.8305	8.3130	0.1950	0.5970	-	-	0.1000	28.0387
0.0385	7.8305	8.5830	0.2122	0.5970	-	0.2500	0.1000	28.7382
0.0385	7.3305	8.8090	0.2121	0.5970	0.1284	0.2500	0.1000	28.2358

**City of Fort Pierce, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2012	\$ 10,846,887	\$ 10,009,972	92.28%
2011	11,436,942	10,792,465	94.36%
2010	12,535,385	11,702,832	93.36%
2009	15,366,589	14,264,294	92.83%
2008	16,742,466	15,932,420	95.16%
2007	16,354,095	15,588,897	95.32%
2006	12,757,185	12,095,729	94.82%
2005	11,924,674	11,488,629	96.34%
2004	9,743,378	9,395,873	96.43%
2003	8,601,297	8,254,665	95.97%

Sources: City of Fort Pierce Finance Records,
St. Lucie County Tax records DR420

Total Collections to Date

Collections in Subsequent Years	Amount	Percentage of Levy
\$ 46,554	\$ 10,056,526	92.71%
165,634	10,958,099	95.81%
164,012	11,866,843	94.67%
211,647	14,475,940	94.20%
51,378	15,983,798	95.47%
119,645	15,708,542	96.05%
59,382	12,155,111	95.28%
103,806	11,592,435	97.21%
125,481	9,521,354	97.72%
(15,067)	8,239,598	95.79%

**City of Fort Pierce, Florida
Property Tax Levies and Collections
Current Year and Ten Years Ago**

Taxpayer	2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunications	71,389,475	1	3.61791%
Wal-Mart Stores East Inc	58,752,675	2	2.97749%
HCA	29,252,675	3	1.48248%
Destin Beach Inc	20,215,281	4	1.02448%
Ehden NV	17,728,003	5	0.89843%
Landings Fort Pierce LLC	16,599,304	6	0.84123%
Cornerstone Fort Pierce Dev	12,516,179	7	0.63430%
Lawnwood Medical Center	12,177,737	8	0.61715%
Quality Asset Mgmt Company	12,014,841	9	0.60889%
Boca Ven Land of Ft Pierce Inc	10,542,747	10	0.53429%
Sabel Chase Assoc. Inc			
Grand Savannah Club Ltd.			
P and P Mhe Estates Lp.			
Old Investment Park Inc.			
Riverside National Bank			
Total	<u>\$ 261,188,918</u>		<u>9.61874%</u>

* Total assessed valuation is \$ 1,973,225,616

2002		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
34,424,758	2	2.90834%
17,218,358	3	1.45467%
10,630,590	5	0.89811%
12,265,659	4	1.03625%
38,612,051	1	3.26210%
10,561,766	6	0.89230%
10,344,082	7	0.87391%
8,726,252	8	0.73723%
7,656,281	9	0.64683%
7,419,937	10	0.62687%
<u>\$ 157,859,734</u>		<u>10.42827%</u>
 \$ 1,183,657,595		

City of Fort Pierce, Florida
Legal Debt Margin Information
September 30, 2012

	Fiscal Year			
	2012	2011	2010	2009
Debit Limit	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000
Total Net Debt Applicable to Limit *	59,250,000	60,480,000	61,655,000	59,002,378
Debit Margin	\$ 7,750,000	\$ 6,520,000	\$ 5,345,000	\$ 7,997,622
Total net debt applicable to the limit as a percentage of debt limit	88.433%	90.269%	92.022%	88.063%

* Includes all debt except for debt issued by the Community Redevelopment Agency.

NOTE: The City Charter does not set a limit of bond indebtedness as a percentage of assessed valuation. The Charter does allow the City to borrow an aggregate of \$67,000,000.

City of Fort Pierce
Direct and Overlapping Governmental Activities Debt
As Of September 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
St. Lucie County	\$ 1,010,000	7.03%	\$ 71,003
Other Debt			
St. Lucie County	3,175,000	0.00%	-
Subtotal, overlapping debt			\$ 71,003
City direct debt			<u>76,893,143</u>
Total direct and overlapping debt			<u>\$ 76,964,146</u>

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 36,000,000
61,054,320	62,741,731	36,894,613	24,978,872	27,102,964	26,077,972
\$ 5,945,680	\$ 4,258,269	\$ 30,105,387	\$ 42,021,128	\$ 39,897,036	\$ 9,922,028
91.126%	93.644%	55.067%	37.282%	40.452%	72.439%

City of Fort Pierce, Florida
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities

Fiscal Year	Redevelopment Bonds	Sales Tax Increment Bonds	Non-ad Valorum	Revenue Sharing
2012	\$ 34,080,000	\$ 490,000	\$ 41,138,143	\$ -
2011	35,240,000	965,000	41,323,143	-
2010	36,305,000	1,420,000	41,498,143	-
2009	37,260,000	1,865,000	37,843,627	-
2008	38,120,000	2,295,000	38,750,668	-
2007	38,900,000	2,715,000	39,327,842	-
2006	39,780,000	3,125,000	11,673,600	238,438
2005	20,200,000	3,530,000	12,224,419	468,125
2004	9,750,000	3,925,000	13,192,983	686,873
2003	10,280,000	4,345,000	11,015,150	896,875

Source: City of Fort Pierce Financial Statements

Business-Type Activities

Marina	Storm water	Solid Waste	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 1,846,857	\$ 15,775,000	\$ -	\$ 93,330,000	7.20%	2,226
1,846,857	16,345,000	-	95,720,000	6.13%	2,270
1,846,857	16,890,000	-	97,960,000	6.25%	2,355
1,846,857	17,420,000	26,894	96,262,377	6.81%	2,188
2,026,292	17,930,000	52,360	99,174,320	6.79%	2,242
2,202,253	18,420,000	76,636	101,641,731	6.54%	2,420
2,677,853	19,080,000	99,722	76,674,613	5.12%	1,917
3,059,472	5,575,000	121,856	45,178,872	3.39%	1,171
3,425,308	5,730,000	142,800	36,852,964	2.77%	944
3,778,155	5,880,000	162,792	36,357,972	2.84%	939

Governmental Activities

Non-ad Valorum Bonds

Fiscal Year	Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 25,997,176	\$ 14,636,799	\$ 11,360,377	\$ 185,000	\$ 2,119,967	4.93
2011	28,044,024	15,161,178	12,882,846	175,000	2,140,511	5.56
2010	28,489,194	16,775,024	11,714,170	4,948,143	519,172	2.14
2009	30,514,244	23,275,607	7,238,637	525,566	395,178	7.86
2008	35,447,510	21,659,477	13,788,033	509,038	415,115	14.92
2007	36,149,522	20,611,287	15,538,235	2,495,759	350,247	5.46
2006	32,751,374	25,880,436	6,870,938	550,818	636,829	5.79
2005	35,750,278	22,328,760	13,421,518	968,560	680,809	8.14
2004	28,759,839	16,720,712	12,039,127	552,207	554,731	10.88
2003	24,062,539	20,796,326	3,266,213	566,633	575,143	2.86

Revenue Sharing Bonds

Fiscal Year	Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ ***	\$ ***	\$ ***	\$ ***	\$ ***	***
2011	***	***	***	***	***	***
2010	***	***	***	***	***	***
2009	***	***	***	***	***	***
2008	***	***	***	***	***	***
2007	1,371,713	-	1,371,713	238,437	4,828	5.64
2006	1,463,753	-	1,463,753	238,437	9,657	5.90
2005	1,428,351	-	1,428,351	229,688	18,779	5.75
2004	1,212,058	-	1,212,058	218,750	27,261	4.93
2003	1,036,394	-	1,036,394	210,000	35,240	4.23

Redevelopment Bonds ³

Fiscal Year	Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 5,294,961	\$ 2,683,020	\$ 2,611,941	\$ 1,160,000	\$ 1,567,581	0.96
2011	5,771,580	2,501,344	3,270,236	1,065,000	1,610,181	1.22
2010	6,641,872	3,904,610	2,737,262	955,000	1,644,400	1.05
2009	9,653,380	7,081,139	2,572,241	800,000	1,677,713	1.04
2008	9,211,436	5,445,421	3,766,015	780,000	1,704,663	1.52
2007	10,488,287	4,874,975	5,613,312	880,000	1,377,048	2.49
2006	5,181,650	1,310,208	3,871,442	420,000	614,934	3.74
2005	3,114,717	-	3,114,717	375,000	389,362	4.07
2004	1,293,799	-	1,293,799	530,000	234,422	1.69
2003	***	***	***	***	***	***

Sales Tax Increment Bonds

Fiscal Year	Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 1,330,114	\$ -	\$ 1,330,114	\$ 475,000	\$ 28,506	2.64
2011	1,387,116	-	1,387,116	455,000	45,375	2.77
2010	1,333,339	-	1,333,339	445,000	60,569	2.64
2009	1,353,418	-	1,353,418	430,000	73,981	2.69
2008	1,550,221	-	1,550,221	420,000	85,412	3.07
2007	1,715,029	-	1,715,029	410,000	94,763	3.40
2006	2,039,174	-	2,039,174	405,000	102,913	4.01
2005	2,060,923	-	2,060,923	395,000	110,913	4.07
2004	1,851,659	-	1,851,659	420,000	78,317	3.72
2003	1,589,470	-	1,589,470	380,000	159,840	2.94

Business Activities ⁴

Marina Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage	
							Principal	Interest		
2012	\$	1,938,537	\$	1,737,132	\$	201,405	\$	-	\$ 92,343	2.18
2011		2,038,173		1,751,506		286,667		-	95,421	3.00
2010		1,900,066		1,798,215		101,851		-	42,903	2.37
2009		2,003,613		1,743,047		260,566		189,243	95,082	0.92
2008		2,079,777		1,919,150		160,627		355,396	102,024	0.35
2007		2,345,683		1,935,606		410,077		474,600	106,475	0.71
2006		2,085,081		1,849,926		235,155		392,869	63,373	0.52
2005		1,514,701		1,537,301		(22,600)		379,892	77,469	(0.05)
2004		2,387,086		1,974,746		412,340		364,104	90,923	0.91
2003		2,189,339		137,939		2,051,400		349,402	103,566	4.53

Storm Water Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage	
							Principal	Interest		
2012	\$	3,222,567	\$	1,153,251	\$	2,069,316	\$	590,000	\$ 703,935	1.60
2011		4,083,543		1,010,332		3,073,211		570,000	724,835	2.37
2010		2,702,779		899,894		1,802,885		545,000	747,510	1.39
2009		2,704,100		1,136,105		1,567,995		530,000	769,811	1.21
2008		2,905,459		1,034,076		1,871,383		510,000	787,460	1.44
2007		3,159,400		1,040,355		2,119,045		660,000	800,223	1.45
2006		2,803,700		743,209		2,060,491		660,000	633,557	1.59
2005		1,346,603		718,088		628,515		160,000	230,735	1.61
2004		1,892,566		672,092		1,220,474		155,000	234,610	3.13
2003		1,530,042		431,650		1,098,392		150,000	238,360	2.83

Solid Waste Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage	
							Principal	Interest		
2012	\$	6,798,039	\$	5,017,166	\$	1,780,873	\$	***	\$ ***	***
2011		6,085,349		4,792,160		1,293,189		***	***	***
2010		6,187,890		4,765,265		1,422,625		26,894	740	51.48
2009		6,093,789		4,276,617		1,817,172		26,894	2,919	60.95
2008		6,290,401		4,694,220		1,596,181		24,276	3,547	57.37
2007		6,308,113		4,623,832		1,684,281		23,086	2,662	65.42
2006		5,404,618		4,702,450		702,168		22,134	5,854	25.09
2005		5,107,031		4,447,047		659,984		20,944	6,888	23.71
2004		4,835,888		4,029,813		806,075		19,992	7,866	28.94
2003		4,198,160		3,723,506		474,654		19,278	8,794	16.91

*** No bonds outstanding

Source:

¹ Reveunes: Less Grants, Capital leases, Transfers. Also, Restricted Reveunes, Local Option Gas Tax and Impact Fees

² Expenses: Governmental Expenditures and Public Safety Debt Financed from the Sources, and Ad Valorum Credit which started in 2004

³ Funded by (TIF) Tax Increment Funds

⁴ Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds

Total Operating Revenues + Total non-operating revenues (expenses) less

Total operating expenses (less depr)

Note: Non Ad Valorum Debt: 2001 & 2002 the City of Fort Pierce paid before maturity 2.5 million in Long-Term Debt

City of Fort Pierce, Florida
Demographic and Economic Statistics
Last Ten Calendar Year

Calendar Year	City of Ft. Pierce Population	Personal Income	Median Household Income *	School Enrollment**	Unemployment Rate
2012	41,993	\$ 1,296,281,917	\$ 30,869	46,453	10.9%
2011	42,169	1,561,500,000	37,030	44,294	13.0%
2010	41,590	1,566,650,000	37,669	45,188	14.1%
2009	44,000	1,413,500,000	32,125	41,261	14.1%
2008	44,227	1,460,160,000	33,015	39,994	10.0%
2007	42,000	1,554,000,000	37,000	37,380	6.4%
2006	40,000	1,497,600,000	37,440	38,902	4.2%
2005	38,569	1,333,947,434	34,586	36,077	4.5%
2004	39,044	1,329,604,376	34,054	34,731	7.4%
2003	38,732	1,280,751,044	33,067	32,858	6.4%

Source:

* U. S. Department of Commerce, Bureau of Economic Analysis (FRED)

** St. Lucie County School Board

*** Data unavailable

City of Fort Pierce, Florida
Principal Employers
Current Year

2012			
Employer*	Employees*	Rank	Percentage of Total City Employment
School Board of St Lucie County	4,478	1	8.60%
Lawnwood Regional Medical Center & Heart Ir	1350	2	2.59%
Wal-Mart Distribution Center	669	3	1.29%
Indian River State College	625	4	1.20%
St Lucie County Fire District	434	5	0.83%
City of Fort Pierce	350	6	0.67%
Tropicana Products Inc	330	7	0.63%
Fort Pierce Utilities Authority	275	8	0.53%
United States Postal Service	275	9	0.53%
Putduiy Boats	200	10	0.38%
Total	8,986		17.26%

*Source: Economic Development Council of St. Lucie County
 Historical data not available for years 1998-2005

Total population in City area of Ft Pierce 41,993

City of Fort Pierce, Florida
Full-time Equivalent City Government Employees by Function/ Program
Last Ten Fiscal Years

Function / Program	Fiscal Year			
	2012	2011	2010	2009
Primary government:				
Government activities:				
General government	73	70	74	92
Public safety	161	167	181	203
Transportation	24	26	30	39
Economic environment	6	6	9	8
Culture and recreation	26	26	27	29
Total governmental activities	290	295	321	371
Business type activities				
Marina	5	5	5	7
Solid Waste	33	34	31	32
Golf Course	13	16	21	20
Sunrise Theatre	6	7	7	9
Total Business type activities	57	62	64	68
Total all activities	347	357	385	439

Source: City of Fort Pierce Budget Document

Fiscal Year					
2008	2007	2006	2005	2004	2003
94	95	94	90	88	86
217	198	196	182	182	181
39	41	41	40	40	40
12	13	16	10	6	6
29	29	27	27	27	27
391	376	374	349	343	340
9	9	10	13	13	10
34	34	34	35	35	34
31	31	22	33	33	-
9	8	8	-	-	-
83	82	74	81	81	44
474	458	448	430	424	384

City of Fort Pierce, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2012	2011	2010	2009
<u>Function/Program</u>				
Police				
Physical arrests	2,899	2,510	3,794	3,145
Parking Violations	211	336	959	969
Traffic Violations	4,782	171	720	5,744
Fire				
Emergency responses	34,161	38,989	33,906	33,673
Fires calls	3,629	4,626	4,430	4,515
Refuse collections				
Refuse collected (tons per day)	201.06	122.80	126.12	106.42
Other public works				
Street resurfacing (miles)	-	-	-	-
Potholes repaired *	215	200	600	380
Parks and recreation				
Athletic fields permits issued	358	397	415	447
River Walk Center permits issued	69	73	139	57
Garden Club permits issued	19	10	34	17
Maravilla permits issued	47	10	****	****

Sources: Various City of Fort Pierce departments

Notes: * Work orders issued

** 2009 First year of collecting data

*** Data not available

**** 2011 First year of collecting data

Fiscal Year					
2008	2007	2006	2005	2004	2003
3,032	3,055	3,336	3,209	3,134	2,774
860	513	1,471	2,130	1,648	2,071
6,993	8,618	10,053	11,796	11,246	11,237
32,182	31,512	30,467	29,645	29,319	26,290
4,790	4,604	4,524	4,470	5,260	4,134
169.23	142.00	150.90	64.19	39.43	39.23
3.90	6.30	7.53	***	***	***
281	206	240	***	***	***
533	460	631	***	***	***
**	**	**	**	**	**
**	**	**	**	**	**
****	****	****	****	****	****

City of Fort Pierce, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police				
Stations	3	3	3	3
Sworn Officers	107	110	107	115
Fire				
Stations	18	18	18	18
Firefighters	364	370	376	420
Refuse collections				
Commerial	1,675	1,678	1,963	1,972
Residential	11,427	12,843	12,840	12,926
Public	35	36	36	39
Other public works				
Streets (miles)	152	152	152	152
Streetlights	5,106	5,028	5,028	5,138
Traffic signals	177	177	177	70
Parks and recreations				
Acreage	294.3	294.3	294.3	* 116.9
Playgrounds		12	12	* 6
Baseball/football fields/basketball courts	35	35	22	22
Tennis/handball/racquetball/shuffleboard	21	21	5	5
Community Centers	2	2	2	2
Miles of public beach	2.3	2.3	2.3	2.3
Pools	2	2	2	2
Utility Customers				
Electric	28,413	27,697	27,859	28,413
Water	19,394	19,180	19,048	19,394
Wastewater	14,842	14,377	14,460	14,842
Natural Gas	4,039	3,892	3,982	4,039

Sources: Various City of Fort Pierce departments and Fort Pierce Utilities Authority

* Parks Transferred to the City from St. Lucie County

Fiscal Year					
2008	2007	2006	2005	2004	2003
3	3	2	2	4	3
117	108	114	114	109	105
15	15	15	15	15	15
402	350	383	368	315	345
1,978	1,607	1,700	1,668	1,747	1,710
13,180	11,964	21,729	21,492	12,363	12,580
30	29	268	268	283	28
166	166	166	166	165	165
4,798	4,790	4,694	4,578	4,404	4,293
70	70	67	66	68	68
116.9	116.9	116.9	116.9	116.9	116.9
7	7	7	7	7	7
26	26	27	27	27	27
5	5	7	7	11	11
2	2	2	2	2	2
2.3	2.3	2.3	2.3	2.3	2.3
2	2	1	1	1	1
28,584	26,883	26,662	25,594	25,872	25,550
19,278	17,711	16,952	16,638	16,497	16,194
14,737	13,428	13,099	12,917	12,938	12,778
4,171	4,304	4,431	4,503	4,597	4,630

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AUDITORS' REPORTS



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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

To the City Commission
City of Fort Pierce, Florida

March 29, 2013

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Pierce, Florida (the "City") as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2013. 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.

Internal Control Over Financial Reporting

Management of the City of Fort Pierce, Florida is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Fort Pierce, Florida's internal control over financial reporting as a basis for designing our auditing procedures 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 of Fort Pierce, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Pierce, Florida's internal control over financial reporting.

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 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.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of City of Ft. Pierce, Florida, in a separate letter dated March 29, 2013.

This report is intended solely for the information and use of management, the City Commission, others within the entity, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A. Bartolomeo, M. Bee, Hartley & Barred

Certified Public Accountants

Report of Independent Certified Public Accountants
On Bond Compliance

To the City Commission
City of Fort Pierce, Florida

March 29, 2013

We have audited the financial statements of the City of Fort Pierce, Florida as of and for the year ended September 30, 2012, and have issued our report thereon dated March 29, 2013.

We conducted our audit in accordance with auditing standards and *Government Auditing Standards* generally accepted in the United States of America 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.

In connection with our audit, nothing came to our attention to indicate that the City of Fort Pierce, Florida had not complied with the covenants of the Utilities Refunding Revenue Bonds, Series 1991; Utilities Refunding Revenue Bonds, Series 1999A; Utilities Revenue Capital Appreciation Bonds, Series 1999B; Utilities Revenue Bonds, Series 2002, Utilities Refunding Revenue Bonds, Series 2003; Stormwater Utility System Revenue Bonds, Series 2002; Sales Tax Revenue Refunding Bonds, Series 2003; Capital Improvement Revenue Bonds, Series 2004, Fort Pierce Redevelopment Revenue and Refunding Bonds, Series 2005, Fort Pierce Redevelopment Revenue Bonds, Series 2006, Stormwater Utility System Revenue Bonds, Series 2006, Capital Improvement Revenue Refunding Bonds, Series 2008A, and Taxable Capital Improvement Revenue Refunding Bonds, Capital Improvement Revenue Refunding Bonds, Series 2010A, and Taxable Capital Improvement Revenue Refunding Bonds, Series 2010B.

Dibartolomeo, McBee, Hartley & Barnes
Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Awards Program, State Financial Assistance Project, and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General

To the City Council
City of Fort Pierce, Florida

March 29, 2013

Compliance

We have audited the compliance of the City of Fort Pierce, Florida with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal awards programs and state projects for the year ended September 30, 2012. The City of Fort Pierce, Florida'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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City of Fort Pierce, Florida's management. Our responsibility is to express an opinion on the City of Fort Pierce, Florida'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City of Fort Pierce, Florida'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. Our audit does not provide a legal determination of the City of Fort Pierce, Florida's compliance with those requirements.

In our opinion, the City of Fort Pierce, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2012. The results of our auditing procedures disclosed no instances of non-compliance that are required to be reported in accordance with OMB Circular A-133 or Chapter 10.550, Rules of the Auditor General.

Internal Control Over Compliance

The management of the City of Fort Pierce, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City of Fort Pierce, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 of Fort Pierce, Florida'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 or state assistance project 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 a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Commission, others within the entity, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A. Bartolomeo, M. Bee, Hartley & Barnes

Certified Public Accountants

I. Summary of Auditor Findings

1. The independent certified public accountant's report expresses an unqualified opinion on the combined financial statements of the City of Fort Pierce, Florida.
2. No material weaknesses or significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of non-compliance material to the financial statements were disclosed during the audit.
4. No material weaknesses or significant deficiencies were disclosed during the audit of the major federal awards programs and state financial assistance projects.
5. The independent certified public accountant's report on compliance for the major federal awards programs and state financial assistance projects expresses an unqualified opinion.
6. There were no audit findings relative to the major federal awards programs and state financial assistance projects.
7. The programs tested as major programs/projects were as follows:

Federal Programs

CFDA Number: 97.039

Hazard Mitigation

CFDA Number: 14.228

ARRA Neighborhood Stabilization Program

State projects

CSFA Number: 55.023

State Hwy Project Reimbursement

8. The threshold for distinguishing between Type A and Type B programs was \$300,000 for major federal programs and state projects.
9. The City of Fort Pierce, Florida was determined to be a low risk auditee for federal program testing pursuant to OMB Circular A-133.

II. Financial Statement Findings

There were no financial statement findings required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

III. Federal Program/State Project Findings and Questioned Costs

There were no audit findings related to federal awards required to be reported by Circular A-133, Section 510(A) or state projects as defined by Rule 10.654(1)(g)4.

IV. Summary Schedule of Prior Audit Findings

There were no prior audit findings.

City of Fort Pierce, Florida
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2012

Description	CFDA/ CSFA Number	Contract Grant Number	Expenditures	Pass-Through to Sub- Recipients
<u>FEDERAL PROGRAMS:</u>				
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Program:</i>				
Community Development Block Grant				
Entitlement	14.218	B10MC-120031	472,682	-
ARRA-CDBG Recovery Funds	14.253	B09MY-120031	114,499	-
<i>Passed Through Florida Department of Community Affairs:</i>				
ARRA-Neighborhood Stabilization Program	14.228	10DB-4X-10-66-02-F-11	1,427,915	-
			2,015,096	-
<u>U.S. Department of Homeland Security</u>				
<i>Passed Through Florida Division of Emergency Management:</i>				
Hazard Mitigation	97.039	111HM-2Y-10-66-02-002	1,146,391	-
FL Preventive Radiological Nuclear Training	97.067	2012-LETP-STLU-1-53-090	44,494	-
<i>Passed Through Florida Department of Community Affairs:</i>				
Hazard Mitigation	97.039		6,855,564	-
			8,046,449	-
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
COPS Universal Hiring Program	16.710	2008-UM-WX-0029	18,103	-
ARRA-COPS Hiring	16.710	2009-RK-WX-0249	289,321	-
Public Safety Partnership and Community Policing	16.710	2011-UM-WX-0043	145,572	-
<i>Indirect Program:</i>				
<i>Passed through Florida Attorney General:</i>				
Victims of Crime Act	16.575	V10089	38,692	-
<i>Passed through Florida Department of Law Enforcement:</i>				
Technical Improvement Program	16.738	2012-JAGC-STLU-3-C4-154	54,837	-
<i>Passed through St. Lucie County, Florida:</i>				
Edward Byrne Memorial Justice asst. grant prog	16.738	2009-DJ-B9-3137	101,678	-
Edward Byrne Memorial Justice asst. grant prog	16.738	2009-DJ-BX-1320	1,066	-
Edward Byrne Memorial Justice asst. grant prog	16.738	2010-DJ-BX-0440	1,481	-
Edward Byrne Memorial Justice asst. grant prog	16.738	2011-DJ-BX-2710	41,305	-
Edward Byrne Memorial Justice asst. grant prog	16.738	2012-DJ-BX-0237	4,746	-
			696,801	-
<u>U.S. Department of Energy</u>				
Energy Efficiency Block Grant	81.128	DE-EE 0002270	41,763	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 10,800,109	\$ -

City of Fort Pierce, Florida
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
For the year ended September 30, 2012

Description	CFDA/ CSFA Number	Contract Grant Number	Expenditures	Pass-Through to Sub- Recipients
<u>STATE PROJECTS:</u>				
<u>Florida Department of Transportation</u>				
State Highway Project Reimbursement	55.023	JPA230297/1/58/01	\$ 2,540,298	-
<u>Florida Department of Health</u>				
Emergency Medical Service	64.003	M1093	17,710	-
<u>Florida Housing Finance Agency:</u>				
State Housing Initiatives Partnership Program	52.901		63,358	-
<u>Florida Division of Cultural Affairs:</u>				
General Program Support Grant		13 6 180 119	9,463	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 2,630,829	\$ -

City of Fort Pierce, Florida
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
For the year ended September 30, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects was prepared to include the activity of all federal and state awards of the City of Fort Pierce, Florida and is presented on the accrual method of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Management Letter

To the City Commission
City of Fort Pierce, Florida

March 29, 2013

We have audited the financial statements of the City of Fort Pierce, Florida, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 29, 2013, which was unqualified.

We have issued our Report of Independent Certified Public Accountants on Compliance and Internal Control based on an audit performed in accordance with Government Auditing Standards, Report on Compliance and Internal Control Over Compliance applicable to each major federal program, and Schedule of Findings and Questioned Costs. Those reports and schedule, which are dated March 29, 2013, should be considered in conjunction with this management letter.

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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida, and require certain items be addressed in this letter.

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 significant findings and recommendations made in the preceding annual financial audit. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal control. .

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more that inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements,

considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit we did not have any such findings.

Other Matters:

Investment Policy

The City was in compliance with the investment policy requirements as described in Section 218.415 of the Florida Statutes.

Determination of Financial Emergency/Condition

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 281.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 281.503(1), Florida Statutes.

Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by same.

Department of Financial Services

The City has prepared and filed the annual financial report with the Department of Financial Services, which was based on the audited financial statements. The financial report filed with the Department of Financial Services, pursuant to Section 218.32, Florida Statutes, is in material agreement with these audited financial statements.

Legal Authority for Municipality

The City was created, established, and incorporated under the City Charter, as adopted by Laws of Florida Chapter 65-1351 and is further governed by state and local laws and regulations. The City also has two component units, the Fort Pierce Utility Authority (discretely presented) and the Community Redevelopment Agency (blended). The voters of the City of Fort Pierce, Florida authorized the organization of the Fort Pierce Utilities Authority at a special election held May 30, 1972. City Ordinance No. F-399 (as amended by City Ordinances G-295, 296, and 297) defines the powers, duties and responsibilities of the Authority. City Ordinance No. H-239 created the Community Redevelopment Agency and delegated powers to the Agency in accordance with Florida Law and State Statutes Chapter 163.

Concluding Remarks

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

Very truly yours,



Certified Public Accountants