

City of Port St. Lucie *Annual Budget* *2012-2013*

"The City for all Ages"

Adopted by the City Council
September 24, 2012

Mayor

JoAnn M. Faiella



Vice Mayor

Linda Bartz



Councilwoman

Michelle Lee Berger



Councilwoman

Shannon M. Martin



Councilman

Jack Kelly



City Manager
Gregory J. Oravec

Assistant City Manager
Jeff Bremer

Incorporated
April 27, 1961

Population
164,603

Prepared by:
Office of Management and Budget
www.cityofpsl.com

Listing of City Officials

ELECTED OFFICIALS

JoAnn M. Faiella Mayor
Linda Bartz Councilwoman, Vice Mayor
Michelle Lee Berger Councilwoman
Shannon M. Martin Councilwoman
Jack Kelly Councilman

APPOINTED OFFICIALS

Gregory J. Oravec City Manager
Roger G. Orr City Attorney

ADMINISTRATION

Jeff Bremer Assistant City Manager
Edwin M. Fry, Jr. Finance Director/City Treasurer
Jesus Merejo Utility Systems Director
Patricia Roebing City Engineer
Susan Williams Director of Human Resources
Renee' Major Director of Risk Management
Joel A. Dramis Building Official
Karen Phillips City Clerk
William Jones Director of Management Information Systems
David K. Pollard Office of Management and Budget Director/Purchasing Agent
Sherman Conrad Parks and Recreation Director
John Bolduc Chief of Police
Daniel Holbrook Planning & Zoning Director
Patricia Selmer Community Services Director
Edward Cunningham Communications Director



CITY OF PORT ST. LUCIE



"A CITY FOR ALL AGES"

September 24, 2012

Honorable Mayor, Vice-Mayor and City Council:

In accordance with Section 4.04(g) of the City Charter, it is my pleasure to submit to you the Adopted Budget for Fiscal Year (FY) 2012-2013. The budget total of \$478,301,953 includes all Operating and Capital Improvement Funds. This is an increase of \$52,586,362 from the originally approved budget for FY 2011-12, which is attributable to: nearly \$36 million in anticipated grant funding for the Crosstown Parkway; the \$6.9 million increase in the General Fund for additional cash carryforward and stronger Sales Tax and Electric based revenues; and the increase of \$9.1 million in the Utility Operating Fund for cash carryforward and customer fees needed to satisfy annual debt service.

The Adopted Budget includes a decrease to property taxes. It calls for a 0.1000 reduction to the overall Millage Rate, which, when combined with the 2.18% drop in taxable value, will decrease the total amount of property taxes collected by the City by \$1.4 million.

A total of 967.41 full-time equivalent employees (FTEs) are funded by the Adopted Budget, which is a net decrease of 4.34 FTEs. Several departments, most notably the Police and Public Works Departments, went through focused and strategic reorganizations in the last half of the current FY 2011-2012, which, in many cases, shifted resources from the managerial ranks to boots on the ground. The financial and staffing impacts of these reorganizations come fully into focus within the Adopted Budget. Additionally, it is important to note that the Adopted Budget adds an Economic Development Manager and an Assistant Human Resources Director to help us meet key goals and objectives next year and into the future.

As more specifically set forth in this document, the Adopted Budget complies with all Council policy directives except those currently held in abeyance. Please be advised that the Adopted Budget is built upon the following assumptions which are subject to collective bargaining:

- Increased employee contributions for health insurance and related benefits for those employees falling within the Employee & Spouse, Employee & Family and Employee & Children tiers.
- A one time net bonus of \$1,000 to employees to offset the proposed increase to health plan contributions.
- A 1.5% cost of living increase for all employees, except those Department Heads and Assistant Department Heads earning more than the median salary for their respective positions amongst our benchmarking group.

Should the City fail to successfully bargain the above items, some specific aspects of the Operating Funds would change; however, the overall health of the Budget would remain sound because while the City would not realize the additional contributions from employees for health plan costs, it would not pay the proposed bonus and cost of living increase.

As you are aware, the Adopted Budget is much more than a financial document and a collection of spreadsheets, it is a strategic plan which allocates all of the City's financial resources. There is no better place to identify and understand the City's priorities; and it is important for us to ensure that the City's resources are properly aligned with your vision for the City. In this era of diminished resources, all of the City's funds must be focused on those services and projects—the priorities—which will implement your vision. There is no room for waste. There can be no distractions. Every penny and hour counts because the City is one of the leanest municipal organizations in the State (please see Table 1).

We have faced dark times over the past several years. Particularly dismal conditions have included: a 51.5% decrease in property values; an elevated unemployment rate; a high foreclosure rate; a 22% reduction in the number of our City employees; and too many self-inflicted imbroglios. However, the world has not ended, and I truly believe we have been presented with the opportunity to initiate the renaissance of Port St. Lucie. There are many encouraging signs, including:

- We finished FY 10-11 in the black and that is a trend we expect to continue in the current FY 11-12. In fact, due to continuing savings in our Medical Insurance Fund and the cost saving measures implemented by staff, we currently estimate that the City will end FY 11-12 by adding more than \$1 million to the balance of the General Fund.
- As a result of a continuing commitment to efficiency and cost controls and due to the reorganization of several departments, we have a leaner, more cost effective organization that will enable the General Fund, Stormwater Fund and Road & Bridge Fund to be balanced and in the black for the next two fiscal years. The financial benefits of the reorganizations are clearly evidenced by the Adopted Budget.
 - Police Department Budget. The FY 12-13 Budget provides for 18.5 more officers in the field, plus 16 new vehicles, for approximately \$176,000 less than the Currently Amended FY 11-12 Budget.
 - Public Works Department. The Public Works Department is funded through the Road & Bridge Fund and the Stormwater Utility Fund. Compare the Originally Adopted FY 11-12 Budget's long range models for these Funds to the Adopted FY 12-13 Budget's long range models, and you will find that: the Road & Bridge Fund has gone from deficit spending and forecasted deficits to being balanced and building a fund balance; and that the Stormwater Utility Fund has gone from deficit spending and multi-million dollar deficits to being in the black for the next two years and being balanced for the duration of the long range model.
 - MIS. The FY 12-13 Budget provides for 2.5 more net FTEs than the Originally Adopted FY 11-12 Budget while reducing the departmental budget by approximately 19%.
- Devaluation has leveled off, seeming to indicate that we are at the bottom of the bust.
- Sales tax and electric franchise fees are moving upwards, reflecting increased economic activity.
- These positive trends have allowed us to maintain and, in some cases, improve services while proposing:
 - A drop in the millage rate and corresponding property taxes.

- An increase of financial contingency funding. The current adopted budgetary policy calls for a 4% financial contingency line item in most funds. However, a review of 16 comparable jurisdictions and the best practices recommended by the Government Finance Officers Association (GFOA) indicates that this level of contingency, which is the equivalent of two weeks, is far too low. Accordingly, the Proposed Budget increases the General Fund's contingency to 17% and each operating fund's contingency to at least 8%.
- A one time net bonus of \$1,000 to employees to offset a proposed increase to health insurance premiums.
- A 1.5% cost of living increase for all employees, except those Department Heads and Assistant Department Heads earning more than the median salary for their respective positions amongst our benchmarking group.
- The addition of an Economic Development Manager and Assistant Human Resources Director.
- Interim solutions to the challenges presented by the stalled City Center Project.
 - City Center SAD—utilizing surplus cash, the City will pay off the Civic Center's special assessments, which, in turn, will: 1) save the City approximately \$5 million on the special assessment it is already committed to paying annually over the next 23 years; and 2) push out any special assessment shortfall in the City Center SAD until July 2015. This measure should provide the City Attorney's Office with sufficient time to pursue legal remedies and provides additional time for the real estate market to improve.
 - City Center TIF Bonds—utilizing Parks MSTU funding, the City will purchase the CRA's Civic Center and Village Square assets in an amount of \$20,980,101. Based upon the current property valuation, the Parks MSTU Fund receives about \$1.2 million in revenue per year and has a cash balance of approximately \$7.5 million. As a result, the Parks MSTU fund will make large payments towards the purchase of the assets over the next four year period with regular payments thereafter. The sale of these assets will keep the concern of the General Fund having to contribute to the CRA's debt service at bay until FY 2015-2016, and the amount of any exposure will be significantly reduced thereafter. This measure provides additional time for the market to recover.
- In spite of challenging circumstances, many important milestones were reached and many meaningful projects completed in FY 11-12. Highlights include:
 - The City maintained its status as the safest City in Florida for cities with a population greater than 100,000.
 - Crosstown Parkway—The locally preferred alternative, 1(C), was selected. The City received approval from the Florida Department of Environmental Protection on the proposed land conveyance to satisfy the Memorandum of Understanding. The State's formal consideration of the proposed easement to cross the River is expected this Fall.
 - Martin Health Systems initiated construction of Tradition Hospital.
 - Digital Domain opened its new building in Tradition.
 - VGTI opened its building in the Tradition Center for Innovation.
 - Neared completion of the \$36.7 million Eastern Watershed Improvement Project.
 - Received more than \$7.5 million in state and federal funding for roadway, drainage, pedestrian and transit projects.

- Approved a funding plan and began the process of designing and constructing the Fairgreen Road Extension Project.
- Saints Golf Course became self sufficient.
- Completed Segment 3 of the Becker Road Widening Project.
- Commenced landscaping improvements on Port St. Lucie Boulevard from the Turnpike to Petunia Avenue.
- Initiated a Rebate Program on the Road Impact Fee.
- Lowered development fees as an outcome of the Regulatory Rethink process.
- Established new business classes and realtor training.
- Southern Grove was designated a district of the Community Redevelopment Area.
- Updated the Comprehensive Plan.
- Replaced approximately 125,000 linear feet of asbestos cement water lines.
- Progressed on the installation of radio read water meters. Twenty six thousand five meters out of 65,590 total meters are expected to be operational by the end of FY 11-12.
- Continued work on the Neighborhood Stabilization Program, repairing 13 homes, purchasing 28 and selling 10. To date, the collective value of homes sold to homebuyers exceed their value at the time of City acquisition by \$562,710.
- Invested approximately \$500,000 in Community Development Block Grant funding on public improvement projects, such as new sidewalks, lift station upgrades and repair/rehabilitation of housing.
- Reorganized the Code Enforcement Division under the Building Department.
- Initiated the Abandoned Property Registration Program.
- Collaborated with a team of volunteers to design and soon complete the construction of a 9-11 Memorial at the Civic Center.
- Responded to a tragedy at Sportsman's Park with several improvements to improve park safety, including the allocation of Parks Police Officers, the installation of surveillance cameras and the introduction of the Court Pass.
- Entered into a three year \$75,000 Naming Rights Contract with Martin Health Systems for the Martin Health Systems Village Square.
- Opened Mariposa Cane Slough Preserve.
- Outlined a plan to close out the troubled Ravenswood Project.
- Expanded the Volunteer Program outside of the Parks and Recreation Department.
- Civic Center. Received matching grant funding from the St. Lucie County Tourism Development Council to market the Civic Center; reduced personal expenses; and executed an agreement to reopen the café.
- Finance Department initiated savings. Authorized and/or issued refunding bonds expected to save the City over \$1 million; hired a new collection agency which resulted in a 50% increase in the collection of delinquent code enforcement fines; and reduced debit card fees charged by banks resulting in annual savings of approximately \$65,000.
- Evaluated and then entered into an energy savings performance contract with Honeywell, which is guaranteed to save the City millions of dollars.
- Sustained Award Winning Excellence, receiving the 2012 Florida Recreation & Parks Association's Voluntary Service Award, Certificate of Achievement for Excellence in Financial Reporting from the GFOA, the Budget Award from GFOA for the 23rd consecutive time, and procurement certification and/or awards from the National Institute

of Governmental Purchasing, Florida Association of Public Procurement Officials and the National Procurement Institute.

I hope that these promising signs stoke your enthusiasm for moving our City forward, as they do mine, and that we can unify our organization around the City Council's vision for our City. Over the course of transforming this Budget into the Final Budget, which was adopted in September, it is also my hope that the City Council will specifically define that vision. Staff will adjust its priorities for FY 2012-2013, as necessary, in order to do everything it can to move the City towards the realization of the City Council's defined vision. However, in the interim, staff's priorities in FY 2012-2013 include:

1. To carry out the authorizations set forth in the Budget.
2. To provide existing municipal services with excellence and at the best value to taxpayers.
 - Achieve excellence in service.
 - Ensure customer satisfaction and quality of service through observation and, wherever possible, objective statistical performance indicators. Benchmark these performance indicators against past years and those of selected peers. Specific initiatives will include a Comprehensive Benchmarking Study and a Feasibility Study of Annual Customer Survey(s).
 - Promote excellent employee performance through: a renewed and proper emphasis on focused training and education; and meaningful performance evaluations which serve as the basis for any future financial rewards (merit increases). Excellence must be cultivated. Specific initiatives will include a Benchmarking Study of education and training programs in the industry and a Study of Performance Evaluations.
 - Ensure that our compensation package is in line with other comparable municipalities and our expectations for performance. If we want to recruit the best possible talent, if we want excellence, we should be prepared to provide a commensurate compensation package. However, we then have the responsibility of ensuring that we receive the desired performance and that we are not overpaying. Accordingly, we should continue working on the benchmarking of all aspects of our total compensation package with subsequent proposed changes as appropriate. Major items include:
 - Cost of Employee Healthcare Benefit. As you are aware, we increased employee contributions for healthcare last year. However, a study completed by our insurance broker reveals that our employees still pay much less than the industry standard. Moreover, it is desirable to tie the employee's contribution to a percentage contribution rather than a dollar amount so that the employee has a vested interest in controlling healthcare costs and the City does not have to negotiate an increase every time annual insurance claims increase. However, to reduce the financial impact on our employees, I hope that we can reach the benchmark ratio in gradual steps. The Proposed Budget proposes rebalancing contributions between the tiers of benefit (i.e. Employee only, Employee & Spouse, Employee & Family and Employee & Children) based upon Florida Blue's (formerly Blue Cross Blue Shield's) analysis of claims and adjusting the percentage contribution of three of the four tiers as more particularly set forth in the following charts. It is important to note that in addition to the one time bonus to offset the proposed increase in contributions to the Health Plan, we are working to implement a Pilot Wellness Program that incentivizes healthy behaviors. This

would allow qualifying employees to reduce their contributions to the health plan and should help us avoid future costly medical expenses. Additionally, next year, we will study other potential cost saving strategies including cafeteria style options and Flexible Savings Accounts (FSAs).

Percentage of Employee Contribution Paid by Each Tier (Total equals 100%)

Coverage Tier	Current Tier Ratios in use	Broker Recommended Tier Ratios
Employee only	10.6%	10.9%
Employee & Spouse	19.3%	20.9%
Employee & family	59.0%	58.2%
Employee & Child(ren)	11.1%	10%

Ratio of Healthcare Costs Covered by Employee

Current Four tier plan	Current Ratio	Benchmark Ratio	Proposed Ratio	Incr. / (Decr.)
Employee only	8%	7%	8%	-0-
Employee & Spouse	9%	20%	15%	+4
Employee & family	9%	19%	15%	+4
Emp. & Child(ren)	9%	23%	15%	+4

Proposed Rate Summary

Current Four tier plan	Current Rate	Proposed Rate	Monthly Increase (Decrease)	Annual Increase
Employee only	\$52.50	\$45.00	(\$7.50)	(\$90.00)
Employee & Spouse	\$129.16	\$199.00	\$69.84	\$838.08
Employee & family	\$181.78	\$257.00	\$75.22	\$902.64
Emp. & Child(ren)	\$95.66	\$153.00	\$57.34	\$688.08

- Paid time off. Important factors include the amounts of accruals and the ability of employees to cash out this benefit.
- Defined Contribution Plan. Compare our 10.5% contribution to the contributions of our peers.
- Police Pension. The City’s Municipal Police Officer’s Retirement Fund is for the officers who have chosen to participate in this defined benefit plan. The funding requirements are covered by the City’s regular retirement contribution for employees of 10.5% of salary plus a 9% contribution from the participating officers. Additionally, the plan is receiving State funding and an additional contribution from the City of \$1.5 million in FY 2012-13 to fund the shortfall identified by the actuarial study. The \$1.5 million is an increase of \$300,000 over the current year and continues a trend of increases. As a result of this additional contribution, the City is providing the benefitted employees with a 21.51% retirement benefit as noted in the Foster & Foster report dated March 5, 2012, or roughly twice what it provides to all other employees. It is important to consider that the amount of the additional contribution is funded out of the Police

Department's Budget and is roughly equivalent to the aggregate salary of 20 police officers.

- Other desirable human resource-related initiatives include: continue training on ethics, ADA, performance evaluations and timekeeping; studies and proposed revisions, as appropriate, to the Nepotism Policy, Time Clock/Time Keeping Practices, the Personnel Rules and Regulations, Drug Policy; and updating the Salary Benchmarking Study.
 - Continue looking for ways to save, monitoring staffing and contracting to identify opportunities to work smarter and more efficiently. Work with the newly selected Financial Advisor to consider financial cost savings mechanisms. Special attention will be paid to bond issues like the City Center SAD and City Center TIF Improvements.
 - Complete the creation of a "One Stop Permitting Shop". Co-locate all permitting functions, including Building, Engineering, Planning & Zoning and Utilities permit review within Building B. This will also contribute to our economic development efforts.
 - Long term, work to lower the millage rate.
3. Crosstown Parkway. Attain the record of decision; complete work on surveying and right-of-way mapping; finish design of proprietary mitigation; and start property acquisition.
 4. Economic Development. Facilitate the creation of jobs and capital investment within the City, especially within City Center and Tradition. Hire an Economic Development Manager to take the lead on our day to day economic development and community redevelopment efforts. More than just helping to recruit big business with the Economic Development Council, this professional will assist with economic gardening and our marketing efforts. The future of our City is tied to our ability to facilitate economic development, as economic development is the key to addressing our long term concerns and our ability to weather financial storms.
 5. To preserve and enhance property values within the City through all available means, including NSP, Nuisance Abatement, Code Compliance, Keep Port St. Lucie Beautiful, Parks Projects, Public Works Projects and Utility Projects. Notable capital projects include: (the completion of) EWIP, Northern Watershed Improvements Project, Club Med Drainage Project, Fairgreen Road Extension, Boat Ramp Park, Winterlakes Park, Dog Park, the Sidewalk Program, the Port St. Lucie Intermodal Transit Facility and A/C Water Pipe Replacement Project. Notable administrative initiatives include: maintain safe city status, draft a long term plan for the improvement of Floresta Drive and draft proposed Ordinance relating to Vacant Property Maintenance.
 6. Address Long Term Concerns
 - Economic Development. See #4!
 - Building Department. The Building Department is continuing to deficit spend as a result of imbalanced revenues and expenses which are a result of diminished permitting revenues and relatively high personal services costs. Though the Building Department Budget has a 50% contingency per Council policy, it is vital for us to outline a plan to bring the Department's budget into balance in the preparation of the FY 2013-2014 Budget.
 - Utility Fund. The operating fund for the City's Utility Department is facing an increase of \$6.2 million for debt service in FY 2012-2013. This one item alone is causing the anticipated deficit spending of approximately \$2.9 million in the Utility Budget next year. The Department's personnel costs have been reduced due to staffing cuts in recent years, and operating costs, such as electricity, are holding steady. The Department's customer fees have risen over time. Unfortunately, the Utility built capacity based upon boom time

projections and has been left with minimal growth in the bust. As with the real estate market, the bottom fell out of the Utility's revenue curve. Capacity was built utilizing bond funds for demand which does not exist today. As a result, the Utility's customers are paying for a lot of excess capacity, approximately 56.4% of our water capacity and 52.7% of our wastewater capacity are currently unutilized. As with many of our current challenges, the most desirable solution is economic development. Economic development will create new water and sewer customers who will utilize capacity and pay fees. In the absence of a significant increase in the number of customers, the Utility will have to evaluate: potential financial savings strategies (it is hoped that the Financial Advisor will bring new thoughts to the table); future rate increases; the drawdown of contingency; the sale of capacity to other existing users; and cost saving measures. However, with regard to cost saving measures, it is important to note that the Utility has already completed significant staffing reductions. The only operation to further evaluate for substantial savings would be meter reading after the installation of the radio meters.

- 7. Monitor the horizon for potential financial storms—Actions of the State Legislature, default by special assessment districts or economic development projects and natural disasters.

We are unable to control the global economy or dictate the actions of the federal and State governments, all of which can have tremendous impacts on our City and our budget. However, if we are able to make significant progress on the aforementioned FY 12-13 priorities, we will have done just about everything we can to control our destiny. I believe that our success with these priorities will lead to better times, an upbeat FY 13-14 budget message and a proclamation that a renaissance of Port St. Lucie has truly begun.

It is an honor and a privilege to serve you and the citizens of Port St. Lucie. I would like to thank the Department Heads and the Office of Management & Budget for their help and hard work in drafting the Proposed Budget. Additionally, I would like to thank all of our employees for succeeding in doing more with less. Now is the time for us to renew our journey forward. Let the renaissance begin!

Respectfully submitted,



Gregory J. Oravec
City Manager

**Table 1: FTE / Square Mile Ratio Benchmarking
FY 2011-12 Budget Data**

City	Grand Total FTE	# of Fire/EMS Certified & Civilian FTE Equivalents	Less FTE's Aviation	Less FTE's Sanitation	Less FTE's Electric	Less FTE's Transit	Less FTE's School	Less FTE's Theatre	Less FTE's Marina	Less FTE's Library	Less FTE's Aquatics	Less FTE's Cemetery	Less FTE's Gas Service	Add Water & Sewer Utility FTE's	Total FTE's Minus Fire FTE's	Square Miles	FTE to Square Mile Ratio
St. Lucie County*	1,390.72	408	7.5	37	0	0	0	0	0	43	0	0	0	0	895.22	571.93	1.5653
Martin County*	936.72	0	5	0	0	0	0	0	1	41.5	1	0	0	0	888.22	543.46	1.6344
Port St. Lucie	967.85	0	0	0	0	0	0	0	0	0	0	0	0	0	967.85	115.30	8.3942
Palm Bay	774.99	137.8	0	0	0	0	0	0	0	0	0	0	0	0	637.19	63.60	10.0187
Cape Coral	1,485.72	205.57	0	0	0	0	0	0	0	0	0	0	0	0	1280.15	105.20	12.1687
Gainesville	1,285.25	165	0	11.9	0	238	0	0	0	0	0	0	0	0	870.35	48.20	18.0571
Tallahassee	2,846.33	280	64	88	323	170	0	0	0	0	0	4	37.33	0	1921.33	95.70	20.0766
Pembroke Pines	946.50	270.5	0	0	0	0	0	2.5	0	0	0	0	0	0	673.50	33.10	20.3474
West Palm Beach	1,461.30	198	0	46	0	0	0	0	0	33.5	0	0	0	0	1183.80	55.10	21.4846
Coral Springs*	755.33	169	0	0	0	0	0	0	0	0	16	0	0	0	570.33	23.90	23.8632
Miramar	941.00	150	0	0	0	11	0	0	0	0	24	0	0	0	756.00	31.00	24.3871
Stuart	238.00	42	0	13	0	0	0	0	0	0	0	0	0	0	183.00	6.31	29.0016
Fort Pierce	361.00	0	0	34	0	0	0	8	5	0	0	0	0	138	452.00	14.70	30.7483
Hollywood	1,294.00	268	0	5	0	0	0	0	1	0	1	0	0	0	1019.00	27.30	37.3260
Cleawater	1,679.70	201	1.4	134.5	0	0	0	0	28.5	73.6	0	0	79	0	1240.70	25.30	49.0395
Fort Lauderdale	2,485.20	460.96	16	57.4	0	0	0	0	0	0	3	0	0	0	1947.84	31.70	61.4461
Median	1,126.55	183.50													891.72	40.65	20.9160
Mean	1,240.60	184.74													967.91	111.99	23.0974

*St. Lucie County - Grand total includes employees from Fire District, and Sheriff's Office, but not other constitutional offices.

*Martin County - Grand total includes employees from the Sheriff's Office, but not other constitutional offices.

*Coral Springs - Excludes 33 FTE's assigned to Parkland

*Ft. Pierce - To make equal comparison, the Utility Authority is added.

THE BUDGET DOCUMENT

The City of Port St. Lucie's Budget Document for 2012-13 is organized into twenty-five sections. They are Introduction, General Fund, Road and Bridge Fund, Stormwater Fund, Building Fund, Utility Funds, Governmental Finance Fund, Police Impact Fee Fund, Police Forfeiture Fund, Street Lighting Fund, N.P.D.E.S. Fund, N.S.P. Fund, C.D.B.G. Fund, S.H.I.P. Fund, CRA Fund, General Obligation Debt Service Fund, Golf Course Fund, Medical Insurance Fund, Conservation Trust Fund, O.P.E.B. Fund, S.A.D. Funds, Solid Waste Collection Fund, Capital Funds, Glossary and Abbreviations & Acronyms, each section has a designated tab. All funds with financial activity have an adopted budget and will be reported in the CAFR.

Introduction – The Introduction section includes a letter from the City Manager to the Elected Officials. Also included are the Listing of City Officials, The Budget Document, Distinguished Budget Presentation Award, City Organizational Chart, City Information & History, Budget Development, Budget Structure, Budget Calendar, Millage Rates, Tax Bill Valuation Chart, Population Chart, Property Valuation Chart, The Ten Largest Taxpayers in Port St. Lucie, Budget Summary, Budget Trends, Summary of Revenues & Expenditures and Trends, Revenue Description & Overview, Staff Additions, Listing of Approved Positions, Summary of Budgeted Positions, Long Term Debt Summary, Unaudited General & Enterprise Fund Long Term Debt Schedule and a Summary of all debt.

General Fund, Road and Bridge Fund, Stormwater Fund, Building Fund, Utility Funds, Golf Course Fund – These sections present the operating budget for each function and department. Included is a graph

depicting revenues and uses and a summary briefly describing any significant changes along with a long range model forecasting future deficits and surpluses. Each Fund has a section which includes summaries and details of the operations of the City. Individual cost centers are presented at a function level, summary level and detail level. A department function chart is included in the front of each department.

Governmental Finance Fund, Police Impact Fund, Police Forfeiture Fund, Street Lighting Fund, N.P.D.E.S. Fund, N.S.P. Fund, C.D.B.G. Fund, S.H.I.P. Fund, CRA Fund, General Obligation Debt Service Fund, Medical Fund, Conservation Trust Fund, O.P.E.B. Fund, S.A.D Funds and Solid Waste Collection Fund – These sections include a graph of sources and uses, a summary and trial balance of each fund. Some funds such as C.D.B.G Fund, S.H.I.P Fund and the CRA Fund are presented at a function level, summary level, detail level and include a fund function chart.

Capital Funds – This section includes a graph of sources and uses, a summary of the fund, a five-year expenditure summary of all funds, a five-year revenue summary, a five-year project detail summary and five-year projects of each fund.

Glossary - This section includes a list of terms used throughout the budget book and its definition.

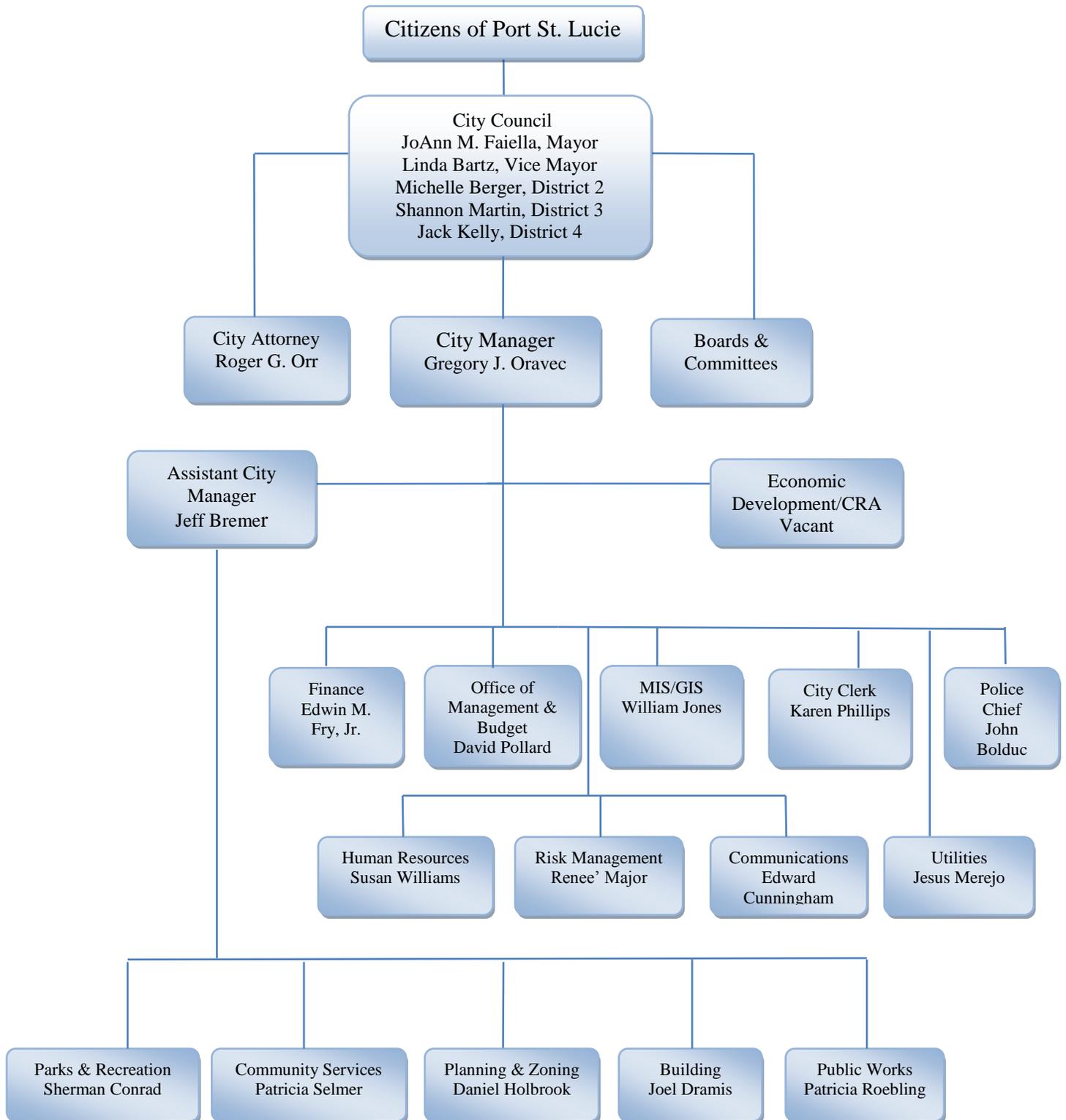
Abbreviations & Acronyms – This section lists abbreviations and acronyms used throughout the budget book and the related word.



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Port St. Lucie, Florida for its annual budget for the fiscal year beginning October 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as

a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



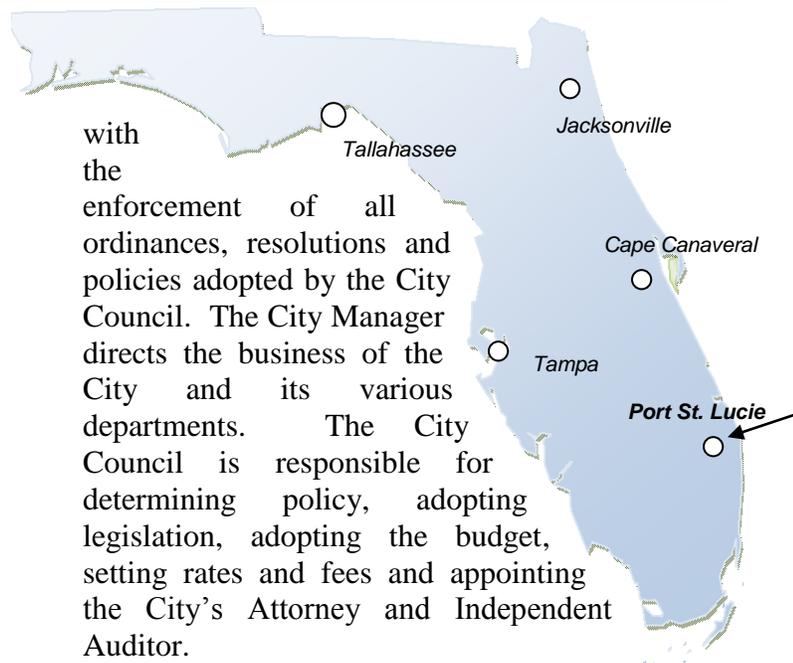
History

The City of Port St. Lucie was incorporated in 1961 by the original developer, General Development Corporation, who was responsible for starting several communities throughout the state. Prior to the Incorporation of the City of Port St. Lucie, the earliest known settlers of the area were the Ais Indians. Evidence of their presence at Spruce Bluff is still visible and is called the “Spruce Bluff Mound”. The mound is 18 feet tall and 190 feet in diameter and dates back between 100 and 300 B.C. This mound was investigated and recorded in 1978, by the state of Florida. Spruce Bluff’s (now called Port St. Lucie), original non-Indian settlement started in the 1890’s. Spruce Bluff was settled by a widower John Enos Fultz. Mr. Fultz petitioned for a Post Office and the name Spruce Bluff was adopted. Mail was carried by a twenty foot schooner-rigged boat and sawmills were operated to clear the pine and cypress from the land. Settlers planted pineapples and citrus, but by 1894 a severe freeze discouraged the early settlers and they left. All that remains of this community is a small stone obelisk on Lookout Boulevard with some broken gravestones. The monument is inscribed “Spruce Bluff Early Pioneer Settlement 1892.” On the north and south faces are the names or descriptions of the seven that are buried there. Spruce Bluff is now a recreation area comprised of 97 acres and is owned and managed by St. Lucie County.

City Government

The City of Port St. Lucie was created under the Laws of Florida Act 61-2721 and has operated under a council/city manager form of government since 1976. The City Council appoints the City Manager who is the chief administrative officer of the City responsible to the City Council and charged

with the enforcement of all ordinances, resolutions and policies adopted by the City Council. The City Manager directs the business of the City and its various departments. The City Council is responsible for determining policy, adopting legislation, adopting the budget, setting rates and fees and appointing the City’s Attorney and Independent Auditor.



The City provides a range of municipal services including police protection, code compliance, planning and zoning, community and economic development, construction and maintenance of transportation facilities, recreational and cultural activities, emergency preparedness management, water and wastewater utilities, stormwater management and general administrative support. Independent taxing agencies provide fire protection and education services.

General

Located 35 miles north of Palm Beach along the East Coast of Florida in the center of a three county area known as the Treasure Coast for its history of Spanish treasure ships that sunk along our coast during early settlement of the new world. Port St. Lucie is part of St. Lucie County with Ft. Pierce serving as the county seat. The city is bordered on the east by the Indian River and split in half by the North Fork of the St. Lucie River. The boating residents of the City can access the Atlantic Ocean using the St. Lucie River via Stuart to the St. Lucie inlet. With its Tropical South Florida environment, Port St. Lucie’s average

Sources: Finance Department CAFR.

The New Pioneers Historical Society

Economic Development Council of St. Lucie County (http://www.youredc.com/html/major_employers.asp)

annual temperatures range from a high of 82 to a low of 66. Normal annual rainfall is 50 inches.

Month	Monthly Normal	Mean Max.	Mean Min.	Rainfall (Inches)
Jan.	65.1	73.2	57.0	2.88
Feb.	65.6	74.5	56.7	2.12
March	68.8	77.5	60.1	2.66
April	72.7	81.1	64.3	2.86
May	76.5	84.5	68.5	4.23
June	79.8	87.4	72.2	5.47
July	81.5	89.4	73.6	5.5
Aug.	81.8	89.6	74.0	5.16
Sept.	80.6	87.3	73.9	7.25
Oct.	70.0	83.4	70.0	6.90
Nov.	70.0	77.3	62.7	2.77
Dec.	65.5	73.8	57.2	1.97
Average	73.2	81.6	65.9	49.77

With one hundred and fifteen square miles and a current population of 164,603 thousand in October 2012, only 72.5% of our single-family lots are developed. The City has tremendous future growth potential, which is reflected by its early growth pattern. Its 1970 population was only 330 residents. Today, Port St. Lucie is the largest city along the Treasure Coast. The City was primarily a residential community but is now increasing the number of commercial sites to support its citizens' needs. Although originally designed as a retirement community, today Port St. Lucie's average age has increased to 42.4 as the City has become known for affordable homes.

Recreational opportunities are various due to the climate and location. In addition to boating on the St. Lucie River, beaches are only a short drive away. The City's extensive number of Parks and Recreation programs offers numerous sporting opportunities for all age groups.

Sources: Finance Department CAFR.

The New Pioneers Historical Society

Economic Development Council of St. Lucie County (http://www.youredc.com/html/major_employers.asp)

Quality of Life:

Recreation, Golf Courses and Points of Interest:

- ✓ Eight Golf Courses within the City
 - The Saints (Municipal Golf Course)



- The Sinners at Club Med
- Ballantrae Country Club
- Tesoro Country Club (two courses)
- St. James Country Club
- Spanish Lakes Golf Village
- St. Lucie West Country Club (Legacy)

- ✓ New York Mets Spring Training Facility (Digital Domain Field)
- ✓ Port St. Lucie Mets (Single A) participates in the Florida State League



- ✓ 40 Unique Parks and Recreational Facilities

Port St. Lucie is served by three major north-south highways: Interstate 95, the Florida Turnpike and U.S. Highway 1. The Ft. Pierce inlet, 20 miles to the North, serves the local commercial markets such as the transportation of citrus grown in the unincorporated areas of the county. The

nearby cities of Stuart and Ft. Pierce each have a small general aviation airport while Melbourne and West Palm Beach are the nearest airports offering scheduled commercial flights. The public school system is countywide and is governed by the School Board consisting of five members each elected for a four-year term. St. Lucie County School District has six high schools (grades 9-12), eleven schools that combine grades K-8, and twenty elementary schools, five middle (grades 6-8) schools, four alternative education schools and over 40,000 students, with each school accredited by the Southern Association of Colleges and Schools. The public school system allows parents to select a school of their choice from a number of schools in residential choice zones. The City also has three Charter Schools; Palm Pointe Educational Research School at Tradition, Nau Charter School K-8 (Imagine schools near Becker Road), and (Renaissance Charter K-8 in St. Lucie West). Indian River State College, Florida Atlantic University, University of Florida, Barry University, Nova Southeastern University, and Keiser Career College have facilities located within Port St. Lucie providing excellent higher education opportunities.



As of 2004 the City has a cemetery, Rolling Oaks, which is privately owned.

The City's construction activity has dropped substantially from the record levels of 2004 and 2005. The housing demand was 188 units for fiscal year 2010-11 down from 4,713 units in 2005-06. Additionally, the

Sources: Finance Department CAFR.

The New Pioneers Historical Society

Economic Development Council of St. Lucie County (http://www.youredc.com/html/major_employers.asp)

City's economy is stimulated by the demand for construction of office, retail commercial and institutional space along with construction of roads, bridges, sidewalks, utilities and recreational facilities. The services sector is also a major influence on the local economy providing jobs in support of retail trade, health, food services and education.

Principal Employers in St. Lucie County

2011-12 Principal Employers (St. Lucie County)	
	# of Employees
St. Lucie County School Board	4,946
Liberty Healthcare Group, Inc.	2,432
Lawnwood/HCA Medical	2,350
Wal-Mart Retail and Distribution	1,653
Publix	1,240
Florida Power & Light	1,038
Indian River State College	1,037
City of Port St. Lucie	972
QVC	826
St. Lucie County Commissioners	682

As part of its long term economic development strategy, the City is engaged in diversifying and expanding its employment base. The City has had several early successes thanks to its partnerships with the State, SLC, the private sector and others, most notably the biotechnology cluster developing at the Tradition Center for Innovation (TCI). TCI features Torrey Pines, VGTI, Tradition Hospital and more.

Due to the down turn in the housing market, the City is looking at other industry to stimulate the City's economy. Torrey Pines Institute of Molecular Studies relocated from Southern California to Port St. Lucie.

The City built a 100,000 square foot laboratory and office space and Torrey Pines Institute moved into the new research facility headquarters in January, 2009. They now employ approximately 95 Scientists and support staff at the facility. The goal is

to have approximately 190 employees at their final build out phase.

The Vaccine and Gene Therapy Institute (VGTI Florida) opened its 100,000 square-foot research facility in Port St. Lucie on Feb. 29, 2012 in the Tradition Center for Innovation. The Institute works to develop vaccines and treatments for infectious diseases and cancer, and to boost immune response in aging populations. Situated next to the Torrey Pines Institute for Molecular Studies and a new Martin Health System hospital under construction, VGTI teams are searching for solutions to HIV and other diseases, and work with partners such as the Moffitt Cancer Center and the University of Miami. VGTI Florida now has a team of research scientists from more than 20 nations who are working in Port St. Lucie to end some of the world's most serious illnesses.

Martin Memorial Health Systems received state approval for construction of an 80-bed hospital in Western Port St. Lucie and construction is underway. This hospital will be located close to the biotechnology research corridor. Once construction begins, Martin Memorial will use as many qualified local resources as possible on the construction project. Once the hospital opens, it will employ over 400. The hospital is expected to open in 2014.

Sources: Finance Department CAFR.

The New Pioneers Historical Society

Economic Development Council of St. Lucie County (http://www.youredc.com/html/major_employers.asp)

City Council Affiliations

The City Council will work to ensure that the City of Port St. Lucie will continue its position in all activities including commerce, culture, growth and leisure. They will:

- ✓ Continue participation in management of the SLC Fire District. The District is its own self-taxing fire district and the only one in the county.
- ✓ Continue to seek, develop, and administer home and community based programs and services for senior persons through the Council on Aging Agency.
- ✓ Continue working hand-in-hand with St. Lucie Transportation Planning Organization to develop long range planning for the roadways in the region.
- ✓ Continue to develop and promote tourism in St. Lucie County through the Tourist Development Council.
- ✓ Continue to work with Treasure Coast Council of Local Governments to encourage and enable local units of government to assemble and cooperate with one another to promote the health, safety and general welfare of the citizenry.

- ✓ Continue to work with Treasure Coast Regional Planning Council. The regional planning council is recognized as Florida’s only multipurpose regional entity that plans for and coordinates intergovernmental solutions to growth-related problems on greater-than-local issues. Provides technical assistance to local governments, and to meet other needs of the communities in each entity.
- ✓ Continue to work with the Treasure Coast Regional League of Cities to promote communication among the municipalities and the municipal leaders of the Treasure Coast Region.
- ✓ Continue to work with the Roundtable of St. Lucie County to improve the quality of life for our youth in various ways; Academic Success, Delinquency Prevention, Substance Abuse, Teen Health, the Gang Plan and Kids at Hope.
- ✓ Continue to work with the St. Lucie County Chamber of Commerce Board of Directors in an effort to expand the economy of the area

Budget Planning

➤ Goals and Objectives

In the second quarter of each fiscal year the City Council meets for their semi-annual council retreat. This informal two day retreat focuses on achieving short term and long term goals and updates the City’s strategic plan. Council also meets in July to review the preliminary budget. Council makes decisions at this time to increase or decrease fees or costs in various programs if needed. They also set the date for the two budget hearings held in September of each year. One of the most important decisions Council will make is setting the millage rate.

In fiscal year 2011-12 the majority of the city’s short term and long term goals were completed or started. Each of the following goals will

expand or improve existing City Road Systems, Utilities, and Parks and develop a viable downtown. It is important for the City to continue to meet all of the following goals for the future of the City’s growth and provide for other public needs long into the future. It is important the City continue development of capital infrastructure needed to support the population and to correct deficiencies.

Annually, each department updates their department’s performance indicators that directly support the successful achievement of the City Council overall goals and objectives. The measures are a mix of different types,

including efficiency, workload, effectiveness and demand.

Workload - Measures the quantity of activity for department (such as number of calls responded to or number of sealed bids).

Demand – Measures the amount of service opportunities (such as the total number of calls).

Efficiency – Measures the relationship between output and service cost (such as the average cost).

Effectiveness – Measures the impact of an activity (Improve overall satisfaction with the quality of service).

Departments shall establish performance measures/indicators for each department or program within their department to monitor and project department performance. These measures must be linked to the overall objectives of City Council and the department objectives they support.

The performance measures are listed after each department’s organizational chart and departmental goals in fund and department order.

Example of Performance Measures

<i>Workload</i>	<i>City Council Goals</i>	<i>Performance Indicators Police Department</i>	
	4.5	<i>Employment Background Investigations</i>	40
	4.1, 4.4	<i>Miles Patrolled</i>	1,968
<i>Efficiency</i>	4.1,4.2	<i>Average Call Duration(min.)</i>	31.00
	4.1,4.2,4.4,4.5	<i>Emergency Response Time</i>	6.00
<i>Effectiveness</i>	4.5	<i>Administrative Complaints Received and Processed</i>	75

Goals	Objectives
1. Facilitate job creation, economic diversification and successful business opportunities	1.1 Obtain statistics from the EDC/Chamber on the creation of jobs and business recruitment on an annual basis. 1.2 Work with the EDC/Chamber to review and update the City's Economic Development element of the comprehensive plan. 1.3 Work with the EDC/Chamber to promote economic diversification of the City through advertisements and web media.
2. Promote, encourage and/or create diverse quality educational, cultural and recreational opportunities	2.1 Identify and present any potential unmet needs through contact with citizens, community leaders and city staff. 2.2 Regulate and guide all city guides and authorities. 2.3 Provide information on city services and programs that promote educational, cultural, recreational and economic opportunities, and nurture a sense of pride in the community. 2.4 Encourage quality community development in accordance with adopted policies, codes, and laws which enhances the City, protects the environment and makes the City a better place to live 2.5 Enhance the Quality of Life in Port St. Lucie by providing the programs and facilities that will facilitate the residents' pursuit of culture and recreation in a safe and enjoyable setting.
3. Create and facilitate broad transportation options	3.1 Improve and expand the City's transportation systems in order to provide a network of streets and roads which are safe and sufficiently meet the needs of the present and future in the community.
4. Maintain a safe city status	4.1 Preventing crime is the Police Department's primary responsibility. 4.2 Aggressively pursues those who commit serious crime. 4.3 Effectively manage resources for optimal service delivery. 4.4 Provide a safe community. 4.5 Provide and achieve its greatest potential through the active participation of its employees in the development and implementation of policies and programs.
5. Encourage affordable life cycle housing	5.1 Provide affordable housing opportunities and social service referrals and increase economic and community development services for the residents of Port St. Lucie.
6. Enhance and maintain the community's appearance	6.1 Enforce the codes of the City in order to protect the health, safety and welfare of the community. 6.2 Contribute to the attractiveness of the community, conservation of the environment and the social and economic health of the City 6.3 Citywide Beautification, Volunteerism, and litter control.
7. Nurture a sense of pride in the community	7.1 Adopt policies that determine the level of service throughout the City 7.2 Enact necessary amendments to the Comprehensive Plan. 7.3 Provide an acceptable quality of life for the Community.
8. Balance our natural resource preservation with the community's needs	8.1 Protecting our environment and natural water resources while building long-term relationships with the customers. 8.2 Comprehensive updates of the Environmental Services.

BUDGET DEVELOPMENT AND OVERVIEW

The Fiscal Year 2012-2013 Budget for the City of Port St. Lucie totaling \$478,301,953 was adopted on September 24, 2012. Each year the annual budget establishes the level of funding for each of the City's various funds. The goals and objectives, activities and service levels for the City's departments are dictated by the level of funding and thus ultimately controlled by the approved budget.

2012-13 Adopted Budget	
General Fund	\$75,835,768
Road & Bridge Fund	\$14,276,076
Stormwater Fund	\$28,307,340
Eastern Watershed CIP Fund	\$3,009,157
Building Fund	\$6,093,935
Utility Funds	\$137,514,768
Golf Course Fund	\$2,041,471
Special Revenue Funds	\$134,354,793
Capital Improvement Funds	\$76,868,645
Total Budget	\$478,301,953

The published, approved budget serves as an operational guideline for the city staff. Through the adoption of the budget, the departments are instructed as to level of staff, amounts for operating expenses and capital purchases allowed.

The first step in the annual budgeting process is to establish goals by working with the City Council at a Budget Planning Workshop held early each year. A long-range model is used to study property valuation, millage rate and their effect on funding. The largest single revenue in the General Fund, which is Ad Valorem Property Tax, is set at 3.4897 mills which will generate \$21,054,787. The Road & Bridge fund and Stormwater fund are both tied to a revenue that has very limited growth. The Stormwater Fund will remain at \$153.00. In FY 2009-10, the rate was increased by \$20.00 to cover the annual debt on the Eastern Watershed Improvement Project (EWIP) plus a layer of inflation. The City's Utility Operating Fund was an area of growth that was projected and planned for with increased staff and contractors crews to keep up the demand for connection to the system. Along with the slowdown in construction, the requests for new connections have slowed down too. As these requests have slowed, staff has been shifting from the Connection Fee Fund over to the Maintenance Operating Fund and trying to stabilize their costs. Due to a jump in their annual debt service (FY 2012-13), the current rate study calls for small rate increases.

Final approval of the annual budget by the City Council follows several levels of review. The original budget requests of the departments are first reviewed by the City's Director of the Office of Management and Budget and later the City Manager. Revenue

projections are made by studying multiple year trends for each revenue line item, taking into account population growth and the housing industry for revenues such as impact fees, building permits and inspection fees. As the updated property valuation is made available from the St. Lucie County property appraiser's office, the effect to the City's Ad Valorem Tax Revenues is reviewed. Through meetings with the department head, all departmental budgets are adjusted accordingly, so that a balanced budget, which meets the desired goals of the City Council, can be submitted for their review. The council conducts final review with any directed changes being made by city staff. A Balanced Budget exists when available revenues and resources (fund balance) equals the budgeted appropriations and contingencies.

City Council Budgetary Guidelines

- 1) Operating Expenses - hold to 3% inflationary increase
- 2) Golf Course Fund - Subsidize Golf from General Fund – discontinued annual subsidy.
- 3) Millage Rate – General Fund millage is set at 3.4897.
- 4) Millage Rate – Crosstown Parkway CIP Voted Debt – 1.2193 Mill.
- 5) Millage Rate – CIP Projects millage is set at 0.5583.
- 6) Millage Rate – Road and Bridge Operating millage is set at 0.3616.
- 7) Stormwater Fee – No Increase
- 8) Police Department Staffing - 1.60 officers per thousand of population – this component of Council policy is suspended.
- 9) Financial Contingency is set at Seventeen percent – General Fund, Eight Percent – Road & Bridge Fund, Stormwater Fund, Utility Fund and Golf Course Fund

The City's Council Budgetary Policy calls for 1.6 sworn officers per 1,000 of population. However, with the recent budget struggles, the City Council suspended this component of their policy. And in FY 2009-10 and 2010-2011, Police Officer staffing was reduced by 50 positions to the FY 2011-12 level of 206 sworn officers. This generated a staffing ratio of 1.25 officers per thousand of population. However a significant

reorganization of the Police Department in the spring of 2012 resulted in a net increase of sworn officers of 15.5 for a new total of 221.50. This generates a staffing level of 1.34 officers per 1000. This increase was accomplished with no cost increase due to dropping several management level officers and several civilian positions. Plus two of the new officers are funded in the City's Parks Department.

Budgetary Structure

The City's approved budget is accounted for through individual funds with various departments, which are further broken down into divisions. The level of budgetary control is the department, thus allowing the City Manager, or his designee, to transfer budgeted amounts within a department. Appropriations are used as a means of budgetary control. Any change to a department budget total or a CIP project budget requires Council action in the form of a budget amendment.

Basis of Budgeting

The City of Port St. Lucie develops its budget using the same basis as it is required to use for financial reporting, the modified accrual basis of accounting. Revenues are budgeted and will be recognized when they become measurable and available. Expenditures are budgeted and recognized when the liability is incurred. This accounting and budgeting basis applies to all of the City's governmental type funds, i.e. the General Fund and Special Revenue Funds. The City's Stormwater Fund and Water and Sewer Utility Funds are exceptions to this, as they are proprietary funds and must be accounted for using the full accrual basis of accounting. Under this format, the two enterprise funds recognize revenues when earned and expenses are recognized when incurred regardless of when the actual cash flows occur.

Budget Amendments

Any requests for a budget amendment to provide for unbudgeted expenditures, must be funded by additional revenues or unspent appropriations and must be approved by the City Council. Such requests are handled much like original budget requests in that they must be submitted to the Office of Management and Budget for consideration. If a funding source can be identified, the balanced budget amendment schedule is then presented to the City Manager for his/her review and approval. The amendment is then brought before the City Council at two regular meetings so that an appropriate ordinance is passed which requires two readings.

Administrative Financial Policies

Operating Budget Policies

1. The City will pay for all current expenditures with current revenues. It will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' revenues, or rolling over short-term debt. The City Charter authorizes the carrying forward of current year general fund balances into the following fiscal years' general fund budget.
2. The budget will provide for adequate maintenance of capital plant and equipment and for its orderly replacement.
3. The budget will provide for the appropriate contributions to the pension plans as prescribed by City Ordinance.
4. The City will use the most current information available (i.e., Bureau of Labor data, I.C.M.A. and National League of Cities statistics) for projecting expenditures.

Capital Improvement Budget Policies

1. The City will make all capital improvements in accordance with an adopted capital improvement program.
2. The City will develop a multi-year budget for capital improvements and update it annually.
3. The City will maintain all assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
4. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to council for approval.
5. The City will determine the least costly financing method for all new projects.

Debt Policies

1. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
2. When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project.

3. The City will try to keep the average maturity of general obligation bonds at or below 15 years.
4. On all debt-financed projects, the City will attempt to make a down payment of at least 10 percent of total projects costs from current revenues.
5. Total debt service for general obligation debt will not exceed 15 percent of total annual locally generated operating revenue.
6. When possible, the City will use special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
7. The City will not use long-term debt for current operations.
8. The City will retire tax anticipation debt annually and will retire bond anticipations debt within six months after completion of the project.
9. The City will maintain good communications with bond rating agencies regarding its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.

Revenue Policies

1. The City will try to maintain a diversified and stable revenue system.
2. The City will estimate its annual revenues by an objective, analytical process.
3. The City will project revenues for the next three years and will update this projection annually. Each existing and potential revenue source will be re-examined annually.
4. The City will establish all user charges and fees at a level related to the cost of providing the services.
5. Each year, the City will recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases.
6. The City will set fees and user charges for each enterprise fund such as water, sewer, or drainage at a level that fully supports the total direct and indirect cost of the activity. Indirect costs include the cost of annual depreciation of capital assets.

Reserve Policies

1. The City will establish a contingency or emergency reserve to provide for unanticipated expenditures of a nonrecurring nature, or to meet unexpected small increases in service delivery

costs. This reserve will be maintained at 17 percent of the general operating fund and 8 percent for other operating funds of the city.

Investment Policies

1. The City's adopted investment policy is established with the highest priority on the preservation of the portfolio principal. Treasury yields are considered benchmarks for riskless investments and are used as the City's minimum standard for the portfolio's rate of return.
2. The City's banking arrangement uses both a compensating balance checking account and a related money market account
3. The City's invested funds, excluding the pension trust funds and certain bond funds are diversified to control the risk in various instruments. These instruments include, but are not limited to Certificates of Deposit, Money Market Accounts, U.S. Treasury bills, U.S. Government Agencies and Local Government Investment Pools. Within these instruments, the City's goal is to maintain no more than 20 percent in any one institution.

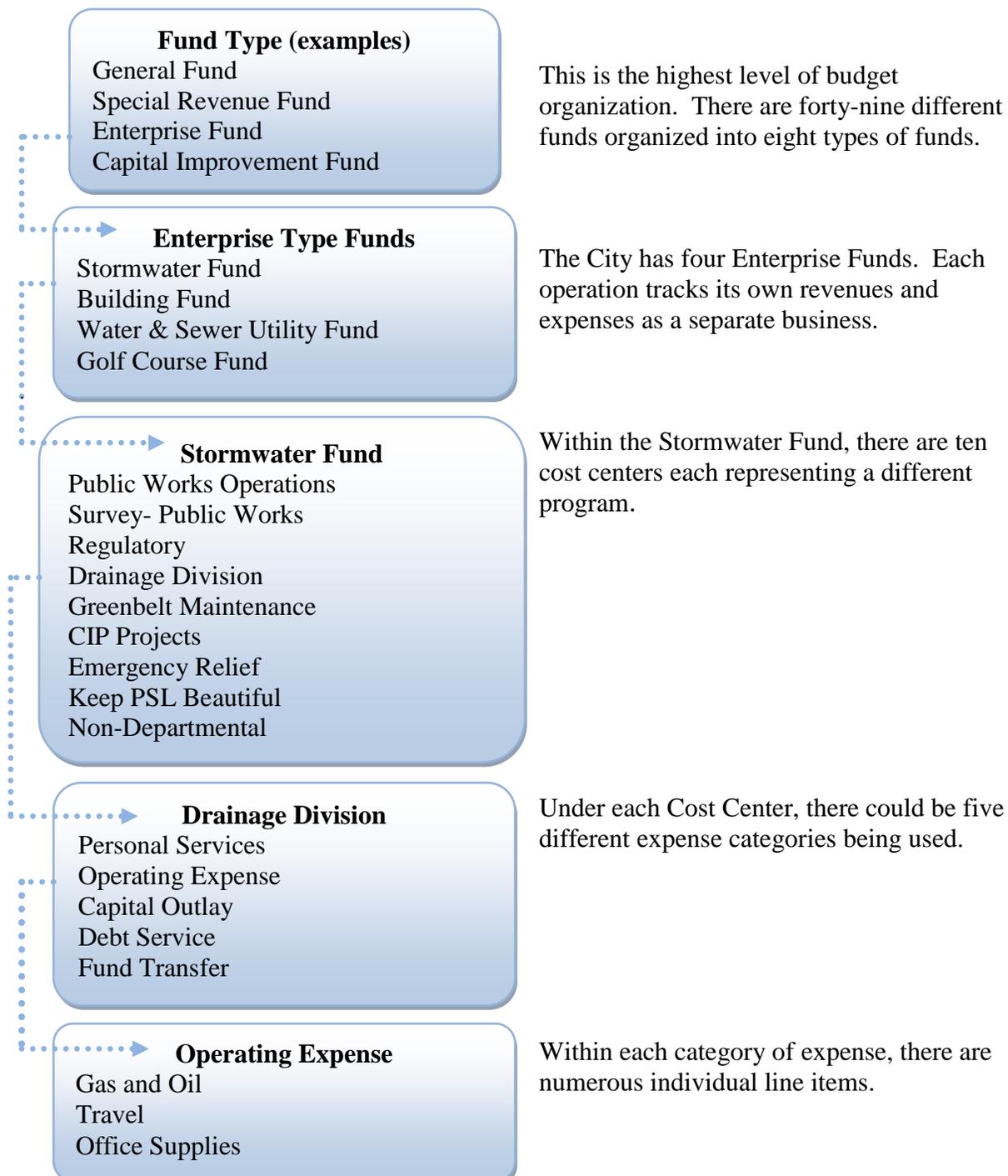
Accounting, Auditing, and Financial Reporting Policies

1. The City will establish and maintain a high standard of accounting practices.
2. The accounting system will maintain records on a basis consistent with accepted standards for local government accounting.
3. Regular monthly and annual financial reports will present a summary of financial activity by major types of funds.
4. Where possible, the reporting system will also provide monthly information on the total cost of specific services by type of expenditure and if necessary, by fund.

BUDGET DOCUMENT STRUCTURE

The City's Budget is organized into sections by fund type, cost center, category of expense and individual line items. Fund type is established by revenue and its purpose, such as Gas Tax for Road Programs. Cost centers are generally used to capture the cost of a program, such as the Drainage Division

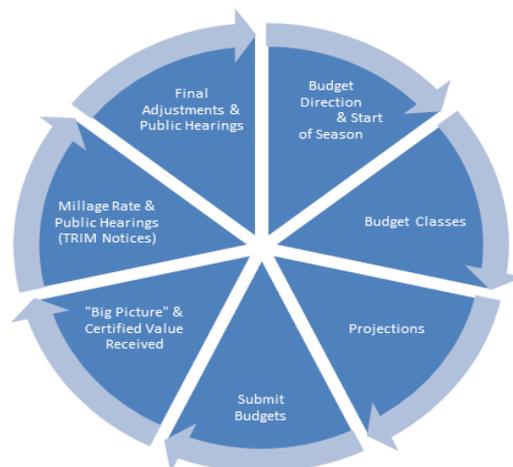
that performs drainage repairs. Categories of Expense group similar expenses such as salary and benefits into a category called Personal Expense. Line Items are the most basic tracking method, such as Office Supplies.



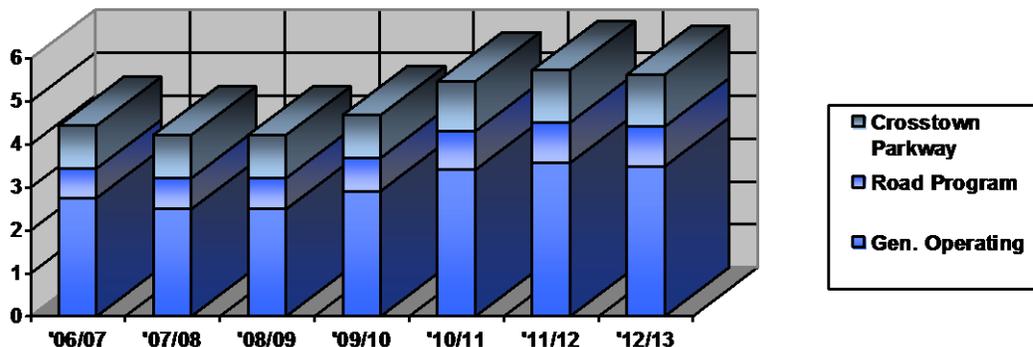
CITY OF PORT ST. LUCIE BUDGET CALENDAR (2012)

Each year the Budget Director sends out a budget calendar to all department heads establishing a clear schedule of budget planning process events and important dates for the 2012-13 fiscal year development. Below represents the calendar of budget events for the City of Port St. Lucie:

February 24	City Council Retreat (Budget Direction).
March 6	Start of Budget Season: Memo & forms to departments
March	Conduct Budget Classes
April	OMB prepares preliminary Revenue & Expenditure schedules. OMB prepares preliminary projections of Cash Carryforward. Departments prepare their Operating Budget Requests. Departments develop their CIP requests.
April 30	Departments submit operating Budget Requests to OMB.
May 15	Departments submit CIP budget requests to OMB.
June 1	Estimated Taxable Property Value is received from County Property Appraiser. OMB conducts budget reviews for adjustment as needed. Revenue estimates are further updated.
June	Certified Taxable Value is received; budget and millage rate is updated. Notices are mailed for annual Street Lighting & Stormwater Fees (if needed). Revenue estimates are further updated.
July 1	Certified Taxable Value is received; budget and millage rate is updated. Notices are mailed for annual Street Lighting & Stormwater Fees (if needed).
July 19 & 20	Council Workshops are held on City Manager Proposed Budget. Millage Rate and Public Hearings (date, time, location) are set for TRIM notices to citizens.
August	Final adjustments and further workshops with the City Council needed.
August 27	Public Hearing for Street Lighting & Stormwater Fee.
September 10	First Public Hearing (Trim requirement) and Final Adoption of Budget.
September 24	Second Public Hearing (TRIM requirement) and Final Adoption of Budget.



City of Port St. Lucie Millage Rates



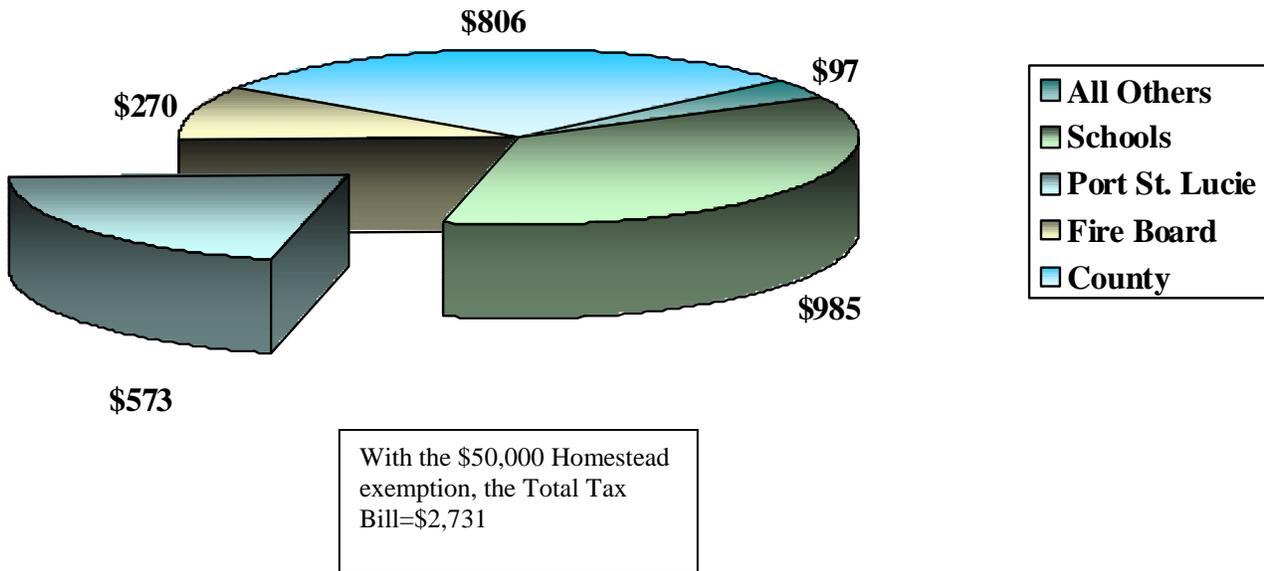
Fiscal Year	06-07	07-08	08-09	09-10	10-11	11-12	12-13
General Operating	2.6656	2.4931	2.4931	2.9174	3.4106	3.5688	3.4897
Road & Bridge Operating	0.1833	0.2565	0.2565	0.3016	0.3526	0.3698	0.3616
Road CIP Program	0.5000	0.4676	0.4676	0.4676	0.5466	0.5710	0.5583
Crosstown Parkway Debt Service Fund	1.0000	1.0000	1.0000	1.0000	1.1625	1.2193	1.2193
General CIP	0.0910	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Millage Rates	4.4399	4.2172	4.2172	4.6866	5.4723	5.7289	5.6289

The City’s millage rate is the tax rate charged against both residential and commercial properties within the city limits. It is formally called an Ad Valorem Tax Rate meaning that it is charged “per value”. All properties are assessed a taxable value by the County Property Appraiser. The tax bill for a piece of property is then calculated by multiplying the taxable value by the adopted millage rate(s). Millage rates are expressed for example as 1.2345, and are charged against the value in thousands. Residential property owners who use their home as their primary residence can apply for a \$50,000 homestead exemption, which drops their “billable” tax value by that amount. This chart shows seven years of millage rates broken into the numerous programs that are funded by Ad Valorem Revenue.

For several of the early years in this chart, the tax rate was decreased due to the strong increase in taxable value which raised the level of revenue. Now in recent years, the opposite is happening. Taxable value is falling. So in order to offset that downward force on the revenue, the Council raised the tax rate three times.

The total approved millage rate for FY 2012-13 is 5.6289 which is a reduction of 0.1000 from the FY 2011-12 rate. It is important to note that even with the millage rate being higher than earlier years, the total revenue generated is reduced because of the impact of reduced taxable value.

City of Port St. Lucie Breakdown of Tax Bill based on \$150,000 Valuation

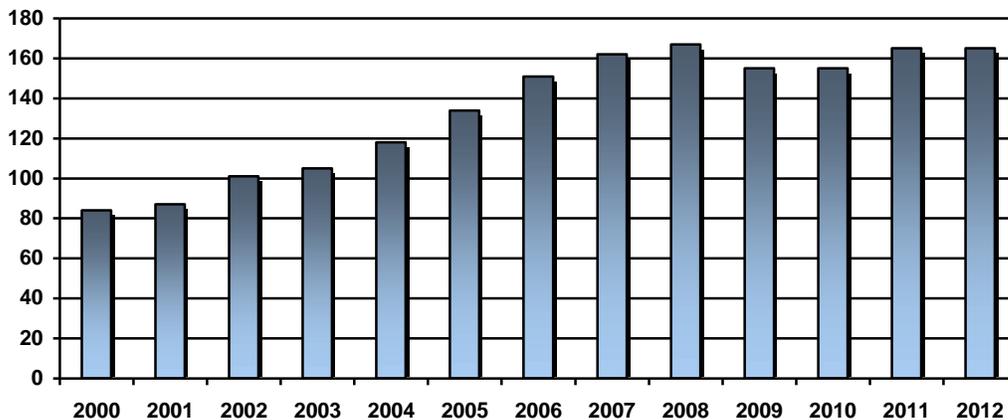


This graph is helpful in understanding the breakdown and distribution of a typical Ad Valorem Property Tax bill in the City of Port St. Lucie. In this example, a home with a taxable value of \$150,000 that qualifies for the \$50,000 homestead exemption as a primary residence will pay a total property tax bill of \$2,731. This chart is used as an example to show the distribution of where the tax dollars are used. The sometimes

surprising point of interest for the local citizens is that only 21% of their tax bill, \$573 in this example, remains in their local municipal budget. The largest portion of a tax bill goes to the School Board (\$985, 36%) and the County Government (\$806, 30%).

City of Port St. Lucie Population

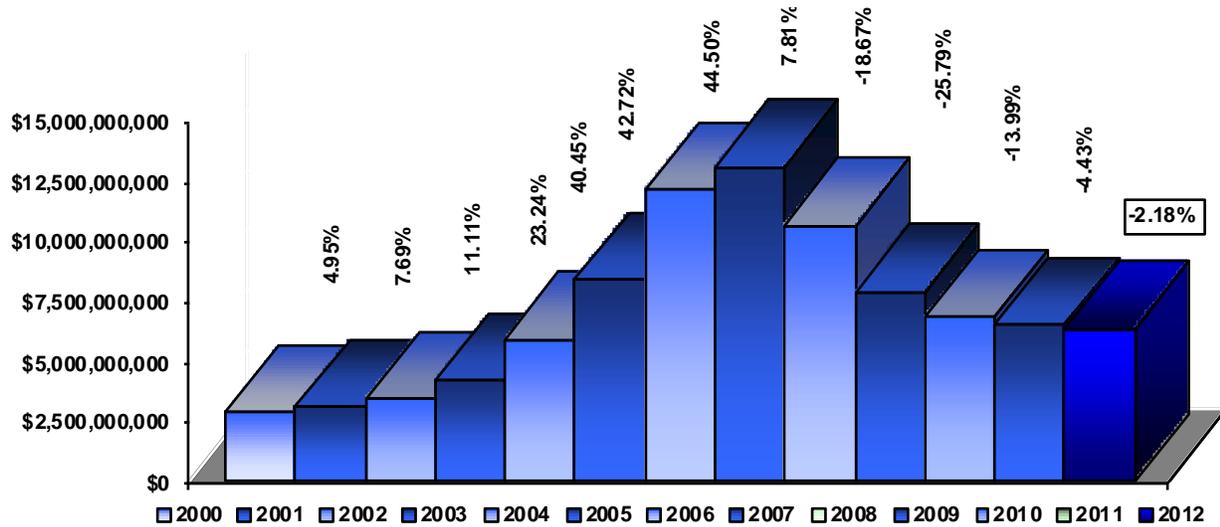
164,603
Projected in
October 2012



This population chart again shows the strong growth pattern experienced by the City of Port St. Lucie. Having been incorporated in 1961, our population was only 330 in 1970. However, our population is estimated to be at 164,603 thousand in October 2012. Annual increases had been averaging approximately 3,000. However, the growth pattern exceeded that trend between 2003 and 2007 as tremendous numbers of new homes were constructed. Port St. Lucie often was listed as one of the fastest growing cities in the nation. This level of growth in past years was the driving force behind the infrastructure needs of the city and also increasing levels of service. Over the years, the Parks and Recreation, Police and Utility Departments have grown to reflect the growth of the community.

However since 2007, the number of new home permits dropped substantially which has caused a slower growth rate for the City. And along with the slower growth rate, the inventory of homes on the market has climbed. These conditions lead to a slight decline in the population estimate. This real estate activity has then driven down the taxable value in the City which greatly impacts the City's budget. The general economy has suffered during this same time periods which has negatively impacted other revenues of the City. With fewer new homes being built and the movement of population, it is estimated that the population held steady from the prior year.

City of Port St. Lucie - Property Valuation



This graph shows the property valuation for the City of Port St. Lucie, which is set by the St. Lucie County Property Appraiser and is an important demographic indicator for the community. The level of taxable valuation sets the tone for the development of the budget each year. The City of Port St. Lucie had steady growth of 2 –5% increase for a number of years. Beginning in 2002, the rate of growth began climbing and then for three years, the increase exceeded 40%. Large numbers of new homes being built pushed the total property valuation upward at record rates as Port St. Lucie became the fastest growing City over 100,000 in population. The majority of the valuation increase in those three years was due to the strong real estate market which pushed the value of existing home to record high levels. This serves to increase the Ad Valorem Tax Revenues of the City in direct proportion.

Beginning in 2008, the taxable value began falling. The 2012 tax roll is the fifth continuous year that the City has experienced a decline in value which is

representative of the real estate market of recent years and the general economy of our community.

The adopted FY 2012-13 budget is based on the certified taxable value of \$6,317,778,096 which is 2.18% less than the prior year. This value is almost down to the same level the City experienced in 2004 and is 48.5% of the peak value established in 2007.

Amendment One, which passed in January 2008, allows for an additional \$25,000 in Homestead Exemption (\$50,000 total) and is contributing toward this trend in taxable value. Due to the real estate market suffering a huge drop in market value in recent years, the taxable value for the City has suffered greatly.

There is indication that perhaps the real estate market has bottomed out. For the purpose of future financial projections, the City is projecting flat taxable value. Perhaps at some point, a slight upward trend will show up.

City of Port St. Lucie

Schedule of Ten Largest Taxpayers

2011 Tax Roll

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Valuation</u>	<u>%</u>
1	Florida Power and Light Co.	Electric Utility	\$ 84,712,541	1.31
2	Wal-Mart & Sam's Stores East Inc.	Retail Merchandising	75,832,769	1.18
3	Inland Diversified PSL Landing	Land Development	43,133,300	0.67
4	AT & T Communications	Communications	40,216,786	0.62
5	HCA Health Services of FL., Inc.	Medical	37,318,542	0.58
6	Sandpipers Resort Prop. Inc.	Resort Hotel	35,089,535	0.54
7	St. Lucie Land Ltd	Land Development	32,737,800	0.51
8	Liberty Medical Supply Inc.	Medical	25,444,085	0.39
9	Floridian National Golf Resort LLC.	Land Development	19,771,109	0.31
10	Benderson Development Co. Inc.	Land Development	17,499,200	0.27

Total Taxable Assessed Value of 10 Largest Taxpayers	\$411,755,667	6.38
Total Taxable Assessed Value of Other Taxpayers	6,041,126,382	93.62
Total Taxable Assessed Value of All Taxpayers	\$ 6,452,882,049	100.00

Source: St. Lucie County Property Appraiser, St. Lucie Tax Collector, City of Port St. Lucie Finance Department and GIS Department

Note: Tax Roll Year is January 1 to December 31.

The above table lists the ten largest taxpayers in Port St. Lucie taken from the 2011 tax roll. Four of these taxpayers are real estate development firms in the City, which is further indication of the growth potential of the City. Not that many years ago, the largest property owner was General Development Corp. at over six percent of the City total. This was the original developer of the City and tended to give the appearance of a "company town". As this company reduced their inventory of land

through sales, property ownership became more diversified.

This trend of distributing property ownership is exhibited as the top ten taxpayers represent less of the total assessed value each year. The top ten taxpayers from the 1993 tax roll held over ten percent of the total while the latest listing has only 6.38% represented by the top ten taxpayers.

BUDGET SUMMARY

FUND BALANCE SUMMARY

The following spreadsheet summarizes the budgeted revenues, expenditures and fund balances for the City of Port St. Lucie, grouped by fund type. Audited ending fund balances at September 30, 2011 are combined with the estimated revenues and expenditures for FY 2011-12 to arrive at expected opening fund balances for October 1, 2012, the first day of the new budget year. Where a confident projection is available, it is the policy of the City to use this as a funding source, called budgeted cash carryforward.

A policy of full disclosure of all funds requires inclusion of the total projected fund balance. This revenue source first funds the four percent contingency in each operating fund, which is allowed by the City Council Financial Policy. Any fund balance above the allowed contingency will fund operations in the new budget year. Having a fund balance to use as cash carryforward to start a new budget year has proven extremely helpful financially. The City's largest revenues, Ad Valorem Taxes and Stormwater Fees, do not start strong collections until the third or fourth month of the budget year.

Fund balances exist as a result of cost containment efforts on behalf of the City

staff and/or revenues collected greater than budgeted. Savings on large capital projects as well as incomplete capital projects can occasionally generate significant fund balances to be used as cash carryforward. When the annual audit confirms any additional available fund balances, the approved budgets and their programs can be adjusted if required or the City Council may choose to address an unbudgeted project. A portion of the carryforward figure is the \$35 million contingency fund for the Utility Operations that was set aside for rate stabilization.

The projected ending Fund Balances are budgeted to be \$53 million (45.5%) greater than the prior year. The largest reasons for the increase in fund balance is in the CIP funds where the City had reserved funds for future projects such as the different road segments in the Crosstown Parkway CIP Fund and reserving funds for future debt. The beginning balances are \$125 thousand less than the prior year. The City Council approved a 17% Financial Contingency in the General Fund and 8% in the Road & Bridge, Stormwater Utility and Golf Course Funds. Any additional operational savings will always generate a yearend balance plus the sizable Utility contingency previously noted.

TOTAL BUDGET TRENDS

REVENUE SUMMARY

The consolidated total of all budgeted Revenues and Balances Carried Forward is \$52.6 million greater than the previous year.

The increase is primarily in Taxes and Intergovernmental. Special Revenue primarily increased due to budgeting the Special Assessment revenue to payoff the debt of the SADs. Cash Carryforward decreased due to bond revenues that had been set aside for projects completed in different segments in future years, which are now done. There is normal growth in the revenue base, such as the number of utility customers. Ad Valorem tax revenues decreased due to a 2.18% drop in value plus a reduction to the City's Millage Rate of 0.1000 for a total proposed property tax rate of 5.6289. Utility Customers will receive a 3% rate increase.

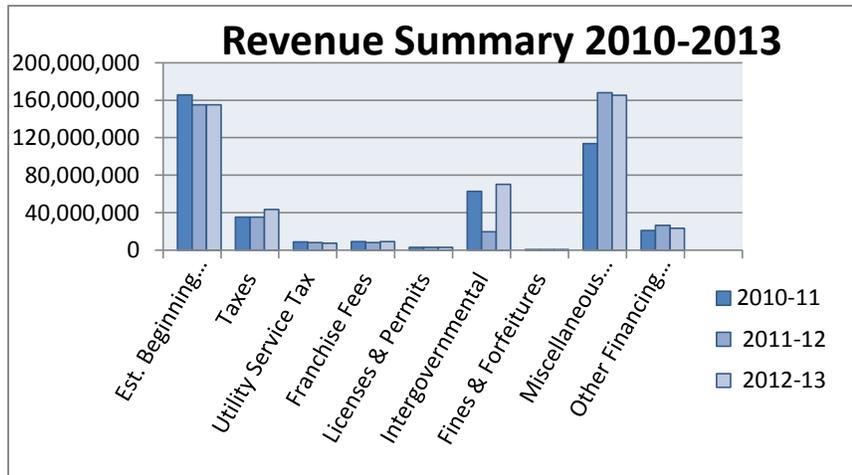
EXPENDITURE SUMMARY

Total budgeted expenditures are budgeted to decrease by \$845 thousand (0.3%) when compared to the previous year. The decrease in expenditures is for the most part the result of the capital projects, specifically the EWIP Drainage project, staff reductions and cost containment. Personal Services decreased due to a reduction in staffing (4.34 FTE's) and Debt Service decreased by \$8 million because of refinancing and/or refunding bonds.

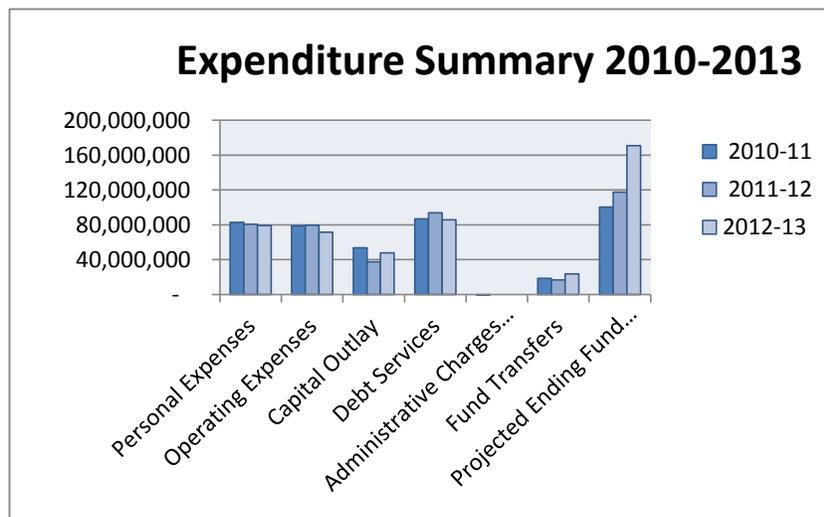
CITY OF PORT ST. LUCIE
SUMMARY OF REVENUES, EXPENDITURES & FUND BALANCES
FY 2012-13

	***** GOVERNMENTAL FUNDS *****			** PROPRIETY **						
	General	Special	Capital	** FUNDS **	Internal	Trust	Totals	Totals	Increase	Percent
	Fund	Revenue	Project	Enterprise	Service	Funds	2012-13	2011-12	<Decrease>	Change
		Funds	Funds	Funds	Funds					
CASH BALANCES CARRYFORWARD: (Projected Beginning Fund Balances - 10-1-12)	\$15,394,181	\$44,235,842	\$15,951,140	\$68,625,319	\$4,611,533	\$6,199,564	\$155,017,579	\$155,142,725	(\$125,146)	-0.1%
REVENUES & SOURCES:										
Taxes	29,813,007	10,293,340	3,368,491	0	0	0	43,474,838	35,535,117	7,939,721	22.3%
Utility Service Tax	7,579,000	0	0	0	0	0	7,579,000	8,185,500	(606,500)	-7.4%
Franchise Fees	9,349,500	0	0	0	0	0	9,349,500	8,431,500	918,000	10.9%
Licenses and Permits	753,124	2,360,400	0	0	0	0	3,113,524	3,215,581	(102,057)	-3.2%
Intergovernmental	7,389,860	5,300,249	38,952,162	976,133	0	17,622,349	70,240,753	19,941,319	50,299,434	252.2%
Fines and Forfeitures	666,630	0	0	0	0	0	666,630	650,230	16,400	2.5%
User Fees and Miscellaneous Revenues	3,871,573	41,506,424	18,595,654	87,499,124	13,450,000	353,000	165,275,775	167,911,077	(2,635,302)	-1.6%
Other Financing Sources	1,018,893	7,988,103	1,198	13,772,160	804,000	0	23,584,354	26,702,542	(3,118,188)	-11.7%
TOTAL REVENUES AND SOURCES	60,441,587	67,448,516	60,917,505	102,247,417	14,254,000	17,975,349	323,284,374	270,572,866	52,711,508	19.5%
TOTAL REVENUES AND BALANCES:	\$75,835,768	\$111,684,358	\$76,868,645	\$170,872,736	\$18,865,533	\$24,174,913	\$478,301,953	\$425,715,591	\$52,586,362	12.4%
EXPENDITURES:										
Personal Services	\$47,999,764	\$6,978,449	\$63,259	\$24,060,672	\$0	\$0	\$79,102,144	\$80,583,406	(\$1,481,262)	-1.8%
Operating Expenses	11,564,146	6,465,804	150,000	22,839,013	14,200,306	16,145,000	71,364,269	79,686,145	(8,321,876)	-10.4%
Capital Outlay	1,103,846	6,691,082	28,633,814	11,167,721	0	0	47,596,463	37,490,662	10,105,801	27.0%
Debt Services	890,975	47,943,052	0	36,903,096	0	0	85,737,123	93,762,100	(8,024,977)	-8.6%
Administrative Charges & Credits	(3,984,996)	791,793	402,494	2,708,496	82,213	0	(0)	0	(0)	#DIV/0!
Fund Transfers	2,780,113	2,072,184	5,020,090	11,160,000	1,773,689	804,000	23,610,076	16,732,892	6,877,184	41.1%
TOTAL EXPENDITURES	60,353,848	70,942,364	34,269,657	108,838,998	16,056,208	16,949,000	307,410,075	308,255,205	(845,131)	-0.3%
BUDGETED RESERVES\CONTINGENCIES (Projected Ending Fund Balances - 9-30-13)	15,481,921	40,741,994	42,598,988	62,033,738	2,809,325	7,225,913	170,891,879	117,460,386	53,431,493	45.5%
TOTAL APPROPRIATED EXPENDITURES AND RESERVES	\$75,835,768	\$111,684,358	\$76,868,645	\$170,872,736	\$18,865,533	\$24,174,913	\$478,301,953	\$425,715,591	\$52,586,362	12.4%

Revenue & Expense Trends



Revenues & Balances	Actual 2010-11	Estimated 2011-12	Budget 2012-13
Est. Beginning Balances	165,485,864	155,142,725	155,017,579
Taxes	35,410,774	35,535,117	43,474,838
Utility Service Tax	8,925,000	8,185,500	7,579,000
Franchise Fees	9,337,000	8,431,500	9,349,500
Licenses & Permits	3,312,033	3,215,581	3,113,524
Intergovernmental	62,863,533	19,941,319	70,240,753
Fines & Forfeitures	768,400	650,230	666,630
Miscellaneous Revenues	113,662,493	167,911,077	165,275,775
Other Financing Sources	21,212,607	26,702,542	23,584,354
Total Revenues & Balances	420,977,704	425,715,591	478,301,953



Est. Expenditures	Actual 2010-11	Estimated 2011-12	Budget 2012-13
Personal Expenses	82,754,167	80,583,406	79,102,144
Operating Expenses	78,792,467	79,686,145	71,364,269
Capital Outlay	53,760,287	37,490,662	47,596,463
Debt Services	86,905,885	93,762,100	85,737,123
Administrative Charges & Credits	(347,896)	-	-
Fund Transfers	18,709,176	16,732,892	23,610,076
Projected Ending Fund Balances	100,403,618	117,460,386	170,891,879
Total Expenditures	420,977,704	425,715,591	478,301,953

CITY OF PORT ST. LUCIE REVENUE DESCRIPTION AND OVERVIEW

The revenue budgeted for all funds for FY 2012-13 is \$478,301,953. This figure includes interfund transfers and beginning balances. The approved budget is \$52,586,362 greater than the actual revenue received during fiscal year 2011-12. The majority of this increase is due to fund balance, bond revenue, developer contributions and licenses and permit revenue received in prior years.

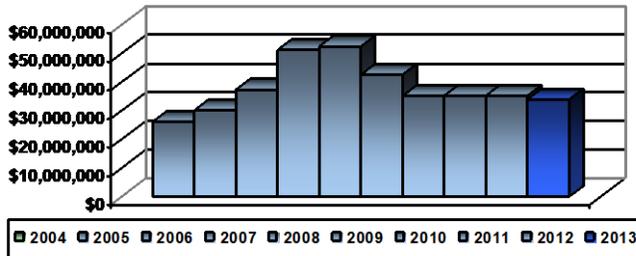
The following revenue categories represent over 75% of the City of Port St. Lucie's revenue sources. The City shall estimate its annual revenues by objective and analytical processes. The City shall maintain a diversified and stable revenue system to the extent provided by law to insulate it from short-run fluctuations in any one revenue source.

Revenues

Ad Valorem Taxes:

Description: Ad Valorem Taxes are taxes levied in proportion to the value of the property which it is levied. The City's millage rate is the tax rate charged against both residential and commercial properties within the City limits. All properties are assessed a tax bill by the County Tax Appraiser.

Ad Valorem Taxes Revenue Trends
10 Year Actual and Budgeted



Overview: The City's combined Millage rate is set at 5.6289 for fiscal year 2012-13, which is a 0.1000 reduction to the overall Millage Rate, which, when combined with the 2.18% drop in taxable value, will decrease the total amount of property taxes collected by the City by \$1.4 million. This is well below the state-imposed ten mill cap. The funds currently benefiting from Ad Valorem Tax Revenues are the General Fund (3.4897), Road and Bridge Operating Fund (0.3616), Road and Bridge Capital Improvement Fund (0.5583) and the voter-approved debt service millage rate is (1.2193) for Crosstown Parkway Fund. Taxable Value decreased nearly \$140 million. This represents a 2.183% decrease in Taxable Property

Value over last year. This value is approximately the same level the City experienced in 2004.

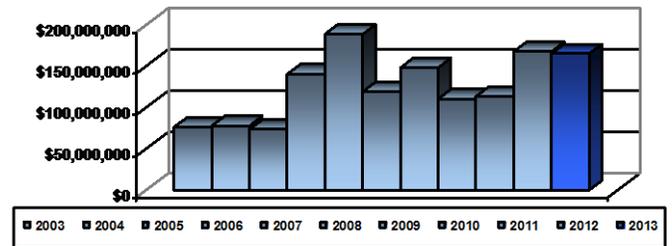
Outlook: In the past few years actual Ad Valorem results have met any preliminary budget projections made in the beginning of our budget cycle. For the purpose of future financial projections, the City is anticipating a stable taxable value figure.

Taxable Value increases were so strong in past years that it was not sustainable as there were concerns that the housing market was over valued. In 2006, 2007, 2008, 2009 and 2010 the real estate market changed greatly with the rate of sales slowing and the price level having leveled off.

Miscellaneous Revenues:

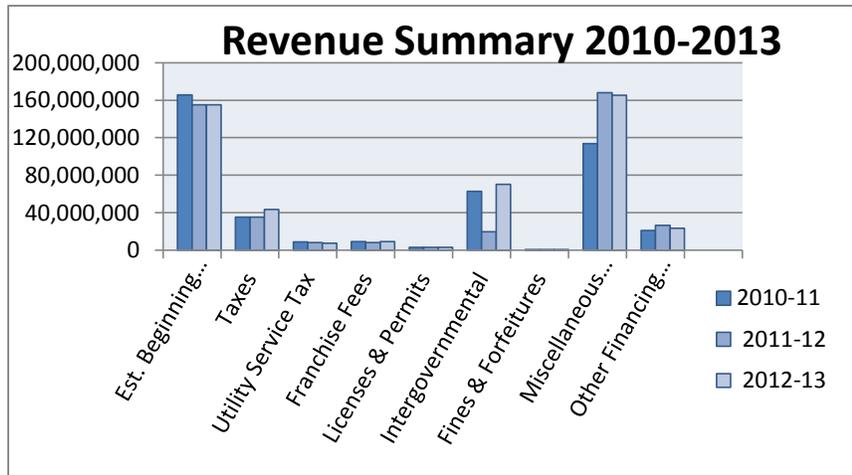
Description: Those revenues that are small in value and not individually categorized such as charges for services, interest, Special Assessment payment and contributions.

Miscellaneous Revenue Trends
10 Year Actual and Budgeted

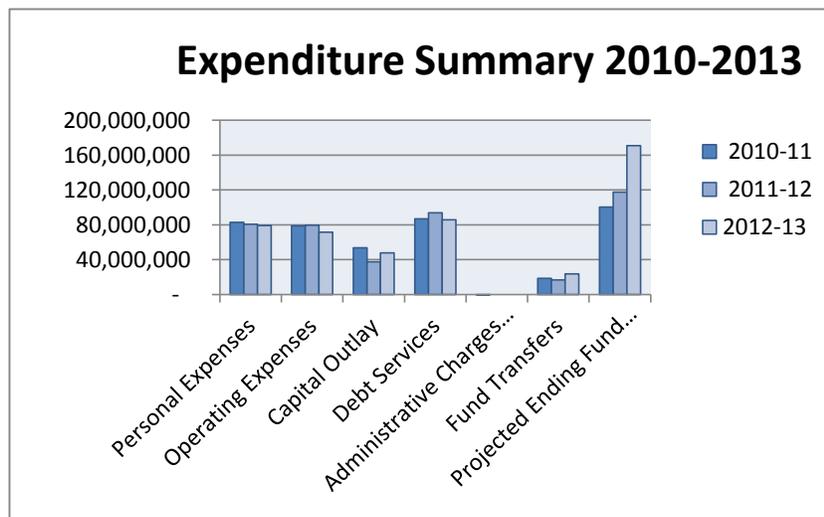


Outlook: Miscellaneous revenue varies from year to year thus making it difficult to depend on miscellaneous revenues to increase at the same growth rate as other revenues. An example of the fluctuation in revenue would be a one-time developer contribution toward a capital project that would not occur in future years.

Revenue & Expense Trends



Revenues & Balances	Actual 2010-11	Estimated 2011-12	Budget 2012-13
Est. Beginning Balances	165,485,864	155,142,725	155,017,579
Taxes	35,410,774	35,535,117	43,474,838
Utility Service Tax	8,925,000	8,185,500	7,579,000
Franchise Fees	9,337,000	8,431,500	9,349,500
Licenses & Permits	3,312,033	3,215,581	3,113,524
Intergovernmental	62,863,533	19,941,319	70,240,753
Fines & Forfeitures	768,400	650,230	666,630
Miscellaneous Revenues	113,662,493	167,911,077	165,275,775
Other Financing Sources	21,212,607	26,702,542	23,584,354
Total Revenues & Balances	420,977,704	425,715,591	478,301,953



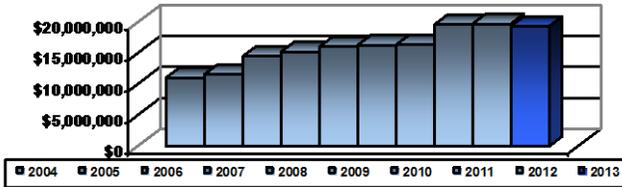
Est. Expenditures	Actual 2010-11	Estimated 2011-12	Budget 2012-13
Personal Expenses	82,754,167	80,583,406	79,102,144
Operating Expenses	78,792,467	79,686,145	71,364,269
Capital Outlay	53,760,287	37,490,662	47,596,463
Debt Services	86,905,885	93,762,100	85,737,123
Administrative Charges & Credits	(347,896)	-	-
Fund Transfers	18,709,176	16,732,892	23,610,076
Projected Ending Fund Balances	100,403,618	117,460,386	170,891,879
Total Expenditures	420,977,704	425,715,591	478,301,953

CITY OF PORT ST. LUCIE
REVENUE DESCRIPTION AND OVERVIEW (continued)

Stormwater Fee:

Description: The Stormwater Fee is an annual fee charged to all property owners for the purpose of constructing and maintaining the City's stormwater system.

**Stormwater Fee Revenue Trends
10 Year Actual and Budgeted**



Overview: The annual stormwater fee assessed to a residence will be \$153.00 per residential unit in 2012-13. The annual stormwater fee is expected to generate \$19.4 million. The only normal growth in the Stormwater Fee revenue occurs when a vacant lot is built on providing ±\$38.00 per unit in additional revenue.

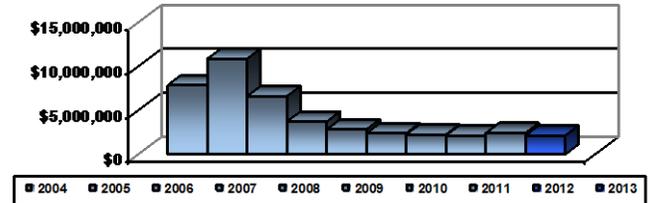
Outlook: City Council voted to increase the Stormwater Fee in Fiscal Year 2009-10 by an additional \$20.00 raising the fee to \$153.00; \$5.00 for rising operational cost and \$15.00 for the EWIP Project. The current revenue methodology produces very little growth without a rate increase. With the increasing costs for items such as the maintenance of the road right of way and the additional landscaping, this rate is required unless the level of service is allowed to drop. As the City expands its major roads to a four lane design with a median, the volume of landscaping to be maintained increases and the funding must be considered.

Building Permits:

Description: The Building Permit Fees are revenues derived from issuance of building permits prior to construction in the City of Port St. Lucie.

Overview: Building Permits Fees is directly driven by construction activity. New construction had been at record levels several years ago; however, with the recent slow down in construction revenue projections are down a great deal from previous years.

**Building Permit Fee Revenue Trends
10 Year Actual and Budgeted**

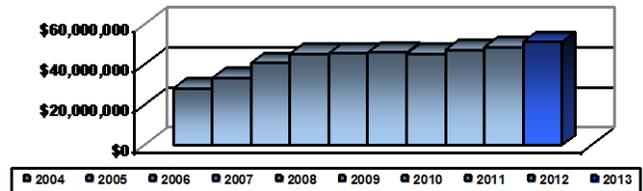


Outlook: With this revenue running at a relatively low level, this situation will be monitored in the future. The level of construction activity may have hit bottom and the hope is that the future will grow stronger as this industry is a major component to the local economy.

Utility Operating Revenues:

Description: Utility Operating Revenues are monthly revenues collected from users of the system.

**Utility Operating Revenue Trends
10 Year Actual and Budgeted**



Overview: The number of connections for both water and sewer had been exceeding the projections used in the Bond Official Statements in past years. Currently the number of connections is low as the housing

industry is in a slump.

Outlook: This revenue will continue to grow based on the growth of the City (although slower than in the past) and a rate increase of 3% in FY2012-13. The new Connections Operating Revenues are budgeted to reach \$1.5 million for FY2012-13. There is a projected cash carryforward source of funds next year of over \$25.2 million between the two operating funds.

STAFF CHANGES

Staffing levels are set by the approved budget, which provides the funding for the approved listing of positions. Most operating budgets are a large percentage of salaries and benefits. Thus, the staffing level is a critical component of the budget. With the current financial issues, the City is taking steps to control costs which lead to reducing the staffing costs. The City froze payrates and raised the employee health insurance contributions. In addition to these adjustments, the City reduced staffing levels by an overall 22% in recent years. The trend in FTE's reported in the General Fund follows closely the trend of property tax revenue in the General Fund which is the largest single revenue in this fund.

The City of Port St. Lucie's adopted FY 2012-13 Budget allows for a staffing level of 967.41 FTE's (Full Time Equivalent). That is a net decrease of 4.34 FTE's.

For budget purposes, staff positions are counted and measured using an FTE (Full Time Equivalent) basis. One FTE is a budgeted position that is scheduled for 80 work-hours in a two-week pay period. By gathering payroll data on the number of hours being paid during the year, the budgeted number of FTE's can be compared to the number of actual FTE's used. A monthly report tracks these variances and can identify vacancies, which represent savings, and also identify any over staffing that might accidentally occur.

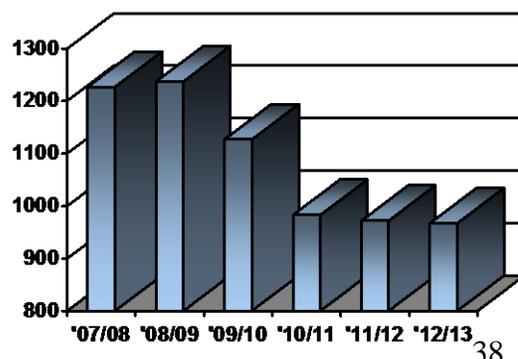
There are two new positions being added in this budget. The two positions being added is an Economic Development Professional and an Assistant Human Resources Director. Due to falling revenues in many areas of the City's budget, there have been many staff reductions over the past several

years. In many cases, the departments were able to drop vacant positions and minimize actual layoffs. With the difficult financial position of the City, the Council suspended the Police Sworn staffing policy of 1.6 officers per thousand of population. Due to financial hardship, the police staffing was reduced by 50 positions in the last two years bringing a new level of 206 officers in FY 2011-12. However a significant reorganization of the Police Department in the spring of 2012 resulted in a net increase of sworn officers of 15.5 for a new total of 221.50. This will generate a staffing ratio of 1.34 officers per thousand of population for FY 2012-13.

The Utility Fund's Staff has been shifting from the Connection Fee Fund over to the Maintenance Operating Fund, thus no new positions are being added in 2012-13.

The following pages represent a listing of the total number of full-time and part-time positions approved along with the position title. Included is a summary listing of proposed FTE increases by fund and department. Positions are converted to full time equivalent with 80 hours per two week pay period equaling 1.0 FTE. This allows tracking of man-hours which controls salaries being paid.

City of Port St. Lucie Staff Changes



CITY OF PORT ST. LUCIE
SUMMARY OF BUDGETED POSITIONS
FY 2012-13

(FULL TIME EQUIVALENT)	PRIOR FY 2010-11	CURRENT FY 2011-12	PROPOSED FY 2012-13	INCREASE (DECREASE)
GENERAL FUND DEPARTMENTS				
1100 CITY COUNCIL	1.75	1.75	2.00	0.25
1200 CITY MANAGER OFFICE	4.00	4.00	5.00	1.00
1210 CITY CLERK	9.00	9.00	9.00	0.00
1300 FINANCE	14.00	16.00	15.00	-1.00
1310 HUMAN RESOURCES	9.00	8.00	9.00	1.00
1311 COMMUNICATIONS	7.00	7.00	7.00	0.00
1312 COMMUNITY SERVICES	1.06	1.04	2.26	1.22
1313 RISK MANAGEMENT	3.00	3.00	3.00	0.00
1320 INFORMATION SERVICES	17.00	18.50	18.50	0.00
1330 OFFICE OF MANAGEMENT & BUDGET	11.00	11.00	11.00	0.00
1400 LEGAL COUNSEL	8.00	8.78	8.88	0.10
1500 PLANNING	9.00	8.80	8.80	0.00
2105 PD-SERVICES BUREAU	34.00	34.00	30.00	-4.00
2110 PD-ADMINISTRATIVE	9.00	9.00	8.00	-1.00
2112 PD-SPECIAL INVESTIGATION UNIT	12.00	12.00	13.00	1.00
2115 PD-DETECTIVE	27.00	27.00	31.50	4.50
2123 PD-DOMESTIC VIOLENCE	1.00	1.00	1.00	0.00
2130 PD-OPERATIONS/PATROL	166.00	167.00	178.00	11.00
2134 PD-SCHOOL CROSSING GUARDS	22.88	15.47	15.47	0.00
2135 CODE COMPLIANCE	19.00	17.00	16.00	-1.00
2136 OCCUPATIONAL LICENSES	5.75	5.75	5.75	0.00
2140 PD-SERVICE AID	12.00	12.00	10.00	-2.00
2910 NUISANCE ABATEMENT	0.00	0.00	1.00	1.00
4135 BUILDING MAINTENANCE	11.00	11.00	11.00	0.00
4136 A/C MAINTENANCE - BLDG.	3.00	3.00	3.00	0.00
5100 SUMMER YOUTH PROGRAM	1.08	1.08	1.08	0.00
6200 ANIMAL CONTROL	14.00	13.00	11.00	-2.00
7200 RECREATION	12.27	12.27	12.47	0.20
7201 AIROSO COMMUNITY CENTER	6.00	8.00	8.00	0.00
7202 GYMNASIUM	4.13	4.13	4.13	0.00
7203 RAVENSWOOD	0.00	0.00	0.00	0.00
7205 PARKS & REC. ADMINISTRATION	9.63	6.63	6.63	0.00
7210 PARKS	35.00	37.50	38.00	0.50
7215 BOTANICAL GARDENS	1.00	1.00	1.00	0.00
7235 TURF MAINTENANCE	7.30	7.30	7.30	0.00
7500 CIVIC CENTER - ADMINISTRATION	30.44	3.00	3.00	0.00
7501 CIVIC CENTER - MAINTENANCE	0.00	13.13	13.13	0.00
7502 CIVIC CENTER - FITNESS CENTER	5.00	5.25	4.25	-1.00
7503 CIVIC CENTER - RECREATION	0.00	8.88	9.13	0.25
7504 CIVIC CENTER - HOSPITALITY	0.00	5.75	6.00	0.25
FUND TOTAL	542.28	538.01	548.28	10.27
BUILDING DEPARTMENT				
2405 ADMINISTRATION	4.11	4.86	5.06	0.20
2410 LICENSING	5.00	5.00	5.00	0.00
2415 PERMITTING	3.80	4.80	4.81	0.01
2420 INSPECTIONS	12.69	13.69	13.69	0.00
2425 PLANS REVIEW	5.00	5.00	5.00	0.00
FUND TOTAL	30.60	33.35	33.56	0.21

CITY OF PORT ST. LUCIE
SUMMARY OF BUDGETED POSITIONS
FY 2012-13

(FULL TIME EQUIVALENT)	PRIOR FY 2010-11	CURRENT FY 2011-12	PROPOSED FY 2012-13	INCREASE (DECREASE)
C.B.D.G. FUND -118				
5910	1.10	1.20	0.75	-0.45
5911	0.00	0.00	0.00	0.00
FUND TOTAL	1.10	1.20	0.75	-0.45
S.H.I.P. FUND -119				
5510	0.30	0.31	0.16	-0.15
5540	0.26	0.00	0.15	0.15
FUND TOTAL	0.56	0.31	0.31	0.00
NSP FUND -116				
116-5500	0.98	0.98	0.60	-0.38
116-5510	4.70	4.92	2.64	-2.28
FUND TOTAL	5.68	5.90	3.24	-2.66
NSP 3 -114				
114-5500	0.00	0.00	0.40	0.40
114-5510	1.60	1.55	1.04	-0.51
FUND TOTAL	1.60	1.55	1.44	-0.11
PUBLIC WORKS DEPARTMENT				
3900 KPSLB	2.75	2.75	2.75	0.00
4105 OPERATIONS	3.50	3.00	16.00	13.00
4106 OPERATIONS	13.00	12.00	0.00	-12.00
4116 MAPPING & SURVEYING	7.00	7.00	0.00	-7.00
4118 REGULATORY	5.00	5.00	5.00	0.00
4120 TRAFFIC SAFETY	6.00	0.00	0.00	0.00
4121 TRAFFIC CONTROL/IMPRV.	11.50	16.50	19.00	2.50
4125 STREETS	11.00	11.00	11.00	0.00
4126 DRAINAGE	51.00	52.00	58.00	6.00
4127 GREENBELT/WATERWAY MAINT.	9.00	9.00	9.00	0.00
4129 CIP PROJECTS	10.50	10.50	0.00	-10.50
DEPT. TOTAL	130.25	128.75	120.75	-8.00
PUBLIC WORKS DEPARTMENT- NPDES				
4105 OPERATIONS	0.50	0.00	0.00	0.00
DEPT. TOTAL	0.50	0.00	0.00	0.00
PUBLIC WORKS - CROSSTOWN PARKWAY				
314-4105 OPERATIONS	0.50	0.50	0.65	0.15
DEPT. TOTAL	0.50	0.50	0.65	0.15
PUBLIC WORKS - BECKER ROAD WIDENING PROJECT				
4105 OPERATIONS	0.50	0.00	0.00	0.00
DEPT. TOTAL	0.50	0.00	0.00	0.00
PUBLIC WORKS - EWIP PROJECT				
403-4105 OPERATIONS	0.00	0.25	0.00	-0.25
DEPT. TOTAL	0.00	0.25	0.00	-0.25
UTILITY DEPARTMENT				
1340 ADMINISTRATION	17.00	17.10	17.10	0.00
1345 ADMIN./FINANCE	9.00	9.00	9.00	0.00
1346 CUSTOMER SERVICE	27.00	27.00	27.00	0.00
1347 BILLING	7.00	7.00	7.00	0.00
1348 METER READERS	18.00	18.00	17.00	-1.00
1350 TECH. SERVICES	6.50	6.50	6.50	0.00
1360 MAPPING	8.00	9.00	9.00	0.00
1375 INSPECTORS	6.00	6.00	6.00	0.00
1380 LAB	7.00	7.00	7.00	0.00

CITY OF PORT ST. LUCIE
SUMMARY OF BUDGETED POSITIONS
FY 2012-13

(FULL TIME EQUIVALENT)	PRIOR FY 2010-11	CURRENT FY 2011-12	PROPOSED FY 2012-13	INCREASE (DECREASE)
3310 WATER SVS. - PLANT	13.00	13.00	13.00	0.00
3311 WATER SVS. - CROSS CONNECTION	5.00	5.00	5.00	0.00
3312 JEA WATER FACILITIES	6.00	6.00	6.00	0.00
3316 WATER DISTRIBUTION/PREVENTIVE MAINT.	17.00	17.00	17.00	0.00
3345 WAREHOUSE	7.00	7.00	7.00	0.00
3360 MAINTENANCE	7.00	7.00	7.00	0.00
3370 INFLOW & INFILTRATION	8.00	8.00	7.00	-1.00
3380 LIFTSTATIONS	11.00	11.00	11.00	0.00
3390 TELEMETRY & INSTRUMENTATION	13.00	13.00	13.00	0.00
3512 WP WASTEWATER PLANT	9.00	8.00	8.00	0.00
3513 GLADES WWTP	10.00	10.00	10.00	0.00
3516 WASTEWATER COLLECTIONS/PRE. MAINT.	21.00	21.00	22.00	1.00
3560 WASTEWATER MAINTENANCE	5.00	5.00	5.00	0.00
FUND TOTAL	237.50	237.60	236.60	-1.00
UTILITIES /CONNECTIONS				
1355 UTILITY ENGINEERING	4.50	4.50	4.50	0.00
3315 WATER DISTRIBUTION	3.00	3.00	3.00	0.00
3515 WASTEWATER COLLECTION	5.00	5.00	5.00	0.00
FUND TOTAL	12.50	12.50	12.50	0.00
POLICE FORFEITURE FUND				
603 CRIMINAL INVESTIGATIONS	0.00	0.50	0.00	-0.50
FUND TOTAL	0.00	0.50	0.00	-0.50
RAVENSWOOD				
307 CONSTRUCTION DIVISION	2.00	2.00	0.00	-2.00
FUND TOTAL	2.00	2.00	0.00	-2.00
GOLF COURSE				
7250 MAINTENANCE DIVISION	10.45	3.70	3.70	0.00
7251 OPERATIONS DIVISION	6.88	5.63	5.63	0.00
FUND TOTAL	17.33	9.33	9.33	0.00
CITY TOTAL	982.89	971.75	967.41	(4.34)

*Positions are converted to Full Time Equivalent with 80 hours per two week pay period equaling 1.0 FTE. This allows tracking of manhours which controls salaries being paid.

Police Department Sub-Total	297.88	290.47	297.97	7.50
Parks and Rec. (Civic Center Only)	35.44	36.01	35.51	-0.50
Parks and Recreation Sub-Total	124.76	126.84	127.04	0.20

Long Term Debt

The following schedules list all long-term debt for the City of Port St. Lucie as of September 30, 2011. The City shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service costs.

As the reader can see in the schedule, one of the largest portions of the City's long-term debt is associated with the Water & Sewer Utility. The City issued the 1997A series bonds to fund the original acquisition of the Utility plus improvements to the system such as a new Water Treatment plant and since then has refinanced to take advantage of the better market rates. There have been numerous additional bond issues to provide funding for expanding of the water and sewer facilities that were issued under Special Assessment Districts.

The total debt balance for the City decreased by \$27.5 million during FY 2010-11. The decrease in debt is due to the payoff of several Water and Sewer Assessment bonds.

Budgeted, Proposed New Debt – There are no budgeted debt issues for FY 2011-12. The only capital facility that is budgeted (replacement Ravenswood recreation facility) is being cash funded.

Possible Future Debt Issues – The only forecasted future debt is the next series of debt for the overall Crosstown Parkway road project. The massive project was broken into segments and debt is being issued as needed. In FY 2014-15 and 2015-16, \$71 million in new bond proceeds is shown in the CIP schedule.

Debt Limits - The City of Port St. Lucie is not under any legal limitation for the

issuance of debt. The City Council did adopt the Debt policy that is part of the overall Administrative Financial Policy (see debt policy, administrative financial policies), which does give guidelines as to length of term and limit of general obligation debt.

Debt Policies

The city will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.

When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project.

The City will try to keep the average maturity of general obligation bonds at or below 15 years.

On all debt-financed projects, the City will attempt to make a down payment of at least 10 percent of total projects costs from current revenues.

Total debt service for general obligation debt will not exceed 15 percent of total annual locally generated operating revenue.

When possible, the City will use special assessment, revenue, or other self-support bonds instead of general obligation bonds.

The City will not use long-term debt for current operations.

The City will retire tax anticipation debt annually and will retire bond anticipations debt within six months after completion of the project.

The City will maintain good communications with bond rating agencies regarding its financial condition. The City

will follow a policy of full disclosure on every financial report and bond prospectus.

Long Term Debt Schedules

The Following schedules lists all the City's Long Term Debt along with a brief description of revenues pledged, annual installments, interest rates and the year the final debt payment will be made. The table is updated thru September 30, 2011 where as the narrative description of the various issues was only available thru September 30, 2010.

CITY OF PORT ST LUCIE, FLORIDA
UNAUDITED GENERAL & ENTERPRISE FUND LONG TERM DEBT AS OF SEPTEMBER 30, 2012

	DEBT	FUND	DEBT HOLDER	BALANCE 9/30/2011	NEW DEBT FY 2011/2012	PRINCIPAL PAYMENTS FY 11/12	INTEREST PAYMENTS FY 11/12	BALANCE 9/30/2012
11	2001 S. Lennard Road SAD Bonds	150/350	US BANK	1,010,000.00		170,000.00	65,906.25	840,000.00
12	2002A & B Riverpoint Dev.SAD Bonds	151/351	US BANK	3,685,000.00		600,000.00	159,710.83	3,085,000.00
13	2003 A&B Tesoro SAD BONDS	152/352	US BANK	17,115,000.00		2,565,000.00	812,287.50	14,550,000.00
2	2003 Sales Tax Improvement Revenue Bonds	104/314	WACHOVIA/FIRST UNION	15,015,000.00		14,390,000.00	278,767.36	625,000.00
14	2003C Glassman SAD Bonds	153/353	US BANK	5,350,000.00		600,000.00	347,625.00	4,750,000.00
15	2003D East Lake Village Bonds	154/354	US BANK	6,955,000.00		900,000.00	293,932.50	6,055,000.00
3	2004 Certificate of Participation	108/308	US BANK	3,465,000.00			139,018.76	3,465,000.00
5	2004 CRA Tax Increment Bonds	175/375	US BANK	8,825,000.00		590,000.00	354,862.50	8,235,000.00
1	2004 LOGT Bonds	104/314	BANK OF NEW YORK	12,405,000.00		3,110,000.00	620,250.00	9,295,000.00
7	2005 GO Bonds-1st installment	214/314	US BANK	43,645,000.00	-	670,000.00	2,045,525.00	42,975,000.00
16	2005B USA #9 SAD Bonds	125/325	US BANK	2,370,000.00	-	150,000.00	101,156.26	2,220,000.00
2005A	St Lucie Land Holding SAD Bonds	155/355	US BANK	14,955,000.00	-	1,300,000.00	625,506.28	13,655,000.00
8	2006 GO Bonds-2nd installment	214/314	US BANK	43,430,000.00	-	660,000.00	2,091,687.50	42,770,000.00
6	2006 CRA Tax Increment Bonds	175/377	US BANK	45,000,000.00	-	1,000,000.00	2,094,125.00	44,000,000.00
17	2007A Combined SADs (Lowry/Peacock)	158/358	US BANK	2,625,000.00	-	140,000.00	137,940.83	2,485,000.00
18	2007B SW Annexation District 1 SAD Bonds	115/315	US BANK	150,840,000.00		3,000,000.00	7,377,425.00	147,840,000.00
9	2008 Sales Tax Rfnding Bonds	001	US BANK	4,885,000.00		685,000.00	183,237.50	4,200,000.00
4	2008 COP Refunding	159/359	US BANK	42,010,000.00	-	1,770,000.00	2,335,600.00	40,240,000.00
19	2008A City Center SAD Rfnding Bonds	156/356	US BANK	30,750,000.00		635,000.00	1,857,937.50	30,115,000.00
10	2010 A&B Lease rev bonds-wyndcrest	142/342	TD BANK	39,900,000.00	-	1,500,000.00	1,979,380.42	38,400,000.00
20	2011A USA3&4 Refunding SAD Bonds	122	US BANK	10,910,000.00		4,325,000.00	160,631.53	6,585,000.00
21	2011B USA 5-6-7A Refunding SAD Bonds	124	US BANK	20,665,000.00		2,470,000.00	462,578.41	18,195,000.00
	2011 Sales Tax refunding bonds	104	US BANK	-	13,915,000.00	245,000.00	388,490.42	13,670,000.00
				\$ 525,810,000.00	\$ 13,915,000.00	\$ 41,475,000.00	\$ 24,913,582.35	\$ 498,250,000.00
	Compensated Absences		Compensated Absences	7,437,816.13	-	-	-	7,437,816.13
	TOTAL GLTD			\$ 533,247,816.13	\$ 13,915,000.00	\$ 41,475,000.00	\$ 24,913,582.35	\$ 505,687,816.13
22	2002 Stormwater Revenue & Rfnding Bonds	401	TD BANK	275,000.00	-	275,000.00	-	-
23	2010A&B Stormwater Revenue Bonds	401	TD BANK	36,000,000.00	-	-	1,522,514.00	36,000,000.00
24	2011 Stormwater Rfnding Revenue Bonds	401	TD BANK	11,325,000.00	-	105,000.00	198,907.81	11,220,000.00
				\$ 47,600,000.00	\$ -	\$ 380,000.00	\$ 1,721,421.81	\$ 47,220,000.00
	Compensated Absences	401	Compensated Absences	777,088.27	-	-	-	777,088.27
	TOTAL STORMWATER LTD			\$ 48,377,088.27	\$ -	\$ 380,000.00	\$ 1,721,421.81	\$ 47,997,088.27
	Compensated Absences		Compensated Absences	62,255.27	-	-	-	62,255.27
	TOTAL GOLF COURSE FUND LTD	421		\$ 62,255.27	\$ -	\$ -	\$ -	\$ 62,255.27
25	2001 Utility Revenue Bonds (CAB's)	431	US BANK	5,518,276.10	-	1,248,458.40	911,541.60	4,269,817.70
26	2003 Utility Revenue Bonds	431/442	US BANK	18,415,000.00		10,430,000.00	815,012.50	7,985,000.00
27	2004 Utility Revenue Bonds	431/443	US BANK	26,945,000.00		13,225,000.00	1,290,390.00	13,720,000.00
28	2004A Utility Rfunding Revenue Bonds	431	US BANK	51,645,000.00		-	2,561,593.88	51,645,000.00
29	2006 Utility Revenue Bonds	431/445	US BANK	78,435,000.00		1,685,000.00	3,914,225.01	76,750,000.00
30	2006A Utility Rfnding Revenue Bonds	431	US BANK	34,967,229.70	-	-	1,220,475.00	34,967,229.70
31	2007 Utility Rfnding & Improvement Rev Bonds	431/445	US BANK	115,520,000.00	-	670,000.00	5,948,087.50	114,850,000.00
32	2009 Utility Rfnding Revenue Bonds			110,200,000.00	-	-	5,438,775.01	110,200,000.00
	2012 Utility Rfnding Revenue Bonds	431	US BANK		21,375,000.00			21,375,000.00
				\$ 441,645,505.80	\$ 21,375,000.00	\$ 27,258,458.40	\$ 22,100,100.50	\$ 435,762,047.40
	Compensated Absences		Compensated Absences	2,099,393.99	-	-	-	2,099,393.99
	TOTAL UTILITY LTD			\$ 443,744,899.79	\$ 21,375,000.00	\$ 27,258,458.40	\$ 22,100,100.50	\$ 437,861,441.39
	TOTAL LONG TERM DEBT			\$ 1,025,432,059.46	\$ 35,290,000.00	\$ 69,113,458.40	\$ 48,735,104.66	\$ 991,608,601.06

Note: compensated absences have not yet been adjusted.

CITY OF PORT ST. LUCIE
GENERAL & ENTERPRISE LONG TERM DEBT
SEPTEMBER 30, 2011 AUDITED RESULTS

Governmental Activities Debt:

- (1) \$19,100,000 Local Option Gas Tax Refunding and Improvement Revenue Bonds, Series 2004 –payable from and collateralized by a lien upon and pledge of the Local Option Gas Tax Revenues, due in annual principal installments ranging from \$2,600,000 to \$3,430,000 plus interest semiannually at a rate of 5.0% through March 2015. Proceeds for the construction of a six-lane highway and bridge overpass plus refund outstanding bonds.
- (2) \$20,000,000 Sales Tax Improvement Revenue Bonds, Series 2003 – payable from and collateralized by a lien upon and pledge of the state shared Sales Tax Revenues, due in annual principal installments ranging from \$620,000 to \$2,115,000 plus interest ranging from 3.75% to 5.0% through September 2023. Proceeds used for roadway improvements.
- (3) \$5,860,000 Certificate of Participation, Florida Master Lease Project, Series 2004 (Public Buildings Project) – payable from the limited and special obligation of the City to make rent payments on the multiple public building subject to annual appropriation, due in annual principal installments ranging from \$135,000 to \$395,000 plus interest semiannually at a rate ranging from 3.375% to 4.25% through September 2023. Due to the early call of certain bonds, no principal is due until September 2013. Proceeds to finance construction of a police building, animal shelter, and administration complex.
- (4) \$45,600,000 Refunding Certificates of Participation, Series 2008 – payable from the limited and special obligation of the City to make rent payments on the multiple public building subject to annual appropriation, due in annual principal installments ranging from \$1,770,000 to \$3,865,000 plus interest semiannually at a rate ranging from 4.0% to 6.25% through September 2027. Proceeds were used to refund the \$44,560,000 Certificates of Participation, Series 2007, which had to be issued for construction and improvements related to the medical research facility area of the City.
- (5) \$11,870,000 Redevelopment Trust Fund Revenue Bonds, Series 2004 – payable from and collateralized by a lien upon and pledge of the net tax increment revenues generated in the community Redevelopment Area, due in annual principal installments ranging from \$590,000 to \$915,000 plus interest semiannually at a rate ranging from 3.25% to 5.0% through January 2023. Proceeds to finance infrastructure improvements in the CRA.
- (6) \$46,450,000 Redevelopment Trust Fund Revenue Bonds, Series 2006 – payable from and collateralized by a lien upon and pledge of the net tax increment revenues generated in the Community Redevelopment Area, due in annual principal installments ranging from \$1,000,000 to \$6,285,000 plus interest semiannually at a rate ranging from 3.904% to 5.0% through January 2026. To finance property acquisition and construction related to the planned Civic Center to be located within the Community Redevelopment Area.
- (7) \$49,285,000 General Obligation Bonds, Series 2005 - due in annual principal installments ranging from \$670,000 to \$3,140,000 plus interest ranging from 3.5% to 5.0% through July 2035. To finance the construction of the CrossTown Parkway.
- (8) \$44,545,000 General Obligation Bonds, Series 2006 – due in annual principal installments ranging from \$660,000 to \$3,155,000 plus interest semiannually at a rate ranging from 4.0% to 5.0% through July 2035. To finance additional phase of Cross Town Parkway.
- (9) \$5,015,000 Sales Tax Refunding Bonds, Series 2008 – payable from and collateralized by a lien upon and a pledge of the state shared sales tax revenues, due in annual principal installments ranging from \$685,000 to \$955,000 plus interest ranging from 3.25% to 4.0% through September, 2017. Proceeds were used to refund the balance of the outstanding 1998 Sales Tax Refunding and Improvement Revenue Bonds.
- (10) \$39,900,000 Lease Revenue Bonds, Series 2010A & 2010B – this issue is comprised of \$18,040,000 Series 2010A and \$21,860,000 Series 2010B (Recovery Zone Facility Bonds) – Payable from and secured by a lien upon and pledge of the Trust Estate which consists of the right, title, and interest of the City to the lease payments under the lease of facilities to Digital Domain Holding Corporation, due in annual principal installments ranging from \$1,500,000 to \$2,640,000 plus interest semiannually at rates ranging from 2.0% to 6.19% through September, 2013.

Special Assessment Debt with Government Commitment:

- (11) \$3,545,000 Special Assessment Bonds, Series 2001A (South Lennard Road Special Assessment District) - payable from assessments levied on subject properties within the service area, due in annual principal installments ranging from \$140,000 to \$310,000 plus interest of 7.125% through September 2021. Due to the early call of certain bonds, no principal payments are due until September, 2017. The City has a secondary obligation to budget sufficient revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming payment.
- (12) \$15,600,000 Special Assessment District Bonds, Series 2002A – Tax Exempt; Series 2002B – Tax Exempt; Series 2002A – Taxable; Series 2002B – Taxable (River Point Special Assessment District) - payable from assessments levied on subject properties within the assessment area, due in annual principal installments ranging from \$25,000 to \$595,000 plus interest ranging from 4.20% to 4.75% through January 2023. Due to the early call of certain bonds, no principal payments are due until January, 2016. The Series A – Tax Exempt and Taxable bonds carry a “due-on-sale” clause requiring the applicable amount of principal outstanding be paid when various encumbered properties are sold by the developer. The City has a secondary obligation to budget sufficient revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment. Proceeds are for infrastructure improvements.
- (13) \$49,355,000 Special Assessment Bonds, Series 2003A – Tax Exempt; Series 2003A – Taxable Series; Series 2003B – Tax Exempt (Tesoro Special Assessment District) - payable from assessments levied on subject properties within the assessment area, due in annual principal installments ranging from \$840,000 to \$2,380,000 plus interest ranging from 4.50% to 4.75% through January 2023. Due to the early call of certain bonds, no principal payments are due until January, 2015. The Series A - Tax Exempt and Taxable bonds carry a “due-on-sale” clause requiring the applicable amount of principal outstanding is paid when various encumbered properties are sold by the developer. The City has a secondary obligation to budget sufficient revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment. Proceeds for infrastructure improvements in the SAD.
- (14) \$9,500,000 Special Assessment Bonds, Series 2003C (Glassman Special Assessment District) – payable from assessments levied on subject properties within the assessment area, due in annual principal installments ranging from \$520,000 to \$835,000 plus interest of 6.75% through July 2023. Due to the early call of certain bonds, no principal payments are due until July, 2016. The bonds carry a “due-on-sale” clause requiring the applicable amount of principal outstanding be paid when various encumbered properties are sold by the developer. The city has a secondary obligation to budget sufficient revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment.
- (15) \$10,350,000 Special Assessment Bonds, Series 2003D (East Lake Village Special Assessment District) – payable from assessments levied on subject properties within the assessment area, due in annual principal installments ranging from \$80,000 to \$775,000 plus interest ranging from 3.6% to 4.625% through July 2023. The bonds carry a “due-on-sale” clause requiring the applicable amount of principal outstanding be paid when various encumbered properties are sold by the developer. The city has a secondary obligation to budget sufficient revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment.
- (16) \$4,765,000 Special Assessment District Bonds, Series 2005B – (Utility Service Area 9- Water and Wastewater Expansion Project) - payable from assessments levied on subject properties within the service area, due in annual principal installments beginning in 2014, ranging from \$255,000 to \$345,000 plus interest ranging from 4.125% to 4.5% through July 2025. Due to the early call of certain bonds, no principal payments are due until July, 2015. Proceeds were used for water and wastewater system expansion within the SAD.
- (17) \$6,635,000 Combined Special Assessment District Bonds, Series 2007A – (Peacock and Lowry Special Assessment District – payable from and secured by a lien upon and pledge of the City’s covenant to budget an appropriate non-ad valorem revenues sufficient to meet current debt service, due in annual principal installments ranging from \$90,000 to \$525,000 plus interest semiannually at a rate of 5.35% through July 2027. Due to the early call of certain bonds, no principal payments are due until July, 2020. Proceeds were used for the construction of roadway and drainage system additions, improvements and extensions and the potable water distribution and wastewater collection system within the SAD.
- (18) \$155,840,000 Combined Special Assessment District Bonds, Series 2007B – (Southwest Annexation Special Assessment District – payable from and secured by a lien upon Southwest pledged revenues, due in annual principal installments beginning in 2011, ranging from \$2,655,000 to \$9,735,000 plus interest semiannually ranging from 4.0% to 5.0% through July 2040. Proceeds used for the construction of roadway and drainage system additions, improvements and extensions and the potable water distribution and wastewater collection system within the SAD.

- (19) \$31,360,000 Special Assessment Refunding Bonds, Series 2008A – (City Center Special Assessment District – payable from and secured by a lien upon and pledge of the City’s covenant to budget and appropriate non-ad valorem revenues sufficient to meet current debt service, due in annual principal installments beginning in 2011, ranging from \$635,000 to \$2,400,000 plus interest semiannually ranging from 4.0% to 6.5% through July 2035. Proceeds used to refund the \$25,185,000 Special Assessment District Bonds, Series 2006A, which had been issued for the construction of roadway and drainage system additions, improvements and extensions and the potable water distribution and wastewater collection system within the city Center SAD.
- (20) \$10,910,000 Water and Sewer Special Assessment Refunding Bonds, Series 2011A (Utilities Service Area 3 & 4) – payable from assessments levied on subject properties within the service area, due in annual principal installments ranging from \$2,525,000 to \$2,840,000 plus interest ranging from 1.25% to 2.0% through September, 2015. The City has a secondary obligation to budget sufficient revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming payment. Proceeds were used to refund the balance of the outstanding \$65,455,000 Special Assessment bonds, Series 1998A (Utilities Service Area 3 & 4).
- (21) \$20,665,000 Water and Sewer Special Assessment Refunding Bonds, Series 2011B (Utilities Service Area 5.6 & 7A) – payable from assessments levied on subject properties within the service area, due in annual principal installments ranging from \$1,770,000 to \$2,330,000 plus interest ranging from 1.25% to 3.25% through September, 2021. The City has a secondary obligation to budget sufficient revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming payment. Proceeds were used to refund the balance of the outstanding \$54,390,000 Special Assessment bonds, Series 2001D (Utilities Service Area 5, 6 & 7A).

Minimum payments of long-term debt service for each of the years subsequent to September 30, 2011 are:

September 30,	Total Principal	Total Interest	Total
2012	15,620,000	24,862,939	40,482,939
2013	20,425,000	24,122,030	44,547,030
2014	21,840,000	23,455,313	45,295,313
2015	22,620,000	22,637,941	45,257,941
2016	19,625,000	21,838,330	41,463,330
2017	21,000,000	21,024,236	42,024,236
2018	22,715,000	20,107,051	42,822,051
2019	24,005,000	19,083,057	43,088,057
2020	25,525,000	17,964,801	43,489,801
2021	27,860,000	16,648,865	44,508,865
2022	25,800,000	15,311,138	41,111,138
2023	27,080,000	14,714,859	41,794,859
2024	22,025,000	12,718,293.	34,743,293
2025	23,260,000	11,608,581	34,868,581
2026	24,070,000	10,442,690	34,512,690
2027	18,730,000	9,363,076	28,093,076
2028	13,650,000	8,363,612	22,013,612
2029	14,360,000	7,662,048	22,022,048
2030	15,110,000	6,919,676	22,029,676
2031	15,905,000	6,138,148	22,043,148
2032	13,965,000	5,315,152	19,280,152
2033	14,710,000	4,587,274	19,297,274
2034	15,475,000	3,834,526	19,309,526
2035	16,280,000	3,042,050	19,322,050
2036	7,970,000	2,207,750	10,177,750
2037	8,380,000	1,809,250	10,189,250
2038	8,810,000	1,390,250	10,200,250
2039	9,260,000	949,750	10,209,750
2040	9,735,000	486,750	10,221,750
	<u>\$525,810,000</u>	<u>\$338,609,436</u>	<u>\$864,419,436</u>

Business-Type Activity Debt:

The Stormwater Utility Revenue Bonds are collateralized by a lien upon and a pledge of the stormwater revenues derived from the operation of the stormwater utility system, the franchise revenues derived from the electric franchise fees collected from Florida Power & Light Company, and income earned on bond related investment accounts.

- (22) \$14,000,000 Stormwater Utility Revenue Bonds, Series 2002 – due in annual principal and sinking fund installments of \$275,000 , plus interest ranging from 4.0% through May 1, 2012.
- (23) \$36,000,000 Stormwater Utility Revenue Bonds, Taxable Series 2010 A & B – comprised of the Taxable Series 2010A (Build America Bonds – Direct Payment) for \$26,895,000 and the Taxable Series 2010B (Recovery Zone Economic Development Bonds) – due in annual principal and sinking fund installments of \$1,285,000 to \$3,630,000, plus interest of 7.376% on Series A subject to a 35% subsidy and 6.516% and 7.176% on Series B subject to a 45% subsidy. Principal payments begin May, 2024.
- (24) \$11,325,000 Stormwater Utility Refunding Revenue Bonds, Series 2011 – due in annual principal installments of \$105,000 to \$1,325,000, plus interest ranging from 2% - 5% through May, 2023. The proceeds of this issue were used to advance refund \$11,610,000 of the outstanding balance of the Series 2002 Stormwater bonds.

Business-Type Activity Debt:

The Utility System Revenue Bonds are payable solely from and secured by a lien upon and pledge of the net revenues derived from the operation of the water and sewer system and the Capital Facilities Charges (limited to the debt service component) of the Utility System.

- (25) \$52,654,418 Utility System Revenue Bonds, Series 2001 – due in annual principal installments of \$970,704 to \$1,248,458 plus interest semiannually ranging from 4.94% to 5.32% through September 2016; all remaining bonds are of the capital appreciation series.
- (26) \$61,431,495 Utility System Revenue Bonds, Series 2003 – due in annual principal installments of \$770,000 to \$3,675,000 plus interest semiannually ranging from 3.5% to 5.0% through September 2031.
- (27) \$29,165,000 Utility System Revenue Bonds, Series 2004 – due in annual principal installments of \$670,000 to \$1,890,000 plus interest semiannually ranging from 3.6% to 5.00% through September 2034.
- (28) \$51,645,000 Utility System Refunding Revenue Bonds, Series 2004A – due in annual principal installments of \$495,000 to \$12,155,000 plus interest semiannually ranging from 4.375% to 5.00% through September 2031. Principal payments begin September, 2017.
- (29) \$78,435,000 Utility System Revenue Bonds, Series 2006 – due in annual principal installments of \$1,685,000 to \$27,385,000 plus interest semiannually of ranging from 4.5% to 5.063% through September 2036. Principal payments begin September, 2012.
- (30) \$35,197,230 Utility System Refunding Revenue Bonds, Series 2006A – due in annual principal installments of \$715,000 to \$5,186,344 plus interest semiannually of ranging from 4.0% to 5.0% through September 2033. Principal payments begin September, 2017.
- (31) \$119,445,000 Utility System Refunding Revenue Bonds, Series 2007 – due in annual principal installments of \$670,000 to \$10,675,000 plus interest semiannually of ranging from 4.0% to 5.25% through September 2027.
- (32) \$110,200,000 Utility System Refunding Revenue Bonds, Series 2009 – due in annual principal installments beginning in 2013, ranging from \$1,645,000 to \$16,570,000 plus interest semiannually of ranging from 4.125% to 5.25% through September 2035.

The annual requirements to amortize bonded debt and note payable as of September 30, 2011 follows:

September 30,	Total Principal	Total Interest	Total
2012	5,443,458	25,128,735	30,572,193
2013	11,722,102	25,105,990	36,828,092
2014	12,545,671	24,726,560	37,272,231
2015	13,011,340	24,246,614	37,257,954
2016	13,440,703	23,725,148	37,165,851
2017	14,695,000	21,928,944	36,623,944
2018	15,395,000	21,210,957	36,605,957
2019	16,125,000	20,454,656	36,579,656
2020	16,870,000	19,645,796	36,515,796
2021	17,680,000	18,795,912	36,475,912
2022	18,540,000	17,928,033	36,468,033
2023	19,410,000	17,027,861	36,437,861
2024	20,300,000	16,070,403	36,370,403
2025	21,305,000	15,028,302	36,333,302
2026	22,360,000	13,933,980	36,293,980
2027	25,105,000	12,775,161	37,880,161
2028	24,770,000	11,471,532	36,241,532
2029	25,885,000	10,216,440	36,101,440
2030	27,030,000	8,903,970	35,933,970
2031	28,405,000	7,522,163	35,927,163
2032	18,686,344	17,747,366	36,433,710
2033	14,050,887	17,255,352	31,306,239
2034	23,300,000	4,810,234	28,110,234
2035	22,700,000	3,563,371	26,263,371
2036	30,315,000	2,351,504	32,666,504
2037	3,145,000	749,032	3,894,032
2038	3,380,000	517,058	3,897,058
2039	3,630,000	267,748	3,897,748
	<u>\$489,245,505</u>	<u>\$403,108,822</u>	<u>\$892,354,327</u>

Refunded Debt:

Refunding provides for an irrevocable deposit with an escrow agent of sufficient funds to pay principal, interest and, if applicable, call premiums, when due, on the refunded bonds to the earliest call date. Accordingly, these obligations are no longer considered a liability of the City. The city has the following debt issues which have been refunded.

Issue	Series	Date	Refunded	Outstanding as of Refund Date	9/30/2011
Stormwater Utility Bonds	1988	10/9/1990	13,770,000	2,330,000	
Utility System Revenue Bonds	2003	9/29/2004	7,355,000	4,355,000	
Utility System Revenue Bonds	2003	12/14/2006	33,191,495	33,191,495	
City Center Special Assessment District Bonds	2006A	12/3/2008	24,330,000	21,580,000	
Utility System Revenue Bonds	1997A	5/22/2009	4,407,140	2,144,037	
Stormwater Utility Bonds	2002	6/7/2011	11,335,000	11,335,000	

Derivative Disclosure – Interest Rate Swap:

Concurrently with the March 2007 issuance of Certificates of Participation (“COP”), the City entered into a Swap Agreement with Royal Bank of Canada (“Counterparty”). The notional amount of the 2007 COP Swap Agreement with the Counterparty originally was \$44,560,000. Commencing on May 2, 2007, and monthly thereafter, the City pays a fixed rate of 3.678% and the Counterparty pays 80% LIBOR. The termination date is September 1, 2017, unless terminated earlier as provided in the Swap Agreement.

In fiscal year 2009, the City entered into another Swap Agreement with Royal Bank of Canada concurrently with the 2008 Refunding issue of the 2007 COP with a notional amount of \$45,600,000. The 2007 Swap remained in effect, but its notional amount for both the 2007 and 2008 Refunding Swap. As of September 30, 2010, the notional amount for both the 2007 and 2008 Refunding Swaps was \$43,715,000. For the 2008 Refunding Swap, the City pays the USD-SIFMA Municipal Swap Index (formerly the USD-BMA Municipal Swap Index), and the Counterparty pays a fixed rate of 3.527%. Previously, the City pay rate was based on USD-SIFMA Municipal Swap Index. The termination date is September 1, 2027, unless terminated earlier as provided in the Swap Agreement. Upon earlier termination, a payment may be owed by the City to the Counterparty, or the Counterparty to the City, depending on the economic circumstances prevailing at the time of the termination. As of September 30, 2010, the fair value of the 2008 Refunding Swap Agreement was \$4,847,619 in favor of the City and the fair value of the 2007 Swap was \$5,510,593 in favor of the counterparty. The fair value was determined using a valuation model by an independent investment firm and used the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. In September, 2011, the City elected to terminate the Swap Agreements and delivered a payment of \$50,000 in consideration thereof.