

THE SUNRISE CITY

FORT PIERCE

Florida



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2016

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



For Fiscal Year Ended September 30, 2016

Prepared by:

**Johnna S. Morris
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





TABLE OF CONTENTS **Page**
INTRODUCTORY SECTION

Table of Contents5
City Commission9
City Officials and Department Heads10
Finance Director’s Letter of Transmittal11
Organizational Chart.....16
Certificate of Achievement for Excellence in Financial Reporting.....17

FINANCIAL SECTION

Independent Auditors’ Report.....21
Management’s Discussion and Analysis24

Basic Financial Statements:

Government-wide Financial Statements:
Statement of Net Position38
Statement of Activities.....40
Fund Financial Statements:
 Balance Sheet-Government Funds.....44
 Reconciliation of Total Governmental Fund Balance to Net Position
 of Governmental Activities.....46
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds48
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of the Governmental Funds to the Statement of Activities50
Statement of General Fund Revenues, Expenditures and Changes
in Fund Balance, Budget (GAAP Basis) and Actual51
Statement of Special Revenue Fund Revenues, Expenditures and Changes
in Fund Balance, Budget (GAAP Basis) and Actual -
Community Redevelopment Agency52
Statement of Special Revenue Fund Revenues, Expenditures and Changes
in Fund Balance, Budget (GAAP Basis) and Actual -
Hurricane Housing Recovery Grant Fund53

TABLE OF CONTENTS**Page**

Statement of Fund Net Position – Proprietary Funds	54
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	58
Statement of Cash Flows – Proprietary Funds	60
Statement of Fiduciary Funds Net Position	66
Statement of Changes in Fiduciary Net Position	67
Notes to the Financial Statements	69

Required Supplementary Information**GASB Statement 45:**

Other Post-Employment Benefits (OPEB)	132
---	-----

GASB Statement 67:

General Employees’ Retirement and Benefit System- Schedules of Changes in City’s Net Pension Liability	133
Schedule of Employer Contributions.....	134
Schedule of Investment Returns Multiyear.....	135
Municipal Police Officers’ Retirement Trust Fund- Schedule of Changes in City’s Net Position Liability	136
Schedule of Employer Contributions.....	137
Schedule of Investment Returns Multiyear.....	138

Combining and Individual Fund Financial Statements and Schedules:

General Fund Description	141
Schedule of General Fund Revenues and Other Financing Sources Budget GAAP Basis and Actual.....	142
Schedule of General Fund Expenditures and Other Financing Uses Budget (GAAP Basis) and Actual	143
Non-major Governmental Funds Description	145
Combining Balance Sheet – Non-major Governmental Funds	150
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	151
Combining Balance Sheet – Non-major Special Revenue Funds	152

TABLE OF CONTENTS**Page**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Special Revenue Funds	154
Combining Balance Sheet – Non-major Debt Service Funds	156
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Debt Funds.....	158
Combining Balance Sheet – Non-major Capital Projects Funds	160
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-major Capital Projects Funds	161

STATISTICAL SECTION (UNAUDITED)

A1 – Statistical Tables	165
-------------------------------	-----

Financial Trends Information:

B1 – Net Position by Component Last Ten Fiscal Years	166
B2 – Changes in Net Position Last Ten Fiscal Years	168
B2 – General Revenues and Other Changes in Net Position	170
B3 – Fund Balances, Government Funds Last Ten Fiscal Years	172
B4 – Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years	174
B5 – Changes in Net Position Last Ten Fiscal Years	176

Revenue Capacity Information:

C1 – Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years	178
C2 – Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	180
C3 – Property Tax Levies and Collections Last Ten Fiscal Years	182
C4 – Principal Revenue Payers - Property Tax Current Year and Nine Years Ago.....	184
C5 – State Shared Revenue Funds Current Year and Nine Years Ago.....	186
C6 – Fort Pierce Redevelopment Agency Districts Taxable Values Current Year and Nine Years Ago.....	188

Debt Capacity Information:

D1 – Legal Debt Margin Information and Direct and Overlapping Governmental Activities Debt.....	190
--	-----

TABLE OF CONTENTS**Page**

D2 – Ratio of Outstanding Debt by Type Last Ten Fiscal Years.....	192
D3 – Pledged - Revenue Coverage Last Ten Fiscal Years	194

Demographic and Economic Information:

E1 – Demographic and Economic Statistics Last Ten Calendar Years.....	196
E2 – Principal Employers Current Year	197

Operating Information:

F1 – Full-Time Equivalent City Government/Employees by Function/Program Last Ten Fiscal Years.....	198
F2 – Operating Indicators by Function/Program Last Ten Fiscal Years	200
F3 – Capital Asset Statistics by Function/Program Last Ten Fiscal Years	202

AUDITORS' REPORTS SECTION***Report of Independent Certified Public Accountants 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	206
Schedule of Expenditures of Federal Awards and State Financial Assistance	208
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	209
Compliance with Requirements Applicable to Each Major Federal Awards Program, State Financial Assistance Project and Internal Control over Compliance in Accordance with OMB Circular A-133	210
Schedule of Findings and Questioned Costs - Federal Awards and State Projects	212
Section 218.415 Compliance	213
Management Letter	214
Affidavit	217

CITY COMMISSION



Linda Hudson, Mayor



Rufus J. Alexander II



Edward Becht



Thomas K. Perona



Reginald Sessions

CITY OFFICIALS



Nicholas Mimms, City Manager



James Messer
City Attorney

Linda Cox
City Clerk

Samuel L. Barnes, *Director of Purchasing*

Johnna S. Morris, *Director of Finance*

Diane Hobleby-Burney, *Chief of Police*

John R. Andrews, *City Engineer*

DeVoshay Johnson, *Information Technology Manager*

Marc Meyers, *Building Official*

Rebecca Grohall, *Planning & Zoning Manager*

Robert Reals, *Manager of Public Works/Solid Waste*

Dean Kubitschek, *Marina Manager*

Peggy Arraiz, *Code Compliance Manager*

Lucille Posa, *Golf Course Manager*

John Wilkes, *Director, Sunrise Theatre*

Kevin Browning, *Human Resources Manager*



March 31, 2016

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, 2016. 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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2016, 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 34.8 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 44,484 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.

The gradual increase in the real estate market and the construction industry has had an impact on the local economy. The unemployment rate has been impacted along with the revenues generated by the businesses associated with the real estate and construction activities, gradual yet steady increases are being experienced.

For years the local economy has counted on construction as the number one industry in the county. The downturn of the housing market, experienced in the prior years, had a significant impact on the percentage of unemployment. The current unemployment rate of 8.4% is down from 10.4% last year.

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

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

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

Major Initiatives

The environmental cleanup of the H.D. King power plant downtown is close to completion. Using a \$1,700,000 brownfield grant the old plant has been demolished and clean-up of the property is in the final stage. This land is contemplated as being used to expand the City's existing Marina and or building a five star hotel. The City completed construction on Melody Lane Fishing Pier, a state of the art fishing area to be utilized by citizens. The total cost for the project is \$630,815; \$312,500 funded by the FIND grant and the remaining \$318,315 from restricted revenue. Construction for Veteran Memorial Park and Indian Hills recreation area are close to completion. The City is using federal, state, and local grants, in addition to restricted revenue, to complete these projects. Currently, numerous stormwater improvement projects are being managed by the City's Engineering Department. The City's Engineering Department is also managing road resurfacing projects throughout the City.

The 2016 budget included funding for capital equipment, which resulted from increasing the millage rate. In the last few years, because of limited resources little was budgeted to capital equipment. In 2016, the City was able to replace some fleet vehicles in the Police and Solid Waste divisions, update some technological equipment, and begin some road resurfacing. The capital improvements constructed were through bond proceeds or grant funding. The City's long-term debt at 9/30/2016 was \$93,886,456.

2016-2017 Budget Issues

The City of Fort Pierce budget for fiscal 2017 decreased slightly from fiscal 2016. The budget for 2017 is \$35,803,121, and 2016 was \$35,853,263, a decrease of \$50,142.

The City's taxable valuation is \$2,109,164,737 compared to last year's final valuation of \$1,987,410,139. This represents an increase of approximately 6.13% or \$121,754,598. The City Commission elected to maintain the millage rate at 6.9000. The gradual increase in property values and maintaining the millage rate helped balance the budget.

City Commission in 2016 established an annual restricted amount to be used for capital projects and approved an interfund loan to fund a new capital improvement plan. The 2017 budget includes \$600,000 restricted revenue; \$400,000 to be used to finance capital improvements and purchases and \$200,000 to be used to repay the interfund loan.

The City will receive from the Utilities Authority approximately \$163,446 in additional transfers under the 6% computation; using the power cost adjustment for electric and gas for twelve months.

The City appropriated \$710,407 from fund balance to balance General Fund’s budget.

The 2017 budget (General Fund) included a 2.5% pay increase for all employees. Retirement rates for general members are 14.89%, down from 15.03%, Police officers increased to 14.61% up from 13.76%. These wage and benefit changes equated to an increase of \$371,947.

The 2017 budget (General Fund) included the addition of 9 new personnel positions, which equate to an increase of \$603,028.

The City and Fort Pierce Redevelopment Agency refunded a portion of their debt resulting in current year debt payment reductions of \$289,657 and \$437,229 respectively.

General Fund’s \$737,543 transfer to Fort Pierce Redevelopment Agency, to assist in its operations, is approximately \$938,879 less than last year due to an increase in property values and favorable debt refunding.

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
2015	35,853,263	3,585,326	4,297,233
2016	35,803,121	3,580,312	4,461,635

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, 2015. 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-seven 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.

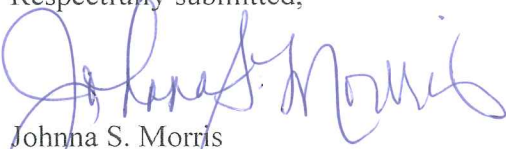
Acknowledgments

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.

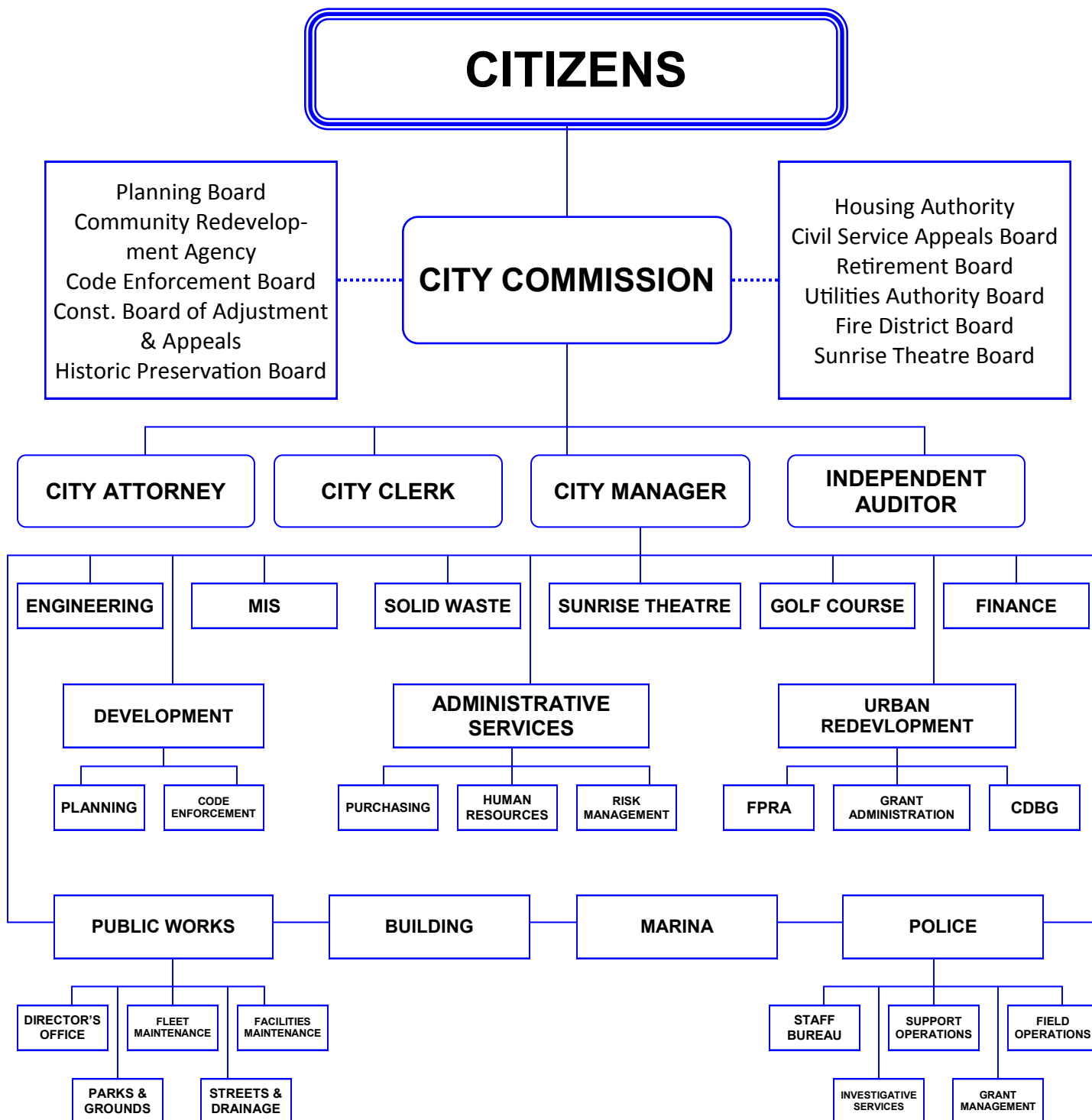
Sincere appreciation is extended to the firm of DiBartolomeo, McBee, Hartley & Barnes for their professional approach and high standard in the conduct of their independent audit of the City's financial records and transactions.

Respectfully submitted,



Johnna S. Morris
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

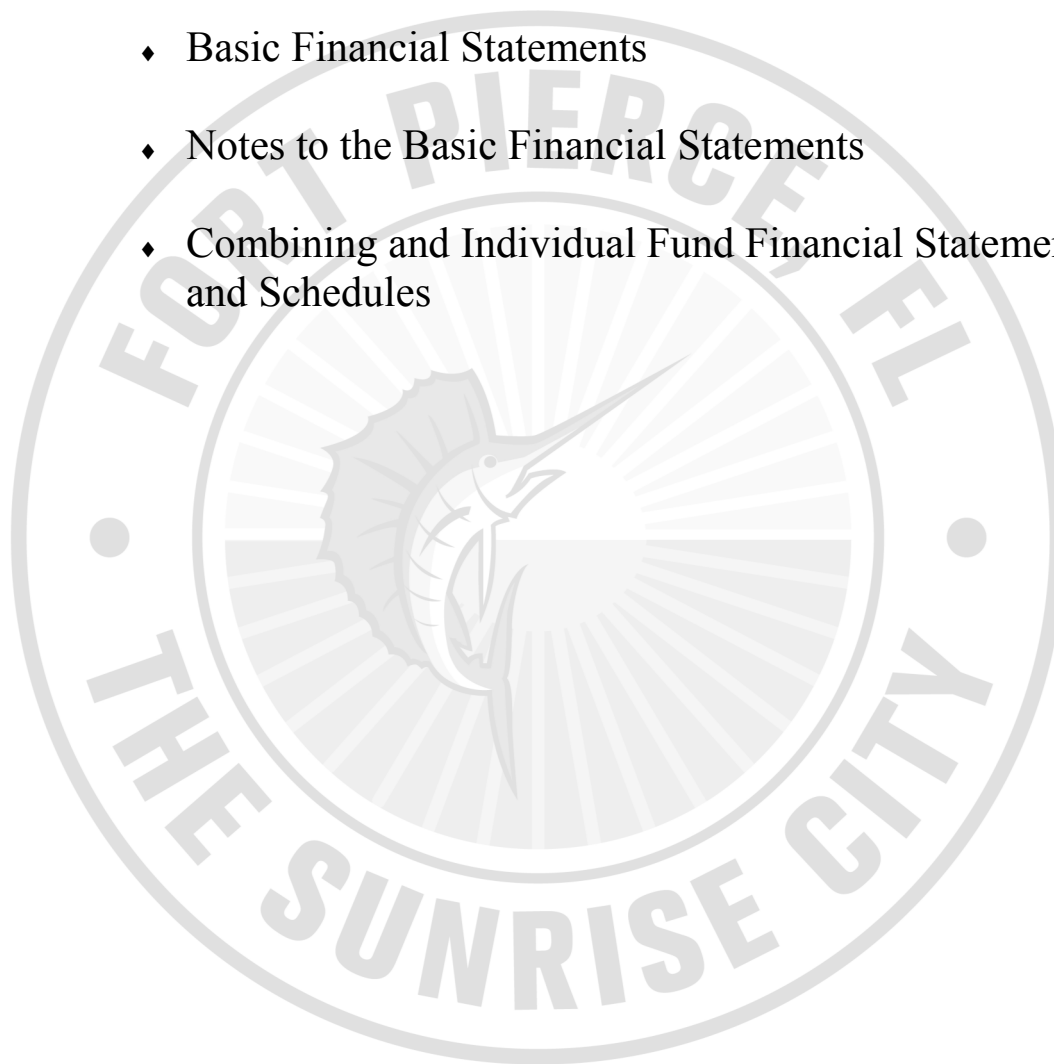
September 30, 2015

Executive Director/CEO



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



THIS PAGE INTENTIONALLY LEFT BLANK



Independent Auditors' Report

To the City Commission
Fort Pierce, Florida

March 21, 2017

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

Management's Responsibility for the Financial 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.

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, 2016, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General 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 is also not a required part of the basic financial statements.

To the City Commission
Fort Pierce, Florida

March 21, 2017

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal 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 or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2017 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, 2016. 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 \$119,958,645 of which \$49,338,299 is governmental and \$70,620,346 is the total for business-type activities.
- The City's revenues for Governmental Activities at year end were \$38,959,905 a 3.19% increase, and expenses were \$39,390,349 a 3.73% increase before transfers out of \$23,665. Expenses exceeded revenues by \$0.43 million. The revenue increase from 2015 was \$1.20 million; this can be attributed to increases in the following: charges for services of \$1.52 million, ad valorem and other taxes of \$1.35 million, intergovernmental revenue of \$0.14 million, contributions from component unit of \$0.07 million, and unrestricted investment earnings of \$0.14 million; offset by decreases in the following: operating grants and contributions of (\$1.44 million), and capital grants of (\$0.52 million). The increase in expenses in comparison to last year was \$1.42 million, resulting from increases in the following: general government \$0.57 million, public safety \$0.16 million, transportation \$0.14 million and interest on long-term debt \$0.85 million; offset by decreases in the following: economic environment (\$0.25 million), culture and recreation (\$0.05 million).
- Business-type funds revenues were \$18,503,139 a decrease of 7.35% or \$1,468,521 before transfers in of \$23,665, and expenses were \$24,442,122, an increase of 11.60% or a \$2,540,932 increase from the previous year. The decrease in revenue from the prior year is mainly attributable to the decrease in capital grants and contributions (\$1.55 million). The increase in expenses in comparison to the prior year is mainly attributable to the increase in stormwater \$2.28 million.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$14,800,370, an increase of \$458,230; of which there were increases in the General Fund of \$0.39 million and the restricted revenue and grant funding of \$1.68 million and decreases in the debt service reserve of (\$0.78 million) and the capital project funds of (\$0.83 million).

The long-term debt, net of current portion, of the City on 9/30/16 was \$88,781,701, a decrease of \$0.63 million or 0.71%. 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 position changed during the most recent fiscal year. All changes in net position 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$119,958,645 at the close of the most recent fiscal year.

Approximately 90% of the City's net position reflects 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.

City of Fort Pierce Net Position - FY 2016 and 2015

	Governmental		Business Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other Assets	20,748,419	23,917,867	4,966,840	8,284,099	25,715,259	32,201,966
Capital Assets	109,411,333	110,409,353	88,653,577	91,977,228	198,064,910	202,386,581
Total Assets	130,159,752	134,327,220	93,620,417	100,261,327	223,780,169	234,588,547
Deferred Outflows	9,893,683	5,612,512	912,309	908,787	10,805,992	6,521,299
Long-term Liabilities O/S	82,223,230	81,773,539	20,066,432	20,907,137	102,289,662	102,680,676
Other Liabilities	6,840,607	6,986,061	3,574,630	3,727,313	10,415,237	10,713,374
Total Liabilities	89,063,837	88,759,600	23,641,062	24,634,450	112,704,899	113,394,050
Deferred Inflows	1,651,299	1,387,724	271,318	-	1,922,617	1,387,724
Net Position:						
Net Invested in Capital Assets	39,077,396	37,055,350	69,349,261	72,258,131	108,426,657	109,313,481
Restricted	5,300,896	6,911,826	-	-	5,300,896	6,911,826
Unrestricted	4,960,007	5,825,232	1,271,085	4,277,533	6,231,092	10,102,765
Total Net Position	49,338,299	49,792,408	70,620,346	76,535,664	119,958,645	126,328,072

The City's net position decreased by \$6,369,427 during the fiscal year, the net position of the Governmental Funds decreased by \$0.45 million and business type funds decreased by \$5.92 million. Assets of the Governmental Funds increased \$0.11 million and liabilities increased by \$0.57 million. In the enterprise funds, the assets had a decrease of 6.56% or approximately \$6.64 million and liabilities had a decrease of 2.93% or approximately \$0.72 million.

City of Fort Pierce Statement of Activities- FY 2016 and 2015

	Governmental		Business Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	9,450,317	7,928,394	18,047,367	17,976,907	27,497,684	25,905,301
Operating grants and Contributions	385,082	1,823,584	-	-	385,082	1,823,584
Capital Grants and Contributions	-	527,089	407,561	1,959,954	407,561	2,487,043
General Revenues:						
Ad Valorem Taxes	13,171,397	11,882,126	-	-	13,171,397	11,882,126
Other Taxes	6,344,386	6,281,928	-	-	6,344,386	6,281,928
Unrestricted grants and contributions	-	-	-	-	-	-
Intergovernmental	3,292,726	3,151,267	-	-	3,292,726	3,151,267
Miscellaneous	201,096	259,054	-	-	201,096	259,054
Contributions from Component Units	5,809,302	5,735,240	-	-	5,809,302	5,735,240
Unrestricted investment earnings	305,599	166,607	48,211	34,799	353,810	201,406
Total Revenues	38,959,905	37,755,289	18,503,139	19,971,660	57,463,044	57,726,949

City of Fort Pierce Statement of Activities- FY 2016 and 2015 (Cont.)

	Governmental		Business Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Expenses						
General government	10,188,059	9,615,174	-	-	10,188,059	9,615,174
Public safety	15,293,734	15,130,557	-	-	15,293,734	15,130,557
Transportation	5,868,560	5,729,773	-	-	5,868,560	5,729,773
Economic Environment	1,262,385	1,513,335	-	-	1,262,385	1,513,335
Culture & recreation	2,153,169	2,206,744	-	-	2,153,169	2,206,744
Interest on long-term debt	4,624,442	3,778,626	-	-	4,624,442	3,778,626
Solid Waste	-	-	5,689,842	5,708,431	5,689,842	5,708,431
Marina	-	-	3,512,275	3,344,558	3,512,275	3,344,558
Stormwater	-	-	7,939,853	5,658,447	7,939,853	5,658,447
Golf Course	-	-	1,510,721	1,574,074	1,510,721	1,574,074
Sunrise Theatre	-	-	4,595,335	4,440,222	4,595,335	4,440,222
Building Department	-	-	1,194,096	1,175,458	1,194,096	1,175,458
Total Expenses	39,390,349	37,974,209	24,442,122	21,901,190	63,832,471	59,875,399
Increase (Decrease) in net position						
before transfers	(430,444)	(218,920)	(5,938,983)	(1,929,530)	(6,369,427)	(2,148,450)
Transfers In (Out)	(23,665)	847,537	23,665	(847,537)	-	-
Changes in net position	(454,109)	628,617	(5,915,318)	(2,777,067)	(6,369,427)	(2,148,450)
Net Position - Beginning	49,792,408	49,163,791	76,535,664	79,312,731	126,328,072	128,476,522
Net Position - Ending	49,338,299	49,792,408	70,620,346	76,535,664	119,958,645	126,328,072

Governmental activities. Governmental activities accounted for a negative decline of \$454,109 in net position of the City.

Revenues increased \$1,204,616 or 3.19% in Fiscal Year 2016. There are increases and decreases in a few categories; charges for services increased \$1.52 million. Property values continue to gradually increase, resulting in an increase of \$1,289,271 in ad valorem revenue. Operating grants and capital grants and contributions decreased by \$1.49 million and \$0.52 million respectively. The 3.73% or \$1.42 million increase in expenses was attributed to a decrease of (\$0.25 million) in economic environment and (\$0.05 million) in culture and recreation and the remaining increases of \$1.72 million are between the following categories: general government \$0.57 million, public safety \$0.16 million, transportation \$0.14 million and interest on debt service cost \$0.85 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 \$2.54 million, the golf course, solid waste, and the building department expenses are consistent with 2015. The marina, the theatre, and the stormwater utility program expenses increased \$0.17 million, \$0.16 million, and \$2.28 million respectively. Revenues decreased \$1.47 million, operating and capital grants accounted for \$1.55 million of the

decrease; charges for services recorded an increase of \$0.07 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, unassigned 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 \$14,800,370 an increase of \$458,230 in comparison with the prior year. The non-spendable portion is \$333,287, restricted is \$9,746,492, \$550,000 is committed, \$3,767,310 is assigned and \$403,281 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 2016 is \$4,852,321, which increased \$0.39 million. The 9% increase relates to the increase in tax revenues while working to maintain expenses. The increase in fund balance is reflective in the change in the non-spendable portion relating to prepaid items and the unassigned. The debt service reserve fund balance is \$2,974,093, a decrease of \$0.78 million, which represent payment of interest and principal on debt. Capital projects fund balance is \$2,326,803, a decrease of \$0.83 million, which represent construction of infrastructure and other capital improvements. Finally the fund balance in the special revenue funds at 9/30/2016 is \$4,647,153, an increase of \$1.68 million, \$0.85 million of the increase relates to the increase in funds reserved for special purposes and projects, \$0.83 million relates to funding reserved for grants .

Business Type Funds. The enterprise funds have unrestricted net position of \$1,271,085. Net investment in capital assets is \$69,349,261 with a combined net position total of \$70,620,346. The decrease in net position is reflective of the increase in stormwater expenses relating to stormwater improvements.

General Fund Budgetary Highlights

The General Fund 2016 budget revenue was \$35,929,757; the amount realized was \$34,982,700, a decrease of (\$947,057) or (2.64%). The expenditure budget was \$35,853,263, and the actual amount was \$34,592,014, a reduction of (\$1,261,249) or (3.52%). 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 \$390,686; the changes were substantial in some categories and listed below are the major notable amendments:

- \$572,287 or 3.02% increase in taxes; increases in ad valorem taxes \$77,901, local option taxes \$157,894, and utility and other taxes \$336,492.
- \$26,395 or 7.58% increase in licenses and permits; \$6,189 less in occupational licenses and \$110,584 more in other permits.
- \$134,265 or 80.16% increase in fines and forfeitures; violation of local ordinances produced \$131,064 more and court fines produced \$3,201 more.
- \$87,311 or 43.34% increase in charges for services; community center produced \$60,265

more, \$23,400 more in record searches, investigative and application fees, and \$3,646 in other service charges.

- \$489,786 or 16.36% increase in intergovernmental revenue; \$173,800 increase in state shared revenue, \$266,089 increase in half cent sales tax and \$49,897 more in other intergovernmental.
- \$301,811 or 161.01% increase in miscellaneous revenue; \$72,396 increase in interest, rent, special assessments and other miscellaneous contractual, miscellaneous revenues and reimbursements increased \$217,045.
- (\$104,044) or (9.33%) decrease in reimbursement by other funds; administrative fees were not as much as budgeted.
- (\$2,476,240) or (21.62%) decrease in other financing sources: \$1,400,000 budgeted transfer was recorded as an interfund loan, \$237,770 decrease in transfer from Community Redevelopment Agency, \$855,000 decrease in transfer from solid waste, and \$16,530 more in transfer from FPUA.
- (\$1,714,194) or 2240.95% decrease in Fund Balance Appropriation; no additional fund balance appropriation was needed for fiscal 2016.
- \$1,261,249 or 3.52% decrease in expenditures from various departments. The major decreases were: Administration \$494,941, Public safety \$536,938, Culture and Recreation \$116,517 and transfers out \$319,361. The decreases in expenditures were off-set by major increases in City attorney \$268,947, and Building maintenance \$81,017.

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, 2016 amounts to \$198,064,910 (this is net of accumulated depreciation). Significant additions during the year consisted of improvements at the fishing pier and the HD King power plant site, street reconstruction, and equipment and machinery. See Note H for detail information on the primary government's Capital Assets.

City of Fort Pierce Capital Assets - FY 2016 and 2015 (net of depreciation)						
	Governmental <u>Activities</u>		Business Type <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land & CIP	27,282,256	28,766,172	690,670	674,008	27,972,296	29,440,180
Buildings	28,439,297	29,330,113	11,267,089	11,855,929	39,706,386	41,186,042
Improvements Other than Buildings	22,369,602	20,837,402	75,439,154	77,870,289	97,808,756	98,707,691
Machinery & Equipment	4,167,975	2,913,636	1,256,664	1,577,002	5,424,639	4,490,638
Infrastructure	27,152,203	28,562,030	-	-	27,152,203	28,562,030
Total	109,411,333	110,409,353	88,653,577	91,977,228	198,064,910	202,386,581

Debt. At the end of the current fiscal year, the City had total long-term debt outstanding, net of current portion of \$88,781,701.

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue bonds, road improvement notes & intergovernmental notes	74,582,140	73,844,605	19,304,316	19,719,097	93,886,456	93,563,702
Less current portion	(3,917,765)	(3,253,108)	(1,186,990)	(894,038)	(5,104,755)	(4,417,146)
Long-term debt, net of current portion	<u>70,664,375</u>	<u>70,591,497</u>	<u>18,117,326</u>	<u>18,825,059</u>	<u>88,781,701</u>	<u>89,416,556</u>

The City’s long-term debt, net of current portion debt decreased during the year by a net \$0.63 million. The City continues to work on redevelopment projects issued under previous bond issues. The Notes to the Financial Statements (Note K) has additional information on all debt activity.

All bonded debt is insured and carries ratings from Moody’s of A1, as of September 30. 2016. 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 2017 budget began with a 1.4% decrease or \$50,142 in the General Fund Budget, of which \$600,000 was restricted, and expenditures exceeding revenues by approximately \$600,000; savings from the 2014 – 2015 budget was used to fund the shortfall.

Some of the significant factors considered in preparing the City’s Annual General Fund Budget for Fiscal Year 2017, that caused and closed the budget gap are listed below:

- In the General Fund, the City’s taxable valuation is \$2,109,164,737 compared to last year’s final valuation of \$1,987,410,139. This represents an increase of approximately 6.13% or \$121,754,598. This increase in property values and the City Commission electing to maintain the millage rate at 6.9000 helped to balance the budget. Maintaining the millage rate generated \$0.86 million, of which \$400,000 was restricted to be used to finance much needed future capital projects and purchases and an additional \$200,000 is restricted to repay the interfund loan from FY 2016.
- The City budgeted to receive from the Utilities Authority approximately \$163,446 in additional transfers under the 6% computation; using of the power cost adjustment for electric and gas for twelve months.

- In FY 2016 the City refunded a portion of its debt resulting in a budgeted savings of \$289,657 for 2017.
- The City appropriated \$0.71 million from fund balance to balance General Fund's budget.
- In the 2017 budget (General Fund) the personnel services included a 2.5% pay increase for all employees. General members' retirement rate is 14.89%, down from 15.03%. Police officers retirement rate increased to 14.61% from 13.76%. These wage and benefit changes equated to an increase of \$371,947.
- The 2017 budget (General Fund) included the addition of 9 personnel positions; four positions in the City Attorney Office, 4 Police Officers, and 1 mechanic. The addition of these positions equated to an increase of \$603,028.
- The Fort Pierce Redevelopment Agency tax increment financing (TIF) is steadily continuing to increase. The slight increase in property tax values and the maintaining the millage rate resulted in an increase of \$733,864; from \$4.3 million to \$5.0 million. The Agency refunded a portion of its debt resulting in a current year budget savings of \$437,229. 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. Transfers from General are used to help balance the budget.
- As for the business-type activities, the Marina, Solid Waste, and Stormwater operations had to make up their budget shortfalls by appropriating retained earnings of \$376,154, \$367,431, and \$640,033 in 2017. Transfers from other funds were used to balance the budget of the Sunrise Theatre (\$450,000 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.



THIS PAGE INTENTIONALLY LEFT BLANK



BASIC FINANCIAL STATEMENTS



THIS PAGE INTENTIONALLY LEFT BLANK



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Fort Pierce, Florida
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
ASSETS				
Current assets:				
Cash and investments	\$ 14,348,534	\$ 3,102,137	\$ 17,450,671	\$ 25,019,942
Receivables (net of allowance for uncollectibles)	1,513,011	2,247,143	3,760,154	14,503,250
Due from component unit	379,472	667,142	1,046,614	-
Internal balances	1,788,428	(1,788,428)	-	-
Due from other governments	259,521	300,020	559,541	424,046
Inventories and other current assets	333,287	235,381	568,668	4,588,188
Restricted Assets:				
Temporarily restricted:				
Cash and investments	-	174,238	174,238	28,432,016
Total current assets	18,622,253	4,937,633	23,559,886	72,967,442
Noncurrent assets:				
Prepaid Insurance	115,517	29,207	144,724	-
Notes Receivable	2,010,649	-	2,010,649	-
FMPA working capital receivable	-	-	-	1,918,608
Investment in Public Gas Partners Pool	-	-	-	536,803
Capital assets, not being depreciated:				
Land	27,040,394	674,008	27,714,402	10,046,000
Construction in progress	241,862	16,662	258,524	22,547,434
Capital assets (net of accumulated depreciation):				
Buildings	42,508,571	17,903,077	60,411,648	-
Improvements other than buildings	43,000,333	97,023,886	140,024,219	-
Equipment	17,544,606	9,720,347	27,264,953	-
Infrastructure	108,924,361	-	108,924,361	424,801,873
Accumulated depreciation	(129,848,794)	(36,684,403)	(166,533,197)	(241,651,424)
Total noncurrent assets	111,537,499	88,682,784	200,220,283	218,199,294
Total assets	\$ 130,159,752	\$ 93,620,417	\$ 223,780,169	\$ 291,166,736
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	4,248,203	-	4,248,203	151,314
Pensions	5,645,480	912,309	6,557,789	4,891,157
Total deferred outflows of resources	9,893,683	912,309	10,805,992	5,042,471

The accompanying notes are an integral part of this statement.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 833,370	\$ 1,320,320	\$ 2,153,690	\$ 7,899,606
Unearned revenue	203,043	644,419	847,462	859,226
Accrued compensated absences	92,832	49,360	142,192	24,000
Capital leases payable	-	-	-	37,953
Due to other governments	1,250,000	-	1,250,000	912,879
Notes and revenue bonds-current	3,917,765	1,186,990	5,104,755	7,367,000
Accrued interest payable	438,342	199,303	637,645	971,458
Liabilities payable from restricted assets:				
Customer deposits	105,255	174,238	279,493	8,024,037
Total current liabilities	6,840,607	3,574,630	10,415,237	26,096,159
Noncurrent liabilities:				
Notes and bonds payable, net	70,664,375	18,117,326	88,781,701	71,216,489
Capital Leases	-	-	-	10,650
Accrued compensated absences	2,843,356	527,269	3,370,625	1,778,393
Other post employment benefits	855,395	152,811	1,008,206	711,000
Net Pension Liability	7,860,104	1,269,026	9,129,130	6,655,066
Total noncurrent liabilities	82,223,230	20,066,432	102,289,662	80,371,598
Total liabilities	89,063,837	23,641,062	112,704,899	106,467,757
DEFERRED INFLOWS OF RESOURCES				
Payments received in advance	-	-	-	3,516,266
Pensions	1,651,299	271,318	1,922,617	1,228,043
Total deferred inflows of resources	1,651,299	271,318	1,922,617	4,744,309
NET POSITION				
Net Invested in capital assets	39,077,396	69,349,261	108,426,657	137,336,307
Restricted for:				
Capital projects	2,326,803	-	2,326,803	-
Capital improvement charges	-	-	-	5,212,696
Debt service and other	2,974,093	-	2,974,093	6,856,825
Unrestricted	4,960,007	1,271,085	6,231,092	35,591,313
Total net position	\$ 49,338,299	\$ 70,620,346	\$ 119,958,645	\$ 184,997,141

City of Fort Pierce, Florida
STATEMENT OF ACTIVITIES
Year ended September 30, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,188,059	\$ 1,180,822	\$ 1,111	\$ -
Public safety	15,293,734	559,349	383,971	-
Transportation	5,868,560	246,932	-	-
Economic environment	1,262,385	7,296,531	-	-
Culture and recreation	2,153,169	166,683	-	-
Interest on long-term debt	4,624,442	-	-	-
Total governmental activities	<u>39,390,349</u>	<u>9,450,317</u>	<u>385,082</u>	<u>-</u>
Business-type activities:				
Solid waste	5,689,842	6,544,120	-	-
Marina	3,512,275	2,856,262	-	-
Storm Water	7,939,853	2,708,419	-	338,619
Golf Course	1,510,721	1,235,869	-	-
Sunrise Theatre	4,595,335	3,342,281	-	68,942
Building Fund	1,194,096	1,360,416	-	-
Total business-type activities	<u>24,442,122</u>	<u>18,047,367</u>	<u>-</u>	<u>407,561</u>
Total primary government	<u>\$ 63,832,471</u>	<u>\$ 27,497,684</u>	<u>\$ 385,082</u>	<u>\$ 407,561</u>
Component units:				
Fort Pierce Utilities Authority	\$ 93,395,336	\$ 98,421,309	\$ -	\$ 1,649,604
Total component units	<u>\$ 93,395,336</u>	<u>\$ 98,421,309</u>	<u>\$ -</u>	<u>\$ 1,649,604</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.

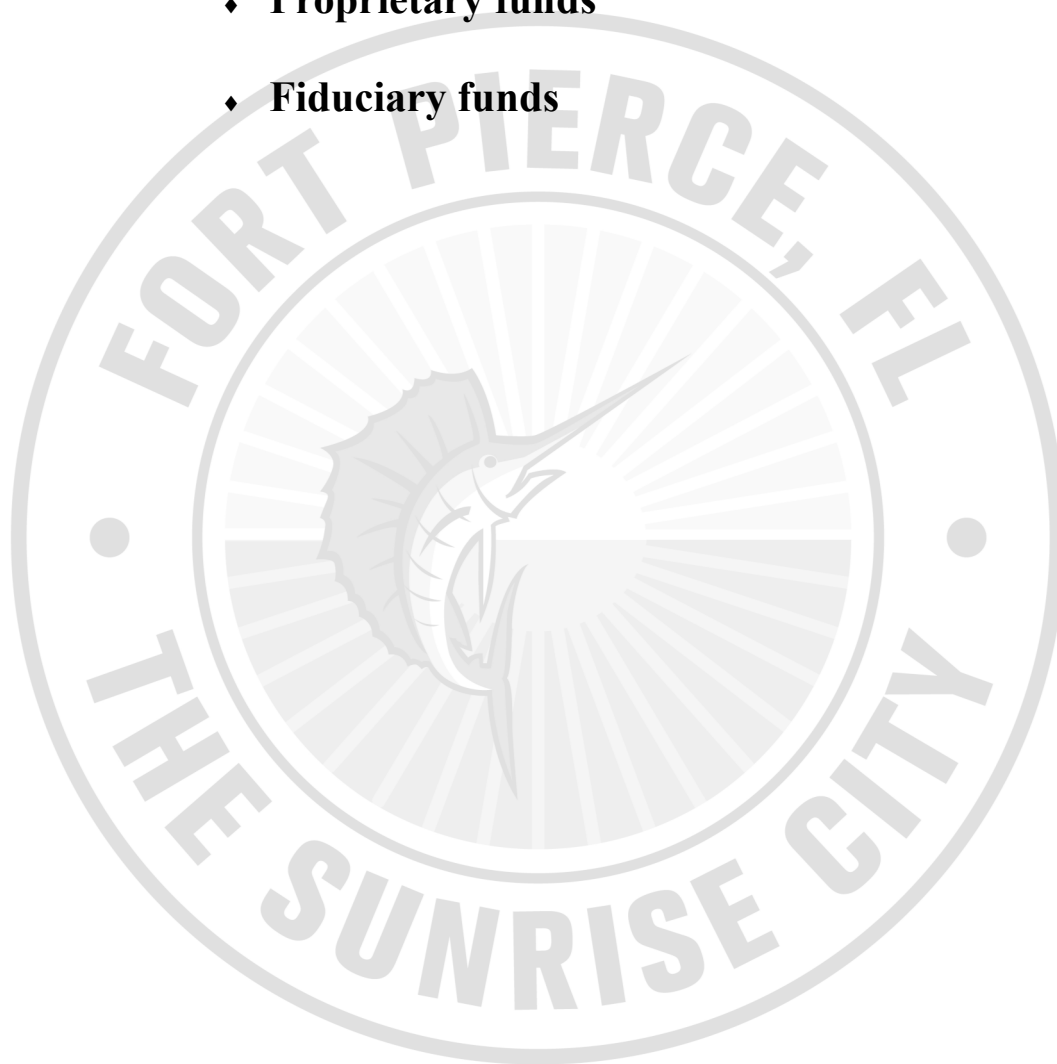
Net (expense) Revenue and Change in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Fort Pierce Utilities Authority
\$ (9,006,126)	\$ -	\$ (9,006,126)	\$ -
(14,350,414)	-	(14,350,414)	-
(5,621,628)	-	(5,621,628)	-
6,034,146	-	6,034,146	-
(1,986,486)	-	(1,986,486)	-
(4,624,442)	-	(4,624,442)	-
<u>(29,554,950)</u>	<u>-</u>	<u>(29,554,950)</u>	<u>-</u>
-	854,278	854,278	-
-	(656,013)	(656,013)	-
-	(4,892,815)	(4,892,815)	-
-	(274,852)	(274,852)	-
-	(1,184,112)	(1,184,112)	-
-	166,320	166,320	-
<u>-</u>	<u>(5,987,194)</u>	<u>(5,987,194)</u>	<u>-</u>
<u>\$ (29,554,950)</u>	<u>\$ (5,987,194)</u>	<u>\$ (35,542,144)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,675,577</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,675,577</u>
\$ 13,171,397	-	\$ 13,171,397	\$ -
2,082,894	-	2,082,894	-
4,261,492	-	4,261,492	-
1,323,800	-	1,323,800	-
1,666,089	-	1,666,089	-
302,837	-	302,837	-
5,809,302	-	5,809,302	(5,809,342)
201,096	-	201,096	-
305,599	48,211	353,810	2,136,071
-	-	-	21,257
(23,665)	23,665	-	-
<u>29,100,841</u>	<u>71,876</u>	<u>29,172,717</u>	<u>(3,652,014)</u>
(454,109)	(5,915,318)	(6,369,427)	3,023,563
<u>49,792,408</u>	<u>76,535,664</u>	<u>126,328,072</u>	<u>181,973,578</u>
<u>\$ 49,338,299</u>	<u>\$ 70,620,346</u>	<u>\$ 119,958,645</u>	<u>\$ 184,997,141</u>

THIS PAGE INTENTIONALLY LEFT BLANK



FUND FINANCIAL STATEMENTS

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



City of Fort Pierce, Florida
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016

	General Fund	Community Redevelopment Agency
ASSETS		
Cash and investments	\$ 6,687,473	\$ 181,920
Accounts receivables	4,619,047	248,438
Liens receivables	4,038,556	-
Due from component unit	259,256	120,216
Due from other funds	1,033,279	-
Advances to other funds	-	-
Due from other governments	72,585	-
Prepaid items	246,966	13,355
Inventories	69,748	-
Notes receivable	-	-
Total assets	\$ 17,026,910	\$ 563,929
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 744,259	\$ 18,800
Contracts payable - retainage	24,186	-
Deposits	105,255	-
Due to other funds	-	16,857
Advances from other funds	1,242,991	-
Revenue in advance	203,042	-
Total liabilities	2,319,733	35,657
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	9,854,856	246,390
Total Deferred Inflows	9,854,856	246,390
FUND BALANCES		
Nonspendable	316,714	13,355
Restricted	-	268,527
Committed	550,000	-
Assigned	3,582,326	-
Unassigned	403,281	-
Total fund balances	4,852,321	281,882
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,026,910	\$ 563,929

The accompanying notes are an integral part of this statement.

Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
\$ 912,306	\$ 6,566,835	\$ 14,348,534
50	27,950	4,895,485
-	-	4,038,556
-	-	379,472
-	-	1,033,279
-	2,177,469	2,177,469
-	186,936	259,521
-	3,218	263,539
-	-	69,748
1,711,198	299,451	2,010,649
<u>\$ 2,623,554</u>	<u>\$ 9,261,859</u>	<u>\$ 29,476,252</u>
\$ 4,502	\$ 41,623	\$ 809,184
-	-	24,186
-	-	105,255
-	162,472	179,329
-	-	1,242,991
-	-	203,042
<u>4,502</u>	<u>204,095</u>	<u>2,563,987</u>
1,711,198	299,451	12,111,895
<u>1,711,198</u>	<u>299,451</u>	<u>12,111,895</u>
-	3,218	333,287
907,854	8,570,111	9,746,492
-	-	550,000
-	184,984	3,767,310
-	-	403,281
<u>907,854</u>	<u>8,758,313</u>	<u>14,800,370</u>
<u>\$ 2,623,554</u>	<u>\$ 9,261,859</u>	<u>\$ 29,476,252</u>

City of Fort Pierce, Florida

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

September 30, 2016

Total fund balance per this statement	\$	14,800,370
Amounts reported for governmental activities in the Statement of Net Position 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 \$239,260,127 and the accumulated depreciation is \$129,848,794		109,411,333
Deferred inflows related to pensions are not financial resources and therefore are not reported in governmental funds		(1,651,299)
Long-term liabilities (capital lease obligations, intergovernmental notes, other post employment benefits, accrued compensated absences, and pension liability) of \$85,948,059 plus unamortized premiums of \$285,768 are not due and payable and therefore, are not reported in the funds.		(86,233,827)
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.		(438,342)
Insurance costs related to debt issuances and deferred charges on refundings 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.		4,363,720
Deferred outflows related to pensions are not financial resources and therefore are not reported in governmental funds		5,645,480
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 unavailable revenue in the funds.		3,440,864
Net position of governmental activities	\$	<u>49,338,299</u>

The accompanying notes are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK



City of Fort Pierce, Florida
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**
GOVERNMENTAL FUNDS
Year ended September 30, 2016

	General Fund	Community Redevelopment Agency
Revenues		
Taxes	\$ 19,515,783	\$ -
Licenses and permits	374,395	104
Intergovernmental	3,483,786	4,492,393
Charges for services	288,911	-
Fines and forfeitures	301,765	-
Contributions from component unit	5,809,302	-
Investment income	124,661	6,126
Other	1,916,430	2,236,553
Total revenues	<u>31,815,033</u>	<u>6,735,176</u>
Expenditures		
Current		
General government	10,387,431	-
Public safety	13,153,489	-
Transportation	2,747,800	-
Economic environment	-	412,790
Culture and recreation	1,902,214	-
Capital outlay	1,118,881	1,082,579
Debt service		
Principal	-	-
Interest and fees	40,048	1,004,529
Other	-	-
Total expenditures	<u>29,349,863</u>	<u>2,499,898</u>
Excess of revenues over (under) expenditures	2,465,170	4,235,278
Other financing sources (uses)		
Transfers in	3,167,667	1,457,351
Proceeds on Refunding Notes	-	-
Payment on Current Refunding	-	-
Payment on Advance Refunding	-	-
Transfers out	(5,242,151)	(5,499,974)
Total other financing sources (uses)	<u>(2,074,484)</u>	<u>(4,042,623)</u>
Net change in fund balances	390,686	192,655
Fund balances - beginning of year	<u>4,461,635</u>	<u>89,227</u>
Fund balances - end of year	<u>\$ 4,852,321</u>	<u>\$ 281,882</u>

The accompanying notes are an integral part of this statement.

Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ 19,515,783
-	-	374,499
566,682	1,357,086	9,899,947
-	-	288,911
-	-	301,765
-	-	5,809,302
65,464	109,348	305,599
110,347	825,478	5,088,808
<u>742,493</u>	<u>2,291,912</u>	<u>41,584,614</u>
-	21,704	10,409,135
-	716,699	13,870,188
-	-	2,747,800
35,666	734,206	1,182,662
-	-	1,902,214
-	1,052,048	3,253,508
-	3,788,108	3,788,108
-	2,890,588	3,935,165
-	552,254	552,254
<u>35,666</u>	<u>9,755,607</u>	<u>41,641,034</u>
706,827	(7,463,695)	(56,420)
-	6,200,993	10,826,011
-	59,370,000	59,370,000
-	(17,400,000)	(17,400,000)
-	(41,299,060)	(41,299,060)
-	(240,176)	(10,982,301)
<u>-</u>	<u>6,631,757</u>	<u>514,650</u>
706,827	(831,938)	458,230
201,027	9,590,251	14,342,140
<u>\$ 907,854</u>	<u>\$ 8,758,313</u>	<u>\$ 14,800,370</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, 2016

Net change in fund balances-total governmental funds	\$	458,230
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(\$4,370,433) exceeds capital outlay(\$3,253,508) in the current period.		(1,116,925)
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.		(13,721)
Repayment of bond and note principal (\$3,788,108) are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		3,788,108
Note proceeds (\$59,370,000) used to refund bonds (\$58,699,060) are other financing sources(uses) in the governmental funds, but increase(decrease) long-term liabilities in the Statement of Net Assets.		(670,940)
Compensated absences of (\$38,006) and other post employment benefits of (\$ 33,568) 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.		(71,574)
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.		212,185
Governmental funds do not recognize expenditures for the Change in Net Pension Liability each year. This represents the change in the Net Pension Liability in the current year.		(1,199,720)
Bond insurance costs and discounts are reported as expenditures when paid. In the Statement of Net Position these costs are amortized. Current year amortization expense was (\$457,844)		(457,844)
Net book value of capital assets transferred from enterprise fund to governmental funds		132,625
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.		(1,514,533)
Change in Net position of governmental activities	\$	<u><u>(454,109)</u></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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes	\$ 18,943,496	\$ 19,515,783	\$ 19,515,783	\$ -
Licenses and permits	348,000	374,395	374,395	-
Intergovernmental	2,994,000	3,483,786	3,483,786	-
Charges for services	201,600	288,911	288,911	-
Fines and forfeitures	167,500	301,765	301,765	-
Contributions from component unit	7,170,772	5,809,302	5,809,302	-
Investment income	55,000	124,661	124,661	-
Other	1,766,952	1,916,430	1,916,430	-
Total revenues	<u>31,647,320</u>	<u>31,815,033</u>	<u>31,815,033</u>	-
Expenditures				
General government	11,683,347	11,450,941	11,450,941	-
Public safety	13,745,446	13,208,508	13,208,508	-
Transportation	2,803,827	2,747,800	2,747,800	-
Culture and recreation	2,059,131	1,942,614	1,942,614	-
Total expenditures	<u>30,291,751</u>	<u>29,349,863</u>	<u>29,349,863</u>	-
Excess of revenues over expenditures	1,355,569	2,465,170	2,465,170	-
Other financing sources (uses)				
Transfers in	4,282,437	3,167,667	3,167,667	-
Transfers out	<u>(5,561,512)</u>	<u>(5,242,151)</u>	<u>(5,242,151)</u>	-
Total other financing sources (uses)	<u>(1,279,075)</u>	<u>(2,074,484)</u>	<u>(2,074,484)</u>	-
Net change in fund balances	76,494	390,686	390,686	-
Fund balance - beginning of year	<u>4,461,635</u>	<u>4,461,635</u>	<u>4,461,635</u>	-
Fund balance - end of year	<u>\$ 4,538,129</u>	<u>\$ 4,852,321</u>	<u>\$ 4,852,321</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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ 4,520,548	\$ 4,492,393	\$ 4,492,393	\$ -
Investment income	500	6,126	6,126	-
Other	160,000	2,236,657	2,236,657	-
Total revenues	<u>4,681,048</u>	<u>6,735,176</u>	<u>6,735,176</u>	<u>-</u>
Expenditures				
Current				
Economic environment	343,500	412,790	412,790	-
Capital outlay	-	1,082,579	1,082,579	-
Debt service	-	1,004,529	1,004,529	-
Total expenditures	<u>343,500</u>	<u>2,499,898</u>	<u>2,499,898</u>	<u>-</u>
Excess of revenues over expenditures	4,337,548	4,235,278	4,235,278	-
Other financing sources (uses)				
Transfers in	1,676,422	1,457,351	1,457,351	-
Transfers out	<u>(6,013,970)</u>	<u>(5,499,974)</u>	<u>(5,499,974)</u>	<u>-</u>
Total other financing sources (uses)	(4,337,548)	(4,042,623)	(4,042,623)	-
Net change in fund balances	-	192,655	192,655	-
Fund balance - beginning of year	<u>89,227</u>	<u>89,227</u>	<u>89,227</u>	<u>-</u>
Fund balance - end of year	<u>\$ 89,227</u>	<u>\$ 281,882</u>	<u>\$ 281,882</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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ 50,000	\$ 566,682	\$ 566,682	\$ -
Investment income	25,250	65,464	65,464	-
Other	168,000	110,347	110,347	-
Total revenues	<u>243,250</u>	<u>742,493</u>	<u>742,493</u>	<u>-</u>
Expenditures				
Current				
Economic environment	<u>243,250</u>	<u>35,666</u>	<u>35,666</u>	<u>-</u>
Total expenditures	<u>243,250</u>	<u>35,666</u>	<u>35,666</u>	<u>-</u>
Excess of revenues over(under) expenditures	-	706,827	706,827	-
Fund balance - beginning of year	<u>201,027</u>	<u>201,027</u>	<u>201,027</u>	<u>-</u>
Fund balance - end of year	<u>\$ 201,027</u>	<u>\$ 907,854</u>	<u>\$ 907,854</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

City of Fort Pierce, Florida
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
September 30, 2016

	Business-type Activities		
	Solid Waste	Marina	Storm Water
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 198,934	\$ 269,830	\$ 1,467,304
Receivables - net of allowances:			
Accounts	803,955	97,350	1,152,667
Unbilled services	187,488	-	-
Due from component units	666,905	-	-
Due from other governments	-	-	300,020
Inventories and other current assets	58,914	61,065	-
Restricted Assets			
Cash and investments	-	96,822	-
Total current assets	<u>1,916,196</u>	<u>525,067</u>	<u>2,919,991</u>
NON-CURRENT ASSETS			
Prepaid Insurance	-	6,686	22,521
Non-depreciable capital assets			
Land	-	9,197	-
Construction in progress	-	16,662	-
Depreciable capital assets			
Buildings	122,858	843,196	-
Improvements other than buildings	47,243	44,708,178	49,493,634
Equipment	7,907,753	187,436	765,646
Accumulated depreciation	<u>(7,072,540)</u>	<u>(9,613,331)</u>	<u>(12,349,934)</u>
Total non-current assets	<u>1,005,314</u>	<u>36,158,024</u>	<u>37,931,867</u>
Total assets	<u>2,921,510</u>	<u>36,683,091</u>	<u>40,851,858</u>
DEFERRED OUTFLOWS			
Pensions	<u>403,033</u>	<u>84,501</u>	<u>-</u>
Total deferred outflows	<u>403,033</u>	<u>84,501</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

<u>Golf Course</u>	<u>Sunrise Theatre</u>	<u>Building Fund</u>	<u>Business-type Activities Totals</u>
\$ 1,100	\$ 443,472	\$ 721,497	\$ 3,102,137
-	5,683	-	2,059,655
-	-	-	187,488
-	-	237	667,142
-	-	-	300,020
11,939	98,279	5,184	235,381
-	77,416	-	174,238
<u>13,039</u>	<u>624,850</u>	<u>726,918</u>	<u>6,726,061</u>
-	-	-	29,207
314,811	350,000	-	674,008
-	-	-	16,662
877,676	16,059,347	-	17,903,077
2,774,831	-	-	97,023,886
536,537	111,595	211,380	9,720,347
<u>(1,798,725)</u>	<u>(5,638,493)</u>	<u>(211,380)</u>	<u>(36,684,403)</u>
<u>2,705,130</u>	<u>10,882,449</u>	<u>-</u>	<u>88,682,784</u>
<u>2,718,169</u>	<u>11,507,299</u>	<u>726,918</u>	<u>95,408,845</u>
<u>134,095</u>	<u>123,472</u>	<u>167,208</u>	<u>912,309</u>
<u>134,095</u>	<u>123,472</u>	<u>167,208</u>	<u>912,309</u>

City of Fort Pierce, Florida
STATEMENT OF NET POSITION- (CONTINUED)
PROPRIETARY FUNDS
September 30, 2016

	Business-type Activities		
	Solid Waste	Marina	Storm Water
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 247,717	\$ 135,016	\$ 528,327
Contracts payable - retainage	-	-	246,061
Due to other funds	608,667	18,365	189,282
Accrued compensated absences	4,676	18,352	-
Revenue bonds - current	-	236,990	950,000
Accrued interest - revenue bonds and notes	-	-	199,303
Liabilities payable from restricted assets			
Customer deposits	-	96,822	-
Revenue in Advance	-	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities	861,060	505,545	2,112,973
NON-CURRENT LIABILITIES			
Advances from other funds	-	934,478	-
Other Post Employment Benefits	72,286	13,653	-
Accrued compensated absences	244,932	74,269	-
Net Pension Liability	560,621	117,541	-
Revenue bonds payable, net	-	5,354,556	12,762,770
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	877,839	6,494,497	12,762,770
	<hr/>	<hr/>	<hr/>
Total liabilities	1,738,899	7,000,042	14,875,743
DEFERRED INFLOWS			
Pensions	119,861	25,130	-
Total deferred inflows	<hr/>	<hr/>	<hr/>
	119,861	25,130	-
NET POSITION			
Net Invested in capital assets	1,005,314	30,559,792	24,196,576
Unrestricted	460,469	(817,372)	1,779,539
Total net position	<hr/>	<hr/>	<hr/>
	\$ 1,465,783	\$ 29,742,420	\$ 25,976,115

The accompanying notes are an integral part of this statement.

			Business-type Activities Totals	
Golf Course	Sunrise Theatre	Building Fund		
\$ 66,153	\$ 54,906	\$ 42,140	\$	1,074,259
-	-	-		246,061
27,612	2,500	7,524		853,950
3,665	6,039	16,628		49,360
-	-	-		1,186,990
-	-	-		199,303
-	77,416	-		174,238
-	644,419	-		644,419
97,430	785,280	66,292		4,428,580
-	-	-		934,478
28,622	20,810	17,440		152,811
64,040	90,886	53,142		527,269
186,527	171,750	232,587		1,269,026
-	-	-		18,117,326
279,189	283,446	303,169		21,000,910
376,619	1,068,726	369,461		25,429,490
39,880	36,720	49,727		271,318
39,880	36,720	49,727		271,318
2,705,130	10,882,449	-		69,349,261
(269,365)	(357,124)	474,938		1,271,085
\$ 2,435,765	\$ 10,525,325	\$ 474,938	\$	70,620,346

City of Fort Pierce, Florida
**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS**
Year ended September 30, 2016

	Business-type Activities		
	Solid Waste	Marina	Storm Water
Operating revenues			
Sales and charges for services	\$ 6,515,518	\$ 1,515,533	\$ 2,704,602
Gas and oil sales	-	840,315	-
Other	28,602	500,414	3,817
Total operating revenues	<u>6,544,120</u>	<u>2,856,262</u>	<u>2,708,419</u>
Operating expenses			
Personal services	1,941,936	344,175	-
General and administrative	80,108	-	233,894
Cost of goods and services sold	2,104,385	765,058	-
Depreciation	287,418	1,118,531	1,313,652
Other operating expenses	1,270,489	1,003,917	5,669,451
Total operating expenses	<u>5,684,336</u>	<u>3,231,681</u>	<u>7,216,997</u>
Operating income (loss)	859,784	(375,419)	(4,508,578)
Non-operating revenues (expenses)			
Investment income	-	1,599	42,720
Intergovernmental	-	-	338,619
Gain (Loss) on disposition of equipment	(5,506)	-	-
Interest expense	-	(280,594)	(722,856)
Total non-operating revenues (expenses)	<u>(5,506)</u>	<u>(278,995)</u>	<u>(341,517)</u>
Income (loss) before transfers and capital contributions	854,278	(654,414)	(4,850,095)
Transfers in	-	-	-
Transfers out	(477,625)	(150,000)	-
CHANGE IN NET POSITION	376,653	(804,414)	(4,850,095)
Total net position - beginning	<u>1,089,130</u>	<u>30,546,834</u>	<u>30,826,210</u>
Total net position - end of year	<u>\$ 1,465,783</u>	<u>\$ 29,742,420</u>	<u>\$ 25,976,115</u>

The accompanying notes are an integral part of this statement.

			Business-type Activities Totals
Golf Course	Sunrise Theatre	Building Fund	
\$ 1,230,305	\$ 3,063,990	\$ 1,346,835	\$ 16,376,783
-	-	-	840,315
5,564	278,291	13,581	830,269
<u>1,235,869</u>	<u>3,342,281</u>	<u>1,360,416</u>	<u>18,047,367</u>
697,317	494,225	708,123	4,185,776
57,538	114,885	-	486,425
42,309	1,550,247	-	4,461,999
136,142	535,707	-	3,391,450
577,415	1,900,271	485,973	10,907,516
<u>1,510,721</u>	<u>4,595,335</u>	<u>1,194,096</u>	<u>23,433,166</u>
(274,852)	(1,253,054)	166,320	(5,385,799)
189	1,046	2,657	48,211
-	68,942	-	407,561
-	-	-	(5,506)
-	-	-	(1,003,450)
<u>189</u>	<u>69,988</u>	<u>2,657</u>	<u>(553,184)</u>
(274,663)	(1,183,066)	168,977	(5,938,983)
229,290	450,000	-	679,290
<u>(28,000)</u>	<u>-</u>	<u>-</u>	<u>(655,625)</u>
(73,373)	(733,066)	168,977	(5,915,318)
<u>2,509,138</u>	<u>11,258,391</u>	<u>305,961</u>	<u>76,535,664</u>
<u>\$ 2,435,765</u>	<u>\$ 10,525,325</u>	<u>\$ 474,938</u>	<u>\$ 70,620,346</u>

City of Fort Pierce, Florida
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended September 30, 2016

	Business-type Activities	
	Solid Waste	Marina
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,426,366	\$ 2,646,707
Receipts from rental property	-	231,576
Payments to suppliers for goods and services	(3,991,198)	(1,926,926)
Payments to employees for services	(1,390,883)	(263,859)
Payments for benefits on behalf of employees	(601,577)	(96,025)
Net cash provided (used) by operating activities	442,708	591,473
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers (out)	(477,625)	(150,000)
Net cash provided (used) by noncapital financing activities	(477,625)	(150,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(156,585)	(30,019)
Receipts from Intergovernmental	-	-
Transfer of capital assets to governmental funds	132,625	-
Bond and loan principal payments	-	(229,038)
Bond and loan interest payments	-	(250,999)
Net cash provided (used) by capital and related financing activities	(23,960)	(510,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	-	1,599
Net cash provided (used) by investing activities	-	1,599
Net increase (decrease) in cash and investments	(58,877)	(66,984)
Cash and investments at beginning of year	257,811	433,636
Cash and investments at end of year	\$ 198,934	\$ 366,652
Cash and investments-unrestricted	\$ 198,934	\$ 269,830
Cash and investments-restricted	-	96,822
	\$ 198,934	\$ 366,652

The accompanying notes are an integral part of this statement.

				Business-type Activities Totals
Storm Water	Golf Course	Sunrise Theatre	Building Fund	
\$ 2,605,575	\$ 1,235,869	\$ 3,256,939	\$ 1,360,416	\$ 17,531,872
-	-	-	-	231,576
(5,447,220)	(696,121)	(3,687,193)	(503,767)	(16,252,425)
-	(425,810)	(357,696)	(504,323)	(2,942,571)
-	(296,092)	(113,282)	(197,821)	(1,304,797)
<u>(2,841,645)</u>	<u>(182,154)</u>	<u>(901,232)</u>	<u>154,505</u>	<u>(2,736,345)</u>
-	229,290	450,000	-	679,290
-	(28,000)	-	-	(655,625)
-	201,290	450,000	-	23,665
-	(19,325)	-	-	(205,929)
1,574,251	-	68,942	-	1,643,193
-	-	-	-	132,625
(190,000)	-	-	-	(419,038)
(835,841)	-	-	-	(1,086,840)
<u>548,410</u>	<u>(19,325)</u>	<u>68,942</u>	<u>-</u>	<u>64,011</u>
<u>42,720</u>	<u>189</u>	<u>1,046</u>	<u>2,657</u>	<u>48,211</u>
<u>42,720</u>	<u>189</u>	<u>1,046</u>	<u>2,657</u>	<u>48,211</u>
(2,250,515)	-	(381,244)	157,162	(2,600,458)
<u>3,717,819</u>	<u>1,100</u>	<u>902,132</u>	<u>564,335</u>	<u>5,876,833</u>
<u>\$ 1,467,304</u>	<u>\$ 1,100</u>	<u>\$ 520,888</u>	<u>\$ 721,497</u>	<u>\$ 3,276,375</u>
\$ 1,467,304	\$ 1,100	\$ 443,472	\$ 721,497	\$ 3,102,137
-	-	77,416	-	174,238
<u>\$ 1,467,304</u>	<u>\$ 1,100</u>	<u>\$ 520,888</u>	<u>\$ 721,497</u>	<u>\$ 3,276,375</u>

City of Fort Pierce, Florida
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
Year ended September 30, 2016

	Business-type Activities	
	Solid Waste	Marina
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 859,784	\$ (375,419)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	287,418	1,118,531
(Increase) decrease in accounts receivable	(68,581)	(11,227)
(Increase) decrease in due from component unit	(49,173)	-
(Increase) decrease in inventories and other current assets	(58,914)	(47,661)
(Increase) decrease in deferred outflows-pension	15,642	29
Increase (decrease) in accounts payable and accrued liabilities	(584,959)	4,877
Increase (decrease) in due to other funds	5,279	(128,251)
Increase (decrease) in customer deposits	-	33,248
Increase (decrease) in other post employment benefits	3,123	570
Increase (decrease) in Net Pension Liability	(66,847)	(9,144)
Increase (decrease) in Deferred Inflows	119,861	25,129
Increase (decrease) in accrued compensated absences	(19,925)	(19,209)
Net cash provided (used) by operating activities	<u>\$ 442,708</u>	<u>\$ 591,473</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>
\$ (4,508,578)	\$ (274,852)	\$ (1,253,054)	166,320	\$ (5,385,799)
1,313,652	136,142	535,707	-	3,391,450
(102,844)	-	(128)	-	(182,780)
-	-	-	-	(49,173)
2,303	(11,939)	(98,279)	(5,184)	(219,674)
-	509	(12,103)	(7,600)	(3,523)
399,069	(33,570)	(34,069)	(49,560)	(298,212)
54,753	(4,779)	500	5,697	(66,801)
-	-	(85,214)	-	(51,966)
-	934	863	1,166	6,656
-	(15,205)	4,841	(6,618)	(92,973)
-	39,881	36,720	49,727	271,318
-	(19,275)	2,984	557	(54,868)
<u>\$ (2,841,645)</u>	<u>\$ (182,154)</u>	<u>\$ (901,232)</u>	<u>\$ 154,505</u>	<u>\$ (2,736,345)</u>

THIS PAGE INTENTIONALLY LEFT BLANK



TRUST FUNDS

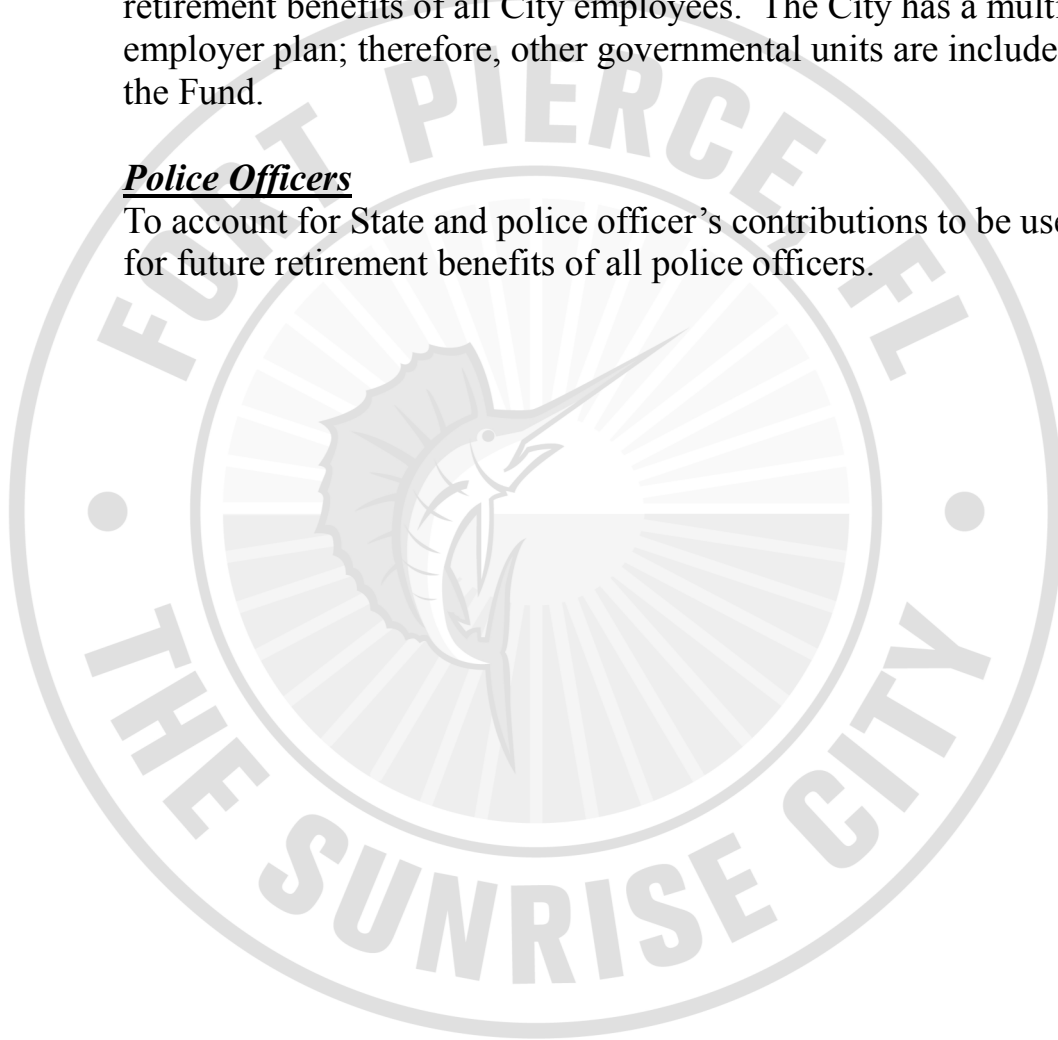
◆ Pension Trust

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, 2016

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 1,447,799
Investments, at fair value:	
U.S. Government Securities	17,254,100
Mutual Funds	103,947,909
Common Stock	17,300,997
Corporate Bonds	31,100,470
Real Estate Trust L.P.	20,372,890
Common Trust Fund	1,290,389
Money Market	2,444,812
Total investments	<u>193,711,567</u>
Total cash and investments	195,159,366
Accounts receivable	356,522
Accrued interest receivable	415,982
	<u>415,982</u>
Total assets	<u>195,931,870</u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	<u>56,832</u>
Total liabilities	<u>56,832</u>
 NET POSITION-RESTRICTED FOR PENSION BENEFITS	
	<u><u>\$ 195,875,038</u></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, 2016

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 4,211,312
Employees	2,005,283
State-Via the General Fund	<u>302,837</u>
Total contributions	6,519,432
Investment income	
Interest	2,336,011
Dividends	1,591,401
Net appreciation in fair value of investments	<u>14,271,231</u>
Total investment income	18,198,643
Investment expenses	<u>(806,537)</u>
Net investment income	17,392,106
Total additions	23,911,538
DEDUCTIONS	
Retirement benefits paid	13,389,859
Refunds of employee contributions	786,340
Administrative expenses	204,174
Insurance expense	<u>19,406</u>
Total deductions	<u>14,399,779</u>
Net Increase	9,511,759
NET POSITION-RESTRICTED FOR PENSION	
BENEFITS	
Beginning of year	<u>186,363,279</u>
End of year	<u>\$ 195,875,038</u>

The accompanying notes are an integral part of this statement.

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 34.8 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 44,484 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, 2016.

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 and the primary government has operational responsibility for the CRA.

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 and deferred outflows less liabilities and deferred inflows, 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 *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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 proprietary 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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

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 within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

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

b. Receivables and payables

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

f. Capital assets (continued)

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. Deferred outflows/inflows of resources

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category includes Deferred Charge on Refunding reported on the Government-wide Statement of Net Position. The deferred charge on refunding is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. This category also contains amounts related to pensions for certain actuarially determined differences projected and actual investment earnings.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenue received in advance, and amounts related to pensions for certain actuarially determined differences between projected and actual experience.

Deferred Inflows of Resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans and notes receivable. The city considers revenues available if they are collected within 60 days of the end of the fiscal year.

h. Compensated absences

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION (CONTINUED)

i. 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.

j. 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 insurance 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 insurance 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.

k. 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.

l. New Accounting Standards Adopted

In fiscal year 2016, the City implemented GASB Statement No. 72, Fair Value Measurement and Application. This statement updates the disclosure requirements for investments. There was no effect on beginning balances of the City.

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 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.

2. Fund Balance

There was a deficit fund balance in the Police Grants Special Revenue Fund in the current year. The deficit was created by unanticipated expenses in the current year in excess of allowable reimbursable costs of the grants. The city will reallocate costs with police services in the general fund to ensure that only reimbursable costs are allocated to the Police Grant Special Revenue Fund.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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 position.

“Total fund balances” as reported on the City’s Governmental Funds Balance Sheet \$14,800,370 differs from the “net position” of governmental activities \$49,338,299 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	\$ 27,282,256
Cost of capital assets, being depreciated	211,977,871
Accumulated depreciation	(129,848,794)
Total	<u>\$ 109,411,333</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, 2016 were:

Bonds and notes payable	\$ (74,582,140)
Other post employment benefits	(855,395)
Net Pension Liability	(7,860,104)
Compensated absences	(2,936,188)
Total	<u>\$ (86,233,827)</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>\$ (438,342)</u>
------------------------	---------------------

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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)

Prepaid Insurance and Deferred Charge on Refunding

Bond insurance costs and deferred charge on refunding in the Statement of Net Position differs from the amount reported in governmental funds because bond insurance costs and the difference between the carrying value of refunded debt and its reacquisition price 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 bond insurance costs	\$ 115,517
Net Deferred charge on refunding	\$ 4,248,203

Unavailable revenues

Unavailable 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 unavailable revenues. However, unavailable revenues in governmental funds are subject to full accrual on the government-wide financial statements.

Liens receivable	\$ 1,409,042
Loans receivable	21,173
Notes receivable	2,010,649
Deferred revenues	\$ 3,440,864

Deferred Inflows and Outflows from Pension Activity

Deferred inflows and outflows related to pensions are not financial resources and are not reported in governmental funds.

Deferred Inflows-Pensions	\$ (1,651,299)
Deferred Outflows-Pensions	\$ 5,645,480

Elimination of inter-fund receivables/payables

Inter-fund receivables and payables in the amount of \$389,041 between governmental funds have been eliminated for the Statement of Net Position.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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 \$458,230 differs from the “change in net position” for governmental activities (\$454,109) 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	\$ 3,253,508
Depreciation expense	(4,370,433)
	<u>\$ (1,116,925)</u>

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

Net book value of capital assets transferred in from an enterprise fund	\$ 132,625
Net book value of capital assets disposed	<u>\$ (13,721)</u>

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>\$ 3,788,108</u>
-------------------------	---------------------

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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	\$ (33,568)
Net change in compensated absences	\$ (38,006)
Net interest adjustment	\$ 212,185
Net Change in Pension Liability	\$ (1,199,720)

In the Statement of Activities, bond proceeds and Note proceeds increase long-term liabilities and current bond refundings reduce principal on outstanding debt. However, in the governmental funds, debt proceeds and current bond refundings are treated as other financing sources (uses) since they provide current financial resources to governmental funds.

Note Proceeds and Premium	\$ (59,370,000)
Payment on Bond Refunding	58,699,060
Bond proceeds in excess of payments	\$ (670,940)

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	\$ (457,844)
-----------------------	--------------

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	\$ (1,514,533)
--------------------------------	----------------

Reclassification and Eliminations

The General Fund recognizes revenues in the amount of \$1,096,455 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 \$10,958,636 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, 2016 was \$17,624,909 and the bank balance was \$18,891,686. 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, 2016, 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 Repurchase agreements (overnight), Treasury notes, and Government securities.

The City and FPUA also invests in the SBA Pooled Trust Funds which are 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 FPUA has a \$5,235,780 balance at September 30, 2016. The fair value of the position in the pool is valued the same as the pooled shares.

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.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE D – CASH AND INVESTMENTS (CONTINUED)

The City has implemented the GASB Statement No. 72 *Fair Value Measurement and Application* by categorizing its investments according to the fair market value hierarchy established by the statement. The hierarchy is based on the valuation input used to measure the fair value of the asset as follows:

- Level 1- inputs are quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2- inputs-other than quoted prices included within level 1-debt securities classified as level 2 are valued using a matrix pricing technique.
- Level 3- unobservable inputs for an asset or liability.

A summary of pooled cash and investments as of September 30, 2016 is as follows:

	Primary Government	Component Unit-FPUA
	<u> </u>	<u> </u>
Cash	\$ 3,189,167	\$ 1,461,975
Investments:		
Certificates of Deposit	10,546,183	1,724,487
State Board of Administration pooled trust fund	-	5,235,780
Florida Municipal Investment trust	586,987	-
Money market	-	7,061,714
Funds-held in escrow	1,785	-
Repurchase agreements	3,300,787	37,968,002
Total investments	<u>14,435,742</u>	<u>51,989,983</u>
Total pooled cash and investments	<u>\$ 17,624,909</u>	<u>\$ 53,451,958</u>

All investments held in the primary government and component unit at September 30, 2016 have maturity dates less than one year.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE D – CASH AND INVESTMENTS (CONTINUED)

A summary of investments held in pension trust funds as of September 30, 2016 is as follows:

	Fair Value Measurements		
	Level 1	Level 2	Level 3
U.S. Agencies	\$ 16,582,928	\$ -	\$ -
U.S. Treasuries	671,172	-	-
Corporate obligations	-	31,100,470	-
Common stock	17,300,997	-	-
Mutual funds-equity	103,947,909	-	-
Real estate trust L.P.	-	-	20,372,890
Common trust fund	-	-	1,290,389
Money market funds	2,444,812	-	-
	<u>\$140,947,818</u>	<u>\$ 31,100,470</u>	<u>\$21,663,279</u>

	Investment Maturities in Years					
	under 1	1-5	6-10	10-20	over 20	total
U.S. Agencies	\$ -	\$ 634,104	\$ 835,332	\$ 1,750,740	\$13,362,752	\$ 16,582,928
U.S. Treasuries	-	292,246	73,970	-	304,956	671,172
Corporate obligations	4,221,240	16,344,817	3,813,950	3,313,942	3,406,521	31,100,470
Common stock	17,300,997	-	-	-	-	17,300,997
Mutual funds-equity	103,947,909	-	-	-	-	103,947,909
Real estate trust L.P.	20,372,890	-	-	-	-	20,372,890
Common trust fund	1,290,389	-	-	-	-	1,290,389
Money market funds	2,444,812	-	-	-	-	2,444,812
	<u>\$ 149,578,237</u>	<u>\$ 17,271,167</u>	<u>\$ 4,723,252</u>	<u>\$ 5,064,682</u>	<u>\$17,074,229</u>	<u>\$ 193,711,567</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 Florida League of Cities.

NOTE D – CASH AND INVESTMENTS (CONTINUED)

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.

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.

NOTE D – CASH AND INVESTMENTS (CONTINUED)

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.

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, 2015, upon which the 2015-2016 levy is based, was \$1,947,781,445.

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 6.5786 mills for the General Fund for the fiscal year ended September 30, 2016.

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 \$4,121,301 the FPUA, respectively. The general fund accounts receivable is stated net of allowance for estimated uncollectibles of \$7,421,029. 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

Notes Receivable is comprised of various down payment assistance loans as part of the City's redevelopment plan. The terms of the 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 \$44,785 from U.S. Department of Housing & Urban Development, \$139,617 from Florida Department of Transportation, \$16,530 from the State of Florida, \$63,145 due from St. Lucie County, \$3,625 due from St. Lucie County Housing Authority, \$121,839 due from the Department of Justice, \$170,000 from the Florida Department of Environmental Protection.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE H - CAPITAL ASSETS

Capital asset activity of the **primary government** for the year ended September 30, 2016 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	\$ 27,045,583	\$ 8,531	\$ (13,720)	\$ -	\$ 27,040,394
Construction in Progress	1,720,589	241,862	-	(1,720,589)	241,862
Total capital assets, not being depreciated	28,766,172	250,393	(13,720)	(1,720,589)	27,282,256
Capital assets, being depreciated:					
Buildings	42,508,571	-	-	-	42,508,571
Improvements other than buildings	40,021,055	1,258,689	-	1,720,589	43,000,333
Equipment	15,842,043	1,744,426	(255,059)	213,196	17,544,606
Infrastructure	108,924,361	-	-	-	108,924,361
Total	207,296,030	3,003,115	(255,059)	1,933,785	211,977,871
Less accumulated depreciation for:					
Buildings	(13,178,458)	(890,816)	-	-	(14,069,274)
Improvements other than buildings	(19,183,653)	(1,447,078)	-	-	(20,630,731)
Equipment	(12,928,407)	(622,712)	255,059	(80,571)	(13,376,631)
Infrastructure	(80,362,331)	(1,409,827)	-	-	(81,772,158)
Total accumulated depreciation	(125,652,849)	(4,370,433)	255,059	(80,571)	(129,848,794)
Total capital assets, being depreciated, net	81,643,181	(1,367,318)	-	1,853,214	82,129,077
Total capital assets, net	<u>\$ 110,409,353</u>	<u>\$ (1,116,925)</u>	<u>\$ (13,720)</u>	<u>\$ 132,625</u>	<u>\$ 109,411,333</u>

Depreciation expense charged to functions/programs of the **primary government** (governmental activities) for the year ended September 30, 2016 was as follows:

Governmental activities:

General government	\$ 180,877
Public safety	703,911
Transportation	3,100,563
Economic environment	77,106
Culture and recreation	307,976
Total	<u>\$ 4,370,433</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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	-	16,662	-	-	16,662
Total capital assets, not being depreciated	674,008	16,662	-	-	690,670
Capital assets, being depreciated:					
Buildings	17,903,077	-	-	-	17,903,077
Improvements other than buildings	97,023,886	-	-	-	97,023,886
Equipment	10,201,005	189,266	(457,478)	(212,446)	9,720,347
Total	125,127,968	189,266	(457,478)	(212,446)	124,647,310
Less accumulated depreciation for:					
Buildings	(6,047,148)	(588,840)	-	-	(6,635,988)
Improvements other than buildings	(19,153,597)	(2,431,135)	-	-	(21,584,732)
Equipment	(8,624,003)	(371,475)	451,974	79,821	(8,463,683)
Total accumulated depreciation	(33,824,748)	(3,391,450)	451,974	79,821	(36,684,403)
Total capital assets, being depreciated, net	91,303,220	(3,202,184)	(5,504)	(132,625)	87,962,907
Total capital assets, net	<u>\$ 91,977,228</u>	<u>\$ (3,185,522)</u>	<u>\$ (5,504)</u>	<u>\$ (132,625)</u>	<u>\$ 88,653,577</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, 2016 was as follows:

Solid waste	\$ 287,418
Marina	1,118,531
Stormwater	1,313,652
Golf course	136,142
Sunrise Theatre	535,707
Building Fund	-
Total	<u>\$ 3,391,450</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE H - CAPITAL ASSETS (CONTINUED)

Capital asset activity of the **FPUA** (a component unit) for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Utility Plant, not being depreciated:				
Land	\$ 10,046,000	\$ -	\$ -	\$ 10,046,000
Construction Work in Progress	24,768,018	12,728,416	(14,949,000)	22,547,434
Total Utility Plant, not being depreciated	34,814,018	12,728,416	(14,949,000)	32,593,434
Utility Plant, being depreciated:				
Transmission, distribution and collection systems	330,813,742	7,784,131	(2,032,000)	336,565,873
Equipment	45,818,467	6,039,533	(666,000)	51,192,000
Structures and improvements	36,646,000	398,000	-	37,044,000
Total Utility Plant being depreciated	413,278,209	14,221,664	(2,698,000)	424,801,873
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(172,759,242)	(10,164,182)	2,032,000	(180,891,424)
Equipment	(35,778,000)	(2,185,000)	666,000	(37,297,000)
Structures and improvements	(22,715,000)	(748,000)	-	(23,463,000)
Total accumulated depreciation	(231,252,242)	(13,097,182)	2,698,000	(241,651,424)
Total Utility Plant, being depreciated, net	182,025,967	1,124,482	-	183,150,449
Total Utility Plant, net	<u>\$ 216,839,985</u>	<u>\$ 13,852,898</u>	<u>\$ (14,949,000)</u>	<u>\$ 215,743,883</u>

Construction work in progress at September 30, 2016 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 Governmental Accounting Standards Board Statement No. 62 as applicable. Total interest costs for the year ended September 30, 2016, were \$3,445,000 of which \$181,000 was capitalized as plant utility construction costs.

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

	Project Total	Expended to Date	Remaining Commitment	Required Further Financing
Water	\$ 2,875,000	\$ 2,018,000	\$ 857,000	None
Wastewater	820,000	577,000	243,000	None
Gas	190,000	37,000	153,000	None
Electric	7,000	3,000	4,000	None
FPUAnet	5,000	5,000	5,000	
	<u>\$ 3,897,000</u>	<u>\$ 2,635,000</u>	<u>\$ 1,262,000</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, 2016, there were no remaining unit price contract commitments for the construction and renovation of FPUA system assets.

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 75% 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.

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.

Membership

At September 30, 2016, the Plan's membership consisted of: (1) 499 retirees and beneficiaries currently receiving benefits and 42 terminated employees entitled to benefits but not yet receiving them; (2) 315 vested active employees; and (3) 217 non-vested active employees.

Benefits

The plan provides retirement, termination, disability, and death benefits to all full time employees.

Normal Retirement- Eligibility occurs at 25 years of service regardless of age, or at age 60 (55 for police officers) with 5 years of service. Retirees receive of 3% of final average salary times total service with a maximum of \$100,000 per year.

Non-Duty Disability Retirement- Benefits occur after 5 years of service; computed as a normal retirement based upon service and final average salary at date of disability.

Duty Disability Retirement- No service requirement; computed as a normal retirement based upon service projected to the end of the duty disability period and final average salary at the time of disability.

Non-Duty Pre-Retirement Death Benefit- Benefits occur after 5 years of service; computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.

Duty Pre-Retirement Death Benefit- No age of service requirement benefits begin upon termination of workers compensation; benefits paid at the same amount that was paid by workers' compensation to the spouse until death, or to unmarried children under 18 and dependents of parents.

Deferred Retirement Option Plan-Eligibility is based on normal retirement. The maximum participation period is 5 years, but not beyond 30 years of service. The benefit is calculated as normal retirement but based on service and final average salary at the date of the DROP election. Member contributions cease and monthly benefits accumulate in a self-directed DROP account and are payable upon termination of employment.

Contributions

For the Three years ended 2014, 2015 and 2016, employer contributions to the Plan, all made in accordance with actuarially determined requirements, were \$4,356,127, \$4,093,268 and \$4,211,311 which was 16.51%, 15.66% and 15.43% respectively, of annual covered payroll.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

The total payroll for employees covered by the System for the year ended September 30, 2016 was \$27,295,114 which includes \$12,588,492 for Fort Pierce Utilities Authority employees. One hundred percent of required contributions were actually made for 2014, 2015 and 2016.

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources

At September 30, 2016, the City and Fort Pierce Utilities Authority reported their proportional share of the following:

	<u>City</u>	<u>Component Unit FPUA</u>
Net Pension Liability	8,187,611	6,655,065
Employer Allocation Percentage	55.16%	44.84%
Proportional Share of Plan Pension Expense	3,704,281	3,010,920

The City and FPUA reported proportional shares of deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	-	484,893
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	6,628,033	2,253,989
Change of Assumptions	4,042,447	-
Changes in Proportion and Differences between Employer Contributions and Share of Contributions	117,006	117,006
Difference between Expected and Actual Experience	-	-
	<u>10,787,486</u>	<u>2,855,888</u>
Total Deferred Outflows of Resources-Primary Government	5,896,329	1,627,845
Total Deferred Outflows of Resources-Component Unit-FPUA	4,891,157	1,228,043
Total	<u><u>10,787,486</u></u>	<u><u>2,855,888</u></u>

Deferred outflows and inflows of resources by year to be recognized in future pension expenses:

Year Ending September 30	<u>Net Deferred Outflows of Resources</u>
2017	2,637,252
2018	2,637,252
2019	2,637,250
2020	19,844
2021	-
Thereafter	-
TOTAL	<u><u>\$ 7,931,598</u></u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Pension Payable

At September 30, 2016, the City and FPUA reported payable's to the pension for their final payroll of the fiscal year of \$172,312 (including member contributions of \$44,201) for the City and \$51,524 (including member contributions of \$14,171) for FPUA.

Investments

Investments are reported at fair value and are managed by third party money managers. Investments that do not have established market values are reported at estimated fair market value.

Best estimates of real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Allocation-weighted Long-term Expected Real Rate of Return</u>
Large Cap Equity	33%	4.50%	1.49%
Small/Mid Cap Equity	15%	4.75%	0.71%
Global Ex-US Equity	15%	4.75%	0.71%
Domestic Fixed Income	27%	0.75%	0.20%
Real Estate	10%	3.50%	0.35%
	<u>100%</u>		<u>3.46%</u>

For the year ended September 30, 2016, the annual money-weighted rate of return, net of investment expenses was 9.86%.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

The annual required contribution for the current year was determined as part of the September 30, 2016 actuarial valuation of the Plan. The following methods and assumptions were used to determine the contribution rates:

Valuation date	September 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, closed
Remaining amortization period	1-30 years as of September 30, 2014
Asset valuation method	4-year smoothed market
Wage Inflation	4.5%
Salary increases	General & Utilities Authority; 4.5% to 8.7%, including inflation Police; 4.5% to 8.5%
Investment rate of return	8.00%
Long-term municipal bond rate	3.06%
Retirement Age	Age and service-based tables that are specific to the type of eligibility
Mortality	RP-2000 Combined Mortality Table for males and females. No margin for future mortality improvement are included in these tables.
Cost-of-living Adjustment	COLA's are granted if the investment return exceeds the investment return assumption and the cumulative actuarial gains and losses since 1995 are positive. Because the cumulative gains and losses are (30) million, the COLA provision is assumed to not operate for the indefinite future.

Discount Rate

A single discount rate of 8.00% is used to measure the total pension liability. This single rate was based on the expected rate of return on pension plan investments of 8.00%. The projection of cash flows used to determine this single discount rate assumes that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Sensitivity of Pension Liability

The following presents the City's proportional share of the plan's net pension liability, calculated using a single discount rate of 8.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 7.00%	Current Single Discount Rate Assumption 8.00%	1% Decrease 9.00%
\$ 35,240,775	\$ 14,842,678	\$ (2,607,519)

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.

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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.

Membership

As of September 30, 2016, Plan membership consisted of: (1) 36 retirees and beneficiaries currently receiving benefits and 2 terminated employees entitled to benefits but not yet receiving them; (2) 56 vested active employees; and (3) 45 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 \$302,837. 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 7% of their salaries to the Plan. The funding policy for the Plan is actuarially determined in that an annual actuarial valuation is made to determine if State and employee contributions are sufficient to fund the Plan. The City is not required to contribute in any way to the Plan. Administrative costs are financed through investment earnings.

The actuarial valuation as of September 30, 2016 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.

Benefits

The plan provides retirement, termination, disability, and death benefits to all full time police officers.

Normal Retirement- Benefits occur at age 55 with 10 years of service, or 25 years of service. Retirees receive the greater of 2% of final average salary times total service with a maximum of \$1,000 per month, or 1% of final average salary times credited service up to 30 years.

Early Retirement-Benefits occur at age 45 with 10 years of service. Retirees receive 2% of final average salary times total service, with a maximum benefit of \$1,000 per month. The pension is reduced by 3% for each complete year retirement age precedes 55.

Disability Retirement- Benefits occur after 10 years of service. A lump sum payment equal to the actuarial equivalent of pension benefit the member accrued as of the date of disability.

Pre-Retirement Death Benefit- Benefits occur after 10 years of service. A lump sum payment equal to the actuarial equivalent of pension benefits to which the deceased member would have been entitled at normal retirement age.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Deferred Retirement Option Plan-Eligibility is based on normal retirement. The maximum participation period is 5 years, but not beyond 30 years of service. The monthly pension is calculated with normal retirement based on frozen years of service and final average salary at the time the member elects to participate in DROP.

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources

At September 30, 2016, the City reported a liability of \$941,518 for its share of the net pension liability. The net pension liability was measured at September 30, 2016 with an actuarial valuation date of September 30, 2016.

For the year ended September 30, 2016, the city recognized pension expense of \$325,929. The City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between Expected and Actual Experience	-	173,799
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	661,459	120,972
Change of Assumptions	-	-
Changes in Proportion and Differences between Employer Contributions and Share of Contributions	-	-
Difference between Expected and Actual Experience	-	-
Total Deferred Outflows of Resources	<u>661,459</u>	<u>294,771</u>

Deferred outflows and inflows of resources by year to be recognized in future pension expenses:

Year Ending September 30	Net Deferred Outflows of Resources
	<u> </u>
2017	159,819
2018	159,819
2019	159,820
2020	(60,667)
2021	(30,424)
Thereafter	(21,679)
TOTAL	<u>\$ 366,688</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Pension Payable

At September 30, 2016, the City reported a payable to the police pension related to employee contributions of \$26,976 withheld from the City's final payroll of the fiscal year.

Investments

Investments are reported at fair value and are managed by third party money managers. Investments that do not have established market values are reported at estimated fair market value.

Best estimates of real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Allocation-weighted Long-term Expected Real Rate of Return</u>
Large Cap Equity	15%	10.20%	1.50%
Small/Mid Cap Equity	14%	10.70%	1.50%
Global Ex-US Equity	15%	6.10%	0.90%
Domestic Fixed Income	30%	6.20%	1.90%
MLP	6%	13.00%	0.80%
High Yield	6%	8.30%	0.50%
Convertible Bonds	8%	8.90%	0.70%
Real Estate	5%	9.60%	0.50%
Cash	1%	3.60%	0.00%
	<u>100%</u>		<u>8.30%</u>

For the year ended September 30, 2016, the annual money-weighted rate of return, net of investment expenses was 9.57%.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Net Pension Liability and Plan Fiduciary Net Position

The components of the net pension liability and plan fiduciary net position of the City at September 30, 2016, were as follows:

Total Pension Liability:	
Service cost	\$ 498,450
Interest	952,685
Benefit change	-
Difference between actual & expected experience experience	(66,499)
Assumption changes	-
Benefit payments	(540,270)
Refunds	(293,992)
Net Change in Total Pension Liability	<u>550,374</u>
Total Pension Liability-Beginning	<u>13,059,163</u>
Total Pension Liability-Ending (a)	<u><u>\$ 13,609,537</u></u>
Plan Fiduciary Net Position:	
Contributions-employer	\$ -
Contributions-employer (from state)	302,837
Contributions-Employee(Including buyback contributions)	471,774
Net investment income	1,000,576
Benefit payments	(540,270)
Refunds	(293,992)
Administrative expense	(36,110)
Other	-
Net Change in Plan Fiduciary Net Position	<u>904,815</u>
Plan Fiduciary Net Position-Beginning	<u>11,763,204</u>
Plan Fiduciary Net Position-Ending (b)	<u><u>\$ 12,668,019</u></u>
Net Pension Liability-Ending (a) - (b)	941,518

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

The annual required contribution for the current year was determined as part of the September 30, 2015 actuarial valuation of the Plan. The following methods and assumptions were used to determine the contribution rates:

Valuation date	September 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, closed
Remaining amortization period	17 years
Asset valuation method	4-year smoothed market
Inflation rate	2.5%
Salary increases	3.5% to 6.5%
Investment rate of return	7.25%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA

Discount Rate

A single discount rate of 7.25% is used to measure the total pension liability. This single rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumes that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Sensitivity of Pension Liability

The following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Decrease 6.25%
\$ 2,762,046	\$ 941,518	\$ (572,490)

Currently an annual actuarial evaluation is performed for both Plans. The most recent actuarial valuations were performed for the year ended September 30, 2016. 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
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

City of Fort Pierce, Florida
**COMBINING STATEMENT OF
FIDUCIARY FUNDS NET POSITION**
September 30, 2016

	Pension Trusts		Total
	General Employees	Police Officers	
ASSETS			
Cash and cash equivalents	\$ 921,449	\$ 526,350	\$ 1,447,799
Investments, at fair value:			
U.S. Government Securities	15,586,770	1,667,330	17,254,100
Mutual Funds	99,752,022	4,195,887	103,947,909
Common Stock	13,788,126	3,512,871	17,300,997
Corporate Bonds	29,855,487	1,244,983	31,100,470
Real Estate Trust L.P.	20,372,890	-	20,372,890
Common Trust Fund	-	1,290,389	1,290,389
Money Market	2,251,367	193,445	2,444,812
Total investments	<u>181,606,662</u>	<u>12,104,905</u>	<u>193,711,567</u>
Total cash and investments	182,528,111	12,631,255	195,159,366
Accounts receivable	223,836	26,976	250,812
Prepaid Taxes	105,710	-	105,710
Accrued interest receivable	399,745	16,237	415,982
Total assets	<u>\$ 183,257,402</u>	<u>\$ 12,674,468</u>	<u>\$ 195,931,870</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>\$ 51,386</u>	<u>\$ 5,446</u>	<u>\$ 56,832</u>
NET POSITION-RESTRICTED FOR PENSION BENEFITS			
	<u>\$ 183,206,016</u>	<u>\$ 12,669,022</u>	<u>\$ 195,875,038</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

City of Fort Pierce, Florida
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY FUNDS NET POSITION
Year ended September 30, 2016

	Pension Trusts		Total
	General Employees	Police Officers	
ADDITIONS			
Contributions			
Employer	\$ 4,211,312	\$ -	\$ 4,211,312
Employees	1,533,509	471,774	2,005,283
State-via the general fund	-	302,837	302,837
Total contributions	5,744,821	774,611	6,519,432
Investment income			
Interest	2,241,701	94,310	2,336,011
Dividends	1,107,416	483,985	1,591,401
Net appreciation (depreciation) in fair value of investments	13,770,075	501,156	14,271,231
Total investment income	17,119,192	1,079,451	18,198,643
Investment expenses	(697,097)	(109,440)	(806,537)
Net investment income	16,422,095	970,011	17,392,106
Total increases	22,166,916	1,744,622	23,911,538
DEDUCTIONS			
Retirement benefits paid	12,884,323	505,536	13,389,859
Refunds of employee contributions	492,348	293,992	786,340
Administrative expenses	198,629	5,545	204,174
Insurance expense	19,406	-	19,406
Total deductions	13,594,706	805,073	14,399,779
Net Increase	8,572,210	939,549	9,511,759
NET POSITION-RESTRICTED FOR PENSION BENEFITS			
Beginning of year	174,633,806	11,729,473	186,363,279
End of year	\$ 183,206,016	\$ 12,669,022	\$ 195,875,038

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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, 2016 are as follows:

	<u>Business-type Activities</u>	<u>Government Activities</u>
\$23,190,000 Capital Improvement Revenue Refunding Bonds, Series 2008A and B, payable from Non-Ad Valorem Revenues appropriated in the City's annual budget, with interest ranging from 4.75% to 5.0%, payable semi-annually and sinking fund installments ranging from \$1,015,000 to \$1,065,000 through September 1, 2018. Proceeds used to refund the 2007 Sunshine State Governmental Financing Commission Non-taxable Revenue Note. Current portion of new bond is \$1,015,000.	-	2,080,000
\$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.	1,846,857	4,978,143

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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 305,000 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 305,000.	-	2,110,000
\$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 2024, 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.	-	2,263,000
\$6,079,229 Capital Improvement Revenue Note, Series 2014, payable from Non-Ad Valorem Revenues appropriated in the City's annual budget, 3.055% interest payable semi-annually and annual principal payments ranging from 309,765 to 535,541 beginning in 2014 through December 1, 2028. Proceeds used to purchase energy conservation equipment. Current portion of note is 309,765.	-	5,470,226
\$3,920,771 Capital Improvement Revenue Note, Series 2014A, payable from net marina revenues and the half-cent sales tax, 3.19% interest payable semi-annually and annual principal payments ranging from 236,990 to 346,491 beginning in 2016 through December 1, 2029. Proceeds used for construction costs related to the city owned marina. Current portion of note is 236,990.	3,751,476	-

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

	<u>Business-type Activities</u>	<u>Government Activities</u>
\$13,745,000 Stormwater Utility System Revenue Refunding Note, Series 2016, payable from and secured by a first lien and pledge upon the Stormwater revenues, interest at 2.90% payable semi-annually and sinking fund installments ranging from \$740,000 to \$1,095,000 through October 1, 2030. Proceeds used to currently refund the 2002 and 2006 Stormwater Utility Revenue Bonds. Current portion is \$950,000.	13,745,000	-
\$28,315,000 Capital Improvement Revenue Refunding Note, Series 2015, payable from Non-Ad Valorem Revenues appropriated in the City's annual budget, 3.26% interest payable semi-annually and annual sinking fund installments ranging from 440,000 to 2,345,000 through September 1, 2032. Proceeds used to defease the 2004 and a portion of the 2008 Capital Improvement bonds. Current portion of bond is 440,000.	-	27,785,000
\$20,000,000 Fort Pierce Redevelopment Revenue Refunding Notes, Series 2015A, payable from and secured by a first lien and pledge upon tax increment revenues, with interest at 3.2%, payable semi-annually and sinking fund installments ranging from \$1,010,000 to \$1,615,000 through May 1, 2031. Proceeds will be used to refund the Fort Pierce Redevelopment Bonds, Series 2005 and 2006. Current portion is \$1,010,000.	-	19,105,000
\$11,055,000 Fort Pierce Redevelopment Revenue Refunding Notes, Series 2015B, payable from and secured by a first lien and pledge upon tax increment revenues, with interest at 3.2%, payable semi-annually and sinking fund installments ranging from \$555,000 to \$905,000 through May 1, 2031. Proceeds used to refund the Fort Pierce Redevelopment Bonds, Series 2005 and 2006. Current portion is \$555,000.	-	10,505,000
	<u>19,343,333</u>	<u>74,296,369</u>
Less: current portion payable from restricted assets	(1,186,990)	(3,917,765)
Unamortized items	(39,017)	285,771
	<u>\$ 18,117,326</u>	<u>\$ 70,664,375</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,917,765	2,495,100	\$ 6,412,865
2018	4,068,347	2,343,537	6,411,884
2019	4,184,892	2,185,053	6,369,945
2020	4,673,827	2,051,457	6,725,284
2021	4,845,384	1,895,328	6,740,712
2022-2026	24,426,784	7,106,452	31,533,236
2027-2031	25,834,370	2,925,093	28,759,463
2032-2036	2,345,000	76,447	2,421,447
	<u>\$ 74,296,369</u>	<u>\$ 21,078,467</u>	<u>\$ 95,374,836</u>

Business-Type Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,186,990	581,132	\$ 1,768,122
2018	1,069,619	549,586	1,619,205
2019	1,107,486	516,925	1,624,411
2020	1,265,494	483,431	1,748,925
2021	1,305,639	442,459	1,748,098
2022-2026	7,168,229	1,549,931	8,718,160
2027-2031	6,239,876	388,939	6,628,815
	<u>\$ 19,343,333</u>	<u>\$ 4,512,403</u>	<u>\$ 23,855,736</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

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

	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance 9/30/2016	Amounts Due within One Year	Amounts Due after One Year
Governmental Activities:						
Notes and bonds payable:						
Revenue notes	\$ 5,760,334	\$ 59,370,000	\$ 2,265,108	\$ 62,865,226	\$ 2,314,765	\$ 60,550,461
Revenue bonds	65,443,143	-	56,275,000	9,168,143	1,320,000	7,848,143
Unamortized items	95,128	219,495	28,852	285,771	-	285,771
	<u>71,298,605</u>	<u>59,589,495</u>	<u>58,568,960</u>	<u>72,319,140</u>	<u>3,634,765</u>	<u>68,684,375</u>
Section 108 Loan	2,546,000	-	283,000	2,263,000	283,000	1,980,000
	<u>73,844,605</u>	<u>59,589,495</u>	<u>58,851,960</u>	<u>74,582,140</u>	<u>3,917,765</u>	<u>70,664,375</u>
Other Liabilities:						
Other post employment benefits	821,827	33,568	-	855,395	-	855,395
Net Pension Liability	7,650,389	209,715	-	7,860,104	-	7,860,104
Compensated absences	2,898,182	1,213,377	1,175,371	2,936,188	92,832	2,843,356
Total governmental activities	<u>\$ 85,215,003</u>	<u>\$ 61,046,155</u>	<u>\$ 60,027,331</u>	<u>\$ 86,233,827</u>	<u>\$ 4,010,597</u>	<u>\$ 82,223,230</u>
Business-type Activities:						
Notes and bonds payable:						
Revenue notes	\$ 3,980,514	\$ 13,745,000	\$ 229,038	\$ 17,496,476	\$ 1,186,990	\$ 16,309,486
Revenue bonds	15,781,857	-	13,935,000	1,846,857	-	1,846,857
Unamortized items	(43,274)	-	(4,257)	(39,017)	-	(39,017)
	<u>19,719,097</u>	<u>13,745,000</u>	<u>14,159,781</u>	<u>19,304,316</u>	<u>1,186,990</u>	<u>18,117,326</u>
Other Liabilities:						
Other post employment benefits	146,155	6,656	-	152,811	-	152,811
Net Pension Liability	1,361,999	-	92,973	1,269,026	-	1,269,026
Compensated absences	631,500	264,388	319,259	576,629	49,360	527,269
Total business activities	<u>\$ 21,858,751</u>	<u>\$ 14,016,044</u>	<u>\$ 14,572,013</u>	<u>\$ 21,302,782</u>	<u>\$ 1,236,350</u>	<u>\$ 20,066,432</u>

Compensated absences	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance 9/30/2016
Governmental Activities:				
General Fund	\$ 2,889,581	\$ 1,209,776	\$ 1,174,112	\$ 2,925,245
Community Development Block Grant	8,601	3,601	1,259	10,943
	<u>\$ 2,898,182</u>	<u>\$ 1,213,377</u>	<u>\$ 1,175,371</u>	<u>\$ 2,936,188</u>

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

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

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

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, 2016

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.

Capital Improvement Revenue Note, Series 2014

The Series 2014 Notes were issued for the purpose of: (i) financing the City's cost of acquiring and installing energy efficient conservation equipment under a guaranteed energy, water and wastewater performance contract (ii) finance the costs of issuance of the Series 2014 notes.

The Series 2014 Notes 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 and interest on the Series 2014 Notes when due.

Capital Improvement Revenue Note, Series 2014A and 2014B

The Series 2014 Notes were issued for the purpose of: (i) financing the construction of improvements and rehabilitation of the city owned and operated marina (ii) finance the costs of issuance of the Series 2014 notes.

The Series 2014 Notes and interest thereon are payable from net marina revenues and the half-cent sales tax.

Stormwater Revenue Refunding Note, Series 2016

The Series 2016 Notes were issued for the purpose of: (i) refunding the Stormwater Utility System Revenue Bonds Series 2002 and 2006 (ii) finance the costs of issuance of the Series 2016 notes.

The Series 2016 Notes and interest thereon are payable from Stormwater Revenues.

Capital Improvement Revenue Refunding Note, Series 2015

The Series 2015 Notes were issued for the purpose of: (i) currently refunding the Capital Improvement Revenue Bonds Series 2004 and advance refund the Capital Improvement Revenue Bonds Series 2008A (ii) finance the costs of issuance of the Series 2015 notes.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

The Series 2015 Notes 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 and interest on the Series 2015 Notes when due.

Redevelopment Revenue Refunding Note, Series 2015A and B

The Series 2015 Notes were issued for the purpose of: (i) currently refunding the Capital Improvement Revenue Bonds Series 2004 and advance refund the Capital Improvement Revenue Bonds Series 2008A (ii) finance the costs of issuance of the Series 2015 notes.

The Series 2015 Notes and interest thereon are payable from and secured by a first lien and pledge upon the Tax Incremental Revenues.

Defeasance of Revenue Bonds Payable

Capital Improvement Revenue Refunding Note, Series 2015

On October 2, 2015 the city refunded and defeased on a current basis the Series 2004 Capital Improvement Revenue Bonds maturing on December 1, 2015 through December 1, 2034 amounting to \$2,615,000. The City used proceeds of \$2,700,000 from Series 2015 Capital Improvement Revenue Refunding Notes to currently defease the Series 2004 Bonds and pay certain costs incurred in connection with issuing the bonds.

The transactions resulted in a decrease of \$565,783 in future debt service payments. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$524,969. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$524,969. The City refunded the issue to reduce debt service costs over the term of the loan.

On October 2, 2015 the city advance refunded and defeased a portion of the Series 2008 Capital Improvement Revenue Refunding Notes maturing on September 1, 2019 through September 1, 2032 amounting to \$22,209,000. The City deposited proceeds of \$25,396,769 from Series 2010A Capital Improvement Revenue Refunding Bonds in an irrevocable trust account and invested in direct obligations of the United States of America to allow for future payments of principal and interest until the redemption date of September 1, 2032 at a redemption price of 100%.

The difference in the cash flows of the old debt service compared to the new issue was a positive \$2,500,517. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$1,779,087. The City refunded the issue to reduce debt service costs over the term of the loan.

Redevelopment Revenue Refunding Notes, Series 2015A and Series 2015B

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

On November 2, 2015 the city advance refunded and defeased the Series 2006 Redevelopment Revenue Bonds maturing on May 1, 2016 through May 1, 2031 amounting to \$15,545,000. The City deposited proceeds of \$15,913,783 from Series 2015 Redevelopment Revenue Refunding Notes in an irrevocable trust account and invested in direct obligations of the United States of America to allow for future payments of principal and interest until the redemption date of May 1, 2031 at a redemption price of 100%.

The difference in the cash flows of the old debt service compared to the new issue was a positive \$1,742,076. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$1,591,392. The City refunded the issue to extend the life of the debt and reduce debt service costs over the next few years.

On November 2, 2015 the city refunded and defeased on a current basis the Series 2005 Redevelopment Revenue and Refunding Bonds maturing on May 1, 2016 through May 1, 2030 amounting to \$14,785,000. The City used proceeds of \$14,839,543 from the Series 2015 Redevelopment Revenue Refunding Notes to currently defease the Series 2005 Bonds and pay certain costs incurred in connection with issuing the bonds.

The transactions resulted in a decrease of \$1,536,911 in future debt service payments. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$1,012,323. The City refunded the issue to reduce debt service costs over the term of the loan.

Stormwater Revenue Refunding Note, Series 2016

On February 1, 2016 the city refunded and defeased on a current basis the Series 2006 Stormwater Utility System Revenue Bonds maturing on October 1, 2016 through October 1, 2027 amounting to \$3,525,000. The City used proceeds of \$3,497,187 from the Series 2016 Stormwater Revenue Refunding Notes to currently defease the Series 2002 Bonds and pay certain costs incurred in connection with issuing the bonds.

The transactions resulted in a decrease of \$378,053 in future debt service payments. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$299,033. The City refunded the issue to reduce debt service costs over the term of the loan.

On February 1, 2016 the city refunded and defeased on a current basis the Series 2002 Stormwater Utility System Revenue Bonds maturing on October 1, 2016 through October 1, 2030 amounting to \$9,745,000. The City used proceeds of \$9,737,907 from the Series 2016 Stormwater Revenue Refunding Notes to currently defease the Series 2006 Bonds and pay certain costs incurred in connection with issuing the bonds.

The transactions resulted in a decrease of \$1,094,559 in future debt service payments. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$905,763. The City refunded the issue to reduce debt service costs over the term of the loan.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

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, 2016 the following bonds are considered defeased:

Bond Issue	Beginning Balance 10-1-2015	Additions	Retirement	Ending Balance 9-30-2016
Capital Improvement Bonds, Series 2001	\$ 615,000	\$ -	\$ 90,000	\$ 525,000
Redevelopment Revenue Bonds, Series 2003	5,000,000		535,000	4,465,000
Capital Improvement Bonds, Series 2008	-	22,090,000	-	22,090,000
Redevelopment Revenue Bonds, Series 2006	-	15,545,000	630,000	14,915,000
	\$ 5,615,000	\$ 37,635,000	\$ 1,255,000	\$ 41,995,000

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Component Unit

Bond obligations of the FPUA (a component unit) as of September 30, 2016 are as follows:

	<u>Business-type Activities</u>
\$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, 2016 is \$25,719,000. 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.	27,245,000
\$9,545,000 Utilities Revenue Bonds, Series 2016, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 2.14%. The bonds mature October 1, 2016, through October 1, 2028, with principal amounts ranging from \$172,000 to \$3,451,000.	9,545,000
\$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 renging 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, collateralized by a pledge of and a first lien on the net revenues of the combined systems,interest at of 1.34% on the remaining principal amount of \$6,920,000 maturing on October 1, 2016.	<u>6,920,000</u>
	<u>78,510,000</u>
Less: Unamortized portion of bond premium and discounts	58,000
Unamortized deferred bond loss	-
Current portion payable from restricted assets	<u>7,367,000</u>
	<u><u>\$ 71,085,000</u></u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Long-term liability activity of the **FPUA** (a component unit) for the year ended September 30, 2016 was as follows:

	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance 9/30/2016	Amounts Due within One Year
Loans and revenue bonds	\$ 84,207,000	\$ 18,541,000	\$ (24,107,000)	\$ 78,641,000	\$ 7,367,000
Deferred Amounts	(230,000)	(161,000)	333,000	(58,000)	-
Net Pension Liability	5,528,000	1,127,000	-	6,655,000	
Capital Leases	80,000		(31,000)	49,000	38,000
Other Liabilities:					
Compensated absences	1,762,000	1,442,000	(1,402,000)	1,802,000	24,000
Other Post Employment Benefits	681,000	61,000	(31,000)	711,000	
Pollution Remediation	797,000	-	(776,000)	21,000	21,000
Total	\$ 92,825,000	\$ 21,010,000	\$ (26,014,000)	\$ 87,821,000	\$ 7,450,000

Requirements to pay principal and interest on the **FPUA** (a component unit) obligations in each of the years/periods ending September 30, 2016 are as follows

	Principal	Interest	Total
2017	\$ 7,367,000	1,816,000	\$ 9,183,000
2018	5,840,000	1,762,000	7,602,000
2019	5,897,000	1,706,000	7,603,000
2020	5,953,000	1,645,000	7,598,000
2021	6,015,000	1,584,000	7,599,000
2022-2026	18,424,000	4,345,000	22,769,000
2027-2031	19,224,000	3,225,000	22,449,000
2032-2036	17,515,000	1,052,000	18,567,000
	<u>86,235,000</u>	<u>17,135,000</u>	<u>103,370,000</u>
Future accretion on capital appreciation bonds	<u>(7,725,000)</u>	<u>7,725,000</u>	<u>-</u>
	<u>\$ 78,510,000</u>	<u>\$ 24,860,000</u>	<u>\$ 103,370,000</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE K – LOANS AND BONDS PAYABLE (CONTINUED)

Other Requirements

The Series 1999, 2002, 2009, 2012, and 2016 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 date. Additionally, FPUA's Master Bond Resolution requires renewal and replacement, emergency reserve, and debt service reserve subaccount funds with minimum requirements of \$500,000, \$900,000 and \$5,457,000, respectively. These reserves are funded in the amounts of \$500,000, \$900,000, and \$5,457,000, respectively, at September 30, 2016.

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. On March 4, 2016, FPUA issued Utilities Refunding Revenue Bond, Series 2016, in the amount of \$9,545,000 at a rate of 2.14%, in accordance with the above provision. These Utilities Refunding Bonds carry a deferred amount of \$161,000 at issue date and mature on October 1, 2026. The bond series presents a reduction in interest costs of approximately \$2,466,000 over the life of the bonds. These bonds are redeemable at any time at the option of FPUA. Any full or partial prepayment will carry a fee equal to the greater of (i) 1% of the principal balance multiplied by the number of years remaining or (ii) a "yield maintenance Fee".

Other Requirements

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 with an interest rate of 4.7%) are redeemable, prior to their stated date of maturity, at the option of the Authority, on or after October 1, 2019 at par plus accrued interest to the redemption date.

In prior years, the Utilities Authority defeased certain outstanding utilities revenue bonds issued for the systems payable out of revenues derived from the operation of the utility systems. These defeasances were achieved by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities (including bond discounts and finance costs) for the defeased bonds are not included in the component unit's financial statements. At September 30, 2016, Utilities Revenue Bonds Series 1991, in the amount of \$7,500,000, are considered defeased.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

Advances

During the year ending September 30, 2015, the Section 108 Debt Service fund advanced approximately \$1,090,000 to the Marina Fund to aid in the construction of new docks. Terms of the loan require 96 monthly payments of \$12,903, including interest at 3%. At September 30, 2016, the long-term portion of the advance was \$934,478.

During the year ending September 30, 2016, the Section 108 Debt Service fund advanced approximately \$1,400,000 to the General Fund to aid in the construction of infrastructure improvements. Terms of the loan require 96 monthly payments of \$16,421, including interest at 3%. At September 30, 2016, the long-term portion of the advance was \$1,242,911.

The composition of interfund balances as of and for the year ended September 30, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 162,472
General	Community Redevelopment Agency	16,857
General	Solid Waste	608,667
General	Marina	18,365
General	Stormwater	189,282
General	Golf Course	27,612
General	Building Fund	7,524
General	Sunrise Theatre	2,500
		<u>\$ 1,033,279</u>

Due to/Due from other funds:

Amounts due to the General Fund include general and administrative charges and various reimbursements.

Due to the primary government and from the component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General fund	FPUA	\$ 259,256
Community Redevelopment Agency	FPUA	120,216
Solid waste fund	FPUA	666,905
Building Fund	FPUA	237
		<u>\$ 1,046,614</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

Inter-fund transfers:

	<u>General</u>	<u>Community Redev. Agency</u>	<u>Golf Course</u>	<u>Sunrise Theatre</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Transfers out:						
General	\$ -	\$ 1,451,422	\$ 229,290	\$ -	\$ 3,561,439	\$ 5,242,151
Community						
Redev. Agency	2,637,095	-	-	450,000	2,412,879	5,499,974
Solid Waste	345,000	-	-	-	-	345,000 *
Marina	150,000	-	-	-	-	150,000
Golf Course	28,000	-	-	-	-	28,000
Nonmajor	7,572	5,929	-	-	226,675	240,176
	<u>\$ 3,167,667</u>	<u>\$ 1,457,351</u>	<u>\$ 229,290</u>	<u>\$ 450,000</u>	<u>\$ 6,200,993</u>	<u>\$ 11,505,301</u>

* Solid Waste Fund transferred \$ 132,625 of capital assets to the general fund during the current year and accordingly, net transfers in the governmental funds do not equal net transfers in the enterprise funds

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 was 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, Marina Fund, and Golf Course. The Community Redevelopment Agency Fund received a transfer from the General Fund for assistance with debt service. The Golf Course received a transfer from the General Fund to support operations.

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 \$187,200 annually by the FPUA for performance of these services.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE M - TRANSACTIONS WITH COMPONENT UNITS (CONTINUED)

Total charges to the City for nonmetered and metered services for the year ended September 30, 2016 were approximately \$1,600,000. Total disbursements made to the City by the FPUA, including payments of utility tax and sanitation charges collected during year ended September 30, 2016, were approximately \$9,021,000. Amounts receivable from the FPUA at September 30, 2016 were \$207,000.

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, 2016, the amount transferred to the General Fund under this provision was \$5,809,000.

The City entered into an agreement with the Utility Authority to receive an advance on future distributions of revenue. The City received \$1,250,000 during the year ending September 30, 2014. The City repaid the advance in December 2016 including accrued interest.

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, 2016, the City paid premiums of approximately \$1,503,000 to commercial insurance carriers for provisions of various liability, property, casualty and workers compensation insurance. The City has various deductible amounts ranging from \$500 to \$25,000 on various policies. At year-end, the City did not have any significant claims. There were no significant changes in coverage retention, or limits during the fiscal year. The General Fund handles property claims for the City and absorbs the loss for any amounts below the deductible amounts.

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.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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 \$126,000 and \$214,000, 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 25 City retirees and 41 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.

	<u>City</u>	<u>FPUA</u>
Annual Required Contribution	155,254	72,000
Interest on Net OPEB Obligation	43,559	27,000
Adjustment on Annual Required Distribution	<u>(32,266)</u>	<u>(38,000)</u>
	166,547	61,000
Contributions made	(126,322)	(30,000)
Interest on Contributions	-	<u>(1,000)</u>
Increase in Net OPEB Obligation	<u>40,225</u>	30,000
Net OPEB Obligation-beginning of year	<u>967,981</u>	<u>681,000</u>
Net OPEB Obligation-end of year	\$ <u><u>1,008,206</u></u>	\$ <u><u>711,000</u></u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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

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 2016 and two preceding years were as follows:

	Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Employer Contributions Toward <u>OPEB Cost</u>	% of Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
City	9/30/2014	173,991	81,285	47%	880,773
	9/30/2015	182,489	95,280	52%	967,981
	9/30/2016	166,547	126,322	76%	1,008,206
FPUA	9/30/2014	83,000	25,000	30.1%	622,000
	9/30/2015	84,000	25,000	29.8%	681,000
	9/30/2016	61,000	30,000	49.2%	711,000

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

Funding Policy

As of September 30, 2016, the most recent actuarial valuation date, the plans were unfunded. The unfunded actuarial accrued liability was \$2,127,710 and \$609,000 for the City and FPUA respectively.

The covered payroll for active employees covered by the plan was \$16,219,908 and \$15,032,000 for the City and FPUA. The ratio of the UAAL to covered payroll was 13% for the City and 4.1% for the FPUA. As of September 30, 2016, the plan remains unfunded.

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.

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

In the September 30, 2016 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 8.0% to 4.0% salary increase assumption, with an annual healthcare cost trend rate initially at 9%, reduced annually to a 4.0% rate after ten years. The assumed rate of investment return is 4.0% per year with 4.0% 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 4.0%.

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.

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.

NOTE P - CONTRACT COMMITMENTS(CONTINUED)

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, 2016 is \$8,020,000. The Authority is committed under the agreements to payments totaling \$7,925,000 for the year ending September 30, 2016.

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 2016, additional firm capacity was made available from FGT and the Authority exercised rights to obtain this capacity. An additional 96,800 MMBtu of capacity was obtained. With the additional capacity, the amount of Sunrise capacity was reduced by 45,300 MMBtu via a revised interlocal agreement with the City of Sunrise. In fiscal 2017, FPUA will be entitled to firm capacity of 566,412 MMBtu, and will commit to purchase 150,000 MMBtu of natural gas at a cost of \$528,000. The amounts purchased under these contracts for fiscal 2015 and fiscal 2016 were \$1,862,000 and 1,506,000, respectively.

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 agreement has been extended for the year ended September 30, 2016.

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 2016 totaled \$1,699,000.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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:

2017	\$	32,302
2018		32,302
2019		32,302
2020		32,302
2021		32,302
Thereafter		516,832
	\$	<u>809,822</u>

Rent expense for the above referenced lease was \$32,302 for the year ended September 30, 2016.

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 2016 were \$12,000. The Future minimum lease payments for this capital lease are as follows:

	<u>Amount</u>
2017	38,000
2018	11,000
	<u>\$ 49,000</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 \$204,777 from the tenant for the year ended September 30, 2016. 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, 2016, 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 \$145,069 from the tenant for the year ended September 30, 2016.

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, 2016, 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.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE T-FUND BALANCE (CONTINUED)

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 assigned 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.

As of September 30, 2016, the fund balances of the governmental funds are:

	General Fund	Community Redevelopment Agency	Hurricane Housing Recovery Grant Fund	Other Governmental Funds	Totals
FUND BALANCES					
Nonspendable:					
Inventories	\$ 69,748	\$ -	\$ -	\$ -	\$ 69,748
Prepaid Items	246,966	13,355		3,218	263,539
Restricted for:					
Law Enforcement	-	-	-	74,313	74,313
Debt Service	-	-	-	796,624	796,624
Advances to Other Funds	-	-	-	2,177,469	2,177,469
Grant-CDBG	-	-	-	811,200	811,200
Redevelopment Projects	-	268,527	-	-	268,527
State Housing Initiatives	-	-	-	258,061	258,061
Grant-Administration	-	-	907,854	-	907,854
Impact Fees-Capital Improv.	-	-	-	871,600	871,600
PSFRD-Capital Improv.	-	-	-	71,768	71,768
Park Improvements	-	-	-	616,175	616,175
Special Projects	-	-	-	566,098	566,098
Capital Improvement:					
Heathcote	-	-	-	2,326,803	2,326,803
Committed to:					
Budget Appropriations	550,000	-	-	-	550,000
Assigned to:					
10% Reserve Policy	3,582,326	-	-	-	3,582,326
Art in Public Places	-	-	-	184,984	184,984
Unassigned:	403,281	-	-	-	403,281
	<u>\$ 4,852,321</u>	<u>\$ 281,882</u>	<u>\$ 907,854</u>	<u>\$ 8,758,313</u>	<u>\$ 14,800,370</u>

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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, 2016 are as follows:

Business-type activities:

Cash and investments:	
Customer deposits	\$ 174,238
	<u>174,238</u>

The restricted assets of the **FPUA** (a component unit) as of September 30, 2016, are as follows:

Cash and investments:	
Principal and interest on debt service	\$ 8,049,007
Capital Improvement charges	5,212,696
Debt service	5,746,276
Emergency reserve	900,000
Renewal and replacement reserve	500,000
Customer security deposits	8,024,037
	<u>\$ 28,432,016</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, 2016, there were two series of Capital Improvement Revenue Bonds outstanding. The aggregate principal amount payable for the series issued after October 1, 1996, is \$9,238,021.

NOTE W- EXTRAORDINARY ITEM

FPUA transferred the ownership of the former site of the Henry D. King Power Plant to the Fort Pierce Redevelopment Agency (FPRA) on October 15, 2009. A grant awarded to the FPRA for the cleanup was not sufficient to cover the cost of remediation. The FPRA’s consultant has estimated the cost to completion over the next year to be \$21,000. Voluntary Cleanup Tax Credits have been estimated to cover project costs of \$2,285,000. The amount expected to be paid by FPUA in FY 2017 is \$21,000. When the work on this project concludes, the final cost will be reevaluated as to the actual amounts received through tax credits.

City of Fort Pierce, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE X- NONEXCHANGE FINANCIAL GUARANTEES

At September 30, 2016 FPUA had irrevocable letters of credit with Harbor Community Bank, which serves as security for loans from the Treasure Coast Regional Planning Council (TCRPC) to the Fort Pierce Redevelopment Agency (FPRA) for cleanup of environmental contamination at the H.D. King Plant site (See Note O). The loans total \$702,000 and will begin to come due on August 20, 2018. No additional loans have been taken as of this report date. The recovery of these funds began in fiscal 2016 from the sale of the Voluntary Cleanup Tax Credits applied for by the FPRA.

NOTE Y- SUBSEQUENT EVENTS

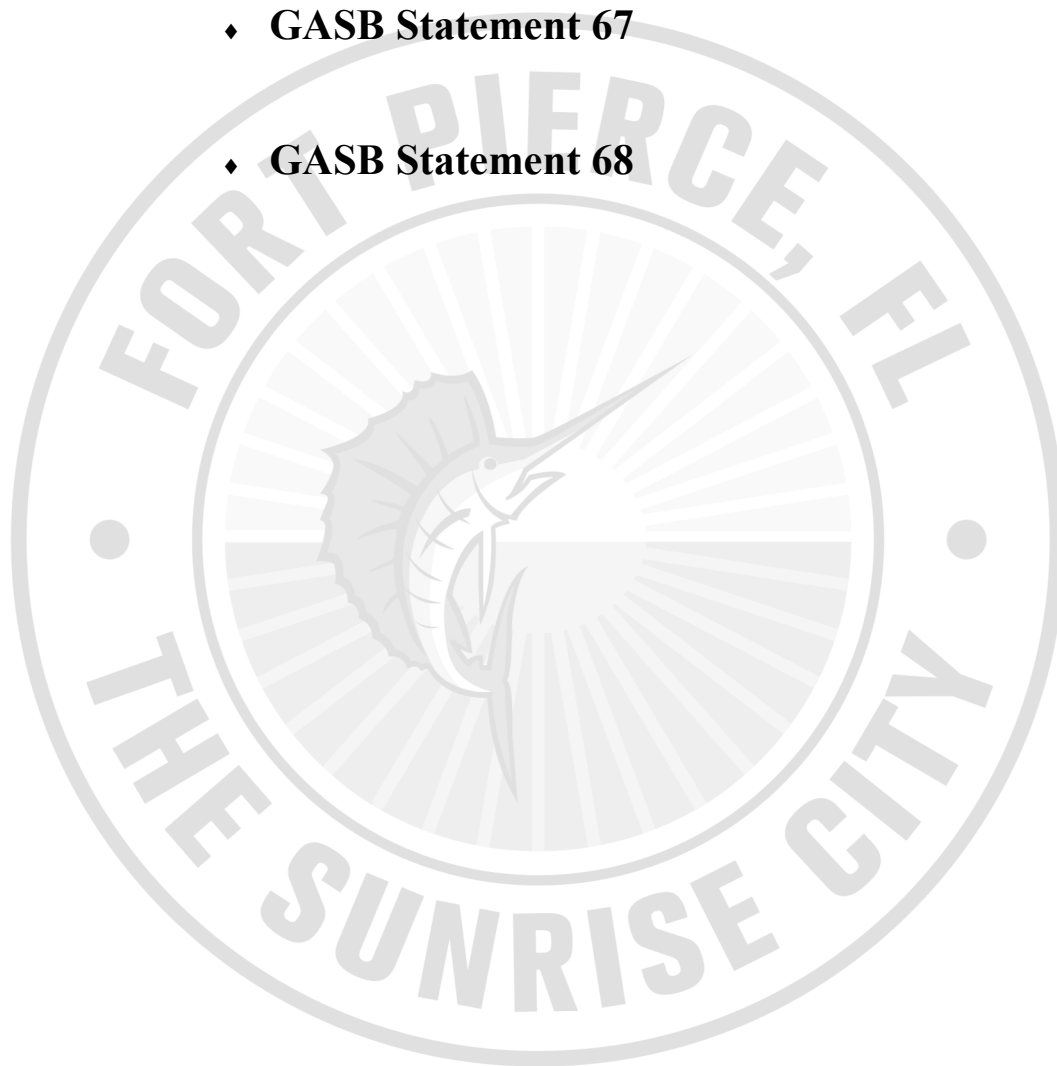
Management has performed an analysis of the activities and transactions subsequent to September 30, 2016 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2016. Management has performed their analysis through March 21, 2017, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

◆ **GASB Statement 45**

◆ **GASB Statement 67**

◆ **GASB Statement 68**



City of Fort Pierce, Florida
GASB STATEMENT 45 REQUIREMENT SUPPLEMENTARY INFORMATION
City of Ft. Pierce Other Post Employment Benefits
September 30, 2016
(Unaudited)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
City of Ft. Pierce						
9/30/2008	- \$	3,848,898 \$	3,848,898 \$	0%	\$ 17,923,099	21%
9/30/2009	- \$	3,848,898 \$	3,848,898 \$	0%	\$ 17,151,291	22%
9/30/2010	- \$	2,899,180 \$	2,899,180 \$	0%	\$ 14,962,156	19%
9/30/2011	- \$	2,899,180 \$	2,899,180 \$	0%	\$ 13,850,285	21%
9/30/2012	- \$	1,460,763 \$	1,460,763 \$	0%	\$ 14,041,070	10%
9/30/2013	- \$	1,460,763 \$	1,460,763 \$	0%	\$ 14,672,918	10%
9/30/2014	- \$	1,880,650 \$	1,880,650 \$	0%	\$ 15,691,500	12%
9/30/2015	- \$	1,880,650 \$	1,880,650 \$	0%	\$ 16,397,618	11%
9/30/2016	- \$	2,127,710 \$	2,127,710 \$	0%	\$ 16,219,908	13%
FPUA(a discretely presented component unit)						
9/30/2008	- \$	2,094,000 \$	2,094,000 \$	0%	\$ 14,591,000	14%
9/30/2009	- \$	2,094,000 \$	2,094,000 \$	0%	\$ 14,711,000	14%
9/30/2010	- \$	2,274,000 \$	2,274,000 \$	0%	\$ 14,700,000	15%
9/30/2011	- \$	2,274,000 \$	2,274,000 \$	0%	\$ 14,023,000	16%
9/30/2012	- \$	709,000 \$	709,000 \$	0%	\$ 13,637,000	5%
9/30/2013	- \$	738,000 \$	738,000 \$	0%	\$ 13,977,000	5%
9/30/2014	- \$	786,000 \$	786,000 \$	0%	\$ 14,269,000	6%
9/30/2015	- \$	786,000 \$	786,000 \$	0%	\$ 14,430,000	5%
9/30/2016	- \$	609,000 \$	609,000 \$	0%	\$ 15,032,000	4%

City of Fort Pierce, Florida
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios
General Employees Retirement and Benefits System
September 30, 2016

	2016	2015	2014
Total Pension Liability:			
Service cost	\$ 4,329,645	\$ 4,044,804	\$ 4,049,351
Interest	14,668,388	14,241,759	13,874,945
Benefit change	-	-	-
Difference between actual & expected experience	(620,021)	-	(500,696)
Assumption changes	5,168,979	-	(335,946)
Benefit payments	(13,376,671)	(12,528,070)	(11,877,048)
Refunds	-	(287,469)	(307,836)
Net Change in Total Pension Liability	10,170,320	5,471,024	4,902,770
Total Pension Liability-Beginning	187,878,375	182,407,351	177,504,581
Total Pension Liability-Ending (a)	\$ 198,048,695	\$ 187,878,375	\$ 182,407,351
Plan Fiduciary Net Position:			
Contributions-employer	\$ 4,211,311	\$ 4,093,268	\$ 4,356,127
Contributions-member	1,533,510	1,473,091	1,493,529
Net investment income	16,472,191	2,984,072	16,939,786
Benefit payments	(13,376,671)	(12,528,070)	(11,877,048)
Refunds	-	(287,469)	(307,836)
Administrative expense	(217,891)	(176,341)	(199,552)
Other	(50,240)	(44,893)	(47,555)
Net Change in Plan Fiduciary Net Position	8,572,210	(4,486,342)	10,357,451
Plan Fiduciary Net Position-Beginning	174,633,807	179,120,149	168,762,698
Plan Fiduciary Net Position-Ending (b)	\$ 183,206,017	\$ 174,633,807	\$ 179,120,149
Net Pension Liability-Ending (a) - (b)	14,842,678	13,244,568	3,287,202
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.51%	92.95%	98.20%
Covered Employee Payroll	27,295,114	26,139,109	26,380,878
Net Pension Liability as a Percentage of Covered Employee Payroll	54.38%	50.67%	12.46%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present those years for which information is available.

City of Fort Pierce, Florida
REQUIREMENT SUPPLEMENTARY INFORMATION
 General Employee's Retirement and Benefit System
 September 30, 2016
 (Unaudited)

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
9/30/2014	4,356,127	4,356,127	-	26,380,878	16.51%
9/30/2015	4,093,268	4,093,268	-	26,139,109	15.66%
9/30/2016	4,211,311	4,211,311	-	27,295,114	15.43%

Notes to Schedule of Contributions:

Valuation date	September 30, 2015
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percent of Payroll, closed
Remaining amortization period	1-30 years as of September 30, 2014
Asset valuation method	4-year smoothed market
Wage Inflation	4.5%
Salary increases	General & Utilities Authority; 4.5% to 8.7%, including inflation Police; 4.5% to 8.5%
Investment rate of return	8.00%
Long-term municipal bond rate	3%
Retirement Age	Age and service-based tables that are specific to the type of eligibility
Mortality	RP-2000 Combined Mortality Table for males and females. No margin for future mortality improvement are included in these tables.
Cost-of-living Adjustment	COLA's are granted if the investment return exceeds the investment return assumption and the cumulative actuarial gains and losses since 1995 are positive. Because the cumulative gains and losses are (32) million, the COLA provision is assumed to not operate for the indefinite future.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present those years for which information is available.

City of Fort Pierce, Florida
REQUIREMENT SUPPLEMENTARY INFORMATION
General Employee's Retirement and Benefit System
September 30, 2016
(Unaudited)

SCHEDULE OF INVESTMENT RETURNS MULTIYEAR*

	<u>Annual Return</u>
Annual money-weighted rate of return, net of investment expense:	
Fiscal year ending September 30, 2014	10.48%
Fiscal year ending September 30, 2015	1.75%
Fiscal year ending September 30, 2016	9.86%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

City of Fort Pierce, Florida
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Municipal Police Officers' Retirement Trust Fund
September 30, 2016

	2016	2015	2014
Total Pension Liability:			
Service cost	\$ 498,450	\$ 498,038	\$ 592,432
Interest	952,685	916,626	861,104
Benefit change	-	-	-
Difference between actual & expected experience	(66,499)	(158,912)	(9,847)
Assumption changes	-	-	305,956
Benefit payments	(540,270)	(561,863)	(729,776)
Refunds	(293,992)	(121,468)	(132,922)
	550,374	572,421	886,947
Net Change in Total Pension Liability			
	550,374	572,421	886,947
Total Pension Liability-Beginning	13,059,163	12,486,742	11,599,795
Total Pension Liability-Ending (a)	\$ 13,609,537	\$ 13,059,163	\$ 12,486,742
Plan Fiduciary Net Position:			
Contributions-employer	\$ -	\$ -	\$ -
Contributions-Employer(State)	302,837	265,449	248,113
Contributions-member	471,774	452,740	449,881
Net investment income	1,000,576	(232,886)	896,529
Benefit payments	(540,270)	(561,863)	(729,776)
Refunds	(293,992)	(121,468)	(132,922)
Administrative expense	(36,110)	(30,114)	(65,371)
Other	-	-	-
	904,815	(228,142)	666,454
Net Change in Plan Fiduciary Net Position			
	904,815	(228,142)	666,454
Plan Fiduciary Net Position-Beginning	11,763,204	11,991,346	11,324,892
Plan Fiduciary Net Position-Ending (b)	\$ 12,668,019	\$ 11,763,204	\$ 11,991,346
Net Pension Liability-Ending (a) - (b)	941,518	1,295,959	495,396
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.08%	90.08%	96.03%
Covered Employee Payroll	6,739,629	7,078,113	6,847,759
Net Pension Liability as a Percentage of Covered Employee Payroll	13.97%	18.31%	7.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

City of Fort Pierce, Florida
REQUIREMENT SUPPLEMENTARY INFORMATION
Municipal Police Officers' Retirement Trust Fund
September 30, 2016
(Unaudited)

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
9/30/2014	285,353	248,113	37,240 *	6,426,871	3.86%
9/30/2015	198,688	265,449	(66,761)	6,450,909	4.11%
9/30/2016	173,208	302,837	(129,629)	6,739,629	4.49%

* This deficiency is satisfied through the use of an excess contribution reserve, which was built up by contributions in excess of the Actuarially Determined Contribution in previous years.

Notes to Schedule of Contributions

Valuation date	September 30, 2015
Measurement date	September 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, closed
Remaining amortization period	17 years
Asset valuation method	4-year smoothed market
Inflation rate	2.5%
Salary increases	3.5% to 6.5%
Investment rate of return	7.25%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

City of Fort Pierce, Florida
REQUIREMENT SUPPLEMENTARY INFORMATION
Municipal Police Officers' Retirement Trust Fund
September 30, 2016
(Unaudited)

SCHEDULE OF INVESTMENT RETURNS MULTIYEAR*

	Annual Return
Annual money-weighted rate of return, net of investment expense:	
Fiscal year ending September 30, 2014	9.3%
Fiscal year ending September 30, 2015	-3.5%
Fiscal year ending September 30, 2016	9.57%

* This schedule is presented to illustrate the requirement to show information for those years for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

THIS PAGE INTENTIONALLY LEFT BLANK



COMBINING AND INDIVIDUAL FUND STATEMENTS



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, 2016

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes			
Ad valorem	\$ 13,093,496	\$ 13,171,397	\$ 13,171,397
General sales and use	1,925,000	2,082,894	2,082,894
Franchise	3,925,000	4,261,492	4,261,492
	<u>18,943,496</u>	<u>19,515,783</u>	<u>19,515,783</u>
Licenses and permits			
Occupational licenses	270,000	263,811	263,811
Other	78,000	110,584	110,584
	<u>348,000</u>	<u>374,395</u>	<u>374,395</u>
Intergovernmental revenue			
State grants	-	12,739	12,739
Federal grants	-	-	-
State shared revenue	2,699,000	3,118,008	3,118,008
State retirement contribution	240,000	302,837	302,837
County shared revenue	55,000	50,202	50,202
	<u>2,994,000</u>	<u>3,483,786</u>	<u>3,483,786</u>
Charges for services			
General government	169,600	251,791	251,791
Physical environment	32,000	37,120	37,120
	<u>201,600</u>	<u>288,911</u>	<u>288,911</u>
Fines and forfeitures			
Court cases	76,500	79,701	79,701
Code violation	91,000	222,064	222,064
	<u>167,500</u>	<u>301,765</u>	<u>301,765</u>
Other			
Contributions from component unit	7,170,772	5,809,302	5,809,302
Investment income	55,000	124,661	124,661
Rents	52,852	57,957	57,957
Administrative and contractual services	509,000	514,521	514,521
Reimbursements by other funds	1,115,500	1,011,456	1,011,456
Special assessments	10,000	7,630	7,630
Impact fees	-	28,221	28,221
Miscellaneous	79,600	296,645	296,645
	<u>8,992,724</u>	<u>7,850,393</u>	<u>7,850,393</u>
Total revenues	31,647,320	31,815,033	31,815,033
Other financing sources			
Transfers in	4,282,437	3,167,667	3,167,667
Total other financing sources	<u>4,282,437</u>	<u>3,167,667</u>	<u>3,167,667</u>
Total revenues, other financing sources,	<u>\$ 35,929,757</u>	<u>\$ 34,982,700</u>	<u>\$ 34,982,700</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, 2016

	Budgeted Amounts		Actual
	Original	Final	
Expenditures			
General Government			
Legislative			
City Commission	\$ 208,361	\$ 204,925	\$ 204,925
Executive			
City Manager	606,019	545,937	545,937
City Clerk	284,796	291,396	291,396
Financial and administrative			
General administration	5,740,674	5,294,026	5,294,026
Finance	736,272	722,427	722,427
MIS	994,642	830,582	830,582
Administrative services	590,176	719,788	719,788
Legal counsel			
City Attorney	605,108	874,055	874,055
Comprehensive planning			
Planning	451,837	447,483	447,483
Public works			
Director	93,729	79,403	79,403
Garage	492,552	480,721	480,721
Building maintenance	879,181	960,198	960,198
	<u>11,683,347</u>	<u>11,450,941</u>	<u>11,450,941</u>
Public safety			
Law enforcement			
Police	4,940,912	4,395,037	4,395,037
Police- Operations	6,862,734	6,770,725	6,770,725
Police- Support Operations	1,061,077	1,132,373	1,132,373
Code Enforcement	880,723	910,373	910,373
	<u>13,745,446</u>	<u>13,208,508</u>	<u>13,208,508</u>
Transportation			
Road and street facilities			
Engineering	1,099,251	1,021,018	1,021,018
Street maintenance	1,704,576	1,726,782	1,726,782
	<u>2,803,827</u>	<u>2,747,800</u>	<u>2,747,800</u>
Culture and recreation			
Parks and recreation	1,908,734	1,767,661	1,767,661
Riverwalk Center	150,397	174,953	174,953
	<u>2,059,131</u>	<u>1,942,614</u>	<u>1,942,614</u>
Total expenditures	30,291,751	29,349,863	29,349,863
Other financing uses			
Transfers out	5,561,512	5,242,151	5,242,151
Total expenditures and other financing uses	<u>\$ 35,853,263</u>	<u>\$ 34,592,014</u>	<u>\$ 34,592,014</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.

◆ **Disaster Relief Fund**

This fund is used to account for all revenue that is restricted as to use in disaster relief efforts.

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.

- ◆ **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.

- ◆ **Section 108 Note Payable**

This fund is used to account for the accumulation of monies to pay \$3,395,000 Section 108 Loan. Proceeds of a note payable from a shopping center with a pledge from the Community Development Block is used for the payment of principal and interest due from 2012-2024.

NONMAJOR GOVERNMENTAL FUNDS (CONT'D)

DEBT SERVICE FUNDS (CONT'D.)

- ◆ **Capital Improvement Revenue Refunding Bond Fund, Series 2014**
This fund is used to account for the accumulation of monies to pay \$6,079,229 of financing used for the purchase of capital energy conservation equipment. Non-Ad Valorem revenues are appropriated for the payment of principal and interest due from 2014-2028.
- ◆ **Fort Pierce Redevelopment Revenue Refunding Note Fund, Series 2015 AB**
This fund is used to account for the accumulation of monies to pay \$20,000,000 Series 2006 and \$20,200,000 Series 2005 of the Redevelopment Bonds. FPRA TIF funds are pledged for the payments of principal and interest due from 2016-2031.
- ◆ **Capital Improvement Revenue Refunding Note Fund, Series 2015**
This fund is used to account for the accumulation of monies to pay \$3,170,000 Series 2004 and \$1,909,000 Series 2008A of the Capital Improvement Revenue Refunding Bonds. Non-Ad Valorem revenues are appropriated for the payment of principal and interest due from 2017-2032.

CAPITAL PROJECT FUNDS

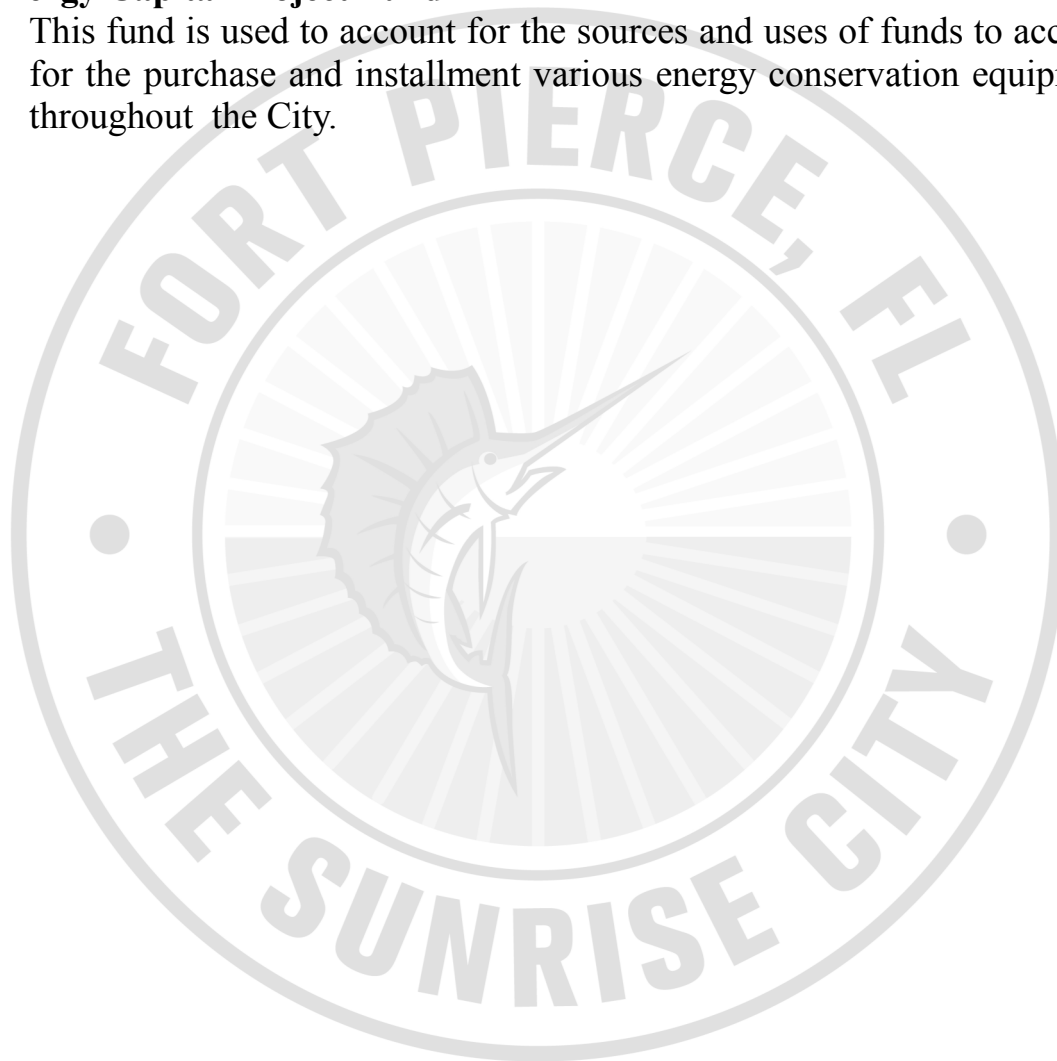
- ◆ **Capital Improvement Fund, Redevelopment**
This fund is used to account for the sources and uses of TIF funds to construct various capital improvements within the City including improvements to roads and buildings, and construction of infrastructure, land and other improvements.
- ◆ **Special Capital 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.

NONMAJOR GOVERNMENTAL FUNDS (CONT'D)

CAPITAL PROJECT FUNDS (CONT'D.)

- ◆ **Energy Capital Project Fund**

This fund is used to account for the sources and uses of funds to account for the purchase and installment various energy conservation equipment throughout the City.



THIS PAGE INTENTIONALLY LEFT BLANK



City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 3,443,408	\$ 796,624	\$ 2,326,803	\$ 6,566,835
Accounts Receivable	27,950	-	-	27,950
Advance to other funds	-	2,177,469	-	2,177,469
Due from other governments	186,936	-	-	186,936
Prepays	3,218	-	-	3,218
Notes Receivable	299,451	-	-	299,451
Total assets	<u>\$ 3,960,963</u>	<u>\$ 2,974,093</u>	<u>\$ 2,326,803</u>	<u>\$ 9,261,859</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 41,623	\$ -	\$ -	\$ 41,623
Due to other funds	162,472	-	-	162,472
Total liabilities	<u>204,095</u>	<u>-</u>	<u>-</u>	<u>204,095</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	<u>299,451</u>	<u>-</u>	<u>-</u>	<u>299,451</u>
FUND BALANCES				
Nonspendable	3,218	-	-	3,218
Restricted	3,269,215	2,974,093	2,326,803	8,570,111
Assigned	184,984	-	-	184,984
Total fund balances	<u>3,457,417</u>	<u>2,974,093</u>	<u>2,326,803</u>	<u>8,758,313</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,960,963</u>	<u>\$ 2,974,093</u>	<u>\$ 2,326,803</u>	<u>\$ 9,261,859</u>

City of Fort Pierce, Florida
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
Year ended September 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental	\$ 1,357,086	\$ -	\$ -	\$ 1,357,086
Investment income	14,209	77,719	17,420	109,348
Miscellaneous	825,478	-	-	825,478
Total revenues	2,196,773	77,719	17,420	2,291,912
Expenditures				
Current				
General Government	21,652	-	52	21,704
Public safety	716,699	-	-	716,699
Economic environment	734,206	-	-	734,206
Capital Outlay	191,519	-	860,529	1,052,048
Debt service				
Principal	-	3,788,108	-	3,788,108
Interest and fees	-	2,890,588	-	2,890,588
Other	-	552,254	-	552,254
Total expenditures	1,664,076	7,230,950	860,581	9,755,607
Excess of revenues over (under) expenditures	532,697	(7,153,231)	(843,161)	(7,463,695)
Other financing sources (uses)				
Transfers in	246,295	5,932,646	22,052	6,200,993
Proceeds of Refunding Notes	-	59,370,000	-	59,370,000
Payment on Current Refunding	-	(17,400,000)	-	(17,400,000)
Payment on Advance Refunding	-	(41,299,060)	-	(41,299,060)
Transfers out	-	(226,675)	(13,501)	(240,176)
Total other financing sources (uses)	246,295	6,376,911	8,551	6,631,757
Net change in fund balances	778,992	(776,320)	(834,610)	(831,938)
Fund balance - beginning of year	2,678,425	3,750,413	3,161,413	9,590,251
Fund balance - end of year	\$ 3,457,417	\$ 2,974,093	\$ 2,326,803	\$ 8,758,313

City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2016

	Police Grants Fund	Law Enforcement Trust Fund	State Housing Initatives Program (S.H.I.P.)
ASSETS			
Cash and investments	\$ -	\$ 83,661	\$ 258,213
Accounts Receivable	20,000	-	-
Due from other governments	142,151	-	-
Prepaid Expenses	3,119	-	-
Notes receivable	-	-	27,832
	<u>-</u>	<u>-</u>	<u>27,832</u>
Total assets	<u>\$ 165,270</u>	<u>\$ 83,661</u>	<u>\$ 286,045</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 9,253	\$ -	\$ 109
Due to other funds	162,245	-	43
	<u>171,498</u>	<u>-</u>	<u>152</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	27,832
	<u>-</u>	<u>-</u>	<u>27,832</u>
FUND BALANCES			
Nonspendable	3,119	-	-
Restricted	(9,347)	83,661	258,061
Assigned	-	-	-
Total fund balances	<u>(6,228)</u>	<u>83,661</u>	<u>258,061</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 165,270</u>	<u>\$ 83,661</u>	<u>\$ 286,045</u>

Community Development Block Grant	Restricted Revenue Fund	Disaster Relief	Total Nonmajor Special Revenue Funds
\$ 780,163	\$ 2,309,332	\$ 12,039	\$ 3,443,408
-	7,950	-	27,950
44,785	-	-	186,936
99	-	-	3,218
<u>271,619</u>	<u>-</u>	<u>-</u>	<u>299,451</u>
<u>\$ 1,096,666</u>	<u>\$ 2,317,282</u>	<u>\$ 12,039</u>	<u>\$ 3,960,963</u>
\$ 13,564	\$ 18,697	\$ -	\$ 41,623
184	-	-	162,472
<u>13,748</u>	<u>18,697</u>	<u>-</u>	<u>204,095</u>
<u>271,619</u>	<u>-</u>	<u>-</u>	<u>299,451</u>
99	-	-	3,218
811,200	2,113,601	12,039	3,269,215
-	184,984	-	184,984
<u>811,299</u>	<u>2,298,585</u>	<u>12,039</u>	<u>3,457,417</u>
<u>\$ 1,096,666</u>	<u>\$ 2,317,282</u>	<u>\$ 12,039</u>	<u>\$ 3,960,963</u>

City of Fort Pierce, Florida
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**
Year ended September 30, 2016

	Police Grants Fund	Law Enforcement Trust Fund	State Housing Initiatives Program (S.H.I.P.)
Revenues			
Intergovernmental	\$ 383,972	\$ 67,000	\$ 210,483
Investment income	183	190	3,700
Miscellaneous	80,000	-	12,000
Total revenues	464,155	67,190	226,183
Expenditures			
Current			
General Government	-	-	-
Public safety	716,678	21	-
Economic environment	-	-	56,916
Capital outlay	-	-	-
Total expenditures	716,678	21	56,916
Excess of revenues over (under) expenditures	(252,523)	67,169	169,267
Other financing sources (uses)			
Transfers in	246,295	-	-
Total other financing sources (uses)	246,295	-	-
Net change in fund balances	(6,228)	67,169	169,267
Fund balance - beginning of year	-	16,492	88,794
Fund balance - end of year	\$ (6,228)	\$ 83,661	\$ 258,061

Community Development Block Grant	Restricted Fund	Disaster Relief	Total Non-Major Special Revenue Funds
\$ 572,673	\$ 122,958	\$ -	\$ 1,357,086
2,734	7,402	-	14,209
54,761	678,717	-	825,478
630,168	809,077	-	2,196,773
-	21,652	-	21,652
-	-	-	716,699
677,290	-	-	734,206
-	191,519	-	191,519
677,290	213,171	-	1,664,076
(47,122)	595,906	-	532,697
-	-	-	246,295
-	-	-	246,295
(47,122)	595,906	-	778,992
858,421	1,702,679	12,039	2,678,425
\$ 811,299	\$ 2,298,585	\$ 12,039	\$ 3,457,417

City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
September 30, 2016

	Fort Pierce Redevelopment Bonds	Golf Course Improvement Bonds	Capital Improvement Revenue 2008	Capital Improvement Refunding 2010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 19,860
Advance to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,860</u></u>
 LIABILITIES AND FUND BALANCES				
FUND BALANCES				
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,860</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,860</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,860</u></u>

Capital Improvement Revenue 2014	Section 108 Loan	Fort Pierce Redevelopment Refunding 2015	Capital Improvement Refunding 2015	Total Nonmajor Debt Service Funds
\$ 236,159	\$ 61,909	\$ 478,696	\$ -	\$ 796,624
-	2,177,469	-	-	2,177,469
<u>\$ 236,159</u>	<u>\$ 2,239,378</u>	<u>\$ 478,696</u>	<u>\$ -</u>	<u>\$ 2,974,093</u>
236,159	2,239,378	478,696	-	2,974,093
<u>236,159</u>	<u>2,239,378</u>	<u>478,696</u>	<u>-</u>	<u>2,974,093</u>
<u>\$ 236,159</u>	<u>\$ 2,239,378</u>	<u>\$ 478,696</u>	<u>\$ -</u>	<u>\$ 2,974,093</u>

City of Fort Pierce, Florida
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE**
NONMAJOR DEBT SERVICE FUNDS
 Year Ended September 30, 2016

	Fort Pierce Redevelopment Bonds	Golf Course Improvement Bonds	Capital Improvement Revenue 2008	Capital Improvement Refunding 2010
Revenues				
Investment income	\$ 703	\$ -	\$ 1,875	\$ 1,682
Expenditures				
Debt service				
Principal	-	-	950,000	290,000
Interest and fees	685,766	-	180,138	377,163
Other	1,107	-	1,728	1,439
Total expenditures	686,873	-	1,131,866	668,602
Excess of revenues over (under) expenditures	(686,170)	-	(1,129,991)	(666,920)
Other financing sources (uses)				
Transfers in	-	109,348	990,661	667,163
Proceeds of Refunding Bonds	-	-	-	-
Payment on Current Refunding	-	-	-	-
Payment on Advance Refunding	-	-	-	-
Transfers out	(4,906)	(221,769)	-	-
Total other financing sources (uses)	(4,906)	(112,421)	990,661	667,163
Net change in fund balances	(691,076)	(112,421)	(139,330)	243
Fund balances - beginning of year	691,076	112,421	139,330	19,617
Fund balances - end of year	\$ -	\$ -	\$ -	\$ 19,860

Capital Improvement Revenue 2014	Section 108 Loan	Fort Pierce Redevelopment Refunding 2015	Capital Improvement Refunding 2015	Total Nonmajor Debt Service Funds
\$ 1,806	\$ 70,371	\$ 1,282	\$ -	\$ 77,719
290,108	283,000	1,445,000	530,000	3,788,108
171,547	57,023	548,663	870,288	2,890,588
10	4	314,418	233,548	552,254
461,665	340,027	2,308,081	1,633,836	7,230,950
(459,859)	(269,656)	(2,306,799)	(1,633,836)	(7,153,231)
417,083	-	2,417,786	1,330,605	5,932,646
-	-	31,055,000	28,315,000	59,370,000
-	-	(14,785,000)	(2,615,000)	(17,400,000)
-	-	(15,902,291)	(25,396,769)	(41,299,060)
-	-	-	-	(226,675)
417,083	-	2,785,495	1,633,836	6,376,911
(42,776)	(269,656)	478,696	-	(776,320)
278,935	2,509,034	-	-	3,750,413
\$ 236,159	\$ 2,239,378	\$ 478,696	\$ -	\$ 2,974,093

City of Fort Pierce, Florida
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2016

	Capital Project Fund Redevelopment	Capital Project Fund Special Capital Projects Fund	Capital Project Fund Energy Capital Projects Fund	Total Nonmajor Capital Project Funds
ASSETS				
Cash and investments	\$ -	\$ 2,326,803	\$ -	\$ 2,326,803
Total assets	<u>\$ -</u>	<u>\$ 2,326,803</u>	<u>\$ -</u>	<u>\$ 2,326,803</u>
LIABILITIES, AND FUND BALANCES				
FUND BALANCES				
Restricted	-	2,326,803	-	2,326,803
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 2,326,803</u>	<u>\$ -</u>	<u>\$ 2,326,803</u>

City of Fort Pierce, Florida

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

Year ended September 30, 2016

	Capital Project Fund Redevelopment	Capital Project Fund Special Capital Projects Fund	Capital Project Fund Energy Capital Projects Fund	Total Nonmajor Capital Project Funds
Revenues				
Investment income	\$ -	\$ 14,404	\$ 3,016	\$ 17,420
Total revenues	-	14,404	3,016	17,420
Expenditures				
Operating Expenses	-	-	52	52
Capital outlay	-	-	860,529	860,529
Total expenditures	-	-	860,581	860,581
Excess of revenues over (under) expenditures	-	14,404	(857,565)	(843,161)
Other financing sources (uses)				
Transfers in	-	-	22,052	22,052
Transfers out	(5,929)	-	(7,572)	(13,501)
Total other financing sources (uses)	(5,929)	-	14,480	8,551
Net change in fund balances	(5,929)	14,404	(843,085)	(834,610)
Fund balance - beginning of year	5,929	2,312,399	843,085	3,161,413
Fund balance - end of year	\$ -	\$ 2,326,803	\$ -	\$ 2,326,803

THIS PAGE INTENTIONALLY LEFT BLANK



STATISTICAL SECTION



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.

MISCELLANEOUS STATISTICS

September 30, 2016

Date of Incorporation:	February 2, 1901	City of Fort Pierce Population:	
Adoption of City Charter:	1957	1940	8,040
Form of Govt:	Commission/City Manager	1950	13,502
Fiscal Year:	October 1, 2015 through September 30, 2016	1960	25,113
Area:	34.8 square miles as of 9/30/2016	1970	29,721
		1980	33,802
Number of Employees:	623.5	1990	36,830
City	353.5	2000	38,401
Utilities Authority	270.0	2010	41,590
Police Protection:		Recreation:	
Number of Stations	2	Acres of Public Parks	294.3
Number of Arresting Personnel	115	Miles of Public Beach	2.3
		Baseball Practice Fields	23
Fire Protection:		Basketball Courts	11
(County wide)		Boat Ramps	10
Number of Stations	17	Football Fields	1
Number of Firemen & Officers	389	Playgrounds	12
		Municipal Pools	2
Infrastructure:		Racquetball/Handball Courts	2
City Buildings	23	Shuffleboard Courts	1
Cemeteries (not City owned)	5	Tennis Courts	18
City Bridges	10		
*Vehicle	6	Utilities Customers:	
*Pedestrian	4	Electric	28,100
Traffic Lights	211	Water	19,750
*Flashing Lights	32	Wastewater	15,000
*Traffic & Caution Lights	179	Natural Gas	4,225
Street Lights	5,313		
Miles of:		County Schools Enrollment:	
*Paved Streets	139.9	ESE (all grades)	5,568
*Unpaved Streets	1.4	Elementary	19,108
Total Streets	141.3	Middle	9,590
Canals	10.1	High School	12,891
Curbs and Gutters	121.4	Total Enrollment	41,589
Seawalls	1.1		
Sidewalks	115.3	Solid Waste Customers:	
Storm Sewers	73.1	Commercial	1,751
		Residential	12,173
Building Permits New Construction:	33	Public	30
Construction Valuation	\$ 12,552,195		

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

	Fiscal Year			
	2016	2015	2014	2013
Governmental activities				
Net invested in capital assets	\$ 39,077,396	\$ 37,055,350	\$ 34,114,524	\$ 32,136,904
Restricted	5,300,896	6,911,826	7,644,201	3,612,651
Unrestricted	4,960,007	5,825,232	9,166,286	12,820,034
Total government activities net Position	\$ 49,338,299	\$ 49,792,408	\$ 50,925,011	\$ 48,569,589
Business type activities				
Net invested in capital assets	\$ 69,349,261	\$ 72,258,131	\$ 66,234,195	\$ 65,104,588
Restricted	-	-	-	-
Unrestricted	1,271,085	4,277,533	13,349,535	12,551,494
Total business-type activities net Position	\$ 70,620,346	\$ 76,535,664	\$ 79,583,730	\$ 77,656,082
Primary Government				
Net invested in capital assets	\$ 108,426,657	\$ 109,313,481	\$ 100,348,719	\$ 97,241,492
Restricted	5,300,896	6,911,826	7,644,201	3,612,651
Unrestricted	6,231,092	10,102,765	22,515,821	25,371,528
Total primary government net Position	\$ 119,958,645	\$ 126,328,072	\$ 130,508,741	\$ 126,225,671

Source: Statement of Net Position

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ \$ 30,700,782	\$ \$ 31,066,247	\$ \$ 28,668,343	\$ \$ 36,179,711	\$ \$ 39,596,736	\$ \$ 34,683,122
4,469,991	7,448,269	7,448,269	6,262,950	8,583,007	8,630,792
14,694,145	13,854,615	18,329,988	13,913,684	9,190,260	8,813,572
<u>\$ \$ 49,864,918</u>	<u>\$ \$ 52,369,131</u>	<u>\$ \$ 54,446,600</u>	<u>\$ \$ 56,356,345</u>	<u>\$ \$ 57,370,003</u>	<u>\$ \$ 52,127,486</u>
\$ \$ 53,122,423	\$ \$ 44,669,243	\$ \$ 45,408,923	\$ \$ 40,490,367	\$ \$ 28,158,381	\$ \$ 29,329,512
-	-	-	-	-	-
13,672,962	13,960,371	10,201,851	12,419,077	18,071,190	10,548,133
<u>\$ \$ 66,795,385</u>	<u>\$ \$ 58,629,614</u>	<u>\$ \$ 55,610,774</u>	<u>\$ \$ 52,909,444</u>	<u>\$ \$ 46,229,571</u>	<u>\$ \$ 39,877,645</u>
\$ \$ 83,823,205	\$ \$ 75,735,490	\$ \$ 77,472,266	\$ \$ 76,670,078	\$ \$ 67,755,117	\$ \$ 64,012,634
4,469,991	7,448,269	7,448,269	6,262,950	8,583,007	8,630,792
28,367,107	27,814,986	25,868,516	26,332,761	27,261,450	19,361,705
<u>\$ \$ 116,660,303</u>	<u>\$ \$ 110,998,745</u>	<u>\$ \$ 110,789,051</u>	<u>\$ \$ 109,265,789</u>	<u>\$ \$ 103,599,574</u>	<u>\$ \$ 92,005,131</u>

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

	Fiscal Year			
	2016	2015	2014	2013
Expenses				
Government activities:				
General government	\$ 10,188,059	\$ 9,615,174	\$ 9,098,006	\$ 9,073,474
Public Safety	15,293,734	15,130,557	14,753,228	14,305,679
Transportation	5,868,560	5,729,773	6,071,542	6,263,011
Economic Environment	1,262,385	1,513,335	1,110,448	1,774,472
Culture and recreation	2,153,169	2,206,744	2,522,271	2,231,912
Interest of long-term debt	4,624,442	3,778,626	3,754,510	3,727,940
Total government activities expenses	<u>\$ 39,390,349</u>	<u>\$ 37,974,209</u>	<u>\$ 37,310,005</u>	<u>\$ 37,376,488</u>
Business-type activities				
Solid Waste	\$ 5,689,842	\$ 5,708,431	\$ 5,264,288	\$ 4,974,739
Marina	3,512,275	3,344,558	2,610,077	2,605,281
Storm Water	7,939,853	5,658,447	6,130,795	3,368,903
Golf Course	1,510,721	1,574,074	1,587,070	1,658,894
Sunrise Theater	4,595,335	4,440,222	4,080,883	4,223,143
Building Fund	1,194,096	1,175,458	1,014,511	1,004,080
Total business-type activities	<u>\$ 24,442,122</u>	<u>\$ 21,901,190</u>	<u>\$ 20,687,624</u>	<u>\$ 17,835,040</u>
Total primary government expenses	<u>\$ 63,832,471</u>	<u>\$ 59,875,399</u>	<u>\$ 57,997,629</u>	<u>\$ 55,211,528</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,180,822	\$ 1,107,288	\$ 489,335	\$ 1,578,442
Public Safety	559,349	478,889	391,592	434,898
Transportation	246,932	116,573	87,391	28,068
Economic Environment	7,296,531	6,047,847	3,904,780	4,876,129
Culture and recreation	166,683	177,797	200,402	126,687
Operating grants and contributions	385,082	1,823,584	4,169,400	1,013,850
Capital grants and contributions	-	527,089	3,599,755	1,635,302
Total governmental activities program revenues	<u>\$ 9,835,399</u>	<u>\$ 10,279,067</u>	<u>\$ 12,842,655</u>	<u>\$ 9,693,376</u>
Business-type activities				
Charges for services:				
Solid Waste	\$ 6,544,120	\$ 6,376,443	\$ 6,264,167	\$ 6,348,420
Marina	2,856,262	2,196,705	1,737,088	1,800,958
Storm Water	2,708,419	3,259,131	2,707,758	2,598,840
Golf Course	1,235,869	1,373,744	1,417,093	1,418,505
Sunrise Theater	3,342,281	3,539,762	2,959,181	2,887,153
Building Fund	1,360,416	1,231,122	1,276,557	1,053,183
Operating grants and contributions	-	-	-	-
Capital grants and contributions	407,561	1,959,954	7,142,646	13,354,340
Total business-type activities	<u>\$ 18,454,928</u>	<u>\$ 19,936,861</u>	<u>\$ 23,504,490</u>	<u>\$ 29,461,399</u>
Total primary government revenues	<u>\$ 28,290,327</u>	<u>\$ 30,215,928</u>	<u>\$ 36,347,145</u>	<u>\$ 39,154,775</u>
Net (Expense) Revenue				
Governmental activities	(29,554,950)	(27,695,142)	(24,467,350)	(27,683,112)
Business-type activities	<u>\$ (5,987,194)</u>	<u>\$ (1,964,329)</u>	<u>\$ 2,816,866</u>	<u>\$ 11,626,359</u>
Total primary government net expenses	<u>\$ (35,542,144)</u>	<u>\$ (29,659,471)</u>	<u>\$ (21,650,484)</u>	<u>\$ (16,056,753)</u>

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 9,368,691	\$ 9,578,646	\$ 11,039,863	\$ 12,967,795	\$ 15,157,106	\$ 13,450,017	
13,758,635	13,353,710	14,614,487	16,893,985	16,773,117	16,485,679	
6,277,776	6,347,717	7,375,759	6,647,625	7,003,523	7,024,296	
3,361,379	2,040,019	6,075,167	7,863,601	7,758,223	9,475,767	
2,268,586	2,321,424	2,548,710	2,642,486	2,825,114	2,610,912	
3,821,411	3,841,700	3,680,658	4,001,465	3,537,105	2,856,782	
<u>\$ 38,856,478</u>	<u>\$ 37,483,216</u>	<u>\$ 45,334,644</u>	<u>\$ 51,016,957</u>	<u>\$ 53,054,188</u>	<u>\$ 51,903,453</u>	
\$ 5,440,958	\$ 5,486,548	\$ 5,245,043	\$ 4,747,297	\$ 5,168,303	\$ 5,074,554	
2,155,455	2,353,376	2,300,594	2,233,160	2,459,231	2,554,290	
3,241,933	3,182,318	2,648,312	2,578,157	2,499,171	2,475,360	
1,610,301	1,600,742	1,908,161	1,933,926	1,813,631	1,777,562	
4,173,135	3,816,102	3,845,893	4,017,465	3,821,918	3,781,301	
951,656	997,636	915,411	-	-	-	
<u>\$ 17,573,438</u>	<u>\$ 17,436,722</u>	<u>\$ 16,863,414</u>	<u>\$ 15,510,005</u>	<u>\$ 15,762,254</u>	<u>\$ 15,663,067</u>	
<u>\$ 56,429,916</u>	<u>\$ 54,919,938</u>	<u>\$ 62,198,058</u>	<u>\$ 66,526,962</u>	<u>\$ 68,816,442</u>	<u>\$ 67,566,520</u>	
\$ 451,139	\$ 695,767	\$ 1,320,108	\$ 2,396,587	\$ 3,551,313	\$ 4,249,283	
335,806	338,144	480,040	1,120,931	1,724,209	2,253,572	
18,850	102,831	124,853	121,646	259,442	501,618	
5,021,998	5,565,047	9,151,126	293,568	507,295	349,130	
133,913	132,696	721,037	10,167	78,877	110,719	
2,968,721	1,977,408	3,228,715	12,358,009	13,141,206	15,710,657	
1,311,204	659,333	510,645	2,966,734	2,086,094	100,000	
<u>\$ 10,241,631</u>	<u>\$ 9,471,226</u>	<u>\$ 15,536,524</u>	<u>\$ 19,267,642</u>	<u>\$ 21,348,436</u>	<u>\$ 23,274,979</u>	
\$ 6,139,701	\$ 6,078,244	\$ 6,177,815	\$ 6,079,811	\$ 6,185,722	\$ 6,235,950	
1,920,455	1,626,788	1,531,036	1,551,310	1,630,162	1,623,322	
2,679,764	2,720,486	2,608,393	2,599,139	2,498,258	2,471,274	
1,439,569	1,350,526	1,373,150	1,471,253	1,659,221	1,641,172	
3,066,474	2,625,109	2,156,753	2,211,941	2,254,689	1,554,963	
845,845	976,606	1,044,916	-	-	-	
-	-	4,727,554	3,825,307	2,544,073	1,459,848	
10,145,196	4,046,662	-	4,208,215	5,164,319	1,524,028	
<u>\$ 26,237,004</u>	<u>\$ 19,424,421</u>	<u>\$ 19,619,617</u>	<u>\$ 21,946,976</u>	<u>\$ 21,936,444</u>	<u>\$ 16,510,557</u>	
<u>\$ 36,478,635</u>	<u>\$ 28,895,647</u>	<u>\$ 35,156,141</u>	<u>\$ 41,214,618</u>	<u>\$ 43,284,880</u>	<u>\$ 39,785,536</u>	
(28,614,847)	(28,011,990)	(29,798,120)	(31,749,315)	(31,705,752)	(27,006,569)	
<u>\$ 8,663,566</u>	<u>\$ 1,987,699</u>	<u>\$ 2,756,203</u>	<u>\$ 6,436,971</u>	<u>\$ 6,174,190</u>	<u>\$ 18,032,766</u>	
<u>\$ (19,951,281)</u>	<u>\$ (26,024,291)</u>	<u>\$ (27,041,917)</u>	<u>\$ (25,312,344)</u>	<u>\$ (25,531,562)</u>	<u>\$ (8,973,803)</u>	

General Revenues and Other Changes in Net Position

	Fiscal Year			
	2016	2015	2014	2013
Governmental Activities:				
Taxes				
Ad valorem tax	\$ 13,171,397	\$ 11,882,126	\$ 11,958,161	\$ 10,082,823
General Sales and use tax	2,082,894	2,072,741	2,084,479	2,183,003
Utility service and franchise	4,261,492	4,209,187	4,213,534	4,456,865
State Revenue Sharing	1,323,800	1,282,595	1,211,575	1,166,983
Additional one-cent sales tax	1,666,089	1,603,223	1,495,885	1,378,666
Unrestricted grants and contributions	302,837	265,449	248,113	249,148
Component unit transfer	5,809,302	5,735,240	5,605,157	5,365,879
Miscellaneous	201,096	259,054	91,884	346,124
Investment earnings	305,599	166,607	193,528	243,884
Special Item-Sale of Land		-		
Transfers	(23,665)	847,537	815,331	914,408
Total government activities	<u>\$ 29,100,841</u>	<u>\$ 28,323,759</u>	<u>\$ 27,917,647</u>	<u>\$ 26,387,783</u>
Business-type activities				
Investment earnings	\$ 48,211	\$ 34,799	\$ 44,148	\$ 64,567
Insurance proceeds-unrestricted				
Miscellaneous				84,179
Transfers	23,665	(847,537)	(815,331)	(914,408)
Total business-type activities	<u>\$ 71,876</u>	<u>\$ (812,738)</u>	<u>\$ (771,183)</u>	<u>\$ (765,662)</u>
Total primary government	<u><u>\$ 29,172,717</u></u>	<u><u>\$ 27,511,021</u></u>	<u><u>\$ 27,146,464</u></u>	<u><u>\$ 25,622,121</u></u>
Change in Net Position				
Governmental Activities	\$ (454,109)	\$ 628,617	\$ 3,450,297	\$ (1,295,329)
Business-type activities	(5,915,318)	(2,777,067)	2,045,683	10,860,697
Total primary government	<u><u>\$ (6,369,427)</u></u>	<u><u>\$ (2,148,450)</u></u>	<u><u>\$ 5,495,980</u></u>	<u><u>\$ 9,565,368</u></u>

Source: Statement of Activities

Fiscal Year						
	2012	2011	2010	2009	2008	2007
\$	10,009,972	\$ 11,144,640	\$ 11,867,277	\$ 14,476,029	\$ 15,983,798	\$ 15,708,542
	2,268,673	2,326,799	2,334,521	2,523,926	2,408,440	2,586,791
	4,708,357	4,656,869	4,771,753	4,886,723	4,729,859	4,361,022
	1,153,572	1,149,797	1,146,272	1,148,859	1,167,446	1,371,713
	1,330,114	1,387,116	1,333,339	1,353,418	1,550,221	1,715,029
	241,799	241,312	262,634	276,943	345,472	345,742
	4,767,268	4,925,280	4,853,329	5,045,811	4,951,964	4,208,790
	196,028	202,640	286,804	237,912	521,986	300,424
	191,827	194,349	249,136	273,147	1,202,125	1,949,595
	-	-	-	-	3,207,299	-
	1,243,024	(294,281)	783,310	512,889	879,659	(995,257)
\$	26,110,634	\$ 25,934,521	\$ 27,888,375	\$ 30,735,657	\$ 36,948,269	\$ 31,552,391
\$	79,883	\$ 87,750	\$ 122,060	\$ 142,244	\$ 620,760	\$ 1,141,317
		-	-	-	-	-
	665,346	654,803	606,377	613,547	436,635	453,974
	(1,243,024)	294,281	(783,310)	(512,889)	(879,659)	995,257
\$	(497,795)	\$ 1,036,834	\$ (54,873)	\$ 242,902	\$ 177,736	\$ 2,590,548
\$	25,612,839	\$ 26,971,355	\$ 27,833,502	\$ 30,978,559	\$ 37,126,005	\$ 34,142,939
\$	(2,504,213)	\$ (2,077,469)	\$ (1,909,745)	\$ (1,013,658)	\$ 5,242,517	\$ 2,923,917
	8,165,771	3,024,533	2,701,330	6,679,873	6,351,926	20,623,314
\$	5,661,558	\$ 947,064	\$ 791,585	\$ 5,666,215	\$ 11,594,443	\$ 23,547,231

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

	Fiscal Year			
	2016	2015	2014	2013
General Fund				
Nonspendable	\$ 316,714	\$ 74,213	\$ 295,821	\$ 78,134
Restricted		-	-	-
Committed	550,000	550,000	723,134	1,219,933
Assigned	3,582,326	3,582,326	3,404,652	3,232,604
Unassigned	403,281	255,096	(126,374)	(286,355)
Unreserved	-	-	-	-
Total General Fund	<u>\$ 4,852,321</u>	<u>\$ 4,461,635</u>	<u>\$ 4,297,233</u>	<u>\$ 4,244,316</u>
All Other Government Funds				
Special Revenue:				
Restricted	\$ 4,445,596	\$ 2,493,441	\$ 2,339,723	\$ 1,184,459
Nonspendable	16,573	-	18,429	1,084
Assigned	184,984	184,984	184,984	190,062
Committed	-	290,254	130,783	946,613
Debt Service:				
Restricted	2,974,093	3,750,413	3,722,988	991,103
Capital projects:				
Restricted	2,326,803	3,161,413	3,921,213	2,621,548
Total all other governmental funds	<u>\$ 9,948,049</u>	<u>\$ 9,880,505</u>	<u>\$ 10,318,120</u>	<u>\$ 5,934,869</u>
Total governmental and general funds	<u>\$ 14,800,370</u>	<u>\$ 14,342,140</u>	<u>\$ 14,615,353</u>	<u>\$ 10,179,185</u>

* Implementation of GASB 54 in 2011

Source: Balance Sheet Governmental Funds

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 260,206	\$ 415,980	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-
1,219,933	894,680	-	-	3,000,000	-	-
3,232,604	3,222,160	-	-	-	-	-
95,628	565,717	-	-	-	-	-
-	-	4,149,368	4,525,073	4,868,200	4,837,799	
<u>\$ 4,808,371</u>	<u>\$ 5,098,537</u>	<u>\$ 4,149,368</u>	<u>\$ 4,525,073</u>	<u>\$ 7,868,200</u>	<u>\$ 4,837,799</u>	
\$ 1,434,093	\$ 1,867,420	\$ 2,196,502	\$ 662,216	\$ 3,495,240	\$ 3,528,819	
16,437	16,591	-	-	-	-	
190,062	190,062	-	-	-	-	
544,490	567,140	-	-	-	-	
1,561,513	2,168,777	3,416,600	2,492,069	6,044,864	6,928,848	
2,908,478	3,077,881	4,031,669	8,225,425	7,273,739	13,868,386	
<u>\$ 6,655,073</u>	<u>\$ 7,887,871</u>	<u>\$ 9,644,771</u>	<u>\$ 11,379,710</u>	<u>\$ 16,813,843</u>	<u>\$ 24,326,053</u>	
<u>\$ 11,463,444</u>	<u>\$ 12,986,408</u>	<u>\$ 13,794,139</u>	<u>\$ 15,904,783</u>	<u>\$ 24,682,043</u>	<u>\$ 29,163,852</u>	

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

	Fiscal Year			
	2016	2015	2014	2013
Revenues				
Taxes	\$ 19,515,783	\$ 18,164,053	\$ 18,256,174	\$ 16,722,691
Licenses, fees and permits	374,499	435,346	333,806	327,558
Intergovernmental	9,899,947	10,661,557	15,104,540	11,384,520
Charges for services	288,911	261,508	226,708	215,829
Fines and penalties	301,765	245,930	202,277	222,445
Contributions from component units	5,809,302	5,735,240	5,605,157	5,365,879
Investment earnings	305,599	166,607	193,528	243,884
Other revenues	5,088,808	3,656,005	4,734,719	2,977,234
Total revenues	\$ 41,584,614	\$ 39,326,246	\$ 44,656,909	\$ 37,460,040
Expenditures				
General government	10,409,135	10,013,455	10,151,988	9,764,941
Public safety	13,870,188	13,873,313	14,032,891	13,453,506
Transportation	2,747,800	2,684,573	3,122,509	3,089,871
Economic environment	1,182,662	1,434,987	1,033,042	1,735,007
Culture and recreation	1,902,214	1,948,803	2,150,857	1,968,202
Capital outlay	3,253,508	3,575,611	10,185,718	3,765,513
Debt service:				
Principal	3,788,108	3,151,895	2,718,000	2,168,000
Interest	3,935,165	3,760,086	3,647,762	3,709,460
Other	552,254	4,273	72,534	4,207
Total expenditures	\$ 41,641,034	\$ 40,446,996	\$ 47,115,301	\$ 39,658,707
Excess of Revenues over and (under) expenditures	\$ (56,420)	\$ (1,120,750)	\$ (2,458,392)	\$ (2,198,667)
Other Financing sources (Uses)				
Transfers in	\$ 10,826,011	\$ 13,675,604	\$ 14,954,554	\$ 11,239,805
Transfers out	(10,982,301)	(12,828,067)	(14,139,223)	(10,325,397)
Issuance of debt	-	-	-	-
Discount on issuance of debt	-	-	-	-
Proceeds from refunding	59,370,000	-	6,079,229	-
Total other financing	-	-	-	-
Payment on Current Refunding	(17,400,000)	-	-	-
Payment on Advance Refunding	(41,299,060)	-	-	-
Total sources (uses)	\$ 514,650	\$ 847,537	\$ 6,894,560	\$ 914,408
Net change in fund balances	\$ 458,230	\$ (273,213)	\$ 4,436,168	\$ (1,284,259)
Debt service as a percentage of non capital expenditures	20.1%	18.7%	17.2%	16.4%

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

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 16,987,002	\$ 18,128,308	\$ 18,973,552	\$ 21,886,678	\$ 23,122,097	\$ 22,656,355	
353,390	465,984	393,408	946,089	1,629,310	1,997,284	
11,338,211	9,157,273	12,180,543	16,068,886	18,493,398	19,422,168	
195,748	180,180	74,964	93,280	85,260	94,256	
193,114	207,067	350,920	521,193	475,811	536,872	
4,767,268	4,925,280	4,853,329	5,045,811	4,951,964	4,208,790	
196,028	202,640	286,804	237,912	1,202,125	1,949,595	
2,799,953	3,490,107	2,970,580	3,844,946	5,272,877	6,168,564	
<u>\$ 36,830,714</u>	<u>\$ 36,756,839</u>	<u>\$ 40,084,100</u>	<u>\$ 48,644,795</u>	<u>\$ 55,232,842</u>	<u>\$ 57,033,884</u>	
10,351,426	10,158,774	12,178,323	14,914,645	16,553,623	15,393,131	
12,972,368	12,555,394	13,918,785	16,191,118	15,842,453	15,659,093	
3,058,459	2,981,763	3,130,854	3,783,786	3,794,313	3,960,131	
3,277,492	1,944,850	6,042,952	7,759,398	7,439,327	9,356,712	
1,943,145	1,988,264	2,144,593	2,389,376	2,729,348	2,317,515	
2,383,608	2,118,083	3,642,606	6,236,137	12,115,028	38,092,574	
1,820,000	1,695,000	1,645,484	1,887,041	1,777,174	4,024,196	
3,761,440	3,813,474	3,644,993	3,821,412	3,501,542	2,522,186	
28,763	14,687	419,481	912,131	48,800	279,233	
<u>\$ 39,596,701</u>	<u>\$ 37,270,289</u>	<u>\$ 46,768,071</u>	<u>\$ 57,895,044</u>	<u>\$ 63,801,608</u>	<u>\$ 91,604,771</u>	
\$ (2,765,987)	\$ (513,450)	\$ (6,683,971)	\$ (9,250,249)	\$ (8,568,766)	\$ (34,570,887)	
\$ 10,639,613	\$ 6,319,305	\$ 13,083,132	\$ 18,338,952	\$ 11,573,501	\$ 11,088,614	
(9,396,589)	(6,613,586)	(12,313,489)	(17,105,170)	(10,693,843)	(12,083,871)	
-	-	459,099	-	-	30,150,000	
-	-	-	(450,795)	-	-	
-	-	11,308,143	29,840,000	-	-	
-	-	-	-	-	-	
-	-	(7,963,557)	(30,150,000)	-	-	
-	-	-	-	-	-	
<u>\$ 1,243,024</u>	<u>\$ (294,281)</u>	<u>\$ 4,573,328</u>	<u>\$ 472,987</u>	<u>\$ 879,658</u>	<u>\$ 29,154,743</u>	
				3,207,299		
<u>\$ (1,522,963)</u>	<u>\$ (807,731)</u>	<u>\$ (2,110,643)</u>	<u>\$ (8,777,262)</u>	<u>\$ (4,481,809)</u>	<u>\$ (5,416,144)</u>	

15.0%

15.7%

12.3%

11.1%

10.2%

12.2%

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

	Fiscal Year			
	2016	2015	2014	2013
Additions				
Employer	\$ 4,211,312	\$ 4,093,268	\$ 4,356,127	\$ 4,266,803
Employees	2,005,283	1,925,831	1,943,411	1,920,330
State	302,837	265,449	248,113	249,148
Other	-	-	-	-
Investment income (net of expenses)	\$ 17,392,106	\$ 2,511,123	\$ 17,721,192	\$ 21,583,070
Total additions to plan net position	\$ 23,911,538	\$ 8,795,671	\$ 24,268,843	\$ 28,019,351
Deductions				
Benefit payments	\$ 13,389,859	\$ 12,959,826	\$ 12,606,823	\$ 11,993,098
Refunds	786,340	408,937	440,758	585,930
Administrative expenses	204,174	153,522	176,528	134,550
Fire District Asset Withdrawal	-	-	-	-
Other expenses	19,406	21,601	20,829	19,416
Total deductions from plan net position	\$ 14,399,779	\$ 13,543,886	\$ 13,244,938	\$ 12,732,994
Change in net position	\$ 9,511,759	\$ (4,748,215)	\$ 11,023,905	\$ 15,286,357

Source: Combining Statement of Changes in Fiduciary Funds Net Position

Fiscal Year						
2012	2011	2010	2009	2008	2007	
\$ 3,566,751	\$ 3,181,446	\$ 3,377,350	\$ 3,580,089	\$ 4,053,604	\$ 6,475,387	
1,874,591	1,738,084	1,929,755	2,168,561	2,122,748	2,045,601	
241,799	241,312	262,634	276,943	345,472	345,472	
-	-	-	-	-	699	
\$ 26,881,779	\$ 1,482,590	\$ 14,806,065	\$ 4,352,746	\$ (23,183,079)	\$ 30,501,473	
\$ 32,564,920	\$ 6,643,432	\$ 20,375,804	\$ 10,378,339	\$ (16,661,255)	\$ 39,368,632	
\$ 10,874,268	\$ 10,413,658	\$ 9,727,760	\$ 7,160,364	\$ 6,833,788	\$ 8,751,479	
346,839	274,419	496,099	443,021	306,553	312,244	
129,911	141,620	198,932	186,494	126,355	127,238	
-	-	-	-	-	98,084,291	
18,992	19,122	18,218	18,479	19,984	23,403	
\$ 11,370,010	\$ 10,848,819	\$ 10,441,009	\$ 7,808,358	\$ 7,286,680	\$ 107,298,655	
\$ 21,194,910	\$ (4,205,387)	\$ 9,934,795	\$ 2,569,981	\$ (23,947,935)	\$ (67,930,023)	

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

Fiscal Year Ended September 30,	Real Property	Personal Property	Centrally Assessed Property
2016	\$ 2,519,792,781	\$ 201,769,117	\$ 9,950,405
2015	2,420,424,296	178,560,253	8,259,241
2014	2,369,027,251	196,294,919	7,180,208
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

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

Less: Exemption	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 744,102,164	\$ 1,987,410,139	6.9000
718,951,717	1,888,292,073	6.5786
707,506,816	1,864,995,562	6.6050
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

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

Fiscal Year	County Parks MSTU	Co Public Transit MSTU	Erosion District E	Law Enf. Jail, Judicial Sys	Co General Revenue Fund	St. Lucie County Port Bond	Childrens Services Council	St Lucie Co Fire District
2016	0.2313	0.1269	0.0925	3.2699	4.1273	0.0154	0.4765	3.0000
2015	0.2313	0.1269	0.0925	3.2699	3.7764	0.0154	0.4765	3.0000
2014	0.2313	0.1269	0.0925	3.9699	2.9221	0.0154	0.4872	3.0000
2013	0.2313	0.1269	0.0925	3.9699	2.9221	0.0154	0.4872	2.6500
2012	0.2313	0.1269	0.0925	3.9699	2.9221	0.0154	0.4872	2.6500
2011	0.2313	0.1269	0.0925	3.9699	2.8707	0.0154	0.4872	2.4839
2010	0.2313	0.0833	0.0925	3.3957	2.7694	0.0154	0.4872	2.2000
2009	0.2313	0.0833	0.0925	2.5478	3.6173	0.0154	0.3858	2.2000
2008	0.2313	0.0833	0.0925	1.9352	4.2299	0.0144	0.3858	2.2000
2007	0.2500	0.0900	0.1000	2.3778	4.2734	0.0154	0.3915	2.4562

Source: St. Lucie County Property Appraisers Office

FL Inland Navigation Dist	City of Fort Pierce	County School District	Mosquito Control	S FL Water Mgmt District	Beach Bond	Environ Signif Land Bond	Everglades Constructio n Project	Total
0.0320	6.9000	7.2830	0.2413	0.3551	-	-	-	26.1512
0.0345	6.5786	7.2410	0.2522	0.3842	-	-	-	25.4794
0.0345	6.6050	7.2570	0.4065	0.4110	-	-	-	25.5593
0.0345	5.7131	7.7710	0.2036	0.4289	-	-	-	24.6464
0.0345	5.4674	7.8780	0.2036	0.4363	-	-	-	24.5151
0.0345	5.4674	8.1770	0.2036	0.5346	-	0.0459	0.0894	24.8302
0.0345	5.4674	7.6760	0.2036	0.5346	-	0.0459	0.0894	23.3262
0.0345	5.4674	7.6850	0.2036	0.5346	-	0.0459	0.0894	23.2338
0.0345	5.4674	7.4900	0.2036	0.5340	-	0.0776	0.0894	23.0689
0.0385	5.9823	7.7370	0.2200	0.5970	-	0.0823	0.1000	24.7114

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
2016	\$ 13,439,692	\$ 13,134,433	97.73%
2015	12,437,017	11,869,802	95.44%
2014	12,386,111	11,676,648	94.27%
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%

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

Total Collections to Date

Collections in Subsequent Years	Amount	Percentage of Levy
\$ 36,964	\$ 13,171,397	98.00%
12,303	11,882,105	95.54%
279,204	11,955,852	96.53%
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%

City of Fort Pierce, Florida
Principal Revenue Payers - Property Tax
Current Year and Nine Years Ago

Taxpayer	2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Stores East Inc	53,105,424	1	2.67209%
HCA	28,274,543	2	1.42268%
Bellsouth Telecommunications	24,349,823	3	1.22520%
Ehden NV	20,156,141	4	1.01419%
Destin Beach Inc	19,568,528	5	0.98462%
Lawnwood Medical Center	19,219,322	6	0.96705%
Landings Fort Pierce LLC	15,881,130	7	0.79909%
Woods Family Limited Ptnr II	10,978,691	8	0.55241%
Treasure Cay Properties LLC.	10,472,978	9	0.52697%
Waste Pro of Florida, Inc.	9,942,189	10	0.50026%
Riverfront Development, LC			
G Flash GP, Inc (TR)			
S Florida Properties (2) LLC			
Lennar Homes nc			
Fort Pierce Homes, LLC			
Total	<u>\$ 211,948,767</u>		<u>10.6646%</u>

* Total assessed valuation is \$ 1,987,410,139

2007		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
33,489,064	3	1.2250%
51,246,470	1	1.8746%
17,982,430	7	0.6578%
33,535,766	2	1.2267%
16,010,774	9	0.5857%
24,636,785	4	0.9012%
18,688,499	6	0.6836%
18,826,551	5	0.6887%
17,489,515	8	0.6398%
15,574,705	10	0.5697%
<u>\$ 247,480,559</u>		<u>9.0528%</u>

\$ 2,733,746,997

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

Fiscal Year	State Revenue Sharing	1/2 Cent Sales Tax	Mobile Home License	Beverage License	Fuel Tax Refund	Total Receipts
2016	\$ 1,323,800	\$ 1,666,089	\$ 38,013	\$ 36,752	\$ 53,354	\$ 3,118,008
2015	1,282,595	1,603,223	39,544	41,793	62,255	3,029,410
2014	1,211,575	1,495,885	36,372	39,118	54,071	2,837,021
2013	1,166,983	1,378,666	36,427	50,183	59,449	2,691,708
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

Source: City of Fort Pierce Finance Records

THIS PAGE INTENTIONALLY LEFT BLANK



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

AGENCY	Fiscal Year			
	2016	2015	2014	2013
City of Fort Pierce				
CRA 1 (Res 82-25) *	47,636,647	48,076,622	49,234,611	51,157,598
CRA 2 (Res 95-89)	2,742,460	2,742,460	2,591,500	2,477,100
CRA 3 (Res 96-15)	3,853,477	3,853,477	3,173,700	3,467,600
CRA 4 (Res 01-98) *	589,287,949	592,159,262	561,639,632	561,948,017
CFP Total	643,520,533	646,831,821	616,639,443	619,050,315
St. Lucie County				
CRA 1 (Res 82-25) **	47,840,681	49,841,776	49,765,511	52,074,098
CRA 2 (Res 95-89)	2,742,460	2,639,810	2,591,500	2,477,100
CRA 3 (Res 96-15)	3,853,477	3,225,300	3,173,700	3,467,600
CRA 4 (Res 01-98) **	586,114,655	571,482,215	558,849,211	559,212,624
SLC Total	640,551,273	627,189,101	614,379,922	617,231,422
SLC Fire District				
CRA 1 (Res 82-25)	-	-	-	-
CRA 2 (Res 95-89)	-	-	-	-
CRA 3 (Res 96-15)	-	-	-	-
CRA 4 (Res 01-98)	-	-	-	-
SLC Fire Total	-	-	-	-

- * City with historic but no senior exemption
** County with senior but no historic exemption
*** Last year Fire Department Paid TIF

Fiscal Year					
2012	2011	2010	2009	2008	2007
54,952,729	56,168,470	70,131,326	62,234,031	65,332,302	64,773,379
2,590,239	2,820,864	3,011,140	3,468,650	3,646,427	3,490,495
3,832,104	3,822,122	3,985,240	4,547,200	3,921,700	3,433,700
577,410,385	609,706,475	705,029,914	869,644,929	1,020,903,984	945,805,234
638,785,457	672,517,931	782,157,620	939,894,810	1,093,804,413	1,017,502,808
55,982,929	57,710,070	71,885,126	64,496,546	66,948,502	66,414,579
2,590,239	2,820,864	3,011,140	3,468,650	3,646,427	3,490,495
3,832,104	3,822,122	3,985,240	4,547,200	3,921,700	3,433,700
574,247,439	606,278,371	701,361,001	866,035,908	1,017,625,788	943,199,980
636,652,711	670,631,427	780,242,507	938,548,304	1,092,142,417	1,016,538,754
-	-	-	-	-	66,414,579
-	-	-	-	-	3,490,495
-	-	-	-	-	3,433,700
-	-	-	-	-	945,858,934
-	-	-	-	-	*** 1,019,197,708

City of Fort Pierce, Florida
Legal Debt Margin Information
September 30, 2016

	Fiscal Year			
	2016	2015	2014	2013
Debit Limit	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000
Total Net Debt Applicable to Limit *	60,736,702	59,086,556	61,940,246	53,835,180
Debit Margin	\$ 6,263,298	\$ 7,913,444	\$ 5,059,754	\$ 13,164,820
Total net debt applicable to the limit as a percentage of debt limit	90.652%	88.189%	92.448%	80.351%

* Includes all net long-term debt except for debt issued by the Community Redevelopment Agency.

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

City of Fort Pierce
Direct and Overlapping Governmental Activities Debt
September 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
St. Lucie County	\$ 20,000	7.3562%	\$ 1,471
Other Debt			
St. Lucie County	9,200,000	0.00%	-
Subtotal, overlapping debt			\$ 1,471
City direct debt			<u>93,639,702</u>
Total direct and overlapping debt			<u><u>\$ 93,641,173</u></u>

Sources: St. Lucie County

* The percent applicable to the City is calculated using property taxable value ratios

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000	\$ 67,000,000
59,250,000	60,480,000	61,655,000	59,002,378	61,054,320	62,741,731
\$ 7,750,000	\$ 6,520,000	\$ 5,345,000	\$ 7,997,622	\$ 5,945,680	\$ 4,258,269
88.433%	90.269%	92.022%	88.063%	91.126%	93.644%

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

Governmental Activities

Fiscal Year	Redevelop-ment Bonds	Sales Tax Increment Bonds	Non-ad Valorum
2016	\$ 32,000,000	\$ -	\$ 42,296,369
2015	30,330,000	-	43,419,477
2014	31,670,000	-	40,192,143
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

Source: City of Fort Pierce Financial Statements

Business-Type Activities

	Marina	Storm water	Solid Waste	Total Primary Government	Percentage of Personal Income	Per Capita
\$	5,598,333	\$ 13,745,000	\$ -	\$ 93,639,702	8.21%	2,105
	5,827,371	13,935,000	-	93,511,848	8.12%	2,145
	1,846,857	14,570,000	-	88,279,000	7.39%	2,049
	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

Pledged Revenue Coverage

Last Ten Fiscal Years

Governmental Activities

Non-ad Valorum Bonds

Fiscal Year	Revenue ¹		Less: Operating Expenses ²		Net Available Revenue		Debt Service		Coverage		
							Principal	Interest			
2016	\$	28,281,049	\$	16,693,090	\$	11,587,959	\$	964,608	\$	1,345,608	5.02
2015		29,088,947		16,279,220		12,809,727		1,255,000		2,038,348	3.89
2014		30,042,740		15,262,366		14,780,374		1,185,000		2,105,055	4.49
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

Revenue Sharing Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage		
							Principal	Interest			
2016	\$	***	\$	***	\$	***	\$	***	\$	***	***
2015		***		***		***		***		***	***
2014		***		***		***		***		***	***
2013		***		***		***		***		***	***
2012		***		***		***		***		***	***
2011		***		***		***		***		***	***
2010		***		***		***		***		***	***
2009		***		***		***		***		***	***
2008		***		***		***		***		***	***
2007		1,371,713		-		1,371,713		238,437		4,828	5.64

Redevelopment Bonds ³

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage		
							Principal	Interest			
2016	\$	6,741,105	\$	2,949,898	\$	3,791,207	\$	2,540,500	\$	1,487,856	0.94
2015		7,461,479		4,225,896		3,235,583		1,295,000		1,432,781	1.19
2014		8,321,415		5,173,422		3,147,993		1,205,000		1,479,406	1.17
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

Sales Tax Increment Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage		
							Principal	Interest			
2016	\$	1,666,089	\$	-	\$	1,666,089	\$	-	\$	-	-
2015		1,603,223		-		1,603,223		-		-	-
2014		1,495,886		-		1,495,886		-		-	-
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

Business Activities ⁴

Marina Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage		
							Principal	Interest			
2016	\$	2,857,861	\$	2,543,748	\$	314,113	\$	229,038	\$	245,716	0.66
2015		2,203,948		2,183,515		20,433		229,038		223,573	0.05
2014		1,749,369		1,666,599		82,770		-		92,343	0.90
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

Storm Water Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage		
							Principal	Interest			
2016	\$	2,747,322	\$	6,626,201	\$	(3,878,879)	\$	665,000	\$	542,329	(3.21)
2015		2,693,352		1,521,214		1,172,138		635,000		628,375	0.93
2014		2,718,550		2,538,854		179,696		635,000		657,605	0.14
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

Solid Waste Bonds

Fiscal Year	Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage	
							Principal	Interest		
2016	\$	6,544,121	\$	5,880,050	\$	664,071	\$	***	***	***
2015		6,378,368		5,411,167		967,201		***	***	***
2014		6,266,635		4,928,031		1,338,604		***	***	***
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

*** No bonds outstanding

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

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

³ Funded by (TIF) Tax Increment Funds

⁴ Statement of Revenues, Expenses and Changes in Fund Net Position-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

Calendar Year	City of Ft. Pierce Population	Personal Income	Median Household Income *	School Enrollment**	Unemployment Rate
2016	44,484	1,140,347,340	25,635	41,589	8.4%
2015	43,601	1,151,676,814	26,414	40,764	10.4%
2014	43,074	1,193,968,206	27,719	40,951	13.7%
2013	42,645	1,347,496,710	31,598	45,781	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%

Source:

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

** St. Lucie County School Board (Countywide)

**City of Fort Pierce, Florida
Principal Employers
Current Year and Nine Years Ago**

Employer*	2016			2007		
	Employees *	Rank	Percentage of Total County Employment Within the City Limits	Employees *	Rank	Percentage of Total County Employment Within the City Limits
School Board of St Lucie County	5,416	1	7.69%	4,597	1	8.83%
Indian River State College	2,400	2	3.41%	1,547	3	2.97%
Lawnwood Regional Medical Ctr & Heart Institute	1,339	3	1.90%	1,082	5	2.08%
Wal-Mart Distribution Center	890	5	1.26%	2790	2	5.36%
St. Lucie County	658	7	0.93%	982	7	1.89%
St. Lucie County Fire District	434	6	0.62%			
City of Fort Pierce	335	6	0.48%			
Tropicana Products Inc	275	8	0.39%			
Fort Pierce Utilities Authority	268	9	0.38%			
United States Postal Service	235	10	0.33%			
Publix Supermarkets				1163	4	2.23%
Riverside Bank				1,023	6	1.97%
Harbor Federal Savings & Loan				699	8	1.34%
Home Depot				425	9	0.82%
New Horizons - Treasure Coast				398	10	0.76%
Total	<u>12,250</u>		<u>17.39%</u>	<u>14,706</u>		<u>28.25%</u>
* Total industry jobs in St. Lucie County 2015	70,426			52,051		

Sources: Economic Development Council (EDC) of St. Lucie County
Florida Department of Economic Opportunity

* Total industry job information is for St. Lucie County; specific City only data is not available.
The information uses the most recent EDC data, 2016 is not available at this time.

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

Function / Program	Fiscal Year			
	2016	2015	2014	2013
Primary government:				
Government activities:				
General government	65.5	68.0	69.0	69.0
Public safety	166.5	167.0	164.0	164.0
Transportation	25.0	26.0	26.0	26.0
Economic environment	2.0	2.0	2.0	6.0
Culture and recreation	26.0	26.0	26.0	26.0
Total governmental activities	285.0	289.0	287.0	291.0
Business type activities				
Buidling Inspections	11.0	11.0	12.0	12.0
Marina	5.0	5.0	5.0	6.0
Solid Waste	33.0	33.0	33.0	34.0
Golf Course	12.5	13.0	13.0	16.0
Sunrise Theatre	7.0	7.0	6.0	8.0
Total Business type activities	68.5	69.0	69.0	76.0
Total all activities	353.5	358.0	356.0	367.0

Source: City of Fort Pierce Budget Document

* 2010 First year of collecting data

Fiscal Year					
2012	2011	2010	2009	2008	2007
71.0	70.0	73.0	94.0	94.0	95.0
155.0	165.0	168.0	203.0	217.0	198.0
26.0	26.0	30.0	39.0	39.0	41.0
8.0	6.0	8.0	8.0	12.0	13.0
26.0	26.0	27.0	29.0	29.0	29.0
286.0	293.0	306.0	373.0	391.0	376.0
12.0	12.0	13.0	*	*	*
6.0	5.0	5.0	7.0	9.0	9.0
34.0	34.0	31.0	32.0	34.0	34.0
16.0	16.0	21.0	20.0	31.0	31.0
8.0	7.0	7.0	9.0	9.0	8.0
76.0	74.0	77.0	68.0	83.0	82.0
362.0	367.0	383.0	441.0	474.0	458.0

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

	Fiscal Year			
	2016	2015	2014	2013
<u>Function/Program</u>				
Police				
Physical arrests	2,626	2,975	3,189	3,064
Parking Violations	433	341	298	230
Traffic Violations	6,496	9,984	8,791	5,619
Fire (County wide)				
Emergency responses	45,796	43,045	40,033	39,189
Fires calls	4,928	4,659	4,483	4,229
Refuse collections				
Refuse collected (tons per day)	124	133	131	129
Other public works				
Street resurfacing (miles)	1.5	0.7	1.4	1.2
Potholes repaired *	412	440	428	478
Parks and recreation				
Athletic fields permits issued	269	280	278	218
River Walk Center permits issued	97	85	64	66
Garden Club permits issued	57	48	33	20
Maravilla permits issued	86	92	66	56
Special Events	168	163	186	151
Old City Hall	34	26	***	***

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					
2012	2011	2010	2009	2008	2007
2,899	2,510	3,794	3,145	3,032	3,055
211	336	959	969	860	513
4,782	171	720	5,744	6,993	8,618
34,161	38,989	33,906	33,673	32,182	31,512
3,629	4,626	4,430	4,515	4,790	4,604
201	123	126	106	169	142
-	1.6	-	0.3	3.9	6.3
215	200	600	380	281	206
358	397	415	447	533	460
69	73	139	57	**	**
19	10	34	17	**	**
47	10	****	****	****	****
150	141	****	****	****	****
***	***	***	***	***	***

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

<u>Function/Program</u>	Fiscal Year			
	2016	2015	2014	2013
Police				
Stations	3	3	3	3
Sworn Officers	115	115	118	115
Fire				
Stations	17	17	17	18
Firefighters	389	386	370	370
Refuse collections				
Commercial	1,751	1,730	1,685	1,695
Residential	12,173	11,871	11,611	11,550
Public	30	30	30	32
Other public works				
Streets (miles)	141	185	179	152
Streetlights	5,313	5,313	5,313	5,313
Traffic signals	211	211	177	177
Parks and recreations				
Acreage	294.3	294.3	294.3	294.3
Playgrounds	12	12	11	12
Baseball/football fields/basketball courts	35	35	24	23
Tennis/handball/racquetball/shuffleboard	21	21	21	21
Community Centers	2	2	2	2
Miles of public beach	2.3	2.3	2.3	2.3
Pools	2	2	2	2
Utility Customers				
Electric	28,100	28,096	27,630	27,770
Water	19,750	19,756	19,250	19,280
Wastewater	15,000	14,987	14,640	14,450
Natural Gas	4,225	4,223	4,180	4,190

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

* Parks Transferred to the City from St. Lucie County

Fiscal Year					
2012	2011	2010	2009	2008	2007
3	3	3	3	3	3
107	110	107	115	117	108
18	18	18	18	15	15
364	370	376	420	402	350
1,675	1,678	1,963	1,972	1,978	1,607
11,427	12,843	12,840	12,926	13,180	11,964
35	36	36	39	30	29
152	152	152	152	166	166
5,106	5,028	5,028	5,138	4,798	4,790
177	177	177	70	70	70
294.3	294.3	294.3	116.9	116.9	116.9
12	12	12	6	7	7
23	23	22	22	26	26
21	21	5	5	5	5
2	2	2	2	2	2
2.3	2.3	2.3	2.3	2.3	2.3
2	2	2	2	2	2
28,413	27,697	27,859	28,413	28,584	26,883
19,394	19,180	19,048	19,394	19,278	17,711
14,842	14,377	14,460	14,842	14,737	13,428
4,039	3,892	3,982	4,039	4,171	4,304

THIS PAGE INTENTIONALLY LEFT BLANK



AUDITORS' REPORTS



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 21, 2017

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 21, 2017.

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*.

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
Fort Pierce, Florida

City of Fort Pierce, Florida
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
For the year ended September 30, 2016

Description	CFDA/ CSFA Number	Contract Grant Number	Expenditures	Pass-Through to Sub- Recipients
<u>FEDERAL PROGRAMS:</u>				
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Program:</i>				
Community Development Block Grant Entitlement	14.218	B14-MC-12-0031	261,692	-
Community Development Block Grant Entitlement	14.218	B15-MC-12-0031	301,024	4,000
			562,716	4,000
<u>U.S. Department of Justice</u>				
<i>Direct Program:</i>				
ARRA-COPS Hiring	16.710	2011-UM-WX-0043	11,115	-
Public Safety Partnership and Community Policing	16.710	2013-UM-WX-0053	174,537	-
Youth Gang Prevention	16.544	2014-JV-FX-0002	107,341	-
<i>Indirect Program:</i>				
<i>Passed through Florida Attorney General:</i>				
Victims of Crime Act	16.575	V057-14089	36,515	-
<i>Passed through Florida Department of Law Enforcement:</i>				
Stop Violence Against Women Formula Grant	16.588	16-8004-LE-INV	62,432	-
Technical Improvement Program	16.738	2016-JAGC-STLU-2-H3-05	31,363	-
			423,303	-
<i>Passed through Florida Department of Environmental protection:</i>				
Nonpoint Source Implementation Grants	66.460	GO417	170,000	-
<i>Passed through Florida Department of Transportation:</i>				
Highway Planning and Construction	20.205	ARO15	127,990	-
			127,990	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 1,284,009	\$ 4,000
<u>STATE PROJECTS:</u>				
<u>Florida Department of Transportation</u>				
Florida Highway Beautification	55.003	GO703	\$ 12,739	-
<u>Florida Housing Finance Agency:</u>				
State Housing Initiatives Partnership Program	40.061		176,457	-
<u>Division of Cultural Affairs:</u>				
General Program Support	45.061		68,942	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 258,138	\$ -

City of Fort Pierce, Florida
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
For the year ended September 30, 2016

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.

Independent Auditor's Report on Compliance For Each Major Federal Awards Program, and on Internal Control Over Compliance Required by OMB Circular A-133

To the City Council
City of Fort Pierce, Florida

March 21, 2017

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Fort Pierce, Florida with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal awards programs and state projects for the year ended September 30, 2016. The City of Fort Pierce, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal Programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Fort Pierce, Florida's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This standard, OMB Circular A-133, requires that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City of Fort Pierce, Florida's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the City of Fort Pierce, Florida's compliance.

Opinion on Each Major Federal Program

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 for the year ended September 30, 2016.

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 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Pierce, Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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. Accordingly, this report is not suitable for any other purpose.

A. Bartolomeo, M. Bee, Hartley & Barred

Certified Public Accountants
Fort Pierce, Florida

I. Summary of Auditor Findings

1. The independent certified public accountant's report expresses an unmodified 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.
5. The independent certified public accountant's report on compliance for the major federal awards programs expresses an unmodified opinion.
6. There were no audit findings relative to the major federal awards programs.
7. The programs tested as major programs/projects were as follows:

Federal Programs:

CFDA Number: 14.218 Community Development Block Grant Entitlement

The threshold for distinguishing between Type A and Type B programs was \$300,000 for major federal programs.

8. The City of Fort Pierce, Florida was determined to be a low risk auditee for federal program testing pursuant to OMB Circular A-133.

II. Financial Statement Findings

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

III. Federal Program/State Project Findings and Questioned Costs

There were no audit findings that are required to be reported in accordance with Section 510(a) by OMB Circular A-133, Section 510(A)

IV. Summary Schedule of Prior Audit Findings

There were no prior audit findings.

Independent Accountant's Report on Compliance With Section 218.415, Florida Statutes

To the City Commission
Fort Pierce, Florida

March 21, 2017

We have examined the City's compliance with the requirements of Section 218.415, Florida Statutes with regards to the City's investments during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee Hartley & Barnes, P.A.
Fort Pierce, Florida

Management Letter

To the City Commission
City of Fort Pierce, Florida

March 21, 2017

Report on the Financial Statements

We have audited the financial statements of the City of Fort Pierce, Florida, as of and for the year ended September 30, 2016, and have issued our report thereon dated March 21, 2017, which was unqualified.

Auditor's Responsibility

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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 21, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit. There were no findings or recommendations noted in the preceding annual financial audit.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements.

The 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.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City of Fort Pierce, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City of Fort Pierce, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Fort Pierce, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of Fort Pierce Florida for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Purpose of this letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Certified Public Accountants
Fort Pierce, Florida

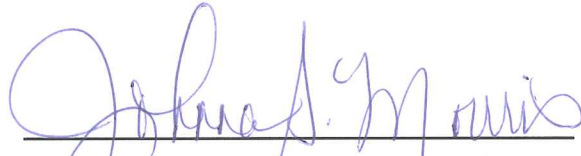


AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Johnna S. Morris, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Fort Pierce which is a local government entity of the State of Florida;
2. City of Fort Pierce adopted Ordinance No. L-61 implementing an impact fee; and
3. City of Fort Pierce has complied and, as of the date of this affidavit, remains in compliance with Section 163.31801, Florida Statutes.

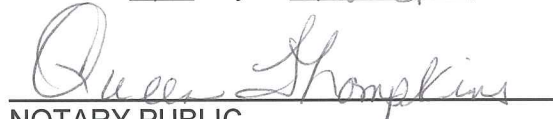
FUTHER AFFIANT SAYETH NAUGHT.



 Johnna S. Morris, Director of Finance

STATE OF FLORIDA
COUNTY OF SAINT LUCIE

SWORN TO AND SUBSCRIBED before me this 31st day of March, 2017.



 NOTARY PUBLIC

Print Name Queen Thompkins

Personally known or produced identification _____

Type of identification produced _____

My Commission Expires:

