

# **City of Fort Pierce COMPREHENSIVE ANNUAL FINANCIAL REPORT**

NW PIONEERS PARK

**Fiscal Year Ended September 30, 2013**

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



**For Fiscal Year Ended September 30, 2013**

**Prepared by:**

**Gloria J. Johnson  
Director of Finance**

**City of Fort Pierce Finance Department**

## FORT PIERCE CITY HALL



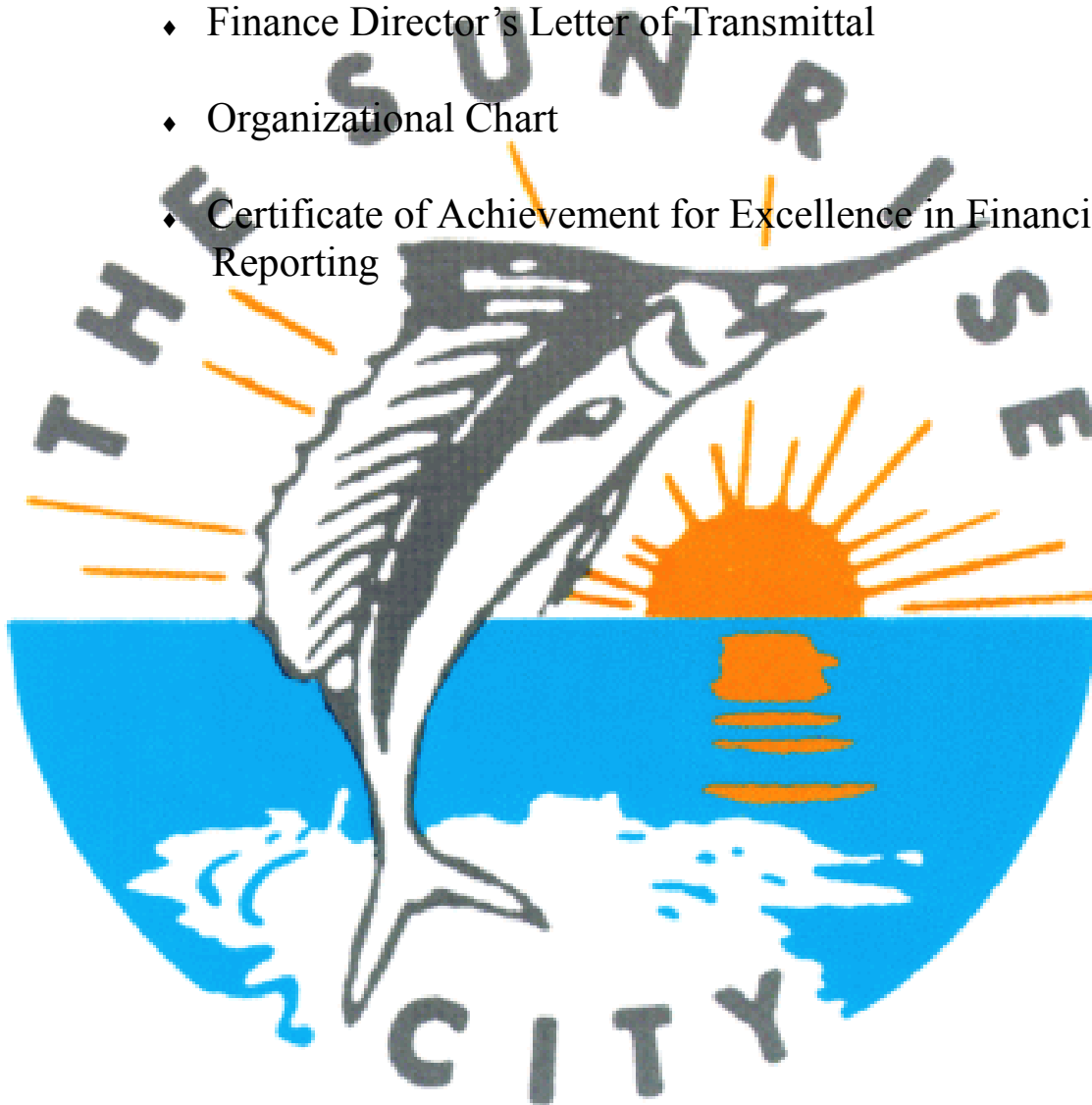
Built in 1991, City Hall serves as the center for government in Fort Pierce, Florida

### **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.”

## I. *INTRODUCTORY SECTION*

- ◆ Table of Contents
- ◆ City Commission
- ◆ City Officials and Department Heads
- ◆ Finance Director's Letter of Transmittal
- ◆ Organizational Chart
- ◆ Certificate of Achievement for Excellence in Financial Reporting





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## CITY COMMISSION



Linda Hudson, Mayor



Rufus J. Alexander II



Edward Becht



Thomas K. Perona



Reginald Sessions

## CITY OFFICIALS



Robert Bradshaw, City Manager

Nicholas Mimms, Deputy 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*

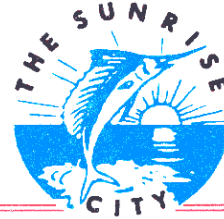
Dean Kubitschek, *Marina Manager*

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

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FAX (772) 489-2594

March 31, 2014

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, 2013. 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, 2013, 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, 2013, 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 42,645 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 the 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**

Reconstruction of the floating dock system and island breakwater protection system began for the City Marina. This \$28,000,000 project is primarily funded by FEMA and insurance proceeds for the renovation of damages caused by hurricanes Jeanne and Frances. A breakwater island design was

constructed to mitigate damages that could be caused by future hurricanes. This mitigation project or barrier island was an \$18 million dollar project. The environmental cleanup of the H.D. King power plant downtown continues to be underway. The old plant has been demolished and clean-up of the property has begun using a \$600,000 brownfield grant. This land is contemplated as being used to expand the City's existing Marina and or building a five star hotel. An energy savings performance contract, involving several citywide capital improvements, was executed in order to garner greater operational efficiency; this is estimated to be a \$5.5 million project. Currently, numerous stormwater improvement projects are being managed by the City's Engineering Department.

The A1A to Blue Heron Blvd transportation project includes a roundabout, landscaping, underground utilities, lighting, and road construction improvements. This construction project was finalized by the end of the fiscal year. Due to major shortfalls in the Urban Redevelopment department, a \$552,531 transfer was made. This was accomplished by all departments reducing their operational budgets, including the capital budget by \$50,000. The 2013 budget had very little funding for capital equipment. The budget, with limited resources, has not been able to support capital equipment purchases in over six years. The capital improvements constructed were through bond proceeds or grant funding. The City's bonded long-term debt at 9/30/2013 was \$86,705,180.

### **2013-2014 Budget Issues**

The City of Fort Pierce budget for fiscal 2014 is financed at the same level as fiscal 2013. The budget for 2013 was \$32,326,046 and 2014, \$34,046,521, an increase of \$1,720,475

The City's taxable valuation is \$1,870,902,366 compared to last year's final valuation of \$1,867,999,879. This represents an increase by approximately .16% or \$2,902,487. This increase in property values and the City Commission electing to increase the millage rate helped ease the task of balancing the budget. The City has experienced a reduction of \$6.8 million in property taxes in the last 6 years. The increase in the millage rate (6.6050) for FY 2014 has helped to stabilize further reduction in tax revenues. The increased millage rate generated \$1.5 million, which was restricted to be used to finance fiscal 2015 budget.

The City will receive from the Utilities Authority approximately \$111,168 in additional transfers under the 6% computation; using the power cost adjustment for electric (\$30) and gas for twelve months.

The City appropriated \$723,634 from fund balance to balance General Fund's budget.

The 2014 budget (General Fund) included a 4% pay increase for police officers, as result of the implantation of a step plan. There were also 2 police officers added to the General Fund roster, due to the expiration of a Federal Grant. Health insurance premiums for employees increased 6.4%; retirement rates for general members are 16.20%, down from 16.50%, Police officers 15.33% down from 15.83%. These wage and benefit changes equated to an increase of \$269,443.

General Fund's \$1,689,274 transfer to Fort Pierce Redevelopment Agency, to assist in its operations, is approximately \$278,481 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
2012	32,215,962	3,221,596	5,098,537
2013	32,326,046	3,232,604	4,808,371

## 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, 2012. 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.

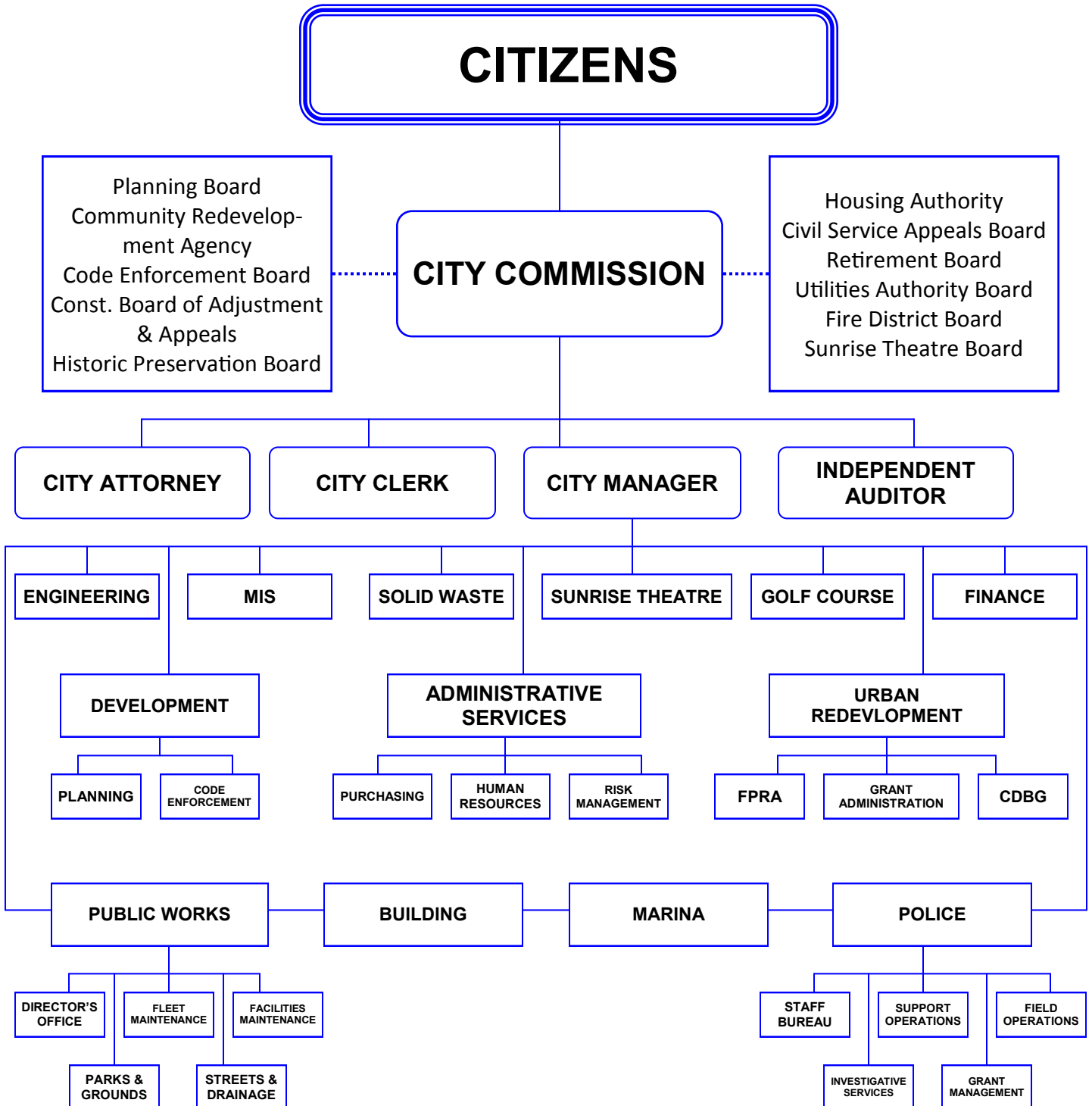
Sincere appreciation is extended to the firm of DiBartolomeo, McBee, Hartley & Barnes for their professional approach and high standard in the conduct of their independent audit of the City's financial records and transactions.

Respectfully submitted,



Gloria J. Johnson  
Director of Finance

# CITY OF FORT PIERCE , FLORIDA ORGANIZATIONAL CHART





Government Finance Officers Association

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, 2012**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Ennis', is positioned above the title of the signatory.

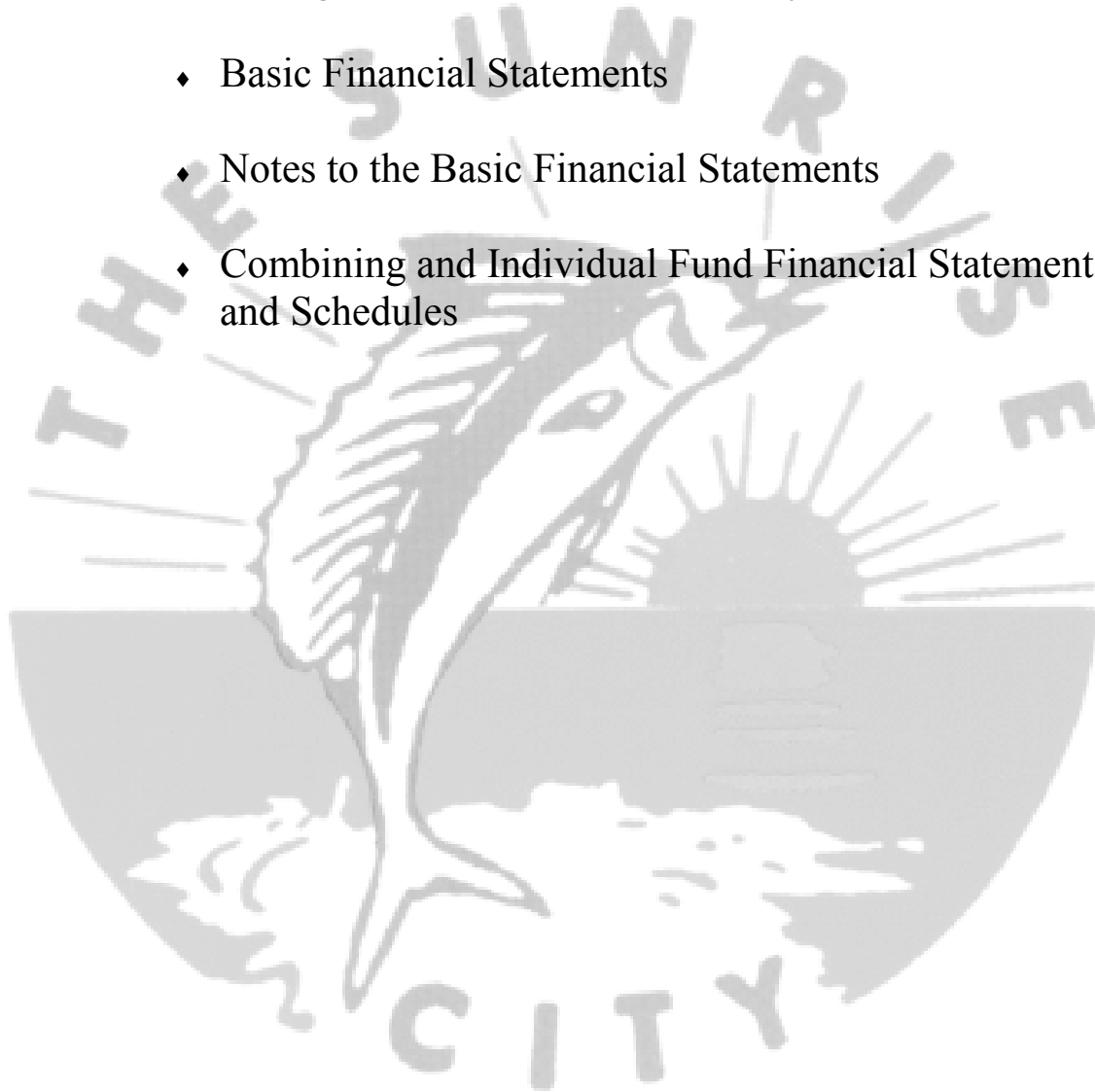
Executive Director/CEO

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## **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 28, 2014

### **Report on the Financial Statements**

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, 2013, and the related to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statement**

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

### **Auditor's Responsibility**

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

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

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

To the City Commission  
Fort Pierce, Florida

March 28, 2014

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements, and statistical tables 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.

The combining and individual nonmajor fund financial statements, budgetary comparison information, schedule of expenditures of federals awards and state financial assistance, are the

responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state assistance are 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 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* in considering the City's internal control over financial reporting and compliance.

  
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, 2013. 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 \$126,225,671 of which \$48,569,589 is governmental and \$77,656,082 is the total for business-type activities.
- The City's revenues for Governmental Activities at year end were \$35,166,751 a .16% increase before transfers in of \$914,408, and expenses were \$37,376,488 a 3.81% decrease. The expenses exceeded the revenues by \$1.295 million. The revenue increase from 2012 was \$.058 million; this can be attributed to an increase in charges for services of \$1.08 million and an increase of \$.324 million in capital grants; the decrease in operating grants was (\$1.96 million). The decrease in expenses in comparison to last year was (\$1.48 million), resulting from decreases in all categories except public safety. The expense decreases include general government (\$.295 million), transportation (\$.09 million), economic environment (\$1.59 million), culture and recreation (\$.04 million) and interest on long-term debt (.09 million). The expense increase was in public safety (\$.84 million).
- Business-type funds revenues were \$29,610,145 an increase of 9.74% or \$2,627,912 before transfers out (\$914,408), and expenses were \$17,835,040, 1.49% or a \$261,602 increase from the previous year.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$10,179,185, a decrease of \$1,284,259; of which there was a decrease of \$.56 million in General Fund, \$.57 million in debt service reserve, a \$.25 million decrease in restricted revenue and grant funding and finally a (\$.29 million) decrease in capital project funds.

The long-term bonded debt of the City on 9/30/13 was \$86,705,180 a decrease of (\$3.28 million) or 3.64%. 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents 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 \$126,225,671 at the close of the most recent fiscal year.

Approximately 77% 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.

	<b>Governmental</b>		<b>Business Type</b>		<b>Total</b>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other Assets	23,025,809	25,772,617	17,046,443	18,930,690	40,072,252	44,703,307
Capital Assets	105,197,061	105,885,921	82,082,611	70,685,165	187,279,672	176,571,086
<b>Total Assets</b>	<b>128,222,870</b>	<b>131,658,538</b>	<b>99,129,054</b>	<b>89,615,855</b>	<b>227,351,924</b>	<b>221,274,393</b>
Long-term Liabilities O/S	73,875,083	76,385,737	17035,134	17,622,378	90,910,217	94,008,115
Other Liabilities	5,778,198	5,407,883	4,437,838	5,198,092	10,216,036	10,605,975
<b>Total Liabilities</b>	<b>79,653,281</b>	<b>81,793,620</b>	<b>21,472,972</b>	<b>22,820,470</b>	<b>101,126,253</b>	<b>104,614,090</b>
Net Assets:						
Invested in Capital Assets, Net of						
Related Debt	32,136,904	30,700,782	65,104,588	53,122,423	97,241,492	83,823,205
Restricted	3,612,651	4,469,991			3,612,651	4,469,991
Unrestricted	12,820,034	14,694,145	12,551,494	13,672,962	25,371,528	28,367,107
<b>Total Net Assets</b>	<b>48,569,589</b>	<b>49,864,918</b>	<b>77,656,082</b>	<b>66,795,385</b>	<b>126,225,671</b>	<b>116,660,303</b>

The City's net position increased by \$9,565,368 during the fiscal year, the net assets of the Governmental Funds decreased by (\$1.30 million) and business type funds increased by \$10.86 million. Assets of the Governmental Funds decreased (\$3.44 million) and liabilities decreased by (\$2.14 million). However, for the enterprise funds, the assets had an increase of 11% or approximately \$9.51 million and liabilities had a decrease of 5.9% or approximately (\$1.35 million.)

### City of Fort Pierce Statement of Activities- FY 2013 and 2012

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Charges for Services	7,044,224	5,961,706	16,107,059	16,091,808	23,151,283	22,053,514
Operating grants and Contributions	1,013,850	2,968,721			1,013,850	2,968,721
Capital Grants and Contributions	1,635,302	1,311,204	13,354,340	10,145,196	14,989,642	11,456,400
General Revenues:						
Ad Valorem Taxes	10,082,823	10,009,972	-	-	10,082,823	10,009,972
Other Taxes	6,639,868	6,977,030	-	-	6,639,868	6,977,030
Unrestricted grants and contributions	-	-	-	-	-	-
Intergovernmental	2,794,797	2,725,485	-	-	2,794,797	2,725,485
Miscellaneous	346,124	191,827	84,179	665,346	430,303	857,173
Contributions from Component Units	5,365,879	4,767,268	-	-	5,365,879	4,767,268
Unrestricted investment earnings	243,884	196,028	64,567	79,883	243,884	275,911
Total Revenues	35,166,751	35,109,241	29,610,145	26,982,233	64,776,896	62,091,474
Expenses						
General government	9,073,474	9,368,691			9,073,474	9,368,691
Public safety	14,305,679	13,758,635			14,305,679	13,758,635
Transportation	6,263,011	6,277,776			6,263,011	6,277,776
Economic Environment	1,774,472	3,361,379			1,774,472	3,361,379
Culture & recreation	2,231,912	2,268,586			2,231,912	2,268,586
Interest on long-term debt	3,727,940	3,821,411			3,727,940	3,821,411
Solid Waste			4,974,739	5,440,958	4,974,739	5,440,958
Marina			2,605,281	2,155,455	2,605,281	2,155,455
Stormwater			3,368,903	3,241,933	3,368,903	3,241,933
Golf Course			1,658,894	1,610,301	1,658,894	1,610,301
Sunrise Theatre			4,223,143	4,173,135	4,223,143	4,173,135
Building Department			1,004,080	951,656	1,004,080	951,656
Total Expenses	37,376,488	38,856,478	17,835,040	17,573,438	55,211,528	56,429,916

**City of Fort Pierce Statement of Activities- FY 2013 and 2012 (Cont.)**

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Increase (Decrease) in net position before transfers	(2,209,737)	(3,747,237)	11,775,105	9,408,795	9,565,368	5,661,558
Transfers In (Out)	914,408	1,243,024	(914,408)	(1,243,024)	0	0
Changes in net assets	(1,295,329)	(2,504,213)	10,860,697	8,165,771	9,565,368	5,661,558
Net Position - Beginning	49,864,918	52,369,131	66,795,385	58,629,614	116,660,303	110,998,745
Net Position – Ending	48,569,589	49,864,918	77,656,082	66,795,385	126,225,671	116,660,303

**Governmental activities.** Governmental activities accounted for a negative growth of \$1,295,329 in net assets of the City.

Revenues increased \$57,510 or .16% in Fiscal Year 2013. There are increases and decreases in a few categories; charges for services increased \$1.08 million and grants and contributions decreased (\$1.6 million). Property values are slowly beginning to recover, resulting in an increase of \$72,851 in ad valorem revenue. The 3.81% or (\$1.48 million) decrease in expenses was attributed to a decrease of (\$1.59 million) in economic environment and the remaining increases of \$.51 million are between the following categories: general government transportation, interest on debt service cost and culture and recreation; the exception being in public safety, which increased \$.84 million.

**Business-type activities.** The business-type activities include the activities of a stormwater utility program, golf course, city marina, theatre, solid waste and building and code operations. Expenses increased \$.26 million, which most funds were consistent with 2012; the exceptions being the stormwater utility program and the golf course, where expenses increased \$.45 million and \$.13 million. Revenues increased \$2.6 million, operating and capital grants counted for \$3.2 million of the increase; charges for services recorded an increase of \$.02 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 \$10,179,185 a decrease of (\$1,284,259) in comparison with the prior year. The non-spendable portion is \$78,134, restricted is \$5,749,885, \$723,134 is committed, \$3,589,636 is assigned and \$38,396 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 2013 is \$4,244,316, which decreased (\$564,055). The debt service reserve fund balance was \$991,103 a decrease of (\$.57 million). Capital projects fund balance was \$2,621,548 a reduction of (\$.29 million), which represent construction of infrastructure and other capital improvements. Finally the fund balance in the special revenue funds at 9/30/2013 is \$2,322,218 an increase of \$137,136.

Business Type Funds. The enterprise funds have unrestricted net position of \$12,551,494. Investment in capital assets net of related debt is \$65,104,588 with a combined net asset total of \$77,656,082.

### **General Fund Budgetary Highlights**

The General Fund 2013 budget revenue was \$31,106,113; the amount realized was \$31,465,197, an increase of \$359,084 or 1.15%. The expenditure budget was \$32,326,046, and the actual amount was \$32,029,252, a reduction of (\$296,794) or (.92%). 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 \$655,875; the changes were substantial in some categories and listed below are the major notable amendments:

- \$351,581 or 2.06% decrease in taxes; \$266,449 less in ad valorem taxes, \$67,000 less in local option taxes and \$19,000 less in utility and other taxes.
- \$27,443 or 7.73% decrease in licenses and permits; \$11,000 less in occupational licenses and \$16,000 in other permits.
- \$29,035 or 16.78% increase in fines and forfeitures; violation of local ordinances produced \$31,272 more and court fines \$2,200 less in this category.
- \$343,856 or 12.65% increase in intergovernmental revenue; \$88,983 increase in state shared revenue, \$179,000 increase in half cent sales tax and \$75,000 increase in other intergovernmental.
- \$328,610 or 17.59% increase in miscellaneous revenue; revenues from the State of Florida \$147,000 more, interest and special assessments and other miscellaneous contractual increased \$69,000. City contractual decreased by \$106,130.
- \$117,758 or 6.13% increase in interfund transfers; \$136,000 increase from restricted revenue and 18,000 less from FPRA.
- \$117,081 or 1.72% decrease enterprise contributions; increased transfer from Solid Waste, Golf Course, Marina and Stormwater in the amounts of \$121,000, \$28,000, \$51,111 and \$28,532, FPUA transfer \$37,769 less and the \$307,955 advance not needed.
- \$655,875 or 53.76% decrease in Fund Balance Appropriation; only \$576,596 was needed for fiscal 2013.
- \$488,299 or 6.49% was the administrative division increase in expenditures. The major increases were: Cost for DROP was \$57,450, grants and aids \$64,000 for Christmas events; Interfund transfers, (Urban Redevelopment \$316,114, CDBG \$161,417, Grants \$25,000); contractual \$63,000 and the remaining expenses \$33,000. The major decreases were: A capital budget reduction of \$50,000 was required to assist in UR transfer; utilities \$36,000; insurance \$147,000.
- All other departments decreased \$822,267; departments reduced their operation costs to assist with the revenue shortfalls in Urban Redevelopment, CDBG and Grants.

## 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, 2013 amounts to \$126,025,671 (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 2013 and 2012 (net of depreciation)						
	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	Land & CIP	27,989,855	28,206,509	674,008	14,428,953	28,663,863
Buildings	24,131,456	23,101,422	13,028,143	13,573,913	37,159,599	36,675,335
Improvements Other than Buildings	20,571,595	19,775,956	66,953,238	41,329,923	87,524,833	61,105,879
Machinery & Equipment	1,089,613	1,903,630	1,427,222	1,352,376	2,516,835	3,256,006
Infrastructure	31,414,542	32,898,404	0	0	31,414,542	32,898,404
<b>Total</b>	<b>105,197,061</b>	<b>105,885,921</b>	<b>82,082,611</b>	<b>70,685,165</b>	<b>187,279,672</b>	<b>176,571,086</b>

**Bonded debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$86,705,180.

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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	Revenue bonds, road improvement notes & intergovernmental notes	70,342,157	73,017,139	16,363,023	16,972,742	86,705,180

The City's bonded debt decreased during the year by a net \$2.52 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 Aaa, as of September 30, 2013. 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 2014 budget began with a 5.3% increase or \$1,720,475 General Fund Budget, of which \$1.5 million was restricted, and expenditures exceeding revenues by approximately \$723,634 million dollars; savings from the 2012 and 2013 budgets were used to fund the shortfall.

Some of the significant factors considered in preparing the City's Annual Fund Budget for Fiscal Year 2014, that caused and closed the budget gap are listed below:

- In the General Fund, the City's taxable valuation is \$1,870,902,366 compared to last year's final valuation of \$1,867,999,879. This represents an increase of approximately .16% or \$2,902,487. This increase in property values and the City Commission electing to raise the millage rate to 6.6050 helped to balance the budget and stabilize further reduction in tax revenues. The millage rate increase generated \$1.5 million, which was restricted to be used to finance fiscal 2015 budget.
- The City received from the Utilities Authority approximately \$111,168 in additional transfers under the 6% computation; using of the power cost adjustment for electric (\$30) and gas for twelve months.
- The City appropriated \$723,634 from fund balance to balance General Fund's budget.
- In the 2014 budget (General Fund) the personnel services included a 4% pay increase for police officers, as result of the implantation of a step plan. There were also 2 police officers added to the General Fund roster, due to the expiration of a Federal Grant. Health insurance premiums for employees increased 6.4%; retirement rates for general members are 16.20%, down from 16.50%. Police officers 15.33% down from 15.83%. These wage and benefit changes equated to an increase of \$269,443.
- The Fort Pierce Redevelopment Agency tax increment financing (TIF) soared to a high of \$8.6 million in 2008 and to a low of \$3.9 million in 2014. The housing appears to be rebounding, seen in a slight increase in property values. The increase in the valuation of property has resulted in a 6% increase in taxable value from 2013 to 2014. 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 Marina and Solid Waste operations had to make up their budget shortfalls by appropriating retained earnings of \$345,008 and \$387,284 in 2014. Transfers from other funds were used to balance the budget of the Sunrise Theatre (\$350,000 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 POSITION**  
September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 10,666,318	\$ 10,841,198	\$ 21,507,516	\$ 32,533,031
Receivables (net of allowance for uncollectibles)	2,382,053	1,835,951	4,218,004	12,515,696
Due from component unit	218,321	679,574	897,895	-
Internal balances	124,262	(124,262)	-	-
Due from other governments	939,351	3,418,438	4,357,789	446,970
Inventories and other current assets	78,134	2,196	80,330	4,717,319
Restricted Assets:				
Temporarily restricted:				
Cash and investments	-	235,997	235,997	28,656,939
Total current assets	14,408,439	16,889,092	31,297,531	78,869,955
Noncurrent assets:				
Deferred charges	1,656,217	157,351	1,813,568	930,321
Notes Receivable	6,961,153	-	6,961,153	-
FMPA working capital receivable	-	-	-	1,918,608
Investment in Public Gas Partners Pool	-	-	-	658,206
Capital assets, not being depreciated:				
Land	27,165,338	674,008	27,839,346	10,219,000
Construction in progress	824,517	-	824,517	15,749,745
Capital assets (net of accumulated depreciation):				
Buildings	35,368,321	17,897,477	53,265,798	-
Improvements other than buildings	36,689,761	81,725,489	118,415,250	-
Equipment	13,547,094	9,390,180	22,937,274	-
Infrastructure	108,831,427	-	108,831,427	401,342,254
Accumulated depreciation	(117,229,397)	(27,604,543)	(144,833,940)	(210,950,843)
Total noncurrent assets	113,814,431	82,239,962	196,054,393	219,867,291
Total assets	\$ 128,222,870	\$ 99,129,054	\$ 227,351,924	\$ 298,737,246

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,906,574	\$ 2,827,128	\$ 4,733,702	\$ 9,295,305
Unearned revenue	273,367	387,193	660,560	3,566,976
Accrued compensated absences	187,049	32,852	219,901	-
Capital leases payable	-	-	-	21,661
Due to other governments	-	-	-	731,640
Notes and revenue bonds-current	2,718,000	615,000	3,333,000	6,653,001
Accrued interest payable	686,558	339,668	1,026,226	1,356,249
Liabilities payable from restricted assets:				
Customer deposits	6,650	235,997	242,647	7,205,380
Total current liabilities	<u>5,778,198</u>	<u>4,437,838</u>	<u>10,216,036</u>	<u>28,830,212</u>
Noncurrent liabilities:				
Notes and bonds payable, net	70,342,157	16,363,023	86,705,180	87,492,999
Capital Leases	-	-	-	105,199
Pollution remediation	-	-	-	756,524
Accrued compensated absences	2,886,550	561,764	3,448,314	1,829,989
Other post employment benefits	646,376	110,347	756,723	563,999
Total noncurrent liabilities	<u>73,875,083</u>	<u>17,035,134</u>	<u>90,910,217</u>	<u>90,748,710</u>
Total liabilities	<u>79,653,281</u>	<u>21,472,972</u>	<u>101,126,253</u>	<u>119,578,922</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	32,136,904	65,104,588	97,241,492	122,015,813
Restricted for:				
Capital projects	2,621,548	-	2,621,548	-
Capital improvement charges	-	-	-	6,740,141
Debt service	991,103	-	991,103	4,139,000
Unrestricted	<u>12,820,034</u>	<u>12,551,494</u>	<u>25,371,528</u>	<u>46,263,370</u>
Total net position	<u>\$ 48,569,589</u>	<u>\$ 77,656,082</u>	<u>\$ 126,225,671</u>	<u>\$ 179,158,324</u>

City of Fort Pierce, Florida  
**STATEMENT OF ACTIVITIES**  
Year ended September 30, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 9,073,474	\$ 1,578,442	\$ -	\$ 1,393,358
Public safety	14,305,679	434,898	346,820	-
Transportation	6,263,011	28,068	-	-
Economic environment	1,774,472	4,876,129	667,030	241,944
Culture and recreation	2,231,912	126,687	-	-
Interest on long-term debt	3,727,940	-	-	-
Total governmental activities	<u>37,376,488</u>	<u>7,044,224</u>	<u>1,013,850</u>	<u>1,635,302</u>
Business-type activities:				
Solid waste	4,974,739	6,348,420	-	-
Marina	2,605,281	1,800,958	-	10,601,164
Storm Water	3,368,903	2,598,840	-	2,753,176
Golf Course	1,658,894	1,418,505	-	-
Sunrise Theatre	4,223,143	2,887,153	-	-
Building Fund	1,004,080	1,053,183	-	-
Total business-type activities	<u>17,835,040</u>	<u>16,107,059</u>	<u>-</u>	<u>13,354,340</u>
Total primary government	<u>\$ 55,211,528</u>	<u>\$ 23,151,283</u>	<u>\$ 1,013,850</u>	<u>\$ 14,989,642</u>
<b>Component units:</b>				
Fort Pierce Utilities Authority	\$ 94,561,641	\$ 97,032,774	\$ 11,637	\$ 1,393,385
Total component units	<u>\$ 94,561,641</u>	<u>\$ 97,032,774</u>	<u>\$ 11,637</u>	<u>\$ 1,393,385</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 position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of this statement.

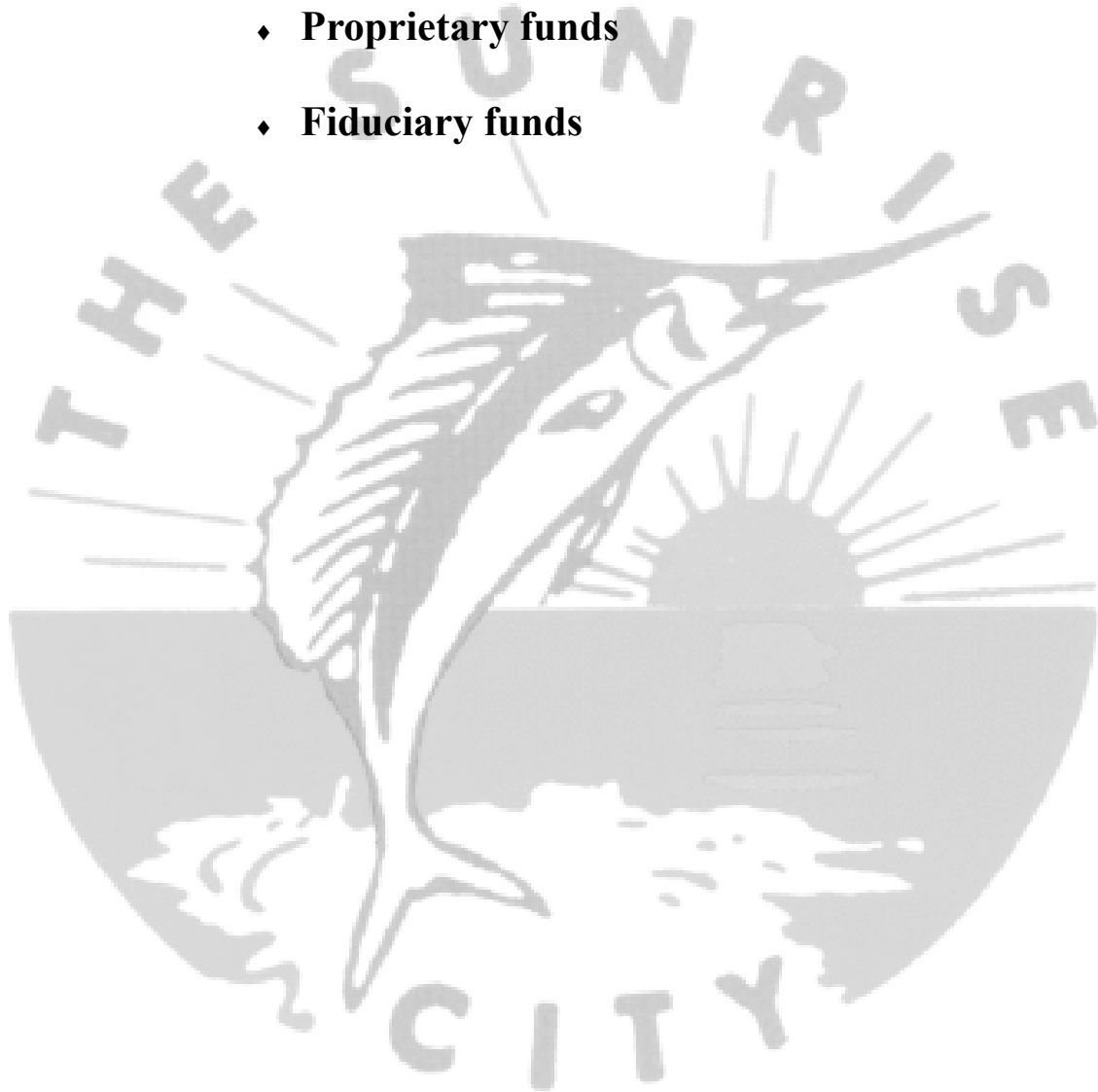
<b>Net (expense) Revenue and Change in Net Assets</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Fort Pierce Utilities Authority</b>
\$ (6,101,674)	\$ -	\$ (6,101,674)	\$ -
(13,523,961)	-	(13,523,961)	-
(6,234,943)	-	(6,234,943)	-
4,010,631	-	4,010,631	-
(2,105,225)	-	(2,105,225)	-
(3,727,940)	-	(3,727,940)	-
<u>(27,683,112)</u>	<u>-</u>	<u>(27,683,112)</u>	<u>-</u>
-	1,373,681	1,373,681	-
-	9,796,841	9,796,841	-
-	1,983,113	1,983,113	-
-	(240,389)	(240,389)	-
-	(1,335,990)	(1,335,990)	-
-	49,103	49,103	-
-	<u>11,626,359</u>	<u>11,626,359</u>	<u>-</u>
<u>\$ (27,683,112)</u>	<u>\$ 11,626,359</u>	<u>\$ (16,056,753)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,876,155</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,876,155</u>
\$ 10,082,823	-	\$ 10,082,823	\$ -
2,183,003	-	2,183,003	-
4,456,865	-	4,456,865	-
1,166,983	-	1,166,983	-
1,378,666	-	1,378,666	-
249,148	-	249,148	-
5,365,879	-	5,365,879	(5,365,879)
346,124	84,179	430,303	-
243,884	64,567	308,451	1,961,425
-	-	-	(761,000)
914,408	(914,408)	-	-
<u>26,387,783</u>	<u>(765,662)</u>	<u>25,622,121</u>	<u>(4,165,454)</u>
<u>(1,295,329)</u>	<u>10,860,697</u>	<u>9,565,368</u>	<u>(289,299)</u>
<u>49,864,918</u>	<u>66,795,385</u>	<u>116,660,303</u>	<u>179,447,623</u>
<u>\$ 48,569,589</u>	<u>\$ 77,656,082</u>	<u>\$ 126,225,671</u>	<u>\$ 179,158,324</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, 2013

	General Fund	Community Development Block Grant	Community Redevelopment Agency
<b>ASSETS</b>			
Cash and investments	\$ 4,881,728	\$ 624,232	\$ 60,165
Accounts receivables	5,347,735	-	250,506
Liens receivables	3,385,418	-	-
Due from component unit	218,321	-	-
Due from other funds	267,091	184,899	-
Due from other governments	181,113	69,948	-
Inventories	78,134	-	-
Notes receivable	-	3,521,494	-
Total assets	<u>\$ 14,359,540</u>	<u>\$ 4,400,573</u>	<u>\$ 310,671</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 1,273,466	\$ 8,719	\$ 55,575
Contracts payable - retainage	-	-	-
Deposits	6,650	-	-
Due to other funds	101,708	-	14,774
Revenue in advance	198,918	-	-
Deferred revenues	8,534,482	3,521,465	236,670
Total liabilities	<u>10,115,224</u>	<u>3,530,184</u>	<u>307,019</u>
<b>FUND BALANCES</b>			
Nonspendable	78,134	-	-
Restricted	-	870,389	3,652
Committed	723,134	-	-
Assigned	3,404,652	-	-
Unassigned	38,396	-	-
Total fund balances	<u>4,244,316</u>	<u>870,389</u>	<u>3,652</u>
Total liabilities and fund balances	<u>\$ 14,359,540</u>	<u>\$ 4,400,573</u>	<u>\$ 310,671</u>

*The accompanying notes are an integral part of this statement.*

Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
\$ 87,974	\$ 5,012,219	\$ 10,666,318
100	126,754	5,725,095
-	-	3,385,418
-	-	218,321
-	10,124	462,114
-	688,290	939,351
-	-	78,134
3,413,202	26,457	6,961,153
<u>\$ 3,501,276</u>	<u>\$ 5,863,844</u>	<u>\$ 28,435,904</u>

\$ 15,502	\$ 374,639	\$ 1,727,901
-	178,673	178,673
-	-	6,650
-	221,370	337,852
-	74,449	273,367
3,413,202	26,457	15,732,276
<u>3,428,704</u>	<u>875,588</u>	<u>18,256,719</u>

-	-	78,134
72,572	4,803,272	5,749,885
-	-	723,134
-	184,984	3,589,636
-	-	38,396
<u>72,572</u>	<u>4,988,256</u>	<u>10,179,185</u>
<u>\$ 3,501,276</u>	<u>\$ 5,863,844</u>	<u>\$ 28,435,904</u>

City of Fort Pierce, Florida

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

September 30, 2013

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Total fund balance per this statement	\$	10,179,185
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 \$222,426,458 and the accumulated depreciation is \$117,229,397		105,197,061
Long-term liabilities (capital lease obligations, intergovernmental notes, other post employment benefits, and accrued compensated absences) of \$77,260,118 net of unamortized costs of \$479,986 are not due and payable and therefore, are not reported in the funds.		(76,780,132)
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.		(686,558)
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.		1,656,217
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.		9,003,816
Net assets of governmental activities	\$	<u>48,569,589</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, 2013

	General Fund	Community Development Block Grant	Community Redevelopment Agency
<b>Revenues</b>			
Taxes	\$ 16,722,691	\$ -	\$ -
Licenses and permits	327,558	-	-
Intergovernmental	3,016,812	925,032	4,001,298
Charges for services	215,829	-	-
Fines and forfeitures	202,035	-	-
Contributions from component unit	5,365,879	-	-
Investment income	85,488	105,448	5,554
Other	2,156,614	83,230	212,588
Total revenues	<u>28,092,906</u>	<u>1,113,710</u>	<u>4,219,440</u>
<b>Expenditures</b>			
Current			
General government	9,753,842	-	-
Public safety	12,821,428	-	-
Transportation	3,089,871	-	-
Economic environment	-	603,408	346,123
Culture and recreation	1,968,202	-	-
Capital outlay	45,052	-	334,346
Debt service			
Principal	-	283,000	-
Interest and fees	-	62,768	-
Other	-	-	-
Total expenditures	<u>27,678,395</u>	<u>949,176</u>	<u>680,469</u>
Excess of revenues over (under) expenditures	414,511	164,534	3,538,971
<b>Other financing sources (uses)</b>			
Transfers in	3,372,291	161,417	1,475,793
Transfers out	<u>(4,350,857)</u>	<u>-</u>	<u>(5,025,056)</u>
Total other financing sources (uses)	<u>(978,566)</u>	<u>161,417</u>	<u>(3,549,263)</u>
Net change in fund balances	(564,055)	325,951	(10,292)
Fund balances - beginning of year	<u>4,808,371</u>	<u>544,438</u>	<u>13,944</u>
Fund balances - end of year	<u>\$ 4,244,316</u>	<u>\$ 870,389</u>	<u>\$ 3,652</u>

*The accompanying notes are an integral part of this statement.*

Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ 16,722,691
-	-	327,558
50,058	3,391,320	11,384,520
-	-	215,829
-	20,410	222,445
-	-	5,365,879
22,732	24,662	243,884
154,305	370,497	2,977,234
<u>227,095</u>	<u>3,806,889</u>	<u>37,460,040</u>
-	11,099	9,764,941
-	632,078	13,453,506
-	-	3,089,871
530,867	254,609	1,735,007
-	-	1,968,202
-	3,386,115	3,765,513
-	1,885,000	2,168,000
-	3,646,692	3,709,460
-	4,207	4,207
<u>530,867</u>	<u>9,819,800</u>	<u>39,658,707</u>
(303,772)	(6,012,911)	(2,198,667)
376,114	5,854,190	11,239,805
-	(949,484)	(10,325,397)
<u>376,114</u>	<u>4,904,706</u>	<u>914,408</u>
72,342	(1,108,205)	(1,284,259)
230	6,096,461	11,463,444
<u>\$ 72,572</u>	<u>\$ 4,988,256</u>	<u>\$ 10,179,185</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, 2013

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Net change in fund balances-total governmental funds	\$ (1,284,259)
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(\$4,452,041) exceeds capital outlay(\$3,765,513) in the current period.	(686,528)
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.	(2,333)
Repayment of bond and note principal (\$2,168,000) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	2,168,000
Compensated absences of (\$124,822) and other post employment benefits of (\$39,256 )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.	(164,078)
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.	28,746
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 (\$188,757)	(188,757)
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.	(1,166,120)
Net position of governmental activities	<u>\$ (1,295,329)</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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 17,074,272	\$ 16,722,691	\$ 16,722,691	\$ -
Licenses and permits	355,000	327,558	327,558	-
Intergovernmental	2,718,000	3,016,812	3,016,812	-
Charges for services	179,900	215,829	215,829	-
Fines and forfeitures	173,000	202,035	202,035	-
Contributions from component unit	5,711,603	5,365,879	5,365,879	-
Investment income	41,750	85,488	85,488	-
Other	1,826,698	2,156,614	2,156,614	-
Total revenues	<u>28,080,223</u>	<u>28,092,906</u>	<u>28,092,906</u>	-
<b>Expenditures</b>				
General government	10,150,777	9,788,904	9,788,904	-
Public safety	12,966,012	12,831,418	12,831,418	-
Transportation	3,309,828	3,089,871	3,089,871	-
Culture and recreation	2,059,820	1,968,202	1,968,202	-
Total expenditures	<u>28,486,437</u>	<u>27,678,395</u>	<u>27,678,395</u>	-
Excess of revenues over expenditures	(406,214)	414,511	414,511	-
<b>Other financing sources (uses)</b>				
Transfers in	3,025,890	3,372,291	3,372,291	-
Transfers out	<u>(3,839,610)</u>	<u>(4,350,857)</u>	<u>(4,350,857)</u>	-
Total other financing sources (uses)	<u>(813,720)</u>	<u>(978,566)</u>	<u>(978,566)</u>	-
Net change in fund balances	(1,219,934)	(564,055)	(564,055)	-
Fund balance - beginning of year	<u>4,149,368</u>	<u>4,808,371</u>	<u>4,808,371</u>	-
Fund balance - end of year	<u>\$ 2,929,434</u>	<u>\$ 4,244,316</u>	<u>\$ 4,244,316</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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 513,158	\$ 925,032	\$ 925,032	\$ -
Investment income	346,268	105,448	105,448	-
Other	-	83,230	83,230	-
Total revenues	<u>859,426</u>	<u>1,113,710</u>	<u>1,113,710</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Economic environment	516,658	603,408	603,408	-
Principal	283,000	283,000	283,000	-
Interest and Fees	62,768	62,768	62,768	-
Total expenditures	<u>862,426</u>	<u>949,176</u>	<u>949,176</u>	<u>-</u>
Excess of revenues over(under) expenditures	(3,000)	164,534	164,534	-
<b>Other financing sources (uses)</b>				
Transfers in	-	161,417	161,417	-
Total other financing sources (uses)	-	161,417	161,417	-
Net change in fund balances	(3,000)	325,951	325,951	-
Fund balance - beginning of year	544,438	544,438	544,438	-
Fund balance - end of year	<u>\$ 541,438</u>	<u>\$ 870,389</u>	<u>\$ 870,389</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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 3,942,868	\$ 4,001,298	\$ 4,001,298	\$ -
Investment income	100	5,554	5,554	-
Other	95,000	212,588	212,588	-
Total revenues	<u>4,037,968</u>	<u>4,219,440</u>	<u>4,219,440</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Economic environment	321,000	346,123	346,123	-
Capital outlay	<u>160,500</u>	<u>334,346</u>	<u>334,346</u>	<u>-</u>
Total expenditures	<u>481,500</u>	<u>680,469</u>	<u>680,469</u>	<u>-</u>
Excess of revenues over expenditures	3,556,468	3,538,971	3,538,971	-
<b>Other financing sources (uses)</b>				
Transfers in	1,410,793	1,475,793	1,475,793	-
Transfers out	<u>(4,967,760)</u>	<u>(5,025,056)</u>	<u>(5,025,056)</u>	<u>-</u>
Total other financing sources (uses)	(3,556,967)	(3,549,263)	(3,549,263)	-
Net change in fund balances	(499)	(10,292)	(10,292)	-
Fund balance - beginning of year	<u>13,944</u>	<u>13,944</u>	<u>13,944</u>	<u>-</u>
Fund balance - end of year	<u>\$ 13,445</u>	<u>\$ 3,652</u>	<u>\$ 3,652</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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 70,000	\$ 50,058	\$ 50,058	\$ -
Investment income	30,000	22,732	22,732	-
Other	210,036	154,305	154,305	-
Total revenues	<u>310,036</u>	<u>227,095</u>	<u>227,095</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Economic environment	<u>493,730</u>	<u>530,867</u>	<u>530,867</u>	<u>-</u>
Total expenditures	<u>493,730</u>	<u>530,867</u>	<u>530,867</u>	<u>-</u>
Excess of revenues over(under) expenditures	(183,694)	(303,772)	(303,772)	-
<b>Other financing sources (uses)</b>				
Transfers in	<u>60,000</u>	<u>376,114</u>	<u>376,114</u>	<u>-</u>
Total other financing sources (uses)	60,000	376,114	376,114	-
Net change in fund balances	(123,694)	72,342	72,342	-
Fund balance - beginning of year	<u>230</u>	<u>230</u>	<u>230</u>	<u>-</u>
Fund balance - end of year	<u>\$ (123,464)</u>	<u>\$ 72,572</u>	<u>\$ 72,572</u>	<u>\$ -</u>

*The accompanying notes are an integral part of this statement.*

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City of Fort Pierce, Florida  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUNDS**  
September 30, 2013

	Business-type Activities		
	Solid Waste	Marina	Storm Water
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 119,168	\$ 3,259,740	\$ 6,942,641
Receivables - net of allowances:			
Accounts	486,178	63,242	1,087,740
Unbilled services	187,488	-	-
Due from component units	650,180	-	29,315
Due from other funds	20,000	251	-
Due from other governments	-	2,436,933	981,505
Inventories and other current assets	-	2,196	-
Restricted Assets			
Cash and investments	132,568	41,479	-
Total current assets	<u>1,595,582</u>	<u>5,803,841</u>	<u>9,041,201</u>
<b>NON-CURRENT ASSETS</b>			
Deferred charges	-	18,039	139,312
Non-depreciable capital assets			
Land	-	9,197	-
Depreciable capital assets			
Buildings	117,258	843,196	-
Improvements other than buildings	47,243	30,348,347	48,555,068
Equipment	7,772,420	141,733	590,866
Accumulated depreciation	<u>(6,643,165)</u>	<u>(6,921,776)</u>	<u>(8,360,040)</u>
Total non-current assets	<u>1,293,756</u>	<u>24,438,736</u>	<u>40,925,206</u>
Total assets	<u>2,889,338</u>	<u>30,242,577</u>	<u>49,966,407</u>

*The accompanying notes are an integral part of this statement.*

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<u>Golf Course</u>	<u>Sunrise Theatre</u>	<u>Building Fund</u>	<u>Business-type Activities Totals</u>
\$ 1,100	\$ 339,010	\$ 179,539	\$ 10,841,198
-	11,303	-	1,648,463
-	-	-	187,488
-	-	79	679,574
-	-	-	20,251
-	-	-	3,418,438
-	-	-	2,196
-	61,950	-	235,997
<u>1,100</u>	<u>412,263</u>	<u>179,618</u>	<u>17,033,605</u>
-	-	-	157,351
314,811	350,000	-	674,008
877,676	16,059,347	-	17,897,477
2,774,831	-	-	81,725,489
516,019	157,762	211,380	9,390,180
<u>(1,395,290)</u>	<u>(4,075,067)</u>	<u>(209,205)</u>	<u>(27,604,543)</u>
<u>3,088,047</u>	<u>12,492,042</u>	<u>2,175</u>	<u>82,239,962</u>
<u>3,089,147</u>	<u>12,904,305</u>	<u>181,793</u>	<u>99,273,567</u>

City of Fort Pierce, Florida  
**STATEMENT OF FUND NET POSITION - (CONTINUED)**  
**PROPRIETARY FUNDS**  
September 30, 2013

	Business-type Activities		
	Solid Waste	Marina	Storm Water
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 269,633	\$ 501,539	\$ 272,346
Contracts payable - retainage	-	990,825	539,950
Due to other funds	3,333	28,366	83,805
Accrued compensated absences	12,101	4,651	-
Revenue bonds - current	-	-	615,000
Accrued interest - revenue bonds and notes	-	-	339,668
Liabilities payable from restricted assets			
Customer deposits	132,568	41,479	-
Revenue in Advance	-	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities	417,635	1,566,860	1,850,769
<b>NON-CURRENT LIABILITIES</b>			
Other Post Employment Benefits	52,546	10,022	-
Accrued compensated absences	255,002	102,625	-
Revenue bonds payable, net	-	1,834,207	14,528,816
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	307,548	1,946,854	14,528,816
	<hr/>	<hr/>	<hr/>
Total liabilities	725,183	3,513,714	16,379,585
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,293,756	22,586,490	25,642,078
Unrestricted	870,399	4,142,373	7,944,744
Total net position	<u>\$ 2,164,155</u>	<u>\$ 26,728,863</u>	<u>\$ 33,586,822</u>

*The accompanying notes are an integral part of this statement.*

Golf Course	Sunrise Theatre	Building Fund	Business-type Activities Totals
\$ 135,277	\$ 51,381	\$ 66,177	\$ 1,296,353
-	-	-	1,530,775
21,960	-	7,049	144,513
4,927	6,849	4,324	32,852
-	-	-	615,000
-	-	-	339,668
-	61,950	-	235,997
-	387,193	-	387,193
162,164	507,373	77,550	4,582,351
22,417	14,814	10,548	110,347
83,724	60,353	60,060	561,764
-	-	-	16,363,023
106,141	75,167	70,608	17,035,134
268,305	582,540	148,158	21,617,485
3,088,047	12,492,042	2,175	65,104,588
(267,205)	(170,277)	31,460	12,551,494
\$ 2,820,842	\$ 12,321,765	\$ 33,635	\$ 77,656,082

City of Fort Pierce, Florida  
**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS**  
Year ended September 30, 2013

	Business-type Activities		
	Solid Waste	Marina	Storm Water
Operating revenues			
Sales and charges for services	\$ 6,167,248	\$ 678,290	\$ 2,598,840
Gas and oil sales	-	734,826	-
Other	181,172	387,842	-
Total operating revenues	<u>6,348,420</u>	<u>1,800,958</u>	<u>2,598,840</u>
Operating expenses			
Personal services	1,937,260	339,733	-
General and administrative	60,167	-	248,007
Cost of goods and services sold	1,692,259	721,752	-
Depreciation	391,388	751,602	1,422,792
Other operating expenses	893,665	693,730	1,001,154
Total operating expenses	<u>4,974,739</u>	<u>2,506,817</u>	<u>2,671,953</u>
Operating income (loss)	1,373,681	(705,859)	(73,113)
Non-operating revenues (expenses)			
Investment income	1,692	11,508	50,360
Intergovernmental	38,318	-	-
Interest expense	-	(98,464)	(696,950)
Total non-operating revenues (expenses)	<u>40,010</u>	<u>(86,956)</u>	<u>(646,590)</u>
Income (loss) before transfers and capital contributions	1,413,691	(792,815)	(719,703)
Capital Contributions	-	10,601,164	2,753,176
Transfers in	19,234	-	-
Transfers out	<u>(1,526,000)</u>	<u>(51,110)</u>	<u>(28,532)</u>
CHANGE IN NET POSITION	(93,075)	9,757,239	2,004,941
Total net position - beginning	<u>2,257,230</u>	<u>16,971,624</u>	<u>31,581,881</u>
Total net position - end of year	<u>\$ 2,164,155</u>	<u>\$ 26,728,863</u>	<u>\$ 33,586,822</u>

*The accompanying notes are an integral part of this statement.*

			Business-type Activities Totals
Golf Course	Sunrise Theatre	Building Fund	
\$ 1,414,130	\$ 2,858,310	\$ 1,051,601	\$ 14,768,419
-	-	-	734,826
4,375	28,843	1,582	603,814
<u>1,418,505</u>	<u>2,887,153</u>	<u>1,053,183</u>	<u>16,107,059</u>
779,917	516,923	752,518	4,326,351
55,664	73,901	-	437,739
50,403	1,201,215	-	3,665,629
144,155	538,178	5,000	3,253,115
628,755	1,892,926	246,562	5,356,792
<u>1,658,894</u>	<u>4,223,143</u>	<u>1,004,080</u>	<u>17,039,626</u>
(240,389)	(1,335,990)	49,103	(932,567)
233	358	416	64,567
-	45,861	-	84,179
-	-	-	(795,414)
<u>233</u>	<u>46,219</u>	<u>416</u>	<u>(646,668)</u>
(240,156)	(1,289,771)	49,519	(1,579,235)
-	-	-	13,354,340
-	700,000	-	719,234
<u>(28,000)</u>	<u>-</u>	<u>-</u>	<u>(1,633,642)</u>
(268,156)	(589,771)	49,519	10,860,697
<u>3,088,998</u>	<u>12,911,536</u>	<u>(15,884)</u>	<u>66,795,385</u>
<u>\$ 2,820,842</u>	<u>\$ 12,321,765</u>	<u>\$ 33,635</u>	<u>\$ 77,656,082</u>

City of Fort Pierce, Florida  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year ended September 30, 2013

	Business-type Activities	
	Solid Waste	Marina
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 6,260,056	\$ 1,607,369
Receipts from rental property	-	211,173
Payments to suppliers for goods and services	(2,628,354)	(2,348,616)
Payments to employees for services	(1,322,761)	(234,296)
Payments for benefits on behalf of employees	(643,448)	(96,533)
Net cash provided (used) by operating activities	<u>1,665,493</u>	<u>(860,903)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from Intergovernmental	38,318	-
Transfers in	19,234	-
Transfers (out)	(1,526,000)	(51,110)
Net cash provided (used) by noncapital financing activities	<u>(1,468,448)</u>	<u>(51,110)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(553,808)	(10,791,078)
Receipts from Intergovernmental	-	12,192,368
Bond and loan principal payments	-	-
Bond and loan interest payments	-	(93,864)
Net cash provided (used) by capital and related financing activities	<u>(553,808)</u>	<u>1,307,426</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	1,692	11,508
Net cash provided (used) by investing activities	<u>1,692</u>	<u>11,508</u>
Net increase (decrease) in cash and investments	(355,071)	406,921
Cash and investments at beginning of year	606,807	2,894,298
Cash and investments at end of year	<u>\$ 251,736</u>	<u>\$ 3,301,219</u>
Cash and investments-unrestricted	\$ 119,168	\$ 3,259,740
Cash and investments-restricted	132,568	41,479
	<u>\$ 251,736</u>	<u>\$ 3,301,219</u>

*The accompanying notes are an integral part of this statement.*

				Business-type Activities Totals
Storm Water	Golf Course	Sunrise Theatre	Building Fund	
\$ 2,753,855	\$ 1,418,912	\$ 2,810,151	\$ 1,051,009	\$ 15,901,352
-	-	-	-	211,173
(1,145,225)	(620,190)	(3,182,733)	(243,028)	(10,168,146)
-	(552,673)	(370,132)	(501,844)	(2,981,706)
-	(209,185)	(136,458)	(234,944)	(1,320,568)
<u>1,608,630</u>	<u>36,864</u>	<u>(879,172)</u>	<u>71,193</u>	<u>1,642,105</u>
-	-	45,861	-	84,179
-	-	700,000	-	719,234
(28,532)	(28,000)	-	-	(1,633,642)
<u>(28,532)</u>	<u>(28,000)</u>	<u>745,861</u>	<u>-</u>	<u>(830,229)</u>
(3,264,346)	(38,996)	-	-	(14,648,228)
2,630,005	-	-	-	14,822,373
(590,000)	-	-	-	(590,000)
(692,636)	-	-	-	(786,500)
<u>(1,916,977)</u>	<u>(38,996)</u>	<u>-</u>	<u>-</u>	<u>(1,202,355)</u>
<u>50,360</u>	<u>233</u>	<u>358</u>	<u>416</u>	<u>64,567</u>
<u>50,360</u>	<u>233</u>	<u>358</u>	<u>416</u>	<u>64,567</u>
(286,519)	(29,899)	(132,953)	71,609	(325,912)
<u>7,229,160</u>	<u>30,999</u>	<u>533,913</u>	<u>107,930</u>	<u>11,403,107</u>
<u>\$ 6,942,641</u>	<u>\$ 1,100</u>	<u>\$ 400,960</u>	<u>\$ 179,539</u>	<u>\$ 11,077,195</u>
\$ 6,942,641	\$ 1,100	\$ 339,010	\$ 179,539	\$ 10,841,198
-	-	61,950	-	235,997
<u>\$ 6,942,641</u>	<u>\$ 1,100</u>	<u>\$ 400,960</u>	<u>\$ 179,539</u>	<u>\$ 11,077,195</u>

City of Fort Pierce, Florida  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
Year ended September 30, 2013

	Business-type Activities	
	Solid Waste	Marina
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 1,373,681	\$ (705,859)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	391,388	751,602
(Increase) decrease in accounts receivable	(24,916)	(3,839)
(Increase) decrease in due from component unit	(63,448)	-
(Increase) decrease in inventories and other current assets	-	27,490
Increase (decrease) in accounts payable and accrued liabilities	37,562	(956,875)
Increase (decrease) in due to other funds	(20,000)	(3,030)
Increase (decrease) in customer deposits	-	21,422
Increase (decrease) in other post employment benefits	3,661	688
Increase (decrease) in accrued compensated absences	(32,435)	7,498
Net cash provided (used) by operating activities	<u>\$ 1,665,493</u>	<u>\$ (860,903)</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>
\$ (73,113)	\$ (240,389)	\$ (1,335,990)	49,103	\$ (932,567)
1,422,792	144,155	538,178	5,000	3,253,115
(53,157)	-	(5,208)	-	(87,120)
208,172	-	-	158	144,882
-	9,838	31,145	3,836	72,309
188,703	86,188	(33,022)	1,495	(675,949)
(84,767)	20,001	(14,068)	(1,707)	(103,571)
-	407	(71,794)	-	(49,965)
-	1,261	1,079	1,463	8,152
-	15,403	10,508	11,845	12,819
<u>\$ 1,608,630</u>	<u>\$ 36,864</u>	<u>\$ (879,172)</u>	<u>\$ 71,193</u>	<u>\$ 1,642,105</u>

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## TRUST FUNDS

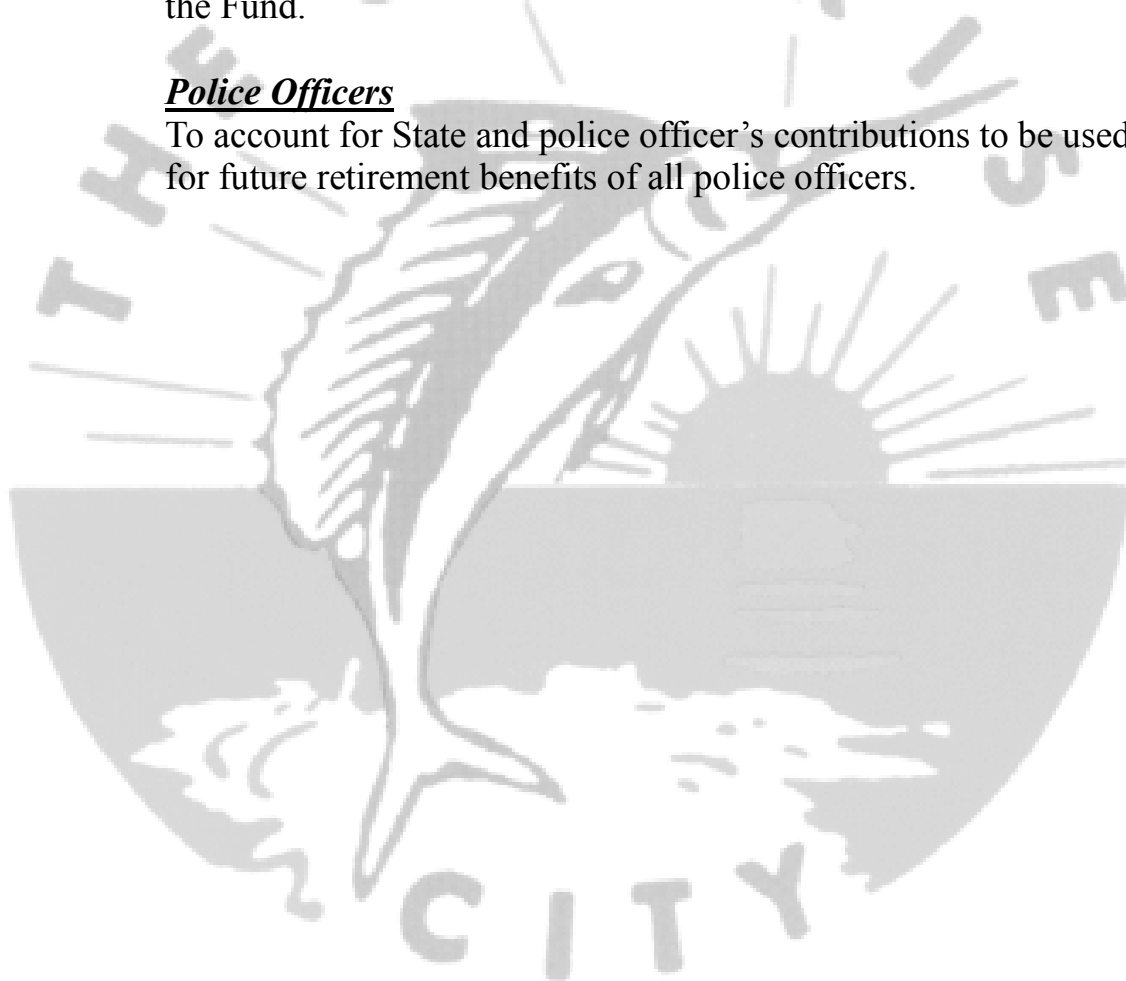
### ◆ Pension Trust

#### 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 POSITION**

September 30, 2013

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	<u>Pension Trusts</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,326,413
Investments, at fair value:	
U.S. Government Securities	20,632,357
Mutual Funds	105,855,833
Common Stock	18,258,647
Corporate Bonds	32,788,796
Money Market	612,071
Total investments	<u>178,147,704</u>
Total cash and investments	179,474,117
Accounts receivable	279,386
Accrued interest receivable	539,866
	<u>539,866</u>
Total assets	<u>180,293,369</u>
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	<u>205,780</u>
Total liabilities	<u>205,780</u>
 <b>NET POSITION-RESTRICTED FOR PENSION BENEFITS</b>	
	<u>\$ 180,087,589</u>

*The accompanying notes are an integral part of this statement.*

City of Fort Pierce, Florida

**STATEMENT OF CHANGES IN FIDUCIARY FUNDS NET POSITION**

Year ended September 30, 2013

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	<u>Pension Trusts</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 4,266,803
Employees	1,920,330
State-Via the General Fund	249,148
Total contributions	<u>6,436,281</u>
Investment income	
Interest	2,760,028
Dividends	618,569
Net appreciation in fair value of investments	18,870,940
Total investment income	<u>22,249,537</u>
Investment expenses	<u>(666,467)</u>
Net investment income	21,583,070
Total additions	28,019,351
<b>DEDUCTIONS</b>	
Retirement benefits paid	11,993,098
Refunds of employee contributions	585,930
Administrative expenses	134,550
Insurance expense	19,416
Total deductions	<u>12,732,994</u>
Net Increase	15,286,357
<b>NET POSITION-RESTRICTED FOR PENSION</b>	
<b>BENEFITS</b>	
Beginning of year	<u>164,801,232</u>
End of year	<u>\$ 180,087,589</u>

*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 42,645 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*, as amended by GASB 39, “*Determining Whether Certain Organizations are Component Units*” and GASB 61, “*The Financial Reporting Entity; Omnibus an Amendment of GASB Statements No. 14 and No. 34*” 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, or the nature and significance of the relationship between the City and the organization is such that exclusion would cause the City’s financial statements to be incomplete.

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, 2013.

***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 position 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 Government-Wide Statement of Net Position reports all financial and capital resources of the City, excluding those reported in the fiduciary funds. It is displayed in the format of assets less liabilities, equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Restricted assets are those with constraints placed on their use that are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

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.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

**4. ASSETS, LIABILITIES, AND NET POSITION**

**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.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)**

**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. Prepaid items are recorded as expenditures when consumed rather than when purchased.

**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 statement of net position 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, include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), which 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.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)**

**f. Capital assets (continued)**

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.

**h. Other Post Employment Benefits**

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 position.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)**

**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 position. 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.

**k. New Accounting Standards**

Beginning with fiscal year 2013, the City implemented GASB Statement No. 63; Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis – for State and Local Governments, and other pronouncements. This statement requires a Statement of Net Position (rather than net assets) format which segregates deferred inflows and deferred outflows from assets and liabilities respectively. The implementation of this new accounting principle resulted in no change except renaming Net Asset to Net Position.

**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, 2013

**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 \$10,179,185 differs from the “net position” of governmental activities \$48,569,589 that are reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position 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 Position includes those capital assets among the assets of the city as a whole:

Cost of capital assets, not being depreciated	\$	27,989,855
Cost of capital assets, being depreciated		194,436,603
Accumulated depreciation		(117,229,397)
Total	\$	<u>105,197,061</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 Position. Balances at September 30, 2013 were:

Bonds and notes payable	\$	(73,060,157)
Other post employment benefits		(646,376)
Compensated absences		(3,073,599)
Total	\$	<u>(76,780,132)</u>

**Accrued interest**

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

Bond and revenue notes	\$	<u>(686,558)</u>
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City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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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 position (continued)***

**Bond issuance costs**

Bond issuance costs in the Statement of Net Position 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>1,656,217</u>
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**Deferred revenues**

Deferred revenues in the Statement of Net Position 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	\$ 2,020,865
Loans receivable	21,798
Notes receivable	6,961,153
Deferred revenues	\$ <u>9,003,816</u>

**Elimination of inter-fund receivables/payables**

Inter-fund receivables and payables in the amount of \$337,852 between governmental funds have been eliminated for the Statement of Net Position.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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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**

The “net change in fund balances” for government funds (\$1,284,259) differs from the “change in net position” for governmental activities (\$1,295,329) 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 position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ 3,765,513
Depreciation expense	(4,452,041)
	<u>\$ (686,528)</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 position 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 position differs from the change in fund balance by the fair market value of the asset at date of contribution.

Sale of capital assets	<u>\$ (2,333)</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 Position, but do not result in an expense in the Statement of Activities.

Bond principal payments	<u>\$ 2,168,000</u>
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City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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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**

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>(39,256)</u>
Net change in compensated absences	\$ <u>(124,822)</u>
Net interest adjustment	\$ <u>28,746</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>(188,757)</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>(1,166,120)</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 \$1,124,836 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 \$10,325,397 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, 2013 was \$21,078,848 and the bank balance was \$21,750,397. 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, 2013, 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 \$5,007,644 balance at September 30, 2013. 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, 2013

**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 weighted average life of Fund B investments is 4.04 years at September 30, 2013. 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, 2013 the City had \$111,251 in Pool B with a fair value of \$111,251. The FPUA had \$147,699 in Pool B with a fair value of \$147,699.

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, 2013 is as follows:

	<b>Primary Government</b>	<b>Component Unit-FPUA</b>
Cash	\$ 14,107	\$ 8,845,990
Investments:		
State Board of Administration pooled trust fund	111,251	5,155,343
Florida Municipal Investment trust	553,414	-
Money market	-	7,052,121
Funds-held in escrow	13,080	-
Repurchase agreements	21,051,661	40,136,516
Total investments	<u>21,729,406</u>	<u>52,343,980</u>
Total pooled cash and investments	<u>\$ 21,743,513</u>	<u>\$ 61,189,970</u>

All investments held in the primary government and component unit at September 30, 2013 have maturity dates less than three months.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE D – CASH AND INVESTMENTS (CONTINUED)**

A summary of investments held in pension trust funds as of September 30, 2013 is as follows:

	Investment Maturities in Years					total
	under 1	1-5	6-10	10-20	over 20	
U.S. Agencies	\$ 37,833	\$ 881,676	\$ 469,798	\$ 1,519,200	\$ 11,628,750	\$ 14,537,257
U.S. Treasuries	-	2,882,018	704,224	256,283	2,252,575	6,095,100
Corporate obligations	7,365,540	9,648,267	7,943,790	4,943,279	2,887,920	32,788,796
Common stock	18,258,647	-	-	-	-	18,258,647
Mutual funds-equity	105,855,832	-	-	-	-	105,855,832
Money market funds	612,072	-	-	-	-	612,072
	<u>\$ 132,129,924</u>	<u>\$ 13,411,961</u>	<u>\$ 9,117,812</u>	<u>\$ 6,718,762</u>	<u>\$ 16,769,245</u>	<u>\$ 178,147,704</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, 2013

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***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.

***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, 2012, upon which the 2012-2013 levy is based, was \$1,861,146,357.

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, 2013.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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***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 \$3,951,021 the FPUA, respectively. The general fund accounts receivable is stated net of allowance for estimated uncollectibles of \$6,728,460. 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 quarterly at .2% above LIBOR and annual principal payments began in August 2013 to 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 \$61,698 from U.S. Department of Housing & Urban Development, \$1,614,900 from Florida Department of Transportation, \$16,814 from the State of Florida, \$63,514 due from St. Lucie County, \$49,787 due from St. Lucie County Housing Authority, \$97,986 due from the Department of Justice, \$16,157 from the Department of Law Enforcement and \$2,436,933 from the Florida Executive Office of the Governor.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE H - CAPITAL ASSETS**

Capital asset activity of the **primary government** for the year ended September 30, 2013 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	1,041,171	408,153	-	(624,807)	824,517
Total capital assets, not being depreciated	28,206,509	408,153	-	(624,807)	27,989,855
Capital assets, being depreciated:					
Buildings	33,987,899	1,380,422	-	-	35,368,321
Improvements other than buildings	34,194,734	1,879,725	-	615,302	36,689,761
Equipment	13,604,629	47,656	(106,202)	1,011	13,547,094
Infrastructure	108,772,364	49,558	-	9,505	108,831,427
Total	190,559,626	3,357,361	(106,202)	625,818	194,436,603
Less accumulated depreciation for:					
Buildings	(10,886,477)	(350,388)	-	-	(11,236,865)
Improvements other than buildings	(14,418,778)	(1,699,388)	-	-	(16,118,166)
Equipment	(11,700,999)	(859,340)	106,202	(3,344)	(12,457,481)
Infrastructure	(75,873,960)	(1,542,925)	-	-	(77,416,885)
Total accumulated depreciation	(112,880,214)	(4,452,041)	106,202	(3,344)	(117,229,397)
Total capital assets, being depreciated, net	77,679,412	(1,094,680)	-	622,474	77,207,206
Total capital assets, net	<u>\$ 105,885,921</u>	<u>\$ (686,527)</u>	<u>\$ -</u>	<u>\$ (2,333)</u>	<u>\$ 105,197,061</u>

Depreciation expense charged to functions/programs of the **primary government** (governmental activities) for the year ended September 30, 2013 was as follows:

**Governmental activities:**

General government	\$ 184,254
Public safety	717,055
Transportation	3,158,459
Economic environment	78,546
Culture and recreation	313,727
Total	<u>\$ 4,452,041</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**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	13,754,945	-	-	(13,754,945)	-
Total capital assets, not being depreciated	14,428,953	-	-	(13,754,945)	674,008
Capital assets, being depreciated:					
Buildings	17,854,498	42,979	-	-	17,897,477
Improvements other than buildings	53,915,120	14,055,424	-	13,754,945	81,725,489
Equipment	8,841,366	549,825	-	(1,011)	9,390,180
Total	80,610,984	14,648,228	-	13,753,934	109,013,146
Less accumulated depreciation for:					
Buildings	(4,280,585)	(588,749)	-	-	(4,869,334)
Improvements other than buildings	(12,585,197)	(2,187,054)	-	-	(14,772,251)
Equipment	(7,488,990)	(477,312)	-	3,344	(7,962,958)
Total accumulated depreciation	(24,354,772)	(3,253,115)	-	3,344	(27,604,543)
Total capital assets, being depreciated, net	56,256,212	11,395,113	-	13,757,278	81,408,603
Total capital assets, net	<u>\$ 70,685,165</u>	<u>\$ 11,395,113</u>	<u>\$ -</u>	<u>\$ 2,333</u>	<u>\$ 82,082,611</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, 2013 was as follows:

Solid waste	\$ 391,388
Marina	751,602
Stormwater	1,422,792
Golf course	144,155
Sunrise Theatre	538,178
Building Fund	5,000
Total	<u>\$ 3,253,115</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE H - CAPITAL ASSETS (CONTINUED)**

Capital asset activity of the **FPUA** (a component unit) for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Utility Plant, not being depreciated:				
Land	\$ 10,207,000	\$ 12,000	\$ -	\$ 10,219,000
Construction Work in Progress	15,485,179	8,683,566	(8,419,000)	15,749,745
Total Utility Plant, not being depreciated	25,692,179	8,695,566	(8,419,000)	25,968,745
Utility Plant, being depreciated:				
Transmission, distribution and collection systems	315,221,121	7,554,000	(3,450,000)	319,325,121
Equipment	43,612,256	475,877	(211,000)	43,877,133
Structures and improvements	37,106,000	1,038,000	(4,000)	38,140,000
Total Utility Plant being depreciated	395,939,377	9,067,877	(3,665,000)	401,342,254
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(146,661,006)	(12,333,837)	3,450,000	(155,544,843)
Equipment	(32,689,000)	(1,258,000)	211,000	(33,736,000)
Structures and improvements	(19,944,000)	(1,730,000)	4,000	(21,670,000)
Total accumulated depreciation	(199,294,006)	(15,321,837)	3,665,000	(210,950,843)
Total Utility Plant, being depreciated, net	196,645,371	(6,253,960)	-	190,391,411
Total Utility Plant, net	<u>\$ 222,337,550</u>	<u>\$ 2,441,606</u>	<u>\$ (8,419,000)</u>	<u>\$ 216,360,156</u>

Construction work in progress at September 30, 2013 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, 2013, were \$4,613,000 of which \$189,000 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	\$ 5,437,000	\$ 1,839,000	\$ 3,598,000
Wastewater	154,000	110,000	44,000
Gas	14,000	6,000	8,000
Electric	7,000	1,000	6,000
	<u>\$ 5,612,000</u>	<u>\$ 1,956,000</u>	<u>\$ 3,656,000</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, 2013, expenditures of \$2,330,000 were authorized under these contracts, \$245,000 had been spent, and authorized amounts of \$2,085,000 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.

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.

Plan Changes effective for October 1, 2012

For members hired prior to October 1, 2012:

- Benefits vest 100% after five years of service.
- Overtime hours included in compensation are limited to 300 hours per year.
- Payments for unused sick/vacation time are limited to the September 30, 2012 balance.
- Maximum pension benefit paid is \$100,000 per year.

For members hired after October 1, 2012:

- Benefits vest 100% after ten years of service.
- Overtime hours included in compensation are limited to 300 hours per year.
- Maximum pension benefit paid is the lesser of \$100,000 or 5% of final five year average.

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.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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, 2013, the Plan's membership consisted of: (1) 469 retirees and beneficiaries currently receiving benefits and 29 terminated employees entitled to benefits but not yet receiving them; (2) 395 vested active employees; and (3) 141 non-vested active employees.

For the Three years ended 2011, 2012 and 2013, 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 11.81%, 13.46% and 17.29% respectively, of annual covered payroll. The total payroll for employees covered by the System for the year ended September 30, 2013 was \$25,198,733 which includes \$11,534,243 for Fort Pierce Utilities Authority employees. One hundred percent of required contributions were actually made for 2011, 2013 and 2013.

The annual required contribution for the current year was determined as part of the September 30, 2013 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)
9/30/2013	157,145,000	177,505,000	20,360,000	89	25,199,000	81

***NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)***

**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, 2013, Plan membership consisted of: (1) 25 retirees and beneficiaries currently receiving benefits and 2 terminated employees entitled to benefits but not yet receiving them; (2) 48 vested active employees; and (3) 61 non-vested active employees.

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 \$249,148. 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.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The actuarial valuation as of September 30, 2013 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, 2013 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 )
9/30/2013	10,574,340	11,160,024	585,684	95	6,149,728	10

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

	2011	2012	2013
Annual Pension Costs (APC)	\$ 676,051	\$ 652,995	\$ 722,876
Actual Contribution	\$ 471,752	\$ 642,881	\$ 689,878
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, 2013

**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, 2013. 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 POSITION**  
September 30, 2013

	Pension Trusts		Total
	General Employees	Police Officers	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 594,221	\$ 732,192	\$ 1,326,413
Investments, at fair value:			
U.S. Government Securities	18,559,492	2,072,865	20,632,357
Mutual Funds	102,327,641	3,528,192	105,855,833
Common Stock	15,019,168	3,239,479	18,258,647
Corporate Bonds	31,145,882	1,642,914	32,788,796
Money Market	402,271	209,800	612,071
Total investments	<u>167,454,454</u>	<u>10,693,250</u>	<u>178,147,704</u>
Total cash and investments	<u>168,048,675</u>	<u>11,425,442</u>	<u>179,474,117</u>
Accounts receivable	239,916	39,470	279,386
Accrued interest receivable	<u>509,773</u>	<u>30,093</u>	<u>539,866</u>
 Total assets	 <u>\$ 168,798,364</u>	 <u>\$ 11,495,005</u>	 <u>\$ 180,293,369</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>\$ 35,665</u>	<u>\$ 170,115</u>	<u>\$ 205,780</u>
<b>NET POSITION-RESTRICTED FOR</b>			
<b>PENSION BENEFITS</b>			
	<u>\$ 168,762,699</u>	<u>\$ 11,324,890</u>	<u>\$ 180,087,589</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

City of Fort Pierce, Florida  
**COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY FUNDS NET POSITION**  
Year ended September 30, 2013

	Pension Trusts		Total
	General Employees	Police Officers	
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 4,266,803	\$ -	\$ 4,266,803
Employees	1,479,600	440,730	1,920,330
State-via the general fund	-	249,148	249,148
Total contributions	5,746,403	689,878	6,436,281
Investment income			
Interest	2,650,849	109,179	2,760,028
Dividends	517,726	100,843	618,569
Net appreciation in fair value of investments	17,994,340	876,600	18,870,940
Total investment income	21,162,915	1,086,622	22,249,537
Investment expenses	(534,970)	(131,497)	(666,467)
Net investment income	20,627,945	955,125	21,583,070
Total increases	26,374,348	1,645,003	28,019,351
<b>DEDUCTIONS</b>			
Retirement benefits paid	11,162,497	830,601	11,993,098
Refunds of employee contributions	504,665	81,265	585,930
Administrative expenses	129,320	5,230	134,550
Insurance expense	14,562	4,854	19,416
Total deductions	11,811,044	921,950	12,732,994
Net Increase	14,563,304	723,053	15,286,357
 <b>NET POSITION-RESTRICTED FOR PENSION BENEFITS</b>			
Beginning of year	154,199,395	10,601,837	164,801,232
End of year	\$ 168,762,699	\$ 11,324,890	\$ 180,087,589

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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**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, 2013 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 \$205,000 to \$370,000 through October 1, 2027. Proceeds used to finance stormwater system improvements throughout the City. Current portion is \$205,000.	4,160,000	-
\$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.	-	2,770,000

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

	<u>Business-type Activities</u>	<u>Government Activities</u>
<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 \$675,000 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 \$675,000.</p>	-	16,160,000
<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 \$575,000 to \$2,600,000 through May 1, 2031. Proceeds will be used to to acquire and construct redevelopment projects. Current portion is \$575,000.</p>	-	16,715,000
<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 \$410,000 to \$865,000 through October 1, 2030. Proceeds used to finance stormwater system improvements throughout the City. Current portion is \$410,000.</p>	11,025,000	-

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

	<u>Business-type Activities</u>	<u>Government Activities</u>
<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 \$120,000 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 \$120,000.</p>	-	22,745,000
<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 730,000 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 730,000.</p>	-	4,125,000
<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

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

	<u>Business-type Activities</u>	<u>Government Activities</u>
\$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 260,000.	-	2,935,000
\$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.	-	3,112,000
	<u>17,031,857</u>	<u>73,540,143</u>
Less: current portion payable from restricted assets	(615,000)	(2,718,000)
Unamortized items	<u>(53,834)</u>	<u>(479,986)</u>
	<u>\$ 16,363,023</u>	<u>\$ 70,342,157</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**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:**

2014	\$	2,718,000	3,580,356	\$	6,298,356
2015		2,833,000	3,466,338		6,299,338
2016		2,963,000	3,333,420		6,296,420
2017		3,098,000	3,203,280		6,301,280
2018		3,228,000	3,067,523		6,295,523
2019-2023		16,424,854	12,999,982		29,424,836
2024-2028		21,952,957	8,215,571		30,168,528
2029-2033		19,932,332	2,278,401		22,210,733
2034-2038		390,000	19,750		409,750
		<u>\$ 73,540,143</u>	<u>\$ 40,164,621</u>		<u>\$ 113,704,764</u>

**Principal**

**Interest**

**Total**

**Business-Type Activities:**

		<b>Principal</b>	<b>Interest</b>		<b>Total</b>
2014	\$	615,000	749,899	\$	1,364,899
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		725,000	652,474		1,377,474
2019-2023		4,700,146	2,688,419		7,388,565
2024-2028		6,084,043	1,418,468		7,502,511
2029-2033		2,907,668	246,008		3,153,676
		<u>\$ 17,031,857</u>	<u>\$ 7,889,455</u>		<u>\$ 24,921,312</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

Long-term liability activity of the **primary government** for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance 10/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/2013</u>	<u>Amounts Due within One Year</u>	<u>Amounts Due after One Year</u>
<b>Governmental Activities:</b>						
Notes and bonds payable:						
Revenue bonds	\$ 72,313,143	\$ -	\$ 1,885,000	\$ 70,428,143	\$ 2,435,000	\$ 67,993,143
Unamortized items	(523,004)	-	(43,018)	(479,986)	-	(479,986)
	<u>71,790,139</u>	<u>-</u>	<u>1,841,982</u>	<u>69,948,157</u>	<u>2,435,000</u>	<u>67,513,157</u>
Section 108 Loan	3,395,000	-	283,000	3,112,000	283,000	2,829,000
	<u>75,185,139</u>	<u>-</u>	<u>2,124,982</u>	<u>73,060,157</u>	<u>2,718,000</u>	<u>70,342,157</u>
Other Liabilities:						
Other post employment benefits	607,120	39,256	-	646,376	-	646,376
Compensated absences	2,948,777	855,298	730,476	3,073,599	187,049	2,886,550
Total governmental activities	<u>\$ 78,741,036</u>	<u>\$ 894,554</u>	<u>\$ 2,855,458</u>	<u>\$ 76,780,132</u>	<u>\$ 2,905,049</u>	<u>\$ 73,875,083</u>
<b>Business-type Activities:</b>						
Notes and bonds payable:						
Revenue bonds	\$ 17,621,857	\$ -	\$ 590,000	\$ 17,031,857	\$ 615,000	\$ 16,416,857
Unamortized items	(59,115)	-	(5,281)	(53,834)	-	(53,834)
	<u>17,562,742</u>	<u>-</u>	<u>584,719</u>	<u>16,978,023</u>	<u>615,000</u>	<u>16,363,023</u>
Other Liabilities:						
Other post employment benefits	102,195	8,152	-	110,347	-	110,347
Compensated absences	581,797	168,752	155,933	594,616	32,852	561,764
Total business activities	<u>\$ 18,246,734</u>	<u>\$ 176,904</u>	<u>\$ 740,652</u>	<u>\$ 17,682,986</u>	<u>\$ 647,852</u>	<u>\$ 17,035,134</u>

<u>Compensated absences</u>	<u>Beginning Balance 10/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/2013</u>
<b>Governmental Activities:</b>				
General Fund	\$ 2,905,124	\$ 842,637	\$ 677,338	\$ 3,070,423
Community Development Block Grant	2,941	852	617	3,176
Community Redevelopment Agency	40,712	11,809	52,521	-
	<u>\$ 2,948,777</u>	<u>\$ 855,298</u>	<u>\$ 730,476</u>	<u>\$ 3,073,599</u>

The compensated absence liability and net other postemployment obligation attributed to governmental activities are being liquidated in the General Fund, Community Development Block Grant, and Community Redevelopment Agency .

***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.

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:

***NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)***

Capital Improvement Revenue Bonds, Series 2004

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.

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:

***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. 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.

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.

***NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)***

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.
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.

***NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)***

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:

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.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

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.

At September 30, 2013 the following bonds are considered defeased:

Bond Issue	Beginning Balance 10-1-2012	Additions	Retirement	Ending Balance 9-30-2013
Capital Improvement Bonds, Series 2001	\$ 1,635,000	\$ -	\$ 325,000	\$ 1,310,000
Redevelopment Revenue Bonds, Series 2003	6,475,000	-	475,000	6,000,000
	\$ 8,110,000	\$ -	\$ 800,000	\$ 7,310,000

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

Component Unit

Bond obligations of the FPUA (a component unit) as of September 30, 2013 are as follows:

	<u>Business-type Activities</u>
<p>\$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 \$200,000 to \$255,000 through October 1, 2015.</p>	735,000
<p>\$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, 2013 is \$22,919,000. 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.</p>	22,919,000
<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 amount of \$6,015,000 payable on October 1, 2013.</p>	6,015,000

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

\$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.

34,800,000

\$20,896,000 Taxable Utilities Refunding Revenue Bond, Series 2012, consisting of one fully-registered bond dated November 14, 2012, bearing interest at a fixed interest rate of 1.34% on the remaining principal amounts ranging from \$6,747,000 to \$6,920,000 maturing on October 1, 2016.

20,896,000

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.

177,000

95,087,000

Less: Unamortized portion of bond premium and discounts

279,000

Unamortized deferred bond loss

662,000

Current portion payable from restricted assets

6,653,000

\$ 87,493,000

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)**

Long-term liability activity of the **FPUA** (a component unit) for the year ended September 30, 2013 was as follows:

	<b>Beginning Balance 10/1/2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 9/30/2013</b>	<b>Amounts Due within One Year</b>
Loans and revenue bonds	\$ 98,814,000	\$ 28,436,000	\$ (32,163,000)	\$ 95,087,000	\$ 6,653,000
Deferred Amounts	(177,000)	(1,910,000)	1,146,000	(941,000)	-
Capital Leases	39,000	144,000	(56,000)	127,000	22,000
Other Liabilities:					
Compensated absences	1,757,000	1,425,000	(1,352,000)	1,830,000	-
Other Post Employment Benefits	509,000	55,000	-	564,000	-
Pollution Remediation	1,200,000	761,000	(13,000)	1,948,000	1,191,000
<b>Total</b>	<b>\$ 102,142,000</b>	<b>\$ 28,911,000</b>	<b>\$ (32,438,000)</b>	<b>\$ 98,615,000</b>	<b>\$ 7,866,000</b>

Requirements to pay principal and interest on the **FPUA** (a component unit) obligations in each of the years/periods ending September 30, 2013 are as follows

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 6,653,000	2,762,000	\$ 9,415,000
2015	6,987,000	2,394,000	9,381,000
2016	7,086,000	2,291,000	9,377,000
2017	7,195,000	2,185,000	9,380,000
2018	5,545,000	2,093,000	7,638,000
2019-2023	22,872,000	7,868,000	30,740,000
2024-2028	23,635,000	6,926,000	30,561,000
2029-2030	27,165,000	3,397,000	30,562,000
	<u>107,138,000</u>	<u>29,916,000</u>	<u>137,054,000</u>
Future accretion on capital appreciation bonds	(12,051,000)	12,051,000	-
	<u>\$ 95,087,000</u>	<u>\$ 41,967,000</u>	<u>\$ 137,054,000</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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***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 \$564,000, \$2,000,000, and \$4,139,000, respectively, at September 30, 2013.

Series 1999A Bonds maturing on or after October 1, 2010 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 \$19,940,000 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.

The Series 2012 Bonds maturing on October 1, 2016 with an interest rate of 1.34% issued on November 14, 2012 call for the redemption of the Utilities Refunding Revenue Bonds, Series 2003 on the earliest possible redemption date of October 1, 2013 at 100% of 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, 2013, Utilities Revenue Bonds Series 1991, in the amount of \$27,355,000 are considered defeased.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE L - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of and for the year ended September 30, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 128,046
General	Community Redevelopment Agency	14,774
General	Solid Waste	3,333
General	Marina	28,115
General	Stormwater	83,805
General	Golf Course	1,960
General	Building Fund	7,049
Community Development Block	Nonmajor	83,200
Community Development Block	General	101,708
Nonmajor	Nonmajor	10,124
		<u>\$ 462,114</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.

**Due to the primary government and from the component units:**

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General fund	FPUA	\$ 218,321
Stormwater fund	FPUA	650,180
Solid waste fund	FPUA	29,315
Building Fund	FPUA	79
		<u>\$ 897,895</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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

**Inter-fund transfers:**

	<u>General</u>	<u>Community Development Block Agency</u>	<u>Community Redev. Agency</u>	<u>Hurricane Housing Recovery</u>	<u>Solid Waste</u>	<u>Sunrise Theatre</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Transfers out:</b>								
General	\$ -	\$ 161,417	\$ 1,410,793	\$ 376,114	\$ -	\$ -	\$ 2,402,533	\$ 4,350,857
Community								
Redev. Agency	1,843,228	-	-	-	-	400,000	2,781,828	5,025,056
Solid Waste	1,226,000	-	-	-	-	300,000	-	1,526,000
Stormwater	28,532	-	-	-	-	-	-	28,532
Marina	51,110	-	-	-	-	-	-	51,110
Golf Course	28,000	-	-	-	-	-	-	28,000
Nonmajor	195,421	-	65,000	-	19,234	-	669,829	949,484
	<u>\$ 3,372,291</u>	<u>\$ 161,417</u>	<u>\$ 1,475,793</u>	<u>\$ 376,114</u>	<u>\$ 19,234</u>	<u>\$ 700,000</u>	<u>\$ 5,854,190</u>	<u>\$ 11,959,039</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. The general fund also transfers funds to the Community Development Block Grant Agency fund to subsidize administration costs in that fund.

***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:

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, 2013 were approximately \$1,974,000 of which approximately \$1,787,000 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, 2013, were approximately \$14,526,000. Amounts receivable from the FPUA at September 30, 2013 were \$770,000.

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, 2013, the amount transferred to the General Fund under this provision was \$5,365,879.

***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, 2013, the City paid premiums of approximately \$1,147,267 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 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 \$78,062 and \$153,000, 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 39 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.

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.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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

	<u>City</u>	<u>FPUA</u>
Annual Required Contribution	79,336	85,000
Interest on Net OPEB Obligation	46,134	20,000
Adjustment on Annual Required Distribution	-	(28,000)
	<u>125,470</u>	<u>77,000</u>
Contributions made	(78,062)	(22,000)
Increase in Net OPEB Obligation	47,408	55,000
Net OPEB Obligation-beginning of year	<u>709,315</u>	<u>509,000</u>
Net OPEB Obligation-end of year	\$ <u>756,723</u>	\$ <u>564,000</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 2013 and two preceding years were as follows:

	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions Toward OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
City	9/30/2011	240,592	142,507	59%	693,709
	9/30/2012	120,067	75,163	63%	738,613
	9/30/2013	125,470	78,062	62%	756,723
FPUA	9/30/2011	368,000	60,000	16.3%	456,000
	9/30/2012	75,000	22,000	29.3%	509,000
	9/30/2013	77,000	22,000	28.6%	564,000

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

Funding Policy

As of September 30, 2013, the most recent actuarial valuation date, the plans were unfunded. The unfunded actuarial accrued liability was \$1,460,763 and 738,000 for the City and FPUA respectively.

The covered payroll for active employees covered by the plan was \$14,672,918 and 13,977,000 for the City and FPUA. The ratio of the UAAL to covered payroll was 10.4% for the City and 5.3% for the FPUA. As of September 30, 2013, 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, 2013 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 with 2.75% of this amount attributed to inflation, 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, 2013 is \$6,662,000. The Authority is committed under the agreements to payments totaling \$7,608,000 for the year ending September 30, 2014.

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 2014, the Authority will be entitled to firm capacity of 514,912 MMBtu, and will commit to purchase 146,400 MMBtu of natural gas at a cost of \$574,000. The amounts purchased under these contracts for fiscal 2012 and fiscal 2013 were \$1,325,000 and 1,257,000, respectively.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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**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 2013 totaled \$1,654,000.

**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:

2014	\$	30,564
2015		30,564
2016		30,564
2017		30,564
2018		30,564
Thereafter		580,716
	\$	<u>865,016</u>

Rent expense for the above referenced lease was \$30,564 for the year ended September 30, 2013.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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**NOTE R – LEASES (CONTINUED)**

Capital Leases:

FPUA(component unit) entered into a five-year capital lease on January 4, 2013 for equipment capitalized at \$142,000. The interest/maintenance costs for 2013 were \$19,000. The Future minimum lease payments for this capital lease are as follows:

	<u>Amount</u>
2014	\$ 22,000
2015	26,000
2016	31,000
2017	38,000
2018	11,000
	<u>\$ 128,000</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 \$181,377 from the tenant for the year ended September 30, 2013. 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, 2013, 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 7.25% of all gross revenues or \$6,500 per month. The City collected \$112,446 from the tenant for the year ended September 30, 2013.

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 29<sup>th</sup> 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, 2013.

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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***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, 2013, 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, 2013

**NOTE T-FUND BALANCE (CONTINUED)**

As of September 30, 2013, the fund balances of the governmental funds are:

<b>FUND BALANCES</b>	General Fund	Community Development Block Grant	Community Redevelopment Agency	Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
<b>Nonspendable:</b>						
Inventories	\$ 78,134	\$ -	\$ -	\$ -	\$ -	\$ 78,134
<b>Restricted for:</b>						
Law Enforcement	-	-	-	-	38,874	38,874
Debt Service	-	-	-	-	991,103	991,103
Grant-BEDI	-	870,389	-	-	-	870,389
Redevelopment Projects	-	-	3,652	-	-	3,652
State Housing Initiatives	-	-	-	-	76,624	76,624
Grant-Administration	-	-	-	72,572	10,912	83,484
Impact Fees-Capital Improv.	-	-	-	-	322,103	322,103
PSFRD-Capital Improv.	-	-	-	-	63,229	63,229
Park Improvements	-	-	-	-	622,853	622,853
Special Projects	-	-	-	-	56,026	56,026
Capital Improv-Heathcote	-	-	-	-	2,450,244	2,450,244
Capital Improv-Roads A1A	-	-	-	-	171,304	171,304
<b>Committed to:</b>						
Budget Appropriations	723,134	-	-	-	-	723,134
<b>Assigned to:</b>						
10% Reserve Policy	3,404,652	-	-	-	-	3,404,652
Art in Public Places	-	-	-	-	184,984	184,984
<b>Unassigned:</b>	38,396	-	-	-	-	38,396
	<u>\$ 4,244,316</u>	<u>\$ 870,389</u>	<u>\$ 3,652</u>	<u>\$ 72,572</u>	<u>\$ 4,988,256</u>	<u>\$ 10,179,185</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, 2013 are as follows:

**Business-type activities:**

Cash and investments:	
Customer deposits	<u>\$ 235,997</u>

City of Fort Pierce, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

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**NOTE U - RESTRICTED ASSETS (CONTINUED)**

The restricted assets of the **FPUA** (a component unit) as of September 30, 2013, are as follows:

Cash and investments:	
Principal and interest on debt service	\$ 8,008,822
Capital Improvement Charges	6,740,141
Debt service	4,139,000
Emergency reserve	2,000,000
Renewal and replacement reserve	563,596
Customer security deposits	7,205,380
	<u>\$ 28,656,939</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, 2013, 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**

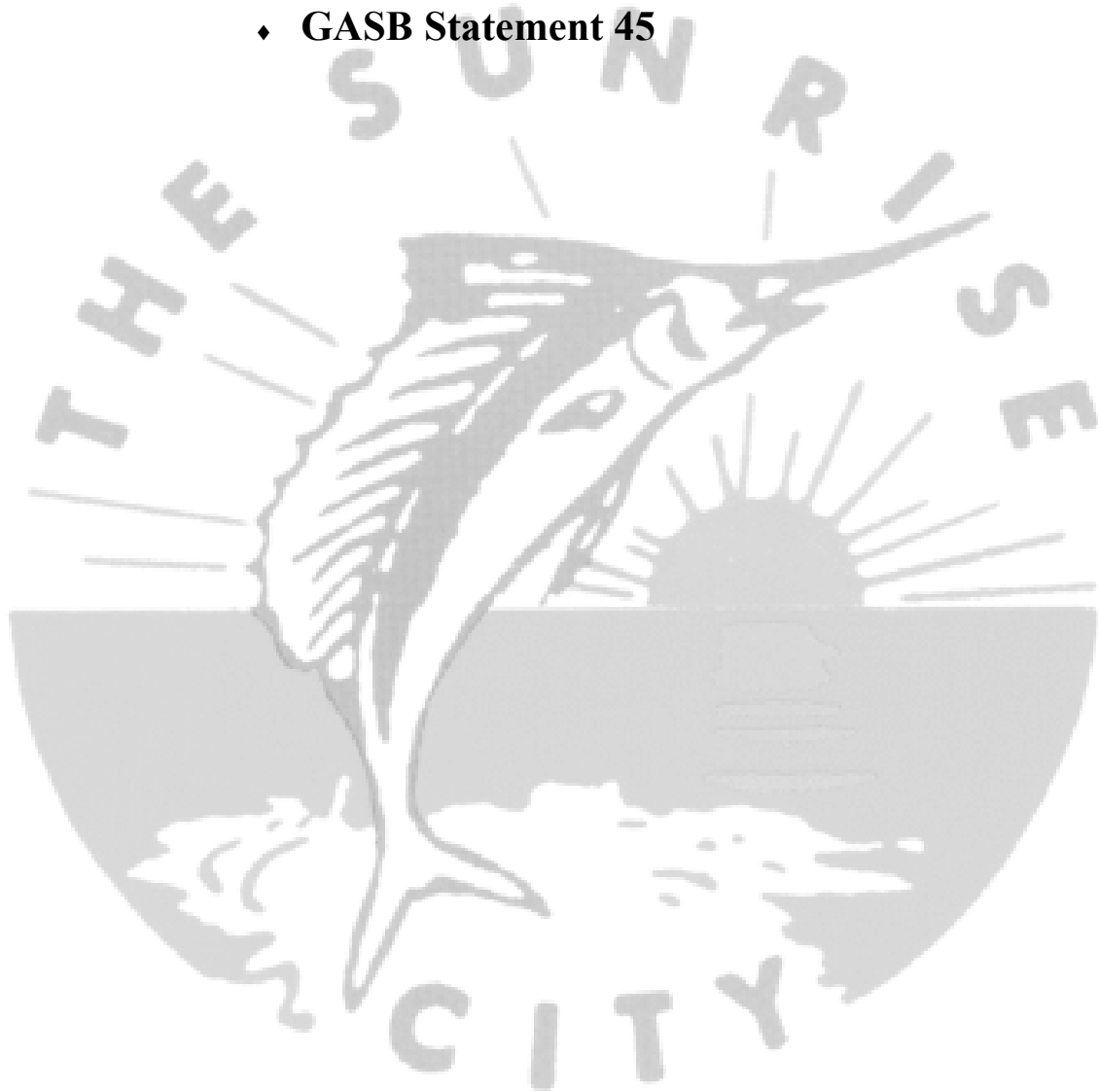
The Authority transferred the ownership of the former site of the Henry D. King Power Plant to the city on October 15, 2009. A grant awarded to the city for cleanup, will not be sufficient to cover the remaining cost of remediation. Based upon current estimates, an independent consultant has estimated the cost over the next two years, to be approximately \$3,698,000. Voluntary Cleanup Tax Credits and government backed loans have been estimated at \$1,750,000. Based on these assumptions, the Authority will be responsible for the remaining \$1,948,000. The amount expected to be paid in fiscal 2014 is \$1,191,000. 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, 2013 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2013. Management has performed their analysis through March 17, 2014, 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, 2013  
 (Unaudited)

**Schedule of Funding Progress**

(\$ in millions)

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial		Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a % of Covered Payroll ( ( b-a )/c )
		Accrued Liability (AAL) -Entry Age ( b )	Unfunded AAL (UAAL) ( b-a )			
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	172	25	85	26	96
9/30/2013	157	177	20	89	25	80

\*\* After changes in benefit provisions and/or actuarial assumptions.

**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
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
2013	17.29	4,860,538	4,266,803	100

@ Actual City contributions are determined by applying the City's contribution rate to the emerging emerging payroll. Projected funding requirement is based on a stable work force and projected salary increases.

City of Fort Pierce, Florida  
**GASB STATEMENT 25 REQUIREMENT SUPPLEMENTARY INFORMATION**  
 General Employee's Retirement and Benefit System  
 September 30, 2013  
 (Unaudited)

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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, 2013
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, 2013  
(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
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	241,799	81.8
2013	9/30/2012	291,730	249,148	85.4

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

**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
9/30/2013	10,574,340	11,160,024	585,684	95	6,149,728	10

City of Fort Pierce, Florida  
**GASB STATEMENT 25 REQUIREMENT SUPPLEMENTARY INFORMATION**  
Municipal Police Officers' Retirement Trust Fund  
September 30, 2013  
(Unaudited)

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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, 2013
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, 2013  
(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 )
<b>City of Ft. Pierce</b>						
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%
9/30/2013	- \$	1,460,763 \$	1,460,763 \$	0%	\$ 14,672,918	10%
<b>FPUA(a discretely presented component unit)</b>						
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%
9/30/2013	- \$	738,000 \$	738,000 \$	0%	\$ 13,977,000	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, 2013

	Budgeted Amounts		Actual
	Original	Final	
<b>Revenues</b>			
Taxes			
Ad valorem	\$ 10,349,272	\$ 10,083,888	\$ 10,083,888
General sales and use	2,250,000	2,183,003	2,183,003
Franchise	4,475,000	4,455,800	4,455,800
	<u>17,074,272</u>	<u>16,722,691</u>	<u>16,722,691</u>
Licenses and permits			
Occupational licenses	280,000	268,755	268,755
Other	75,000	58,803	58,803
	<u>355,000</u>	<u>327,558</u>	<u>327,558</u>
Intergovernmental revenue			
State shared revenue	2,410,000	2,713,277	2,713,277
State retirement contribution	240,000	249,148	249,148
County shared revenue	68,000	54,387	54,387
	<u>2,718,000</u>	<u>3,016,812</u>	<u>3,016,812</u>
Charges for services			
General government	169,900	204,091	204,091
Physical environment	10,000	11,738	11,738
	<u>179,900</u>	<u>215,829</u>	<u>215,829</u>
Fines and forfeitures			
Court cases	78,500	76,262	76,262
Code violation	94,500	125,773	125,773
	<u>173,000</u>	<u>202,035</u>	<u>202,035</u>
Other			
Contributions from component unit	5,711,603	5,365,879	5,365,879
Investment income	41,750	85,488	85,488
Rents	25,440	26,936	26,936
Administrative and contractual services	520,858	664,018	664,018
Reimbursements by other funds	1,233,000	1,091,313	1,091,313
Special assessments	2,000	10,809	10,809
Impact fees	-	19,147	19,147
Miscellaneous	45,400	344,391	344,391
	<u>7,580,051</u>	<u>7,607,981</u>	<u>7,607,981</u>
Total revenues	28,080,223	28,092,906	28,092,906
<b>Other financing sources</b>			
Transfers in	3,025,890	3,372,291	3,372,291
Total other financing sources	<u>3,025,890</u>	<u>3,372,291</u>	<u>3,372,291</u>
Total revenues, other financing sources,	<u>\$ 31,106,113</u>	<u>\$ 31,465,197</u>	<u>\$ 31,465,197</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, 2013

	Budgeted Amounts		Actual
	Original	Final	
<b>Expenditures</b>			
General Government			
Legislative			
City Commission	\$ 279,781	\$ 241,794	\$ 241,794
Executive			
City Manager	518,749	488,885	488,885
City Clerk	296,632	300,012	300,012
Financial and administrative			
General administration	3,687,927	3,664,978	3,664,978
Finance	686,384	686,199	686,199
MIS	916,300	924,785	924,785
Purchasing	154,465	154,465	154,465
Personnel	493,893	461,179	461,179
Legal counsel			
City Attorney	617,608	646,482	646,482
Comprehensive planning			
Planning	641,880	467,561	467,561
Public works			
Director	345,216	360,330	360,330
Garage	524,833	424,501	424,501
Building maintenance	987,109	967,733	967,733
	<u>10,150,777</u>	<u>9,788,904</u>	<u>9,788,904</u>
Public safety			
Law enforcement			
Police	4,804,103	4,689,938	4,689,938
Police- Operations	6,423,922	6,351,377	6,351,377
Police- Support Operations	974,778	1,020,230	1,020,230
Code Enforcement	763,209	769,873	769,873
	<u>12,966,012</u>	<u>12,831,418</u>	<u>12,831,418</u>
Transportation			
Road and street facilities			
Engineering	1,045,350	968,786	968,786
Street maintenance	2,264,478	2,121,085	2,121,085
	<u>3,309,828</u>	<u>3,089,871</u>	<u>3,089,871</u>
Culture and recreation			
Parks and recreation	1,904,770	1,809,648	1,809,648
Riverwalk Center	155,050	158,554	158,554
	<u>2,059,820</u>	<u>1,968,202</u>	<u>1,968,202</u>
Total expenditures	28,486,437	27,678,395	27,678,395
<b>Other financing uses</b>			
Transfers out	3,839,610	4,350,857	4,350,857
Total expenditures and other financing uses	<u>\$ 32,326,047</u>	<u>\$ 32,029,252</u>	<u>\$ 32,029,252</u>

## NONMAJOR GOVERNMENTAL FUNDS



## 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.

◆ **Emergency Services Grant Fund**

This fund is used to account for all Federal and State Grants received for the purpose of repair and replacement of City infrastructure.

## **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, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 1,476,718	\$ 991,103	\$ 2,544,398	\$ 5,012,219
Accounts Receivable	126,754	-	-	126,754
Due from other funds	-	-	10,124	10,124
Due from other governments	97,986	-	590,304	688,290
Notes Receivable	26,457	-	-	26,457
Total assets	<u>\$ 1,727,915</u>	<u>\$ 991,103</u>	<u>\$ 3,144,826</u>	<u>\$ 5,863,844</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 30,034	\$ -	\$ 344,605	\$ 374,639
Contracts payable - retainage	-	-	178,673	178,673
Due to other funds	221,370	-	-	221,370
Revenue in Advance	74,449	-	-	74,449
Deferred revenues	26,457	-	-	26,457
Total liabilities	<u>352,310</u>	<u>-</u>	<u>523,278</u>	<u>875,588</u>
<b>FUND BALANCES</b>				
Restricted	1,190,621	991,103	2,621,548	4,803,272
Assigned	184,984	-	-	184,984
Total fund balances	<u>1,375,605</u>	<u>991,103</u>	<u>2,621,548</u>	<u>4,988,256</u>
Total liabilities and fund balances	<u>\$ 1,727,915</u>	<u>\$ 991,103</u>	<u>\$ 3,144,826</u>	<u>\$ 5,863,844</u>

City of Fort Pierce, Florida  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year ended September 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$ 1,907,098	\$ -	\$ 1,484,222	\$ 3,391,320
Fines and forfeitures	20,410	-	-	20,410
Investment income	5,339	6,072	13,251	24,662
Miscellaneous	370,497	-	-	370,497
Total revenues	2,303,344	6,072	1,497,473	3,806,889
<b>Expenditures</b>				
Current				
General Government	11,092	-	7	11,099
Public safety	632,078	-	-	632,078
Economic environment	254,609	-	-	254,609
Capital Outlay	1,391,044	-	1,995,071	3,386,115
Debt service				
Principal	-	1,885,000	-	1,885,000
Interest and fees	-	3,646,692	-	3,646,692
Other	-	4,207	-	4,207
Total expenditures	2,288,823	5,535,899	1,995,078	9,819,800
Excess of revenues over (under) expenditures	14,521	(5,529,827)	(497,605)	(6,012,911)
<b>Other financing sources (uses)</b>				
Transfers in	149,960	5,428,555	275,675	5,854,190
Transfers out	(415,346)	(469,138)	(65,000)	(949,484)
Total other financing sources (uses)	(265,386)	4,959,417	210,675	4,904,706
Net change in fund balances	(250,865)	(570,410)	(286,930)	(1,108,205)
Fund balance - beginning of year	1,626,470	1,561,513	2,908,478	6,096,461
Fund balance - end of year	\$ 1,375,605	\$ 991,103	\$ 2,621,548	\$ 4,988,256

City of Fort Pierce, Florida  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
September 30, 2013

	Police Grants Fund	Law Enforcement Trust Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 30,997	\$ 37,790
Accounts Receivable	20,000	-
Due from other governments	97,986	-
Notes receivable	-	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 148,983</u>	<u>\$ 37,790</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 22,899	\$ -
Due to other funds	125,000	-
Revenue in advance	-	-
Deferred revenues	-	-
	<u>                    </u>	<u>                    </u>
Total liabilities	147,899	-
<b>FUND BALANCES</b>		
Restricted	1,084	37,790
Assigned	-	-
	<u>                    </u>	<u>                    </u>
Total fund balances	1,084	37,790
	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 148,983</u>	<u>\$ 37,790</u>

State Housing Initiatives Program (S.H.I.P.)	Federal Major Grant Program	Restricted Revenue Fund	Disaster Relief	Total Nonmajor Special Revenue Funds
\$ 152,360	\$ 6,252	\$ 1,239,195	\$ 10,124	\$ 1,476,718
-	96,754	10,000	-	126,754
-	-	-	-	97,986
26,457	-	-	-	26,457
<u>\$ 178,817</u>	<u>\$ 103,006</u>	<u>\$ 1,249,195</u>	<u>\$ 10,124</u>	<u>\$ 1,727,915</u>
\$ 1,241	\$ 5,894	\$ -	\$ -	\$ 30,034
46	86,200	-	10,124	221,370
74,449	-	-	-	74,449
26,457	-	-	-	26,457
102,193	92,094	-	10,124	352,310
76,624	10,912	1,064,211	-	1,190,621
-	-	184,984	-	184,984
76,624	10,912	1,249,195	-	1,375,605
<u>\$ 178,817</u>	<u>\$ 103,006</u>	<u>\$ 1,249,195</u>	<u>\$ 10,124</u>	<u>\$ 1,727,915</u>

City of Fort Pierce, Florida  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
Year ended September 30, 2013

	Police Grants Fund	Law Enforcement Trust Fund
<b>Revenues</b>		
Intergovernmental	\$ 346,820	\$ -
Fines and forfeitures	-	20,410
Investment income	240	207
Miscellaneous	154,000	-
	<u>501,060</u>	<u>20,617</u>
Total revenues	501,060	20,617
<b>Expenditures</b>		
Current		
General Government	-	-
Public safety	551,929	80,149
Economic environment	-	-
Capital outlay	25,362	-
Total expenditures	<u>577,291</u>	<u>80,149</u>
Excess of revenues over (under) expenditures	(76,231)	(59,532)
<b>Other financing sources (uses)</b>		
Transfers in	75,000	-
Transfers out	-	-
Total other financing sources (uses)	75,000	-
Net change in fund balances	(1,231)	(59,532)
Fund balance - beginning of year	2,315	97,322
Fund balance - end of year	<u>\$ 1,084</u>	<u>\$ 37,790</u>

State Housing Initatives Program (S.H.I.P.)	Federal Major Grant Program	Restricted Fund	Disaster Relief	Total Non-Major Special Revenue Funds
\$ 16,533	\$ -	\$ 163,737	\$ 1,380,008	\$ 1,907,098
-	-	-	-	20,410
558	-	4,334	-	5,339
-	135,193	81,304	-	370,497
17,091	135,193	249,375	1,380,008	2,303,344
-	-	11,092	-	11,092
-	-	-	-	632,078
116,002	124,281	-	14,326	254,609
-	-	-	1,365,682	1,391,044
116,002	124,281	11,092	1,380,008	2,288,823
(98,911)	10,912	238,283	-	14,521
-	-	74,960	-	149,960
-	-	(415,346)	-	(415,346)
-	-	(340,386)	-	(265,386)
(98,911)	10,912	(102,103)	-	(250,865)
175,535	-	1,351,298	-	1,626,470
\$ 76,624	\$ 10,912	\$ 1,249,195	\$ -	\$ 1,375,605

City of Fort Pierce, Florida  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
September 30, 2013

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	Fort Pierce Redevelopment Bonds	City Hall Revenue	Golf Course Improvement Bonds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and investments	\$ 740,752	\$ -	\$ 95,282
Total Assets	<u>\$ 740,752</u>	<u>\$ -</u>	<u>\$ 95,282</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>FUND BALANCES</b>			
Restricted	<u>740,752</u>	<u>-</u>	<u>95,282</u>
Total fund balance	<u>740,752</u>	<u>-</u>	<u>95,282</u>
Total liabilities and fund balance	<u>\$ 740,752</u>	<u>\$ -</u>	<u>\$ 95,282</u>

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Capital Improvement Revenue 2008	Capital Improvement Refunding 2010	Total Nonmajor Debt Service Funds
<u>\$ 133,765</u>	<u>\$ 21,304</u>	<u>\$ 991,103</u>
<u>\$ 133,765</u>	<u>\$ 21,304</u>	<u>\$ 991,103</u>

<u>133,765</u>	<u>21,304</u>	<u>991,103</u>
<u>133,765</u>	<u>21,304</u>	<u>991,103</u>
<u>\$ 133,765</u>	<u>\$ 21,304</u>	<u>\$ 991,103</u>

City of Fort Pierce, Florida  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE**  
**NONMAJOR DEBT SERVICE FUNDS**  
 Year Ended September 30, 2013

	Fort Pierce Redevelopment Bonds	City Hall Revenue	Golf Course Improvement Bonds
<b>Revenues</b>			
Investment income	\$ 3,086	\$ 153	\$ 213
<b>Expenditures</b>			
Debt service			
Principal	1,205,000	490,000	75,000
Interest and fees	1,524,331	9,800	135,426
Other	2,089	16	751
Total expenditures	2,731,420	499,816	211,177
Excess of revenues over (under) expenditures	(2,728,334)	(499,663)	(210,964)
<b>Other financing sources (uses)</b>			
Transfers in	3,097,799	59,339	163,363
Transfers out	-	(59,353)	-
Total other financing sources (uses)	3,097,799	(14)	163,363
Net change in fund balances	369,465	(499,677)	(47,601)
Fund balances - beginning of year	371,287	499,677	142,883
Fund balances - end of year	\$ 740,752	\$ -	\$ 95,282

Capital Improvement Revenue 2008	Capital Improvement Refunding 2010	Total Nonmajor Debt Service Funds
\$ 1,918	\$ 702	\$ 6,072
115,000	-	1,885,000
1,571,381	405,754	3,646,692
21	1,330	4,207
1,686,402	407,084	5,535,899
(1,684,484)	(406,382)	(5,529,827)
1,686,381	421,673	5,428,555
(80,895)	(328,890)	(469,138)
1,605,486	92,783	4,959,417
(78,998)	(313,599)	(570,410)
212,763	334,903	1,561,513
\$ 133,765	\$ 21,304	\$ 991,103

City of Fort Pierce, Florida  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
September 30, 2013

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	<u>Capital Project Fund Redevelopment</u>	<u>Capital Project Fund Special Capital Projects Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<b><i>ASSETS</i></b>			
Cash and investments	\$ 357,963	\$ 2,186,435	\$ 2,544,398
Due from other funds	10,124	-	10,124
Due from other governments	-	590,304	590,304
Total assets	<u>\$ 368,087</u>	<u>\$ 2,776,739</u>	<u>\$ 3,144,826</u>
<b><i>LIABILITIES AND FUND BALANCES</i></b>			
<b><i>LIABILITIES</i></b>			
Accounts Payable	\$ 168,391	\$ 176,214	\$ 344,605
Contracts Payable-Retainage	<u>28,392</u>	<u>150,281</u>	<u>178,673</u>
Total liabilities	196,783	326,495	523,278
<b><i>FUND BALANCES</i></b>			
Restricted	<u>171,304</u>	<u>2,450,244</u>	<u>2,621,548</u>
Total liabilities and fund balances	<u>\$ 368,087</u>	<u>\$ 2,776,739</u>	<u>\$ 3,144,826</u>

City of Fort Pierce, Florida

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

Year ended September 30, 2013

	Capital Project Fund Redevelopment	Capital Project Fund Special Capital Projects Fund	Total Nonmajor Capital Project Funds
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 1,484,222	\$ 1,484,222
Investment income	6,007	7,244	13,251
Total revenues	6,007	1,491,466	1,497,473
<b>Expenditures</b>			
Operating Expenses	1	6	7
Capital outlay	220,690	1,774,381	1,995,071
Total expenditures	220,691	1,774,387	1,995,078
Excess of revenues over (under) expenditures	(214,684)	(282,921)	(497,605)
<b>Other financing sources (uses)</b>			
Transfers in	-	275,675	275,675
Transfers out	(65,000)	-	(65,000)
Note Proceeds	-	-	-
Total other financing sources (uses)	(65,000)	275,675	210,675
Net change in fund balances	(279,684)	(7,246)	(286,930)
Fund balance - beginning of year	450,988	2,457,490	2,908,478
Fund balance - end of year	\$ 171,304	\$ 2,450,244	\$ 2,621,548

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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**

**September 30, 2013**

<b>Date of Incorporation:</b>	February 2, 1901	<b>City of Fort Pierce Population:</b>	
<b>Adoption of City Charter:</b>	1957	1940	8,040
<b>Form of Govt:</b>	Commission/City Manager	1950	13,502
<b>Fiscal Year:</b>	October 1, 2012 through September 30, 2013	1960	25,113
<b>Area:</b>	as of 9/30/2013	1970	29,721
	29.14 square miles	1980	33,802
		1990	36,830
		2000	38,401
<b>Number of Employees:</b>	618	2010	41,590
City	344		
Utilities Authority	274		
<b>Police Protection:</b>		<b>Recreation:</b>	
Number of Stations	3	Acres of Public Parks	294.3
Number of Arresting Personnel	115	Baseball Practice Fields	23
		Basketball Courts	11
<b>Fire Protection:</b>		Boat Ramps	10
(County wide)		Football Fields	1
Number of Stations	18	Playgrounds	12
Number of Firemen & Officers	370	Miles of Public Beach	2.3
		Municipal Pools	2
<b>Infrastructure:</b>		Racquetball/Handball Courts	2
Cemeteries (not City owned)	5	Shuffleboard Courts	1
City Bridges	8	Tennis Courts	18
City Buildings	23	<b>Utilities Customers:</b>	
Flashing Caution Lights	30	Electric	27,770
Street Lights	5,313	Water	19,280
Traffic & Caution Lights	177	Wastewater	14,450
Miles of:		Natural Gas	4,190
Streets	152.46	<b>County Schools Enrollment:</b>	
•Paved	150.43	ESE (all grades)	4,545
•Unpaved	2.03	Elementary	19,279
Canals	10.09	Middle	9,571
Curbs and Gutters	121.42	High School	12,241
Seawalls	1.13	Total Enrollment	41,091
Sidewalks	79.72	<b>Solid Waste Customers:</b>	
Storm Sewers	73.11	Commercial	1,695
<b>Building Permits New Construction:</b>	16	Residential	11,550
Construction Valuation	\$ 6,659,860	Public	32

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 Position by Component**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 32,136,904	\$ 30,700,782	\$ 31,066,247	\$ 28,668,343
Restricted	3,612,651	4,469,991	7,448,269	7,448,269
Unrestricted	12,820,034	14,694,145	13,854,615	18,329,988
<b>Total governmental activities net position</b>	<b>\$ 48,569,589</b>	<b>\$ 49,864,918</b>	<b>\$ 52,369,131</b>	<b>\$ 54,446,600</b>
<b>Business type activities</b>				
Invested in capital assets, net of related debt	\$ 65,104,588	\$ 53,122,423	\$ 44,669,243	\$ 45,408,923
Restricted	-	-	-	-
Unrestricted	12,551,494	13,672,962	13,960,371	10,201,851
<b>Total business-type activities net position</b>	<b>\$ 77,656,082</b>	<b>\$ 66,795,385</b>	<b>\$ 58,629,614</b>	<b>\$ 55,610,774</b>
<b>Primary Government</b>				
Invested in capital assets, net of related debt	\$ 97,241,492	\$ 83,823,205	\$ 75,735,490	\$ 77,472,266
Restricted	3,612,651	4,469,991	7,448,269	7,448,269
Unrestricted	25,371,528	28,367,107	27,814,986	25,868,516
<b>Total primary government net position</b>	<b>\$ 126,225,671</b>	<b>\$ 116,660,303</b>	<b>\$ 110,998,745</b>	<b>\$ 110,789,051</b>

Source: Statement of Net Position

\*\*\* Data not available

<b>Fiscal Year</b>					
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 36,179,711	\$ 39,596,736	\$ 34,683,122	\$ 34,940,179	\$ 23,716,538	\$ 30,410,138
6,262,950	8,583,007	8,630,792	5,979,367	14,793,226	17,913,369
13,913,684	9,190,260	8,813,572	8,284,023	9,249,853	2,230,886
<u>\$ 56,356,345</u>	<u>\$ 57,370,003</u>	<u>\$ 52,127,486</u>	<u>\$ 49,203,569</u>	<u>\$ 47,759,617</u>	<u>\$ 50,554,393</u>
\$ 40,490,367	\$ 28,158,381	\$ 29,329,512	\$ 24,776,985	\$ 6,806,387	\$ 3,439,331
-	-	-	-	-	-
12,419,077	18,071,190	10,548,133	11,662,622	9,901,064	3,677,445
<u>\$ 52,909,444</u>	<u>\$ 46,229,571</u>	<u>\$ 39,877,645</u>	<u>\$ 36,439,607</u>	<u>\$ 16,707,451</u>	<u>\$ 7,116,776</u>
\$ 76,670,078	\$ 67,755,117	\$ 64,012,634	\$ 59,717,164	\$ 30,522,925	\$ 33,849,469
6,262,950	8,583,007	8,630,792	5,979,367	14,793,226	17,913,369
26,332,761	27,261,450	19,361,705	19,946,645	19,150,917	5,908,331
<u>\$ 109,265,789</u>	<u>\$ 103,599,574</u>	<u>\$ 92,005,131</u>	<u>\$ 85,643,176</u>	<u>\$ 64,467,068</u>	<u>\$ 57,671,169</u>

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

	Fiscal Year			
	2013	2012	2011	2010
<b>Expenses</b>				
Government activities:				
General government	\$ 9,073,474	\$ 9,368,691	\$ 9,578,646	\$ 11,039,863
Public Safety	14,305,679	13,758,635	13,353,710	14,614,487
Transportation	6,263,011	6,277,776	6,347,717	7,375,759
Economic Environment	1,774,472	3,361,379	2,040,019	6,075,167
Culture and recreation	2,231,912	2,268,586	2,321,424	2,548,710
Interest of long-term debt	3,727,940	3,821,411	3,841,700	3,680,658
Total government activities expenses	<u>\$ 37,376,488</u>	<u>\$ 38,856,478</u>	<u>\$ 37,483,216</u>	<u>\$ 45,334,644</u>
Business-type activities				
Solid Waste	\$ 4,974,739	\$ 5,440,958	\$ 5,486,548	\$ 5,245,043
Marina	2,605,281	2,155,455	2,353,376	2,300,594
Storm Water	3,368,903	3,241,933	3,182,318	2,648,312
Golf Course	1,658,894	1,610,301	1,600,742	1,908,161
Sunrise Theater	4,223,143	4,173,135	3,816,102	3,845,893
Building Fund	1,004,080	951,656	997,636	915,411
Total business-type activities	<u>\$ 17,835,040</u>	<u>\$ 17,573,438</u>	<u>\$ 17,436,722</u>	<u>\$ 16,863,414</u>
Total primary government expenses	<u>\$ 55,211,528</u>	<u>\$ 56,429,916</u>	<u>\$ 54,919,938</u>	<u>\$ 62,198,058</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,578,442	\$ 451,139	\$ 695,767	\$ 1,320,108
Public Safety	434,898	335,806	338,144	480,040
Transportation	28,068	18,850	102,831	124,853
Economic Environment	4,876,129	5,021,998	5,565,047	9,151,126
Culture and recreation	126,687	133,913	132,696	721,037
Operating grants and contributions	1,013,850	2,968,721	1,977,408	3,228,715
Capital grants and contributions	1,635,302	1,311,204	659,333	510,645
Total governmental activities program revenues	<u>\$ 9,693,376</u>	<u>\$ 10,241,631</u>	<u>\$ 9,471,226</u>	<u>\$ 15,536,524</u>
Business-type activities				
Charges for services:				
Solid Waste	\$ 6,348,420	\$ 6,139,701	\$ 6,078,244	\$ 6,177,815
Marina	1,800,958	1,920,455	1,626,788	1,531,036
Storm Water	2,598,840	2,679,764	2,720,486	2,608,393
Golf Course	1,418,505	1,439,569	1,350,526	1,373,150
Sunrise Theater	2,887,153	3,066,474	2,625,109	2,156,753
Building Fund	1,053,183	845,845	976,606	1,044,916
Operating grants and contributions	-	-	-	4,727,554
Capital grants and contributions	13,354,340	10,145,196	4,046,662	-
Total business-type activities	<u>\$ 29,461,399</u>	<u>\$ 26,237,004</u>	<u>\$ 19,424,421</u>	<u>\$ 19,619,617</u>
Total primary government revenues	<u>\$ 39,154,775</u>	<u>\$ 36,478,635</u>	<u>\$ 28,895,647</u>	<u>\$ 35,156,141</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (27,683,112)	\$ (28,614,847)	\$ (28,011,990)	\$ (29,798,120)
Business-type activities	11,626,359	8,663,566	1,987,699	2,756,203
Total primary government net expenses	<u>\$ (16,056,753)</u>	<u>\$ (19,951,281)</u>	<u>\$ (26,024,291)</u>	<u>\$ (27,041,917)</u>

Fiscal Year						
2009	2008	2007	2006	2005	2004	
\$ 12,967,795	\$ 15,157,106	\$ 13,450,017	\$ 13,100,535	\$ 14,741,595	\$ 14,229,637	
16,893,985	16,773,117	16,485,679	16,650,512	13,407,321	11,900,163	
6,647,625	7,003,523	7,024,296	6,590,194	6,261,610	5,402,102	
7,863,601	7,758,223	9,475,767	8,894,855	2,994,655	1,428,611	
2,642,486	2,825,114	2,610,912	3,467,988	5,392,943	2,241,848	
4,001,465	3,537,105	2,856,782	1,596,722	1,202,837	975,409	
<u>\$ 51,016,957</u>	<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>	
\$ 4,747,297	\$ 5,168,303	\$ 5,074,554	\$ 5,237,869	\$ 4,976,786	\$ 4,509,758	
2,233,160	2,459,231	2,554,290	2,441,381	1,944,677	2,689,567	
2,578,157	2,499,171	2,475,360	1,861,218	1,376,538	1,194,486	
1,933,926	1,813,631	1,777,562	1,622,928	1,067,884	1,094,109	
4,017,465	3,821,918	3,781,301	563,450	-	-	
-	-	-	-	-	-	
<u>\$ 15,510,005</u>	<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>\$ 66,526,962</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>	
\$ 2,396,587	\$ 3,551,313	\$ 4,249,283	\$ 8,084,053	\$ 5,415,316	\$ 6,199,171	
1,120,931	1,724,209	2,253,572	3,164,892	3,638,404	1,544,010	
121,646	259,442	501,618	756,794	222,452	117,359	
293,568	507,295	349,130	-	-	454,361	
10,167	78,877	110,719	179,282	225,188	129,150	
12,358,009	13,141,206	15,710,657	10,569,716	5,533,452	4,311,988	
2,966,734	2,086,094	100,000	539,500	68,222	567,913	
<u>\$ 19,267,642</u>	<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>	
\$ 6,079,811	\$ 6,185,722	\$ 6,235,950	\$ 5,359,719	\$ 5,084,531	\$ 4,826,295	
1,551,310	1,630,162	1,623,322	1,501,071	1,066,132	1,969,786	
2,599,139	2,498,258	2,471,274	2,314,063	1,238,885	1,076,431	
1,471,253	1,659,221	1,641,172	1,556,868	402,752	624,922	
2,211,941	2,254,689	1,554,963	83,489	-	-	
-	-	-	-	-	-	
3,825,307	2,544,073	1,459,848	2,521,350	2,893,976	-	
4,208,215	5,164,319	1,524,028	16,423,052	-	-	
<u>\$ 21,946,976</u>	<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>\$ 41,214,618</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>	
\$ (31,749,315)	\$ (31,705,752)	\$ (27,006,569)	\$ (28,897,927)	\$ (28,897,927)	\$ (23,601,829)	
6,436,971	6,174,190	18,032,766	1,320,391	1,320,391	(990,486)	
<u>\$ (25,312,344)</u>	<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>	

**General Revenues and Other Changes in Net Position**

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Governmental Activities:</b>				
Taxes				
Ad valorem tax	\$ 10,082,823	\$ 10,009,972	\$ 11,144,640	\$ 11,867,277
General Sales and use tax	2,183,003	2,268,673	2,326,799	2,334,521
Utility service and franchise	4,456,865	4,708,357	4,656,869	4,771,753
State Revenue Sharing	1,166,983	1,153,572	1,149,797	1,146,272
Additional one-cent sales tax	1,378,666	1,330,114	1,387,116	1,333,339
Unrestricted grants and contributions	249,148	241,799	241,312	262,634
Component unit transfer	5,365,879	4,767,268	4,925,280	4,853,329
Investment earnings	243,884	191,827	194,349	249,136
Miscellaneous	346,124	196,028	202,640	286,804
Special Item-Sale of Land		-	-	-
Transfers	914,408	1,243,024	(294,281)	783,310
<b>Total government activities</b>	<b>\$ 26,387,783</b>	<b>\$ 26,110,634</b>	<b>\$ 25,934,521</b>	<b>\$ 27,888,375</b>
<b>Business-type activities</b>				
Investment earnings	\$ 64,567	\$ 79,883	\$ 87,750	\$ 122,060
Insurance proceeds-unrestricted			-	-
Miscellaneous	84,179	665,346	654,803	606,377
Transfers	(914,408)	(1,243,024)	294,281	(783,310)
<b>Total business-type activities</b>	<b>\$ (765,662)</b>	<b>\$ (497,795)</b>	<b>\$ 1,036,834</b>	<b>\$ (54,873)</b>
<b>Total primary government</b>	<b>\$ 25,622,121</b>	<b>\$ 25,612,839</b>	<b>\$ 26,971,355</b>	<b>\$ 27,833,502</b>
<b>Change in Net Position</b>				
Governmental Activities	\$ (1,295,329)	\$ (2,504,213)	\$ (2,077,469)	\$ (1,909,745)
Business-type activities	10,860,697	8,165,771	3,024,533	2,701,330
<b>Total primary government</b>	<b>\$ 9,565,368</b>	<b>\$ 5,661,558</b>	<b>\$ 947,064</b>	<b>\$ 791,585</b>

Source: Statement of Activities

\*\*\* Data not available

Fiscal Year						
2009	2008	2007	2006	2005	2004	
\$ 14,476,029	\$ 15,983,798	\$ 15,708,542	\$ 12,155,111	\$ 11,592,435	\$ 10,806,049	
2,523,926	2,408,440	2,586,791	2,809,910	2,755,281	2,443,899	
4,886,723	4,729,859	4,361,022	4,553,618	4,699,273	4,364,647	
1,148,859	1,167,446	1,371,713	1,463,753	1,428,351	1,212,058	
1,353,418	1,550,221	1,715,029	2,039,174	2,060,923	1,851,659	
276,943	345,472	345,742	-	4,585,395	4,919,453	
5,045,811	4,951,964	4,208,790	4,651,977	-	-	
273,147	1,202,125	1,949,595	115,455	469,309	327,327	
237,912	521,986	300,424	961,523	194,716	127,327	
-	3,207,299	-	-	-	-	
512,889	879,659	(995,257)	(300,000)	(1,682,512)	(267,056)	
<u>\$ 30,735,657</u>	<u>\$ 36,948,269</u>	<u>\$ 31,552,391</u>	<u>\$ 28,450,521</u>	<u>\$ 26,103,171</u>	<u>\$ 25,785,363</u>	
\$ 142,244	\$ 620,760	\$ 1,141,317	\$ 759,369	\$ 135,227	\$ 537,291	
-	-	-	236,345	5,996,876	-	
613,547	436,635	453,974	403,676	455,669	1,186,508	
(512,889)	(879,659)	995,257	300,000	1,682,512	267,056	
<u>\$ 242,902</u>	<u>\$ 177,736</u>	<u>\$ 2,590,548</u>	<u>\$ 1,699,390</u>	<u>\$ 8,270,284</u>	<u>\$ 1,990,855</u>	
<u>\$ 30,978,559</u>	<u>\$ 37,126,005</u>	<u>\$ 34,142,939</u>	<u>\$ 30,149,911</u>	<u>\$ 34,373,455</u>	<u>\$ 27,776,218</u>	
\$ (1,013,658)	\$ 5,242,517	\$ 2,923,917	\$ 1,443,952	\$ (2,794,756)	\$ 2,931,545	
6,679,873	6,351,926	20,623,314	3,019,781	9,590,675	1,061,451	
<u>\$ 5,666,215</u>	<u>\$ 11,594,443</u>	<u>\$ 23,547,231</u>	<u>\$ 4,463,733</u>	<u>\$ 6,795,919</u>	<u>\$ 3,992,996</u>	

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

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>*2011</b>	<b>2010</b>
<b>General Fund</b>				
Nonspendable	\$ 78,134	\$ 260,206	\$ 415,980	\$ -
Restricted			-	-
Committed	723,134	1,219,933	894,680	-
Assigned	3,404,652	3,232,604	3,222,160	-
Unassigned	38,396	95,628	565,717	
Unreserved	-	-	-	4,149,368
<b>Total General Fund</b>	<b>\$ 4,244,316</b>	<b>\$ 4,808,371</b>	<b>\$ 5,098,537</b>	<b>\$ 4,149,368</b>
<b>All Other Government Funds</b>				
Special Revenue:				
Restricted	\$ 1,184,459	\$ 1,434,093	\$ 1,867,420	\$ 2,196,502
Nonspendable	1,084	16,437	16,591	
Assigned	190,062	190,062	190,062	
Committed	946,613	544,490	567,140	
Debt Service:				
Restricted	991,103	1,561,513	2,168,777	3,416,600
Capital projects:				
Restricted	2,621,548	2,908,478	3,077,881	4,031,669
<b>Total all other governmental funds</b>	<b>\$ 5,934,869</b>	<b>\$ 6,655,073</b>	<b>\$ 7,887,871</b>	<b>\$ 9,644,771</b>
<b>Total governmental and general funds</b>	<b>\$ 10,179,185</b>	<b>\$ 11,463,444</b>	<b>\$ 12,986,408</b>	<b>\$ 13,794,139</b>

\* Implementation of GASB 54 in 2011

Source: Balance Sheet Governmental Funds

<b>Fiscal Year</b>					
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,000,000	-	-	-	-
-	-	-	-	-	-
4,525,073	4,868,200	4,837,799	3,399,430	7,528,148	6,591,240
<u>\$ 4,525,073</u>	<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>
\$ 662,216	\$ 3,495,240	\$ 3,528,819	\$ 5,201,199	\$ 939,482	\$ 607,221
2,492,069	6,044,864	6,928,848	2,451,080	2,124,375	2,180,086
8,225,425	7,273,739	13,868,386	23,528,287	12,903,101	9,825,850
<u>\$ 11,379,710</u>	<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>\$ 15,904,783</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>

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

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>				
Taxes	\$ 16,722,691	\$ 16,987,002	\$ 18,128,308	\$ 18,973,552
Licenses, fees and permits	327,558	353,390	465,984	393,408
Intergovernmental	11,384,520	11,338,211	9,157,273	12,180,543
Charges for services	215,829	195,748	180,180	74,964
Fines and penalties	222,445	193,114	207,067	350,920
Contributions from component units	5,365,879	4,767,268	4,925,280	4,853,329
Investment earnings	243,884	196,028	202,640	286,804
Other revenues	2,977,234	2,799,953	3,490,107	2,970,580
Total revenues	<u>\$ 37,460,040</u>	<u>\$ 36,830,714</u>	<u>\$ 36,756,839</u>	<u>\$ 40,084,100</u>
<b>Expenditures</b>				
General government	\$ 9,764,941	\$ 10,351,426	\$ 10,158,774	\$ 12,178,323
Public safety	13,453,506	12,972,368	12,555,394	13,918,785
Transportation	3,089,871	3,058,459	2,981,763	3,130,854
Economic environment	1,735,007	3,277,492	1,944,850	6,042,952
Culture and recreation	1,968,202	1,943,145	1,988,264	2,144,593
Capital outlay	3,765,513	2,383,608	2,118,083	3,642,606
Debt service:				
Principal	2,168,000	1,820,000	1,695,000	1,645,484
Interest	3,709,460	3,761,440	3,813,474	3,644,993
Other	4,207	28,763	14,687	419,481
Total expenditures	<u>\$ 39,658,707</u>	<u>\$ 39,596,701</u>	<u>\$ 37,270,289</u>	<u>\$ 46,768,071</u>
<b>Excess of Revenues over and (under) expenditures</b>	<u>\$ (2,198,667)</u>	<u>\$ (2,765,987)</u>	<u>\$ (513,450)</u>	<u>\$ (6,683,971)</u>
<b>Other Financing sources (Uses)</b>				
Transfers in	\$ 11,239,805	\$ 10,639,613	\$ 6,319,305	\$ 13,083,132
Transfers out	(10,325,397)	(9,396,589)	(6,613,586)	(12,313,489)
Issuance of debt		-	-	459,099
Discount on issuance of debt		-	-	-
Proceeds from refunding		-	-	11,308,143
Total other financing		-	-	-
Payment on Current Refunding		-	-	(7,963,557)
Total sources (uses)	<u>\$ 914,408</u>	<u>\$ 1,243,024</u>	<u>\$ (294,281)</u>	<u>\$ 4,573,328</u>
Net change in fund balances	<u>\$ (1,284,259)</u>	<u>\$ (1,522,963)</u>	<u>\$ (807,731)</u>	<u>\$ (2,110,643)</u>
Debt service as a percentage of non capital expenditures	16.4%	15.0%	15.7%	12.3%

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

Fiscal Year						
2009	2008	2007	2006	2005	2004	
\$ 21,886,678	\$ 23,122,097	\$ 22,656,355	\$ 19,518,639	\$ 19,046,989	\$ 16,329,901	
946,089	1,629,310	1,997,284	2,820,335	3,417,698	1,264,681	
16,068,886	18,493,398	19,422,168	19,535,244	12,404,309	9,328,110	
93,280	85,260	94,256	101,933	110,669	202,519	
521,193	475,811	536,872	642,792	528,894	547,841	
5,045,811	4,951,964	4,208,790	4,651,977	4,585,395	4,919,453	
237,912	1,202,125	1,949,595	961,523	469,309	308,991	
3,844,946	5,272,877	6,168,564	5,085,586	3,547,218	4,630,498	
\$ 48,644,795	\$ 55,232,842	\$ 57,033,884	\$ 53,318,029	\$ 44,110,481	\$ 37,531,994	
\$ 14,914,645	\$ 16,553,623	\$ 15,393,131	\$ 13,627,277	\$ 15,193,614	\$ 11,218,205	
16,191,118	15,842,453	15,659,093	15,593,122	12,667,329	12,383,763	
3,783,786	3,794,313	3,960,131	3,735,841	3,512,083	3,257,346	
7,759,398	7,439,327	9,356,712	8,809,116	2,910,853	1,413,564	
2,389,376	2,729,348	2,317,515	3,184,392	5,121,215	2,213,207	
6,236,137	12,115,028	38,092,574	13,944,562	5,458,921	6,704,265	
1,887,041	1,777,174	4,024,196	1,605,506	1,986,452	1,656,094	
3,821,412	3,501,542	2,522,186	1,404,507	1,241,669	753,805	
912,131	48,800	279,233	238,816	550,139	226,413	
\$ 57,895,044	\$ 63,801,608	\$ 91,604,771	\$ 62,143,139	\$ 48,642,275	\$ 39,826,662	
\$ (9,250,249)	\$ (8,568,766)	\$ (34,570,887)	\$ (8,825,110)	\$ (4,531,794)	\$ (2,294,668)	
\$ 18,338,952	\$ 11,573,501	\$ 11,088,614	\$ 3,164,320	\$ 3,554,512	\$ 5,232,921	
(17,105,170)	(10,693,843)	(12,083,871)	(3,464,320)	(5,237,024)	(5,499,977)	
-	-	30,150,000	20,210,000	20,200,000	3,170,000	
(450,795)	-	-	-	(66,164)	-	
29,840,000	-	-	-	(9,628,821)	-	
-	-	-	-	-	-	
(30,150,000)	-	-	-	-	-	
\$ 472,987	\$ 879,658	\$ 29,154,743	\$ 19,910,000	\$ 8,822,503	\$ 2,902,944	
	3,207,299					
\$ (8,777,262)	\$ (4,481,809)	\$ (5,416,144)	\$ 11,084,890	\$ 4,290,709	\$ 608,276	

11.1%

10.2%

12.2%

6.2%

7.5%

7.3%

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

	Fiscal Year			
	2013	2012	2011	2010
<b>Additions</b>				
Employer	\$ 4,266,803	\$ 3,566,751	\$ 3,181,446	\$ 3,377,350
Employees	1,920,330	1,874,591	1,738,084	1,929,755
State	249,148	241,799	241,312	262,634
Other	-	-	-	-
Investment income (net of expenses)	21,583,070	26,881,779	1,482,590	14,806,065
<b>Total additions to plan net assets</b>	<b>\$ 28,019,351</b>	<b>\$ 32,564,920</b>	<b>\$ 6,643,432</b>	<b>\$ 20,375,804</b>
<b>Deductions</b>				
Benefit payments	\$ 11,993,098	\$ 10,874,268	\$ 10,413,658	\$ 9,727,760
Refunds	585,930	346,839	274,419	496,099
Administrative expenses	134,550	129,911	141,620	198,932
Fire District Asset Withdrawal	-	-	-	-
Other expenses	19,416	18,992	19,122	18,218
<b>Total deductions from plan net assets</b>	<b>\$ 12,732,994</b>	<b>\$ 11,370,010</b>	<b>\$ 10,848,819</b>	<b>\$ 10,441,009</b>
<b>Change in net position</b>	<b>\$ 15,286,357</b>	<b>\$ 21,194,910</b>	<b>\$ (4,205,387)</b>	<b>\$ 9,934,795</b>

Source: Combining Statement of Changes in Fiduciary Funds Net Position

Fiscal Year						
2009	2008	2007	2006	2005	2004	
\$ 3,580,089	\$ 4,053,604	\$ 6,475,387	\$ 8,975,380	\$ 5,634,357	\$ 841,375	
2,168,561	2,122,748	2,045,601	1,973,325	1,791,010	1,717,985	
276,943	345,472	345,472	369,999	345,472	327,497	
-	-	699	291	3,395,780	2,769,870	
4,352,746	(23,183,079)	30,501,473	19,294,520	20,405,068	18,592,851	
<b>\$ 10,378,339</b>	<b>\$ (16,661,255)</b>	<b>\$ 39,368,632</b>	<b>\$ 30,613,515</b>	<b>\$ 31,571,687</b>	<b>\$ 24,249,578</b>	
\$ 7,160,364	\$ 6,833,788	\$ 8,751,479	\$ 8,975,796	\$ 7,380,700	\$ 6,869,866	
443,021	306,553	312,244	208,479	247,846	515,726	
186,494	126,355	127,238	115,064	159,127	161,006	
-	-	98,084,291	-	-	-	
18,479	19,984	23,403	23,985	22,791	24,886	
<b>\$ 7,808,358</b>	<b>\$ 7,286,680</b>	<b>\$ 107,298,655</b>	<b>\$ 9,323,324</b>	<b>\$ 7,810,464</b>	<b>\$ 7,571,484</b>	
<b>\$ 2,569,981</b>	<b>\$ (23,947,935)</b>	<b>\$ (67,930,023)</b>	<b>\$ 21,290,191</b>	<b>\$ 23,761,223</b>	<b>\$ 16,678,094</b>	

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

<b>Fiscal Year Ended September 30,</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Centrally Assessed Property</b>
2013	\$ 2,375,689,997	\$ 192,499,439	\$ 7,381,630
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

**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.

<b>Less: Exemption</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
\$ 707,571,187	\$ 1,867,999,879	5.7131
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

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

<b>Fiscal Year</b>	<b>City of Fort Pierce</b>	<b>County Parks MSTU</b>	<b>Co Public Transit MSTU</b>	<b>Erosion District E</b>	<b>Law Enf. Jail, Judicial Sys</b>	<b>Co General Revenue Fund</b>	<b>St. Lucie County Port Bond</b>	<b>Childrens Services Council</b>
2013	5.7131	0.2313	0.1269	0.0925	3.9699	2.9221	0.0154	0.4872
2012	5.4674	0.2313	0.1269	0.0925	3.9699	2.9221	0.0154	0.4872
2011	5.4674	0.2313	0.1269	0.0925	3.9699	2.8707	0.0154	0.4872
2010	5.4674	0.2313	0.0833	0.0925	3.3957	2.7694	0.0154	0.4872
2009	5.4674	0.2313	0.0833	0.0925	2.5478	3.6173	0.0154	0.3858
2008	5.4674	0.2313	0.0833	0.0925	1.9352	4.2299	0.0144	0.3858
2007	5.9823	0.2500	0.0900	0.1000	2.3778	4.2734	0.0154	0.3915
2006	6.9823	0.2500	0.0900	0.1000	2.9807	4.2619	0.0216	0.3915
2005	7.8305	0.2500	-	0.1000	3.3178	4.1248	-	0.3915
2004	7.8305	0.2500	-	0.1000	3.5066	4.0728	0.0255	0.3915

**Source:** St. Lucie County Property Appraisers Office

<b>St Lucie Co Fire District</b>	<b>FL Inland Navigation Dist</b>	<b>County School District</b>	<b>Mosquito Control</b>	<b>S FL Water Mgmt District</b>	<b>Environ Signif Land Bond</b>	<b>Everglades Construction Project</b>	<b>Total</b>
2.6500	0.0345	7.7710	0.2036	0.4289	-	-	18.9333
2.6500	0.0345	7.8780	0.2036	0.4363	-	-	19.0477
2.4839	0.0345	8.1770	0.2036	0.5346	0.0459	0.0894	19.3628
2.2000	0.0345	7.6760	0.2036	0.5346	0.0459	0.0894	17.8588
2.2000	0.0345	7.6850	0.2036	0.5346	0.0459	0.0894	17.7664
2.2000	0.0345	7.4900	0.2036	0.5340	0.0776	0.0894	17.6015
2.4562	0.0385	7.7370	0.2200	0.5970	0.0823	0.1000	18.7291
2.7562	0.0385	7.9220	0.2757	0.5970	0.1154	0.1000	19.9005
2.7806	0.0385	8.3130	0.1950	0.5970	-	0.1000	20.2082
2.7806	0.0385	8.5830	0.2122	0.5970	0.2500	0.1000	20.9077

**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
2013	\$ 10,736,076	\$ 10,021,382	93.34%
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%

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

**Total Collections to Date**

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<b>Collections in Subsequent Years</b>	<b>Amount</b>	<b>Percentage of Levy</b>
\$ 61,442	\$ 10,082,823	93.92%
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%

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

Taxpayer	2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bellsouth Telecommunications	94,916,658	1	4.81023%
Wal-Mart Stores East Inc	71,684,497	2	3.63286%
HCA	38,219,613	3	1.93691%
Destin Beach Inc	26,013,244	4	1.31831%
Ehden NV	22,133,228	5	1.12168%
Landings Fort Pierce LLC	19,839,763	6	1.00545%
Lawnwood Medical Center	9,272,122	7	0.46990%
Morris/Satnick FP Assoc LLC	9,152,967	8	0.46386%
Riverfront Development LC	8,859,218	9	0.44897%
Treasure Cay Properties LLC.	8,608,849	10	0.43628%
Sabel Chase Assoc. Inc			
Grand Savannah Club Ltd.			
P and P Mhe Estates Lp.			
Florida East Coast Railroad			
HarborFederal Savings Bank			
Total	<u>\$ 308,700,160</u>		<u>10.83421%</u>

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

<b>2004</b>		
<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
27,687,903	2	2.2338%
10,179,724	7	0.8213%
10,912,702	5	0.8804%
12,995,087	3	1.0484%
41,851,247	1	3.3765%
12,865,381	4	1.0380%
10,265,965	6	0.8282%
8,729,977	8	0.7043%
8,574,058	9	0.6917%
8,116,485	10	0.6548%
<u>\$ 152,178,529</u>		<u>12.2775%</u>
 \$ 1,239,496,011		

**City of Fort Pierce, Florida**  
**State Revenue Sharing Funds**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>State Revenue Sharing</b>	<b>1/2 Cent Sales Tax</b>	<b>Mobile Home License</b>	<b>Beverage License</b>	<b>Fuel Tax Refund</b>	<b>Total Receipts</b>
2013	\$ 1,166,983	\$ 1,378,666	\$ 36,427	\$ 50,183	\$ 65,880	2,698,139
2012	1,153,572	1,330,114	37,212	32,681	57,159	2,610,738
2011	1,149,797	1,387,116	32,695	30,989	52,131	2,652,727
2010	1,146,272	1,333,339	30,890	32,418	57,563	2,600,482
2009	1,148,859	1,353,418	28,446	34,100	65,126	2,629,949
2008	1,167,446	1,550,221	24,896	32,598	48,950	2,824,110
2007	1,371,713	1,715,029	28,099	30,407	53,167	3,198,414
2006	1,463,753	2,039,174	30,922	29,585	48,170	3,611,604
2005	1,428,351	2,060,923	32,471	40,445	43,296	3,605,485
2004	1,212,058	1,851,659	37,691	25,410	48,364	3,175,183

**Source:** City of Fort Pierce Finance Records

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**City of Fort Pierce, Florida**  
**Fort Pierce Redevelopment Agency**  
**Taxable Value Of Each District**  
**Last Ten Fiscal Years**

AGENCY	Fiscal Year			
	2013	2012	2011	2010
<b>City of Fort Pierce</b>				
CRA 1 (Res 82-25) *	51,157,598	54,952,729	56,168,470	70,131,326
CRA 2 (Res 95-89)	2,477,100	2,590,239	2,820,864	3,011,140
CRA 3 (Res 96-15)	3,467,600	3,832,104	3,822,122	3,985,240
CRA 4 (Res 01-98) *	561,948,017	577,410,385	609,706,475	705,029,914
<b>CFP Total</b>	<b>\$ 619,050,315</b>	<b>\$ 638,785,457</b>	<b>\$ 672,517,931</b>	<b>\$ 782,157,620</b>

**St. Lucie County**

CRA 1 (Res 82-25) **	52,074,098	55,982,929	57,710,070	71,885,126
CRA 2 (Res 95-89)	2,477,100	2,590,239	2,820,864	3,011,140
CRA 3 (Res 96-15)	3,467,600	3,832,104	3,822,122	3,985,240
CRA 4 (Res 01-98) **	559,212,624	574,247,439	606,278,371	701,361,001
<b>SLC Total</b>	<b>\$ 617,231,422</b>	<b>\$ 636,652,711</b>	<b>\$ 670,631,427</b>	<b>\$ 780,242,507</b>

**SLC Fire District**

CRA 1 (Res 82-25)				
CRA 2 (Res 95-89)				
CRA 3 (Res 96-15)				
CRA 4 (Res 01-98)				
<b>SLC Fire Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* City with historic but no senior exemption  
 \*\* County with senior but no historic exemption  
 \*\*\* Last year Fire Department Paid TIF 2007  
 \*\*\*\* 2007 First Year Collecting Data

Fiscal Year					
2009	2008	2007	2006	2005	2004
62,234,031	65,332,302	64,773,379			
3,468,650	3,646,427	3,490,495			
4,547,200	3,921,700	3,433,700			
869,644,929	1,020,903,984	945,805,234			
<b>\$ 939,894,810</b>	<b>\$ 1,093,804,413</b>	<b>\$ 1,017,502,808</b>	****	****	****
64,496,546	66,948,502	66,414,579			
3,468,650	3,646,427	3,490,495			
4,547,200	3,921,700	3,433,700			
866,035,908	1,017,625,788	943,199,980			
<b>\$ 938,548,304</b>	<b>\$ 1,092,142,417</b>	<b>\$ 1,016,538,754</b>	****	****	****
		66,414,579.00			
		3,490,495.00			
		3,433,700.00			
		945,858,934.00			
-	-	** \$ 1,019,197,708	****	****	****

**City of Fort Pierce, Florida**  
**Legal Debt Margin Information**  
**September 30, 2013**

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Debt Limit	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000
Total Net Debt Applicable to Limit *	53,835,180	59,250,000	60,480,000	61,655,000
Debt Margin	\$ 13,164,820	\$ 7,750,000	\$ 6,520,000	\$ 5,345,000
Total net debt applicable to the limit as a percentage of debt limit	80.351%	88.433%	90.269%	92.022%

\* 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.

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**City of Fort Pierce**  
**Direct and Overlapping Governmental Activities Debt**  
**As Of September 30, 2013**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
St. Lucie County (Port)	\$ 785,000	7.28%	\$ 57,148
<b>Other Debt</b>			
St. Lucie County (800 MHz)	2,945,000		-
Subtotal, overlapping debt			\$ 57,148
<b>City direct debt</b>			<u>95,087,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 95,144,148</u>

<b>Fiscal Year</b>					
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000
59,002,378	61,054,320	62,741,731	36,894,613	24,978,872	27,102,964
<u>\$ 7,997,622</u>	<u>\$ 5,945,680</u>	<u>\$ 4,258,269</u>	<u>\$ 30,105,387</u>	<u>\$ 42,021,128</u>	<u>\$ 39,897,036</u>
88.063%	91.126%	93.644%	55.067%	37.282%	40.452%

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

**Governmental Activities**

<b>Fiscal Year</b>	<b>Redevelopment Bonds</b>	<b>Sales Tax Increment Bonds</b>	<b>Non-ad Valorum</b>	<b>Revenue Sharing</b>
2013	\$ 32,875,000	\$ -	\$ 40,665,143	\$ -
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

**Source:** City of Fort Pierce Financial Statements

**Business-Type Activities**

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Marina	Storm water	Solid Waste	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 1,846,857	\$ 15,185,000	\$ -	\$ 90,572,000	6.72%	2,178
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

City of Fort Pierce, Florida  
Pledged Revenue Coverage  
Last Ten Fiscal Years

Governmental Activities

Non-ad Valorum Bonds

Fiscal Year	Revenue <sup>1</sup>		Less: Operating Expenses <sup>2</sup>		Net Available	Debt Service		Coverage
					Revenue	Principal	Interest	
2013	\$	27,430,244	\$	14,139,760	\$ 13,290,484	\$ 190,000	\$ 2,112,561	5.77
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

Revenue Sharing Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available	Debt Service		Coverage
					Revenue	Principal	Interest	
2013	\$	***	\$	***	\$ ***	\$ ***	\$ ***	***
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

Redevelopment Bonds <sup>3</sup>

Fiscal Year	Revenue		Less: Operating Expenses		Net Available	Debt Service		Coverage
					Revenue	Principal	Interest	
2013	\$	5,453,289	\$	2,523,697	\$ 2,929,592	\$ 1,205,000	\$ 1,524,331	1.07
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

Sales Tax Increment Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available	Debt Service		Coverage
					Revenue	Principal	Interest	
2013	\$	1,378,666	\$	-	\$ 1,378,666	\$ 490,000	\$ 9,800	2.76
2012		1,330,144		-	1,330,144	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

Business Activities <sup>4</sup>

## Marina Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage	
							Principal	Interest		
2013	\$	1,812,467	\$	1,754,527	\$	57,940	\$	-	\$ 92,343	0.63
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

## Storm Water Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage	
							Principal	Interest		
2013	\$	2,598,840	\$	1,249,161	\$	1,349,679	\$	615,000	\$ 679,336	1.04
2012		2,736,435		1,153,251		1,583,184		590,000	703,935	1.22
2011		2,768,553		1,010,332		1,758,221		570,000	724,835	1.36
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

## Solid Waste Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage	
							Principal	Interest		
2013	\$	6,369,346	\$	4,579,691	\$	1,789,655	\$	***	\$ ***	***
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

\*\*\* No bonds outstanding

Source:

<sup>1</sup> Revenues: Less Grants, Capital leases, Transfers. Also, Restricted Revenues, Local Option Gas Tax and Impact Fees

<sup>2</sup> Expenses: Governmental Expenditures and Public Safety Debt Financed from the Sources, and Ad Valorem Credit which started in 2004

<sup>3</sup> Funded by (TIF) Tax Increment Funds

<sup>4</sup> 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 Valorem 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**

<b>Calendar Year</b>	<b>City of Ft. Pierce Population *</b>	<b>Personal Income</b>	<b>Median Household Income **</b>	<b>School Enrollment***</b>	<b>Unemployment Rate ****</b>
2013	42,645	\$ 1,347,496,710 \$	31,598	41,091	10.1%
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%

Source:

- \* U. S. Dept. of Commerce, United States Census Bureau
- \*\* AreaVibes
- \*\*\* St. Lucie County School Board
- \*\*\*\* U. S. Dept. of Labor, Bureau of Labor Statistics

**City of Fort Pierce, Florida**  
**Principal Employers**  
**Current Year**

<b>2013</b>			
<b>Employer*</b>	<b>Employees*</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
School Board of St Lucie County	4,946	1	9.50%
Lawnwood Regional Medical Center & Heart Ir	1500	2	2.88%
Indian River State College	1037	3	1.99%
Wal-Mart Distribution Center	650	4	1.25%
City of Fort Pierce	357	5	0.69%
United States Postal Service	350	7	0.67%
Tropicana Products Inc	340	6	0.65%
New Horizons of the TC (5 locations)	300	8	0.58%
Fort Pierce Utilities Authority	286	9	0.55%
Drawdy Brothers Construction	200	10	0.38%
<b>Total</b>	<b>9,966</b>		<b>19.15%</b>

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

18,974

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

Function / Program	Fiscal Year			
	2013	2012	2011	2010
<b>Primary government:</b>				
<b>Government activities:</b>				
General government	69	73	70	74
Public safety	167	161	167	181
Transportation	25	24	26	30
Economic environment	3	6	6	9
Culture and recreation	26	26	26	27
Total governmental activities	290	290	295	321
Business type activities				
Marina	5	5	5	5
Solid Waste	31	33	34	31
Golf Course	13	13	16	21
Sunrise Theatre	5	6	7	7
Total Business type activities	54	57	62	64
Total all activities	344	347	357	385

**Source:** City of Fort Pierce Budget Document

<b>Fiscal Year</b>					
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
92	94	95	94	90	88
203	217	198	196	182	182
39	39	41	41	40	40
8	12	13	16	10	6
29	29	29	27	27	27
371	391	376	374	349	343
7	9	9	10	13	13
32	34	34	34	35	35
20	31	31	22	33	33
9	9	8	8	-	-
68	83	82	74	81	81
439	474	458	448	430	424

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

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b><u>Function/Program</u></b>				
Police				
Physical arrests	3,064	2,899	2,510	3,794
Parking Violations	230	211	336	959
Traffic Violations	5,619	4,782	171	720
Fire				
Emergency responses	39,189	34,161	38,989	33,906
Fires calls	4,229	3,629	4,626	4,430
Refuse collections				
Refuse collected (tons per day)	128.57	201.06	122.80	126.12
Other public works				
Street resurfacing (miles)		-	-	-
Potholes repaired *	478	215	200	600
Parks and recreation				
Athletic fields permits issued	218	358	397	415
River Walk Center permits issued	66	69	73	139
Garden Club permits issued	20	19	10	34
Maravilla permits issued	56	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					
2009	2008	2007	2006	2005	2004
3,145	3,032	3,055	3,336	3,209	3,134
969	860	513	1,471	2,130	1,648
5,744	6,993	8,618	10,053	11,796	11,246
33,673	32,182	31,512	30,467	29,645	29,319
4,515	4,790	4,604	4,524	4,470	5,260
106.42	169.23	142.00	150.90	64.19	39.43
-	3.90	6.30	7.53	***	***
380	281	206	240	***	***
447	533	460	631	***	***
57	**	**	**	**	**
17	**	**	**	**	**
****	****	****	****	****	****

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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Police				
Stations	3	3	3	3
Sworn Officers	115	107	110	107
Fire				
Stations	18	18	18	18
Firefighters	370	364	370	376
Refuse collections				
Commerial	1,695	1,675	1,678	1,963
Residential	11,550	11,427	12,843	12,840
Public	32	35	36	36
Other public works				
Streets (miles)	152	152	152	152
Streetlights	5,313	5,106	5,028	5,028
Traffic signals	177	177	177	177
Parks and recreations				
Acreage	294.3	294.3	294.3	294.3 *
Playgrounds	12	12	12	12 *
Baseball/football fields/basketball courts	23	23	23	22
Tennis/handball/racquetball/shuffleboard	21	21	21	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	27,770	28,413	27,697	27,859
Water	19,280	19,394	19,180	19,048
Wastewater	14,450	14,842	14,377	14,460
Natural Gas	4,190	4,039	3,892	3,982

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

\* Parks Transferred to the City from St. Lucie County

<b>Fiscal Year</b>					
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
3	3	3	2	2	4
115	117	108	114	114	109
18	15	15	15	15	15
420	402	350	383	368	315
1,972	1,978	1,607	1,700	1,668	1,747
12,926	13,180	11,964	21,729	21,492	12,363
39	30	29	268	268	283
152	166	166	166	166	165
5,138	4,798	4,790	4,694	4,578	4,404
70	70	70	67	66	68
116.9	116.9	116.9	116.9	116.9	116.9
6	7	7	7	7	7
22	26	26	27	27	27
5	5	5	7	7	11
2	2	2	2	2	2
2.3	2.3	2.3	2.3	2.3	2.3
2	2	2	1	1	1
28,413	28,584	26,883	26,662	25,594	25,872
19,394	19,278	17,711	16,952	16,638	16,497
14,842	14,737	13,428	13,099	12,917	12,938
4,039	4,171	4,304	4,431	4,503	4,597

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and other matters Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the City Commission  
City of Fort Pierce, Florida

March 28, 2014

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, 2013, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2014. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 28, 2014.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*A. Bartolomeo, M. Bee, Hartley & Barnes*

Certified Public Accountants





### **Opinion on Each Major Federal Program and State Project**

In our opinion, the City of Fort Pierce, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

### **Other Matters**

The results of our auditing procedures disclosed instances of non-compliance which are required to be reported in accordance with OMB Circular A-133 or Chapter 10.550, Rules of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as item **2013-1**. Our opinion on each major federal program is not modified in respect to these matters.

The City of Ft. Pierce's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Ft. Pierce's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on 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 the types of compliance requirements referred to above. In planning and performing our audit of compliance, 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 that are appropriate in the circumstances 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance, that we consider to be a significant deficiency.

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 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 material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item **2013-1**, that we consider to be significant deficiencies.

The City of Ft. Pierce's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Ft. Pierce's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*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, however one significant deficiency was disclosed during the audit of the major federal awards programs and no material weaknesses or significant deficiencies were disclosed related to 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 was one audit finding relative to the major federal awards programs and no instances related to 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: 14.218	Community Development Block Grant
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**

Audit findings that are required to be reported in accordance with Section 510(a) by OMB Circular A-133, Section 510(A) or state projects as defined by Rule 10.654(1)(g)4 follow:

**2013-1 Proper Reimbursement request related to Federal Awards**

Condition: It was noted during the audit that the City improperly billed the Department of Housing and Urban Development for costs associated with the CDBG program. Staff in the Urban Development department of the City requested reimbursement for unallowed administrative costs. The City subsequently discovered the problem and notified the Department of Housing and Urban Development; however, it was after receipt of the funds. **Questioned Cost of \$101,000.**

Effect: Ineligible costs could be reimbursed causing grantor agencies to reduce or eliminate funding.

Recommendation: We recommend that the City ensure all staff working with federal programs are properly trained and supervised. Also, when requesting reimbursement for non-routine expenditures, prior approval from grantor agencies should be considered.

Response: Present City staff responsible for requests for reimbursement are properly trained and well supervised. Additionally, this staff is collaborating with regional HUD staff to remedy this issue and have transferred funds to rectify this matter.

**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, 2013

Description	CFDA/ CSFA Number	Contract Grant Number	Expenditures	Pass-Through to Sub- Recipients
<b><u>FEDERAL PROGRAMS:</u></b>				
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Direct Program:</i>				
Community Development Block Grant Entitlement	14.218	B10MC-120031	516,030	-
			516,030	-
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed Through Florida Division of Emergency Management:</i>				
Hazard Mitigation	97.039	11HM-2Y-10-66-02-002	1,380,008	-
FEMA-4084-DR-FL/Hurricane Issac	97036	13-IS-3S-10-66-01-552	65,227	-
<i>Passed Through Florida Department of Community Affairs:</i>				
Hazard Mitigation	97.039		10,588,778	-
			12,034,013	-
<b><u>U.S. Department of Justice</u></b>				
<i>Direct Program:</i>				
ARRA-COPS Hiring	16.710	2009-RK-WX-0249	5,661	-
Public Safety Partnership and Community Policing	16.710	2011-UM-WX-0043	217,462	-
Bullet Proof Vests			9,550	-
<i>Indirect Program:</i>				
<i>Passed through Florida Attorney General:</i>				
Victims of Crime Act	16.575	V10089	37,409	-
<i>Passed through Florida Coalition Against Domestic Violence:</i>				
Stop Violence Against Women Formula Grant	16.588	2013-BAWASTROP	18,664	-
<i>Passed through Florida Department of Law Enforcement:</i>				
Technical Improvement Program	16.738	2012-JAGC-STLU-3-C4-154	3,131	-
	16.738	2013-JAGC-STLU-1-D7-180	41,758	-
<i>Passed through St. Lucie County, Florida:</i>				
Edward Byrne Memorial Justice asst. grant prog	16.738	2010-DJ-BX-0440	73	-
Edward Byrne Memorial Justice asst. grant prog	16.738	2012-DJ-BX-0237	25,289	-
			358,997	-
<b><u>U.S.Environmental Protection Agency</u></b>				
Brownfields Assessment and Cleanup	66.818	BF 95460810-0	241,944	-
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 13,150,984</b>	<b>\$ -</b>

City of Fort Pierce, Florida  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**  
For the year ended September 30, 2013

Description	CFDA/ CSFA Number	Contract Grant Number	Expenditures	Pass-Through to Sub- Recipients
<b><u>STATE PROJECTS:</u></b>				
<u>Florida Department of Transportation</u>				
State Highway Project Reimbursement	55.023	JPA230297/1/58/01	\$ 2,389,371	-
<u>Florida Housing Finance Corporation</u>				
Florida Hardest Hit		2010-07-02-001	7,150	-
<u>Florida Housing Finance Agency:</u>				
State Housing Initiatives Partnership Program	52.901		16,533	-
<u>Florida Fish and Wildlife</u>				
Fish and Wildlife Conservation		11405	12,386	
<u>Florida Division of Cultural Affairs:</u>				
Florida Highwayman Grant		0212-3700-2263	15,000	
General Program Support Grant		13 6 180 119	28,392	-
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b>\$ 2,468,832</b>	<b>\$ -</b>

City of Fort Pierce, Florida  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**  
For the year ended September 30, 2013

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**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 28, 2014

We have audited the financial statements of the City of Fort Pierce, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated March 28, 2014, 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 28, 2014, 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