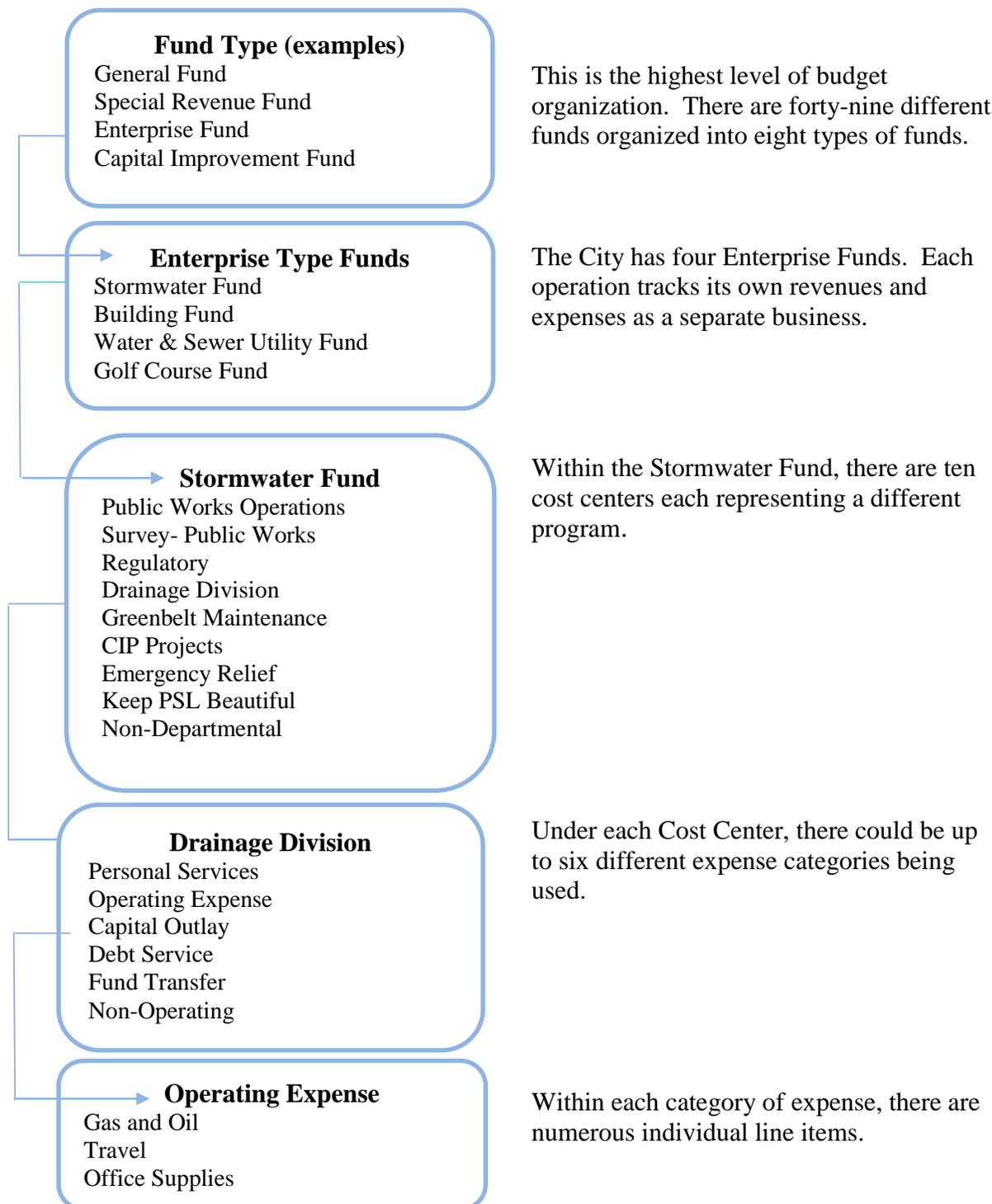


## BUDGET DOCUMENT STRUCTURE

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

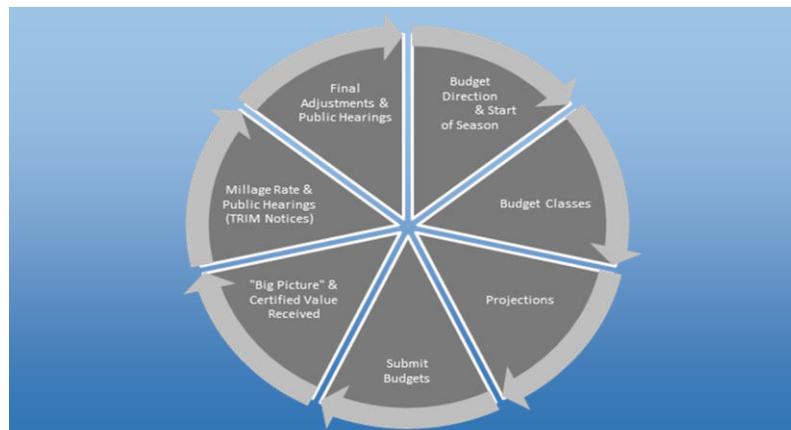
that performs drainage repairs. Categories of Expense group similar expenses such as salary and benefits into a category called Personal Expense. Line Items are the most basic tracking method, such as Office Supplies.



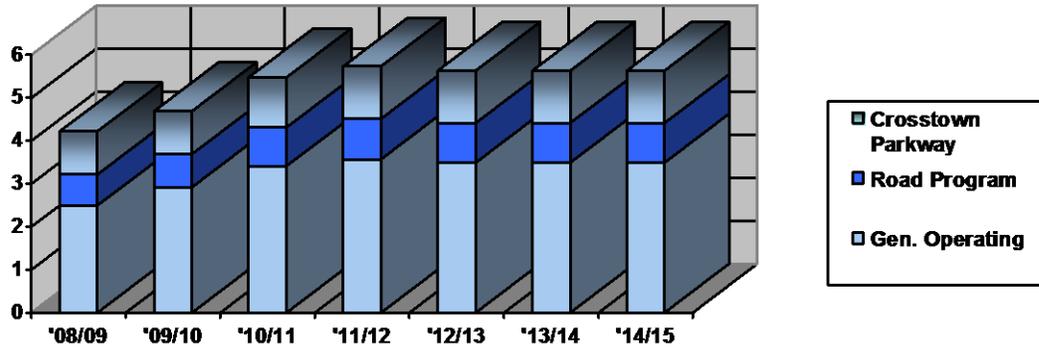
## ***CITY OF PORT ST. LUCIE BUDGET CALENDAR (2014)***

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 2014-15 fiscal year development. Below represents the calendar of budget events for the City of Port St. Lucie:

<b>March 1</b>	<b>City Council Retreat (Budget Direction).</b>
<b>March 11</b>	<b>Start of Budget Season: Memo &amp; forms to departments</b>
<b>March</b>	<b>Conduct Budget Classes</b>
<b>April</b>	<b>OMB prepares preliminary Revenue &amp; Expenditure schedules. OMB prepares preliminary projections of Cash Carryforward. Departments prepare their Operating Budget Requests. Departments develop their CIP requests.</b>
<b>April 30</b>	<b>Departments submit operating Budget Requests to OMB.</b>
<b>May</b>	<b>OMB loads budget requests for review.</b>
<b>May 15</b>	<b>Departments submit CIP budget requests to OMB.</b>
<b>June 1</b>	<b>Estimated Taxable Property Value is received from County Appraiser.</b>
<b>June</b>	<b>OMB presents preliminary "Big Picture" of budget to Manager. OMB conducts budget reviews with departments for adjustment as needed. Revenue estimates are further updated.</b>
<b>July 1</b>	<b>Certified Taxable Value is received; budget and millage rate is updated. Final budget adjustments are made per City Manager direction. Notices are mailed for annual Street Lighting &amp; Stormwater Fees (if needed). City Manager Budget Message is prepared.</b>
<b>July 24 &amp; 25</b>	<b>Council Workshops are held on City Manager Proposed Budget. Millage Rate and Public Hearings (date, time and location) are set for TRIM notices to citizens.</b>
<b>August</b>	<b>Final adjustments and further workshops with the City Council needed.</b>
<b>August 25</b>	<b>Public Hearing (Council Mtg.) for Rates and Fees other than Millage Rate.</b>
<b>September 8</b>	<b>First Public Hearing (Trim requirement) and Final Adoption of Budget.</b>
<b>September 22</b>	<b>Second Public Hearing (TRIM requirement) and Final Adoption of Budget.</b>



## *City of Port St. Lucie Millage Rates*



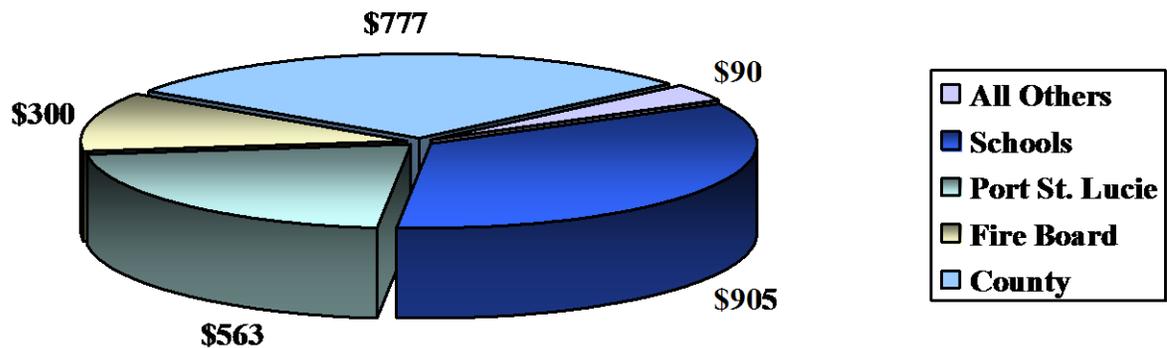
Fiscal Year	08-09	09-10	10-11	11-12	12-13	13-14	14-15
General Operating	2.4931	2.9174	2.4106	3.5688	3.4897	3.4897	3.4897
Road & Bridge Operating	0.2565	0.3016	0.3526	0.3698	0.3616	0.3616	0.3616
Road CIP Program	0.4676	0.4676	0.5466	0.5710	0.5583	0.5583	0.5583
Crosstown Parkway Debt Service Fund	1.0000	1.0000	1.1625	1.2193	1.2193	1.2193	1.2193
General CIP	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Total Millage Rates</b>	<b>4.2172</b>	<b>4.6866</b>	<b>5.4723</b>	<b>5.7289</b>	<b>5.6289</b>	<b>5.6289</b>	<b>5.6289</b>

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 times 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 years, taxable value was falling, so in order to offset that downward impact on the revenue, the Council raised the tax rate three times. A small decrease of 0.1000 was adopted for FY 2012-13.

The Adopted Budget is based on no change to the overall Millage Rate which when combine with the 5.35% gain in taxable value, will lead to an increase in total property tax revenue of \$1,847,688.

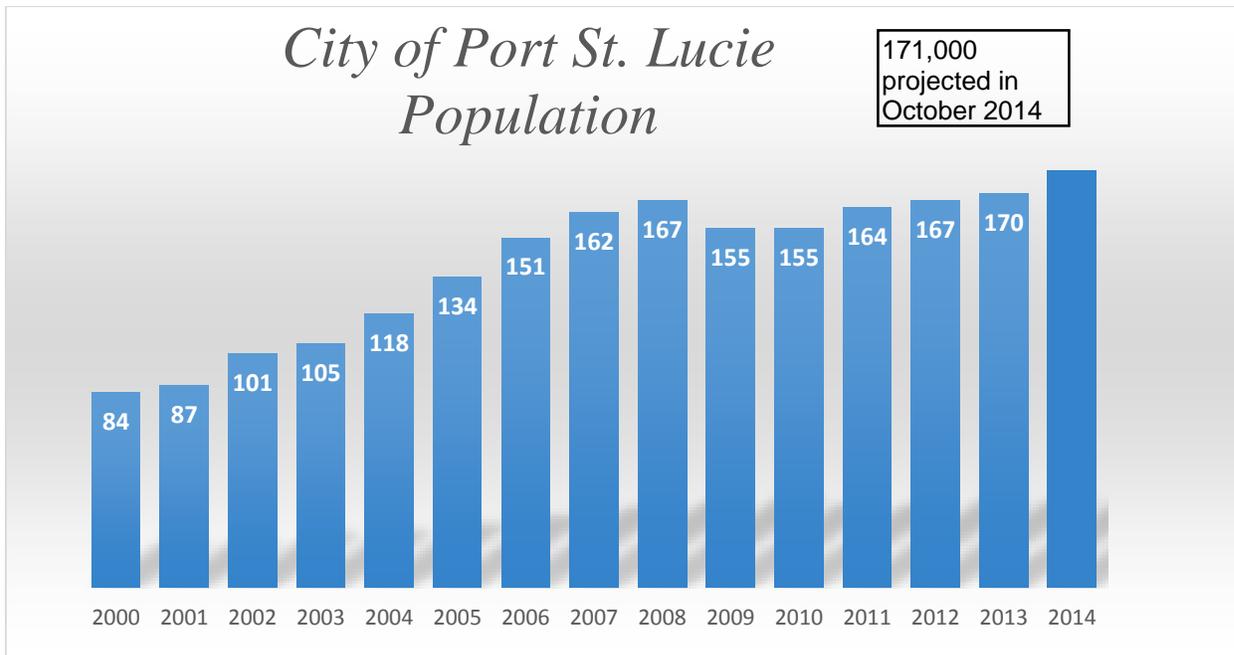
## *City of Port St. Lucie Breakdown of Tax Bill based on \$150,000 Valuation*



With the \$50,000 Homestead exemption, the Total Tax Bill=\$2,635

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 \$2,635. 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, \$563 in this example, remains in their local municipal budget. The largest portion of a tax bill goes to the School Board (\$905, 34%) and the County Government (\$777, 29%).

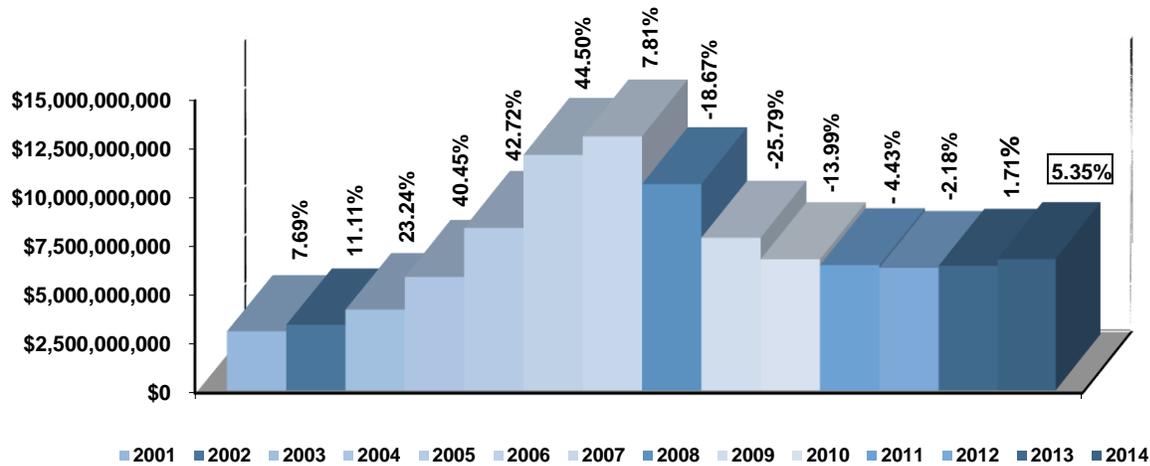


This population chart again shows the strong growth pattern experienced by the City of Port St. Lucie. Having been incorporated in 1961, our population was only 330 in 1970. However, our population is estimated to be at 171,000 thousand in October 2014. Annual increases had been averaging approximately 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 climbed. Those conditions lead to a slight decline in the population estimate. That real estate activity drove down the taxable value in the City which greatly impacted the City’s budget. The general economy also suffered during this same time period which negatively impacted other revenues of the City. The population was estimated to have grown slightly in recent years to the new level of 171,000.

The City is currently experiencing signs of the economy recovering. Real estate activity is getting stronger and the home values are climbing. Several revenues of the City are showing better trends and the new construction of residential homes is pushing the estimated population upward.

## 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.

The adopted FY 2014-15 budget is based on the certified taxable value of \$6,769,343,240 which is 5.35% greater than the prior year. This new taxable value is still only at 52% 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.

It appears that the real estate market (and local economy) has begun to rebound from the recession. Of note also is the fact that the 2014 DR-420 tax form reports a larger gain due to new construction. 2013 reported \$67.5 million in new construction value. This overall gain in value will generate \$1,847,688 in additional revenue using the existing millage rate.

## *City of Port St. Lucie*

### *Schedule of Ten Largest Taxpayers*

### *2013 Tax Roll*

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Valuation</u>	<u>%</u>
1	Florida Power and Light Co.	Electric Utility	\$ 86,914,629	1.36
2	Wal-Mart & Sam's Stores East Inc.	Retail Merchandising	73,593,936	1.15
3	Inland Diversified PSL Landing	Land Development	59,019,660	0.92
4	AT & T Communications	Communications	41,164,730	0.64
5	Florida Gas Transmission Co LLC	Gas Utility	39,226,630	0.61
6	HCA Health Services of Fl., Inc.	Medical	37,029,029	0.58
7	Sandpiper Resort Prop. Inc.	Resort Hotel	36,760,606	0.57
8	Scripps Media, Inc.	Multi-Media	23,165,602	0.36
9	Federal National Mortgage Assoc.	Lending Institute	22,762,912	0.35
10	Liberty Medical Supply, Inc.	Medical	20,006,903	0.31

Total Taxable Assessed Value of 10 Largest Taxpayers	\$439,644,637	6.85
Total Taxable Assessed Value of Other Taxpayers	5,972,921,665	93.15
Total Taxable Assessed Value of All Taxpayers	\$ 6,412,566,302	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 2013 tax roll. 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 further 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 6.85% represented by the top ten taxpayers.

## **FINANCIAL POLICIES**

### **Operating Budget Policy**

#### **I. Purpose**

To provide effective guidelines for the development, adoption and tracking of the City's Annual Operating Budget.

#### **II. Policy**

The City's Operating Budget shall serve as the document for Financial Policies, the Financial Plan, an Operations Guide and a Communications Device. The Operating Budget will explain and provide funding for the approved staffing and programs of operating budget that is funded with current year revenues. The annual adopted budget is allowed by City Charter to carry forward the Fund Balance into the following fiscal year to be used a financial resource. The adopted budget shall be compared to the actual results on a periodic basis to serve a measurement tool for management to gauge the financial condition of the City.

#### **III. Definitions/ General Information**

**Budget** – A plan of financial operation for a specified time embodying an estimate of proposed expenditures and the proposed means of financing them.

**Capital Improvement Plan (CIP)** – A five year plan for those major expenditures anticipated within the City's capital improvement funds. The plan shall set forth each project with its cost and recommend the available financial resources. The plan gives the City a look into the future and allows for the long-range financial planning.

**Millage Rate** – The Property Tax rate that is adopted by the City Council for each fiscal year that will be applied to all property tax bills within the City. The rate is expressed in a format of 5.4321 (example) that is

applied as \$5.4321 per 1000 of taxable value for the property.

**Operating Budget** – A budget for the general revenues and reoccurring expenses such as salaries, utilities and supplies.

**Taxable Value** – The value placed on real property by the County Property Appraiser that is basis for being charged annual property tax.

#### **IV. Procedure**

1. City Council will at its Winter Retreat review the current budgetary policy, financial trends and long-range models. Direction will be given to staff for preparation of the next annual budget (February/March).
2. Budget request forms with direction are given to departments. Assistance in the form of training classes is available from the Office and Management and Budget Office (March).
3. OMB prepares preliminary revenue and expenditure spreadsheets that forecast the current year financial results. Revenue amounts are prepared for the proposed budget by OMB. Preliminary projections of any available carryforward of fund balances are prepared for use in the proposed budget (March/April).
4. Departments prepare their Operating Budget Requests for submittal to OMB (April).
5. Departments prepare their CIP budget requests for submittal to OMB (May).
6. OMB loads all requests to the proposed budget spreadsheets to begin the balancing and reviewing process (May).

7. Estimated Taxable Value is received from the County Property Appraiser to generate preliminary property tax revenue amount (June 1<sup>st</sup>).
8. The preliminary first “big picture” of the budget is available to the City Manager. OMB reviews departmental budget request with the department with the goal of balancing the proposed budget within the Council guidelines and City Manager direction. Proposed revenue estimates are further updated as data becomes available (June).
9. Final Certified Taxable value is received from the County Property Appraiser for final property tax revenue calculations and adjustments to the recommended millage rate (July 1<sup>st</sup>).
10. Final Budget adjustments are made per the City Manager and Budget Message is prepared (July).
11. Rate increase notices are addressed if required for Stormwater, Water & Sewer or Streetlights (July).
12. City Council reviews the Proposed Budget during their Summer Retreat. Millage Rate and Public Hearings (date, time & location) are set (July).
13. Final Budget adjustments are made (August).
14. Public Hearings and Adoption of rates/fees other than the Millage Rate if required (August).
15. Two Public Hearings and adoption of required ordinances and resolution per state TRIM requirements (September).
16. Adopted Budget is loaded to the accounting system prior to the start of the new fiscal year (September).
17. Monthly monitoring of revenue collections and department expenditures is conducted (throughout the year).

## ***Financial Policy/Reserve***

### ***I. Purpose***

To provide effective guidelines for the establishment, adoption and tracking of the City’s Reserves. The need to establish a Level of Reserves is to guard against Financial Risks.

### ***II. Policy***

The City shall establish and maintain a suitable level of reserves and is set by the annual budget. The budgeted level of reserves will provide for unanticipated expenditures or increase in costs. The reserve will also provide if a shortfall in revenue occurs. The reserve will protect against reducing levels of service due to temporary higher expenditures or revenue shortfalls. An individually budgeted reserve/contingency shall be addressed in all operating funds.

### ***Definitions/ General Information***

***Budget*** – A plan of financial operation for a specified time embodying an estimate of proposed expenditures and the proposed means of financing them.

***Expenditure*** – Use of funds, a cost, an expense which results in a reduction to net worth. For governmental accounting, an expense is labeled as an expenditure.

***Formula*** – The budgeted reserve or financial contingency is expressed as a percentage of the operating budget. Personal Services and Operating Expenses are multiplied by the desired percentage to calculate the recommended amount to be budgeted.

***Reserve*** – An account used to hold budgeted funds for a future purpose. This budgeted amount is not considered available for appropriation. A reserve can be held as a budgeted contingency for financial reasons,

or held for legal purposes or held for a designed purpose or project.

**Revenue** – Funds that are collected from customers and property owners. Revenues can be in many forms: charges for services, taxes, fees charged, etc.

### **III. Procedure**

1. The Office of Management and Budget (OMB) shall project the annual revenues and expenditures of the City as part of the annual budget development process. The recommended reserve (financial contingency) shall be incorporated into the proposed budget (May through July).
2. Financial data is reviewed to ensure that the minimum reserve level is met for the proposed budget being adopted by City Council in September (July through September).
3. The prior year annual audit provides the ending fund balance for each fund which then is reviewed to ensure that the established reserve is available for the fiscal year. If ending fund balance did not provide sufficient funds to establish the recommended reserve, a review should be made and financial options listed reductions to program costs or increasing budgeted revenues if the current collections support raising the revenue expectations.
4. During each fiscal year, any budget amendments that use a portion of that fund's reserve shall be tracked. Future plans should include re-establishing the reserve at its recommended level.

### **Investment Policy**

1. **Scope** – The Investment Policy applies to all investment activity of the City of Port St. Lucie and shall

include all available funds in excess of the amounts needed to meet short-term expenses, but shall not apply to the Municipal Police Officers' Retirement Trust Fund, the Prudential Pension Trust Fund, the 401(a) Retirement Trust Fund, the OPEB Trust Fund, and funds related to the issuance of debt where there are other existing policies or indentures in effect.

2. **Investment Objectives** – It is the policy of the City of Port St. Lucie to invest its funds in a manner which will place the highest priority on the preservation of principal and safety of liquidity with the optimization of investment returns being a secondary consideration.
3. **Performance Measurement** – The City Treasurer shall seek to optimize return on investments within the constraints of safety and liquidity by the identification of an appropriate benchmark against which to compare the portfolio's performance. The one year Treasury yield is considered a benchmark for riskless investment transactions and, therefore, comprises a minimum standard for the operating portfolio's rate of return.
4. **Prudence and Ethical Standards** – Employees involved in the investment process shall not engage in personal business activity that could conflict with the proper administration of the investment program. Investments shall be made with judgment and care, and circumstances then prevailing, which a person of prudence, discretion and intelligence exercises in the management of their own affairs, not for speculation, but for investment, considering the safety of principal as well as the probable income derived.

5. **Authorized Investments** – The City shall limit investments under the guidelines of these policies to:
- a. Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, and which carry the full faith and credit of, the United States Government and its agencies. Investments in this category would include but not be limited to the following: United States Treasury Bills, Notes and Bonds, and securities issued by the Small Business Administration, Government National Mortgage Association (Ginnie Mae), Veterans Administration.
  - b. Fully collateralized United States Agency obligations which carry an implied guarantee and the implied full faith and credit of the United States Government. Investments in this category would include but not be limited to the following: obligations of the Federal Home Loan Bank System (FHLB) or its district banks and the Financing Corporation (FICO).
  - c. Other United States Agency obligations which carry an implied guarantee and the implied full faith and credit of the United States Government. Investments in this category would include but not be limited to the following: obligations of the Federal Farm Credit Bank, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Student Loan Marketing Association (Sallie Mae), Financial Assistance Corporation and Federal Agriculture Mortgage Corporation (Farmer Mac).
  - d. Interest bearing savings accounts, money market accounts, certificates of deposit, money market certificates or time deposits constituting direct obligations of any bank or savings and loan association certified as a Qualified Public Depository by the State of Florida.
  - e. Repurchase agreements collateralized by U.S. Treasury Bills or Notes.
  - f. State of Florida Local Government Surplus Funds Trust Fund, organized under Chapter 218, Part. IV, F.S.
  - g. Local government investment pool shares in local government investment pools organized under Chapter 163, Part I, F.S.
  - h. Money market mutual fund shares of any money market fund registered as an investment company under the federal “Investment Company Act of 1940”, as amended.
6. **Maturity and Liquidity Requirements** - To the extent possible, investment maturity will be matched with anticipated cash flow requirements. Investments will remain sufficiently liquid to enable the City to meet all needs for cash which might reasonably be anticipated. The maximum fixed maturity of any investment within the City’s portfolio will be limited to 5 years.
7. **Portfolio Composition; Risk and Diversification** – Investments of the City, under the guidelines of these policies, shall be diversified to control the risk of loss resulting from overconcentration of investments in a specific maturity, issuer,

instrument, dealer or bank through which instruments are bought and sold.

The following limits are hereby established to serve as guidelines for diversification by instrument: (Within these instrument limits, the City's goal is to maintain no more than 20% in any one non-governmental institution).

- State of Florida Local Government Surplus Funds Trust Fund – 5%
- Local Government Investment Pools – 20%
- Repurchase Agreements – 30%
- Certificates of Deposit – 35%
- Money Market/Savings Accounts – 90%
- Money Market Mutual Funds – 90%
- United States Government Agencies – 50%
- United States Treasury Bills/Notes – 90%

8. **Authorized Investment Institutions and Dealers** – The City shall maintain a list of Council approved financial institutions which are qualified as public depositories by the Treasurer of the State of Florida, in accordance with Chapter 280 of the State Statutes, to provide depository and investment services. The list will also include Council approved security broker/dealers consisting of “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). In addition, the list will also include Council approved local government investment pool entities organized under Chapter 163, Part I, F.S. and Council approved money market mutual funds registered as investment companies under the federal “Investment Company Act of 1040”, as amended.

9. **Third-Party Custodial Agreements** – All investments securities purchased, except certificates of Deposits, shall be held in safekeeping at an institution designated by the City Treasurer. All such safe-kept

securities purchased or sold will be transferred under the “delivery-versus-payment” (DVP) method. Certificates of Deposit issued by a local bank may be held in safekeeping at that institution.

Collateral for public deposits is controlled by the state of Florida through Chapter 280 of the Florida Statutes. The City shall not be under any obligation to secure additional collateral beyond the provisions set forth in Chapter 280, except in the case of Repurchase Agreements. Collateral requirements for Repurchase Agreements will be contained in a Master Repurchase Agreement, executed between the City and the bank.

10. **Master Repurchase Agreement** – The City may enter into purchase Agreements conforming to the model agreement developed by the Public Securities Association. Repurchase Agreements will be collateralized by obligations of the United States Government pledged to the City with market values, exclusive of accrued interest, at least equal to 103 percent of the purchase price. The collateral is to be held by a third-party safekeeping custodian as agreed to by the City and the repurchase agreement provider.

11. **Bid Requirement** - .When purchasing or selling securities, the City Treasurer shall select the security which provides the highest rate of return within the parameters of these policies and given the current objectives and needs of the City's portfolio. These selections shall be made utilizing competitive offerings or bids, when feasible and appropriate, or by comparison to the

current market price as indicated by one of the market pricing resources available to the City.

12. **Internal Controls** – In addition to certain existing written operating procedures and internal controls, the City Treasurer will establish a system of internal controls, which will be documented in writing and designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by City employees and officers.
13. **Reporting** – The City Treasurer shall annually, or more frequently, submit a report to the City Council which shall include securities by class or type, book value, income earned, and market value. In addition to the existing daily, monthly, and annual reporting of activity of the City’s portfolio, the City Treasurer shall generate and provide other such reports and information as deemed reasonable, upon request, from other internal and external sources.
14. **Continuing Education** – The City Treasurer and officials responsible for making investment decisions must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

## **Annual Audit and Auditor Selection**

### **I. Purpose**

To provide written guidelines for the annual audit and the selection of the auditor.

### **II. Policy**

An annual audit of the City’s financial statements provides assurance to the City Council, city residents, rating agencies and other concerned parties that the financial statements present fairly the financial position of the City’s governmental activities

and business-type activities. Selection of the auditor to perform the annual audit shall follow statutory requirements.

### **III. Definitions/General Information**

"Annual financial report" is the report of revenues and expenditures/expenses of each fiscal year required to be filed with the State.

"Annual financial audit report" is the annual financial report audited by the independent auditor as required by the State.

"Auditor" is an independent certified public accountant engaged by the City to perform a financial audit.

"Auditor General" is the auditor appointed by the legislature as required by Section 2, Article III of the State Constitution.

"Financial audit" is an examination of financial statements to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles.

"Fiscal year" is the twelve month period starting October 1 and ending September 30 of the subsequent year.

"Governmental Accounting Standards Board" is the accounting standards body for generally accepted governmental accounting principles.

### **IV. Legal Requirements**

Section 218.32, Florida Statutes, requires each local governmental entity to submit a copy of its annual financial report and audit report to the State no later than 9 months after the end of the fiscal year.

Section 218.39, Florida Statutes, requires any municipality with revenues or total expenditures/expenses in excess of \$250,000 to have an annual financial audit completed

within 9 months after the end of the fiscal year. The audit report shall be prepared in accordance with the rules of the Auditor General. The audit report shall be filed with the Auditor General within 45 days after delivery of the audit report to the city but no later than 9 months after the end of the fiscal year.

Section 215.97, Florida Statutes, requires a single audit to be performed for a local government that expends state financial assistance of \$500,000 or more in any fiscal year.

Section 218.391, Florida Statutes, establishes required procedures for the selection of auditors to perform the annual financial audits required by Section 218.39, Florida Statutes.

Rules of the Auditor General - Chapter 10.550 Local Governmental Entity Audits establishes the rules the Auditor must follow to perform an annual audit of the city and the reports that must be prepared by the Auditor.

Government Auditing Standards adopted by the Comptroller General of the United States establish the professional auditing standards for the performance of audits required by the Federal Single Audit Act.

Ordinances enacted by the City Council authoring various bonds to be issued by the City require an annual financial audit report be filed with the City within 180 days after the close of each fiscal year.

Continuing Disclosure Agreements executed and delivered by the City in connection with the issuance of various bond issues require the annual financial audit report be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) no later than March 31. If the annual financial audit report is not available

then the City shall file unaudited financial statements.

## ***V. Procedure***

### **Annual Financial Audit**

After the end of each fiscal year, the Finance Director/City Treasurer will prepare annual financial statements for all financial activities of the city. The financial statements will be prepared in accordance with standards adopted by the Governmental Accounting Standards Board. The annual financial statements will be provided to the independent auditor in sufficient time for the independent auditor to complete the audit and render an opinion on the financial statements in order for the City to file the annual financial audit report with the State Chief Financial Officer, the State Auditor General and EMMA in a timely manner.

A copy of the annual financial audit report will be provided to the mayor and each council member, the city manager, the city clerk, and other department directors upon request. An electronic copy will be provided to anyone who requests the annual financial audit report. A copy of the annual financial audit report will be posted on the city's website.

### **Auditor Selection**

As required by Section 218.391, Florida Statutes, the City Council shall select an auditor by the following procedure:

- 1) The City Council shall establish an audit committee. The primary purpose of the audit committee is to assist the governing body in selecting an auditor to conduct the annual financial audit.
- 2) The audit committee shall:
  - a. Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm
  - b. Publicly announce requests for proposals.

- c. Provide interested firms with a request for proposal.
  - d. Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.
  - e. Rank and recommend in order of preference to the City Council no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.
- 3) If compensation is one of the factors established pursuant to paragraph (2)(a) and used in the evaluation of proposals pursuant to paragraph (2)(d), the City Council shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.
  - 4) Every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. The written contract, including renewals, must specify the contract period.

## **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, 2013 are combined with the estimated revenues and expenditures for FY 2013-14 to arrive at expected opening fund balances for October 1, 2014, 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 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 \$33.4 million contingency fund for the Utility Operations that was set aside for rate stabilization.

The projected ending Fund Balances are budgeted to be \$1.4 million (1.1%) less than the prior year. The largest reasons for the decrease 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 debt. The beginning balances are \$14.6 million less than the prior year. The City Council approved a 15% Financial Contingency in Fiscal Year 13-14 in the General Fund, 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.

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## ***TOTAL BUDGET TRENDS***

### ***REVENUE SUMMARY***

The consolidated total of all budgeted Revenues and Balances Carried Forward is \$6.9 million less than the previous year. The decrease is caused by reductions in available grant funds such as the NSP Program plus the smaller balance available in several CIP Funds. Cash Carryforward decreased due to 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 increased due to a 5.35% increase in value. Utility Customers will receive a 3% rate increase in their water rates.

### ***EXPENDITURE SUMMARY***

Total budgeted expenditures are budgeted to decrease by \$8.4 million (2%) when compared to the previous year. The decrease in expenditures is for the most part are the result of the capital projects, decreases to debt service due to refinancing or early payoff of bonds.

**CITY OF PORT ST. LUCIE**  
**SUMMARY OF REVENUES, EXPENDITURES & FUND BALANCES**  
**FY 2014-15**

	***** GOVERNMENTAL FUNDS *****			** PROPRIETY **						Increase	
	General	Special	Capital	** FUNDS **	Internal	Trust	Totals	Totals	Totals	<Decrease>	Percent
	Fund	Revenue	Project	Enterprise	Service	Funds	2014-15	2013-14	2012-13	FY 14-15/13-14	Change
<b>CASH BALANCES CARRYFORWARD:</b> (Projected Beginning Fund Balances - 10-1-14)	\$19,431,967	\$28,749,725	\$5,928,669	\$62,586,222	\$5,472,205	\$8,916,786	\$131,085,574	\$145,661,773	\$155,017,579	(\$14,576,199)	-11.1%
<b>REVENUES &amp; SOURCES:</b>											
Taxes	29,443,943	11,667,144	8,443,319	0	0	0	49,554,406	44,511,637	43,474,838	5,042,769	10.2%
Utility Service Tax	11,716,500	0	0	0	0	0	11,716,500	9,880,000	7,579,000	1,836,500	15.7%
Franchise Fees	9,863,350	0	0	0	0	0	9,863,350	9,257,100	9,349,500	606,250	6.1%
Licenses and Permits	944,104	3,990,609	0	0	0	0	4,934,713	3,822,124	3,704,477	1,112,589	22.5%
Intergovernmental	9,323,873	6,010,500	926,800	823,229	0	19,364,509	36,448,911	35,965,605	70,240,753	483,306	1.3%
Fines and Forfeitures	1,583,500	0	0	0	0	0	1,583,500	1,045,700	666,630	537,800	34.0%
User Fees and Miscellaneous Revenues	4,046,150	37,988,212	24,435,621	91,885,456	14,820,000	117,500	173,292,939	198,792,506	164,684,822	(25,499,567)	-14.7%
Other Financing Sources	220,000	6,796,420	100,897,026	14,341,743	492,446	0	122,747,635	99,279,401	23,584,354	23,468,234	19.1%
<b>TOTAL REVENUES AND SOURCES</b>	<b>67,141,420</b>	<b>66,452,885</b>	<b>134,702,766</b>	<b>107,050,428</b>	<b>15,312,446</b>	<b>19,482,009</b>	<b>410,141,954</b>	<b>402,554,073</b>	<b>323,284,374</b>	<b>7,587,881</b>	<b>1.9%</b>
<b>TOTAL REVENUES AND BALANCES:</b>	<b>\$86,573,387</b>	<b>\$95,202,610</b>	<b>\$140,631,435</b>	<b>\$169,636,650</b>	<b>\$20,784,651</b>	<b>\$28,398,795</b>	<b>\$541,227,528</b>	<b>\$548,215,846</b>	<b>\$478,301,953</b>	<b>(\$6,988,318)</b>	<b>-1.3%</b>
<b>EXPENDITURES:</b>											
Personal Services	\$50,462,808	\$7,451,520	\$0	\$24,952,123	\$0	\$0	\$82,866,451	\$81,403,172	\$79,102,144	\$1,463,279	1.8%
Operating Expenses	13,912,203	6,286,120	721,000	24,034,985	14,641,113	17,411,264	77,006,685	73,711,330	71,364,269	3,295,355	4.3%
Capital Outlay	3,329,410	4,696,564	128,972,344	14,493,362	0	0	151,491,680	153,547,285	47,596,463	(2,055,605)	-1.4%
Debt Services	4,423,550	45,651,347	364,486	37,256,528	0	0	87,695,911	91,702,828	85,737,123	(4,006,917)	-4.6%
Administrative Charges & Credits	(4,966,824)	1,086,444	308,987	3,485,060	86,333	0	0	0	0	0	#DIV/0!
Fund Transfers	4,395,198	2,790,164	3,344,911	7,349,886	0	712,446	18,592,605	25,691,222	23,610,076	(7,098,617)	-38.2%
<b>TOTAL EXPENDITURES</b>	<b>71,556,345</b>	<b>67,962,159</b>	<b>133,711,728</b>	<b>111,571,944</b>	<b>14,727,446</b>	<b>18,123,710</b>	<b>417,653,332</b>	<b>426,055,837</b>	<b>307,410,075</b>	<b>(8,402,505)</b>	<b>-2.0%</b>
<b>BUDGETED RESERVES\CONTINGENCIES</b> (Projected Ending Fund Balances - 9-30-15)	<b>15,017,042</b>	<b>27,240,451</b>	<b>6,919,707</b>	<b>58,064,706</b>	<b>6,057,205</b>	<b>10,275,085</b>	<b>123,574,196</b>	<b>122,160,009</b>	<b>170,891,879</b>	<b>1,414,187</b>	<b>1.1%</b>
<b>TOTAL APPROPRIATED EXPENDITURES AND RESERVES</b>	<b>\$86,573,387</b>	<b>\$95,202,610</b>	<b>\$140,631,435</b>	<b>\$169,636,650</b>	<b>\$20,784,651</b>	<b>\$28,398,795</b>	<b>\$541,227,528</b>	<b>\$548,215,846</b>	<b>\$478,301,953</b>	<b>(\$6,988,318)</b>	<b>-1.3%</b>

## *Financial Policy/Revenue*

### *Financial Policy/Revenue*

#### *I. Purpose*

To provide effective guidelines for the establishment, projecting, adoption and tracking of the City's Revenues.

#### *II. Policy*

The City shall establish and maintain a diverse and stable revenue base to support the adopted annual budget.

#### *Definitions/ General Information*

**Budget** – A plan of financial operation for a specified time embodying an estimate of proposed expenditures and the proposed means of financing them.

**Millage Rate** – The Property Tax rate that is adopted by the City Council for each fiscal year that will be applied to all property tax bills within the City. The rate is expressed in a format of 5.4321 (example) that is applied as \$5.4321 per 1000 of taxable value for the property.

**Taxable Value** – The value placed on real property by the County Property Appraiser that is the basis for being charged annual property tax.

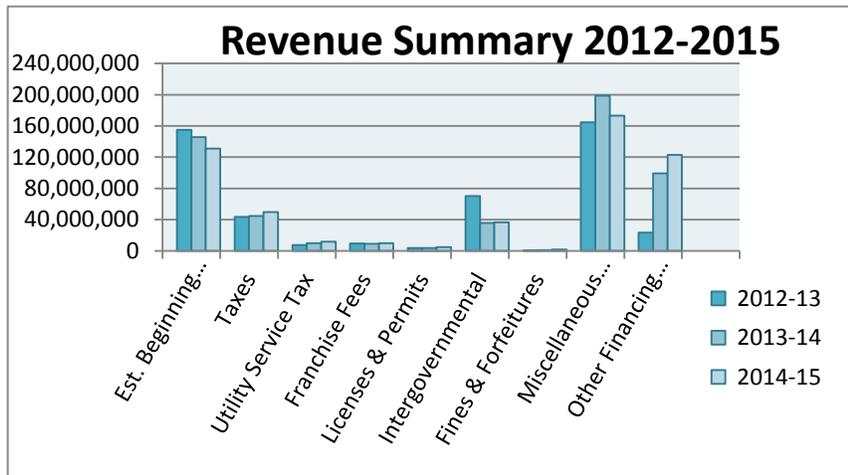
#### *III. Procedure*

1. The Office of Management and Budget (OMB shall project the annual revenues of the City as part of the annual budget development process. The projected level of revenues plus other sources of funds (cash carryforward/financing proceeds/etc.), must support the level of adopted expenditures in order to

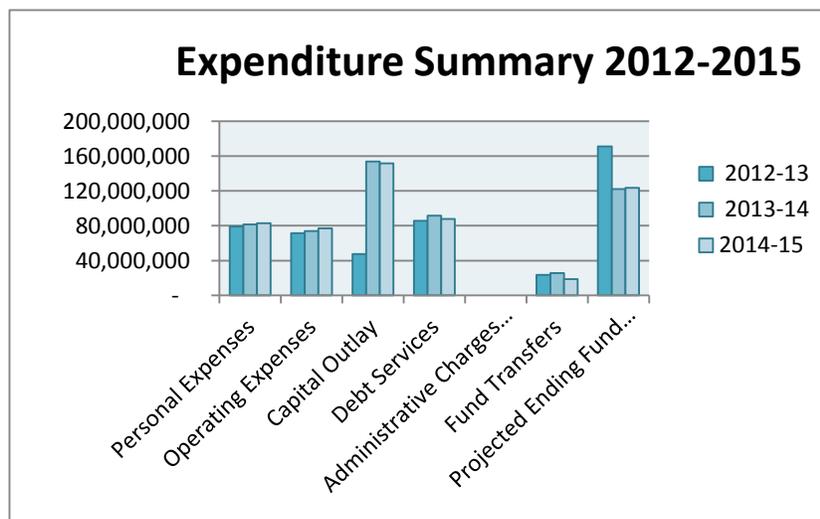
produce a balanced budget (May through July).

2. As part of the budget process, the level of fees and tax rates are reviewed and then adopted by City Council (May through July).
3. For the adoption of the Property Tax rate (Millage rate), two Public Hearings and adoption of required ordinances and resolution per state TRIM requirements (September).
4. Monthly monitoring of revenue collections and department expenditures is conducted. If an individual revenue is failing to meet its budget, a budget amendment will be considered to make the necessary adjustment to the budget. Action will be taken to reduce the revenue plus a corresponding reduction to spending unless other revenues will support the original budget (throughout year).

## Revenue & Expense Trends



Revenues & Balances	Actual 2012-13	Estimated 2013-14	Budget 2014-15
Est. Beginning Balances	155,017,579	145,661,773	131,085,574
Taxes	43,474,838	44,511,637	49,554,406
Utility Service Tax	7,579,000	9,880,000	11,716,500
Franchise Fees	9,349,500	9,257,100	9,863,350
Licenses & Permits	3,704,477	3,822,124	4,934,713
Intergovernmental	70,240,753	35,965,605	36,448,911
Fines & Forfeitures	666,630	1,045,700	1,583,500
Miscellaneous Revenues	164,684,822	198,792,506	173,292,939
Other Financing Sources	23,584,354	99,279,401	122,747,635
<b>Total Revenues &amp; Balances</b>	<b>478,301,953</b>	<b>548,215,846</b>	<b>541,227,528</b>



Est. Expenditures	Actual 2012-13	Estimated 2013-14	Budget 2014-15
Personal Expenses	79,102,144	81,403,172	82,866,451
Operating Expenses	71,364,269	73,711,330	77,006,685
Capital Outlay	47,596,463	153,547,285	151,491,680
Debt Services	85,737,123	91,702,828	87,695,911
Administrative Charges & Credits	-	-	-
Fund Transfers	23,610,076	25,691,222	18,592,605
Projected Ending Fund Balances	170,891,879	122,160,009	123,574,196
<b>Total Expenditures</b>	<b>478,301,953</b>	<b>548,215,846</b>	<b>541,227,528</b>

## CITY OF PORT ST. LUCIE REVENUE DESCRIPTION AND OVERVIEW

The revenue and sources budgeted for all funds for FY 2014-15 is \$548,215,846. This figure includes interfund transfers and beginning balances. The approved budget is \$6,988,318 less than the estimated revenue received during fiscal year 2013-14. The majority of this decrease is due to in available grant funds such as the NSP Program plus the smaller balance available in several CIP Funds. Cash Carryforward decreased due to revenues that had been set aside for projects completed in different segments in future years, which are now done

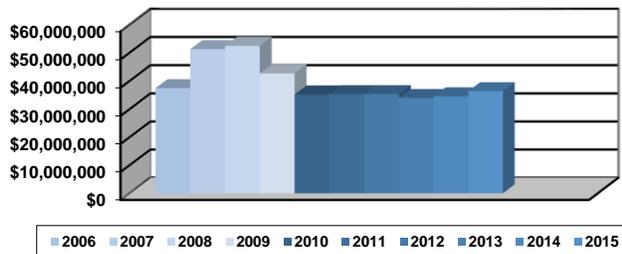
The following revenue categories represent over 75% of the City of Port St. Lucie's revenue sources. The City shall estimate its annual revenues by objective and analytical processes. The City shall maintain a diversified and stable revenue system to the extent provided by law to insulate it from short-run 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 2014-15. The portion of the overall rate that is designed for retiring debt on the Crosstown Parkway road project will remain at 1.2193. When combined with the 5.35% gain in taxable value, the total increase to Property Tax Revenue will be \$1,847,688 allocated among the four funds that receive property tax revenue. 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 .

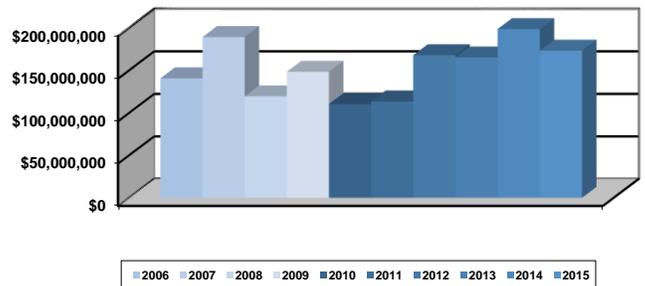
**Outlook:** In the past few years actual Ad Valorem results have met any preliminary budget projections made in the beginning of our budget cycle. For the purpose of future financial projections, the City is anticipating 4.5% and 6% growth to the taxable value figure.

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.

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

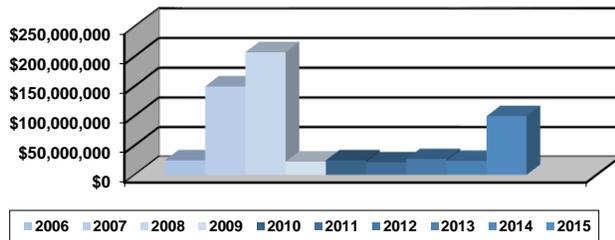
**Other Financing Sources:**

**Bonds:** Bonds are a written promise, generally under seal, to pay a specified sum of money called the face value, at a fixed time in the future called the date of maturity and carrying interest at a fixed rate, usually payable periodically. The most common type of bonds is general obligation and revenue bonds which are most frequently used for construction of large capital projects. Throughout the years the City has obtained these two types of bonds to expand water and sewer, roads and to build new City buildings due to the record breaking growth.

**Interfund Transfers:** Legally authorized transfer from a fund receiving revenue to the fund through which the resources are to be expended.

**Overview:** Other Financing sources comprises of two areas, which are Bond Proceeds and Interfund Transfers. Most of the CIP funds budgeted interfund transfers into operating funds or the Governmental Finance Fund to pay debt on past or current CIP projects.

**Other Financing Sources Revenue Trends**  
**10 Year Actual and Budgeted**



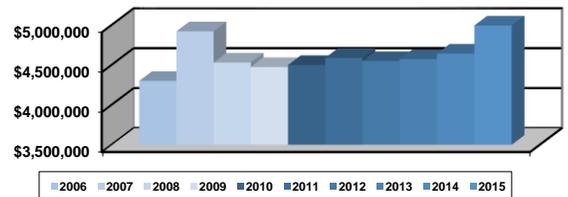
**Outlook:** The final bond issue for Crosstown Parkway will be complete in fiscal year 2014-15. This will help complete the funding for the connecting bridge over the St. Lucie River.

**Local Option Gas Tax Revenue:**

**Description:** Local Option Revenues resulting from an additional six cents local tax on gasoline sales in St. Lucie County. These collected revenues are shared with the County and the Cities of Fort Pierce and St. Lucie Village. For the 2014-15 Fiscal Year, Port St. Lucie will be allocated a portion of the local gas tax based on the last five years of road costs. Port St. Lucie will be allocated 66.13% of the total gas collected.

**Overview:** The largest single revenue for the Road and Bridge Operating Fund is the Local Option Gasoline Tax and the 14-15 revenue projection is \$5 million. This single revenue has very little growth over four years and the projection for next year is projected to grow by 3%. The level of tax revenue is tied to the number of gallons sold.

**Local Option Gas Tax Revenue Trends**  
**10 Year Actual and Budgeted**



**Outlook:** This revenue is set currently set to expire in FY 2015-16 unless it is extended by the County commission. If the County does not renew the Local Option Gas Tax, the Road and Bridge Fund will find itself in serious financial trouble.

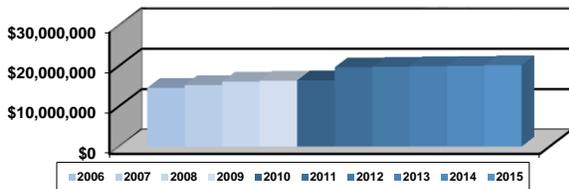
**CITY OF PORT ST. LUCIE**  
**REVENUE DESCRIPTION AND OVERVIEW (continued)**

**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.

**Overview:** The annual stormwater fee assessed to a residence will be \$153.00 per residential unit in 2014-15. The annual stormwater fee is expected to generate \$19.9 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.

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



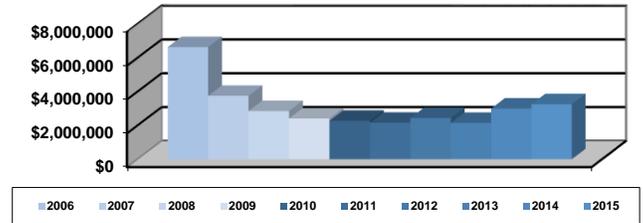
**Outlook:** City Council voted to increase the Stormwater Fee in Fiscal Year 2009-10 by an additional \$20.00 raising the fee to \$153.00; \$5.00 for rising operational cost and \$15.00 for the EWIP Project. The current revenue methodology produces very little growth without a rate increase. With the 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. The Public Works department has worked on reducing these costs by dropping the number of rotations for mowing and other services plus the staffing reductions in recent years helped the financial position of the stormwater fund.

**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 activity is climbing and Permit Fee Revenue is to hit \$3.3 million in FY 2014-15.

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

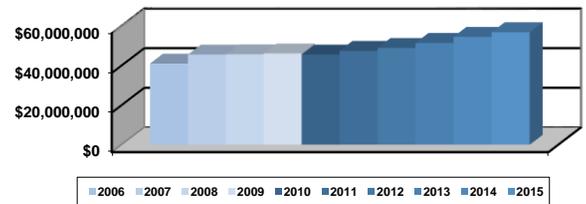


**Outlook:** With this revenue running at a relatively low level, this situation will be monitored in the future. The level of construction activity may have hit bottom and the hope is that the future will grow stronger as this industry is a major component to the local economy.

**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 Water and Sewer Operating Fund is funded primarily by the monthly revenues from the users of the system which is projected to be \$57 million.

**Outlook:** With the latest market trend, the department has stabilized and is trying to keep their costs level while new connections are running at a moderate level. The fund balance will fall for the next three years, but then stabilize as the steady growth in revenues catches up with the higher level of debt service.

## **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. During the downturn of the economy and the years of falling taxable value, steps were taken 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 21% in those 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.

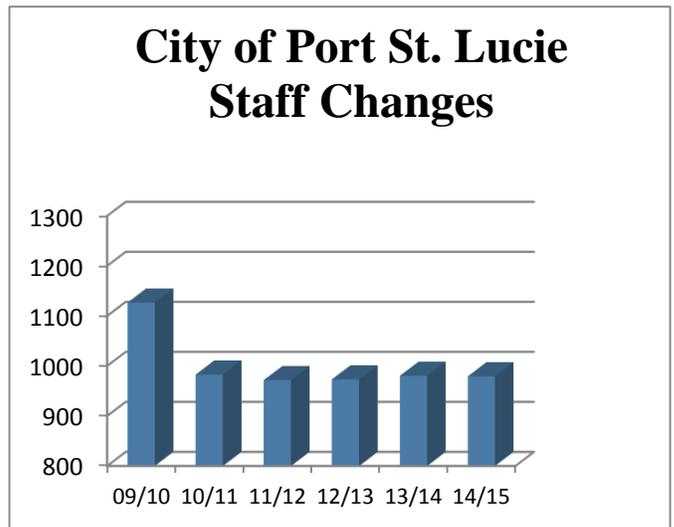
The City of Port St. Lucie's adopted FY 2014-15 Budget allows for a staffing level of 979.42 FTE's (Full Time Equivalent). That is a net decrease of 1.01 FTE's.

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.

During the years of staffing cuts many 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. The current sworn staffing level

in FY 2013-14 is 224.50 which establishes a staffing ratio of 1.32 with the assumed population of 170,000. With no change to the level of staffing in the adopted FY 2014-15 budget, that ratio will fall slightly as the population climbs. It should be noted the Police Department did request nine additional officers for FY 2014-15, but due to the financial condition of the General Fund, this request is not funded in the adopted budget.

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**  
**SUMMARY OF BUDGETED POSITIONS**  
**FY 2014-15**

(FULL TIME EQUIVALENT)	PRIOR FY 2012-13	CURRENT FY 2013-14	APPROVED FY 2014-15	INCREASE (DECREASE)
	*****	*****	*****	*****
<b>GENERAL FUND DEPARTMENTS</b>				
1100 CITY COUNCIL	2.00	3.00	3.00	0.00
1200 CITY MANAGER OFFICE	5.00	5.20	5.20	0.00
1210 CITY CLERK	9.00	9.00	9.00	0.00
1300 FINANCE	15.00	17.00	17.00	0.00
1310 HUMAN RESOURCES	9.00	8.63	8.63	0.00
1311 COMMUNICATIONS	7.00	7.00	7.00	0.00
1312 COMMUNITY SERVICES	2.26	2.20	2.18	-0.02
1313 RISK MANAGEMENT	3.00	3.00	3.00	0.00
1320 INFORMATION SERVICES	19.00	19.00	19.00	0.00
1330 OFFICE OF MANAGEMENT & BUDGET	11.60	11.60	11.60	0.00
1400 LEGAL COUNSEL	9.25	10.25	12.00	1.75
1500 PLANNING	8.80	9.30	9.30	0.00
2105 PD-SERVICES BUREAU	26.00	26.00	26.00	0.00
2110 PD-ADMINISTRATIVE	12.00	12.00	12.00	0.00
2112 PD-SPECIAL INVESTIGATION UNIT	13.00	14.00	14.00	0.00
2115 PD-DETECTIVE	30.50	31.50	31.50	0.00
2123 PD-DOMESTIC VIOLENCE	1.00	1.00	1.00	0.00
2130 PD-OPERATIONS/PATROL	181.00	180.25	180.25	0.00
2134 PD-SCHOOL CROSSING GUARDS	15.47	17.07	17.07	0.00
2135 CODE COMPLIANCE	17.00	18.00	19.00	1.00
2136 OCCUPATIONAL LICENSES	5.75	4.75	3.81	-0.94
2140 PD-SERVICE AID	10.00	10.00	10.00	0.00
2910 NUISANCE ABATEMENT	1.00	1.00	1.00	0.00
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	11.00	11.00	11.00	0.00
7200 RECREATION	12.47	12.23	12.10	-0.13
7201 AIROSO COMMUNITY CENTER	8.00	8.00	7.95	-0.05
7202 GYMNASIUM	4.13	4.13	4.13	0.00
7205 PARKS & REC. ADMINISTRATION	6.63	6.63	6.63	0.00
7210 PARKS	38.75	39.45	39.23	-0.22
7215 BOTANICAL GARDENS	1.00	1.00	1.00	0.00
7235 TURF MAINTENANCE	7.30	6.30	6.30	0.00
7500 CIVIC CENTER - ADMINISTRATION	3.00	3.00	3.00	0.00
7501 CIVIC CENTER - MAINTENANCE	13.13	13.50	13.50	0.00
7502 CIVIC CENTER - FITNESS CENTER	4.25	6.13	6.13	0.00
7503 CIVIC CENTER - RECREATION	9.13	9.37	9.38	0.01
7504 CIVIC CENTER - HOSPITALITY	6.00	6.25	6.25	0.00
FUND TOTAL	553.50	562.82	564.22	1.40
<b>BUILDING DEPARTMENT</b>				
2405 ADMINISTRATION	5.06	5.06	5.81	0.75
2410 LICENSING	5.00	5.00	5.00	0.00
2415 PERMITTING	4.81	7.56	6.63	-0.94
2420 INSPECTIONS	13.69	13.31	12.31	-1.00
2425 PLANS REVIEW	5.00	4.00	5.00	1.00
FUND TOTAL	33.56	34.93	34.75	-0.18

**CITY OF PORT ST. LUCIE**  
**SUMMARY OF BUDGETED POSITIONS**  
**FY 2014-15**

(FULL TIME EQUIVALENT)	PRIOR FY 2012-13	CURRENT FY 2013-14	APPROVED FY 2014-15	INCREASE (DECREASE)
<b>C.B.D.G. FUND -118</b>				
5910	0.80	1.07	1.10	0.03
5911	0.00	0.00	0.00	0.00
FUND TOTAL	0.80	1.07	1.10	0.03
<b>S.H.I.P. FUND -119</b>				
5510	0.00	0.35	0.50	0.15
5540	0.00	0.07	0.15	0.08
FUND TOTAL	0.00	0.42	0.65	0.23
<b>NSP FUND -116</b>				
116-5500	0.60	0.00	0.00	0.00
116-5510	2.90	2.76	2.22	-0.54
FUND TOTAL	3.50	2.76	2.22	-0.54
<b>NSP 3 -114</b>				
114-5500	0.40	0.00	0.00	0.00
114-5510	1.04	0.55	0.85	0.30
FUND TOTAL	1.44	0.55	0.85	0.30
<b>PUBLIC WORKS DEPARTMENT</b>				
3900 KPSLB	2.75	2.50	2.50	0.00
4105 OPERATIONS	16.00	16.00	16.00	0.00
4118 REGULATORY	5.00	6.00	6.00	0.00
4121 TRAFFIC CONTROL/IMPRV.	19.00	18.00	18.00	0.00
4125 STREETS	11.00	11.00	11.00	0.00
4126 DRAINAGE	58.00	58.50	58.00	-0.50
4127 GREENBELT/WATERWAY MAINT.	9.00	9.00	9.00	0.00
DEPT. TOTAL	120.75	121.00	120.50	-0.50
<b>NPDES FUND</b>				
112-4126	0.00	0.00	0.50	0.50
DEPT. TOTAL	0.00	0.00	0.50	0.50
<b>PUBLIC WORKS - CROSSTOWN PARKWAY</b>				
314-410: OPERATIONS	0.65	0.65	0.00	-0.65
DEPT. TOTAL	0.65	0.65	0.00	-0.65
<b>UTILITY DEPARTMENT</b>				
1340 ADMINISTRATION	17.10	19.60	18.50	-1.10
1345 ADMIN./FINANCE	9.50	9.50	9.00	-0.50
1346 CUSTOMER SERVICE	27.00	27.00	27.00	0.00
1347 BILLING	7.00	7.00	7.00	0.00
1348 METER READERS	17.00	7.00	7.00	0.00
1350 TECH. SERVICES	6.50	5.50	5.50	0.00
1360 MAPPING	9.00	8.00	8.00	0.00
1375 INSPECTORS	6.00	6.00	6.00	0.00
1380 LAB	7.00	8.00	8.00	0.00
3310 WATER SVS. - PLANT	13.00	14.00	14.00	0.00
3311 WATER SVS. - CROSS CONNECTION	5.00	5.00	5.00	0.00
3312 JEA WATER FACILITIES	6.00	7.00	7.00	0.00

**CITY OF PORT ST. LUCIE**  
**SUMMARY OF BUDGETED POSITIONS**  
**FY 2014-15**

(FULL TIME EQUIVALENT)	PRIOR FY 2012-13	CURRENT FY 2013-14	APPROVED FY 2014-15	INCREASE (DECREASE)
3314 MCCARTY RANCH FACILITIES	0.00	0.00	0.00	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	7.00	7.00	7.00	0.00
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	8.00	8.00	8.00	0.00
3513 GLADES WWTP	10.00	10.00	10.00	0.00
3516 WASTEWATER COLLECTIONS/PRE. MAINT.	22.00	24.00	24.00	0.00
3560 WASTEWATER MAINTENANCE	5.00	5.00	5.00	0.00
FUND TOTAL	237.10	232.60	231.00	-1.60
<b>UTILITIES /CONNECTIONS</b>				
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
<b>GOLF COURSE</b>				
7250 MAINTENANCE DIVISION	3.70	4.00	4.00	0.00
7251 OPERATIONS DIVISION	5.63	5.63	5.63	0.00
FUND TOTAL	9.33	9.63	9.63	0.00
<b>CRA</b>				
5210 CRA	0.00	1.50	1.50	0.00
FUND TOTAL	0.00	1.50	1.50	0.00
<b>CITY TOTAL</b>	<b>973.13</b>	<b>980.43</b>	<b>979.42</b>	<b>(1.01)</b>

\*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	299.97	302.82	302.82	0.00
Parks and Rec. (Civic Center Onl	35.51	38.25	38.26	0.01
Parks and Recreation Sub-Total	127.79	129.99	129.60	-0.39

## ***Long Term Debt***

The following schedules list all long-term debt for the City of Port St. Lucie as of September 30, 2013. 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 \$39 million during FY 2012-13. The decrease in debt is due to the payoff of several Water and Sewer Assessment bonds.

***Budgeted, Proposed New Debt*** – The only new 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.

***Possible Future Debt Issues*** – There is no new debt planned for any future projects.

***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 management policy), which does give guidelines as to length of term and limit of general obligation debt.

## ***Debt Management Policy***

- I. ***Purpose*** - The purpose of the City of Port St Lucie ("City") debt policy is to establish guidelines and a framework for the issuance and management of the City's debt. The City is committed to strong financial management practices, including maintaining the financial viability of the City and the full and timely repayment of all borrowings.
- II. ***Debt Issuance Policy*** – Issuance of debt will be subject to approval by the City Council. Prior to the issuance of any debt, management must:
  - Justify the reason for the issuance of debt obligations;
  - Ensure that the life of the debt is less than the life of the assets acquired or constructed with debt proceeds;
  - Identify the resources committed to paying the principal and interest on the debt; and
  - Properly account for the use of the debt proceeds and repayment of the debt
  - A. ***Short Term Debt*** – Short-term debt can be used to diversify a debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of assets to liabilities. The City may issue commercial paper and other forms of variable rate debt from time to time, but its use will generally be restricted to providing interim financing for capital projects. The amount of unhedged variable rate debt will generally not exceed 20% of all outstanding debt. The use of derivatives in connection with debt issues is currently prohibited.
  - B. ***Long Term Debt*** – Long term debt will be used to finance essential capital projects and

certain equipment where it is cost effective and prudent. Long term debt, which includes lease financings, will not be used to fund the City's operations. The City will avoid the use of long-term debt to finance items traditionally funded in the annual operating budget such as retirement contributions, facility maintenance, repairs, recurring equipment purchases, etc. The useful life of the asset or project shall exceed the payout schedule of any debt issued by the City.

**C. Tax-Exempt and Taxable Debt**

- The City may issue debt as tax-exempt debt or taxable debt. Taxable debt shall only be approved by the City Council upon a favorable recommendation from the City staff and/or the Financial Advisor and a demonstration by the City staff that there is an economic benefit to the City from issuing taxable debt or there is no other economically feasible alternative. Taxable debt may include debt such as Build America Bonds (BABS) or any other taxable debt structure permitted under the Internal Revenue Code from time to time.

**D. State Revolving Loan Fund Program**

- The Public Utilities Fund has available a federally funded, below-market interest rate loan pool. This pool may be used whenever its use is advantageous and in the best interest of the City. This program provides funds for projects involving water supply and distribution facilities, stormwater control and treatment projects, air and water pollution control, and

solid waste disposal facilities.

**E. Bank Term Loan Program -**

This program provides for the funding of projects where the cost of the project is to be collected and repaid from assessments over a prolonged period of time, up to fifteen (15) years or longer. Over the initial construction period, the project may be financed with other short-term notes, such as tax-exempt commercial paper, and such short-term financing may be "taken out".

**III. Legal Authority/Debt Service Coverage and Limits**

**A. Legal Authority -**

1. Article VII, Section 12 of the Florida Constitution states " Counties, school districts, municipalities, special districts and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness or any form of tax anticipation certificates, payable from ad valorem taxation and maturing more than twelve months after issuance only:
  - a. to finance or refinance capital projects authorized by law and only when approved by vote of the electors who are owners of freeholds therein not wholly exempt from taxation; or
  - b. to refund outstanding bonds and interest and redemption premium thereon at a lower net average interest cost rate."
2. Chapter 166, Part II, of the Florida Statutes establishes the legal authority for municipalities to " borrow

money, contract loans, and issue bonds as defined in s. 166.101 from time to time to finance the undertaking of any capital or other project for the purposes permitted by the State Constitution and may pledge the funds, credit, property, and taxing power of the municipality for the payment of such debts and bonds".

3. Section 9.09 of the City Charter requires an ordinance be enacted to "Authorize the borrowing of money". Adoption of an ordinance establishes the framework for the borrowing of money. A resolution is adopted to establish the amount of bonds to be issued, the purpose of the borrowing and other pertinent details for the issuance of the bonds.

B. Debt Limitations - The Florida Constitution, Florida Statutes and the City Charter do not set any limitations on the amount of debt that can be issued. For debt issued by the City, the following limitations will apply:

- For the issuance of debt backed by ad valorem taxes, the Constitution requires approval by a majority of electors in the city.
- For the issuance of revenue bonds backed by special revenues received by the city, the revenues must be sufficient to meet the minimum debt service coverage requirements in the bond covenants.
- For the issuance of revenue bonds supported by business-type activities, the net revenues of business-type activities pledged for debt service must be sufficient to meet the minimum debt service coverage requirements in the bond covenants.
- For the issuance of special assessment bonds, the city shall adopt assessments on the benefitting properties sufficient to pay the annual debt service of the bonds.

#### *IV. Debt Structure and Call Provisions*

- a. The City will utilize various debt structures to accomplish its financing goals, including the use of premium bonds, discount bonds, capital appreciation bonds and capitalized interest when appropriate.
- b. Call provisions for the City's bond issues shall be made as short as possible consistent with the lowest interest cost to City. When possible, all City bonds shall be callable only at par.
- c. Bond insurance will be used when it provides a suitable economic savings for the City.
- d. The City shall determine the method of sale upon written recommendation of the City staff and Financial Advisor. If it is determined that a negotiated underwriting is in the best interest of the City, the written recommendation shall set forth specific findings as to the reasons why

a negotiated sale is recommended.

- e. The City shall receive a Good Faith Deposit at the time of the award to the Underwriters regardless of the method of sale in an amount equal to approximately 1% of the par amount of the debt being issued.

#### **V. Debt Refundings**

The City's staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the present value savings of a particular refunding should exceed:

- For Current Refundings - 3% of the refunded maturities and at least \$200,000 present value savings.
- For Advance Refundings – 5% of the refunded maturities and at least \$400,000 present value savings.

There may be compelling public policy objectives to move forward with refundings that do not exceed these savings guidelines, such as eliminating restrictive bond covenants or providing additional financial flexibility.

#### **VI. CONTINUING DISCLOSURE**

The City is committed to providing continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure.

#### **VII. POST ISSUANCE COMPLIANCE**

The City understands the importance of post-issuance compliance requirements applicable to tax-advantaged bonds. To ensure the continued tax-advantaged status of the City's bond issues, the City will monitor (1) the qualified use of proceeds and financed property and (2) arbitrage yield restriction and rebate requirements.

#### **DEFINITIONS/GENERAL INFORMATION**

"Bond anticipation notes" are notes issued by a governmental unit in anticipation of the issuance of general obligation or revenue bonds.

"Bond counsel" is an individual or firm engaged by the city to ensure compliance with federal laws and regulations related to the issuance of taxable and tax-exempt debt. The bond counsel prepares the legal documents related to the financing and oversees the closing process for the bonds.

"Disclosure counsel" is an individual or firm engaged by the city to oversee the work of the bond counsel, the financing consultants and other professionals involved in debt issuance. The disclosure counsel prepares the preliminary official statement and the final official statement.

"General obligation bonds" are obligations secured by the full faith and credit of a governmental unit payable from the proceeds of ad valorem taxes.

"Independent financial advisor" is individual or firm responsible to assist the appropriate governmental decision makers and recommend the best method of sale and structure for the debt issue.

“Revenue bonds” are obligations of a governmental unit issued to pay the cost of improvements of a self-liquidating project, or combination of projects, payable from the earnings of such project and any other special funds authorized to be pledged as additional security.

“Special assessment bonds” are bonds that provide for capital improvements paid in whole or in part by levying and collecting special assessments on the abutting, adjoining, contiguous, or other specially benefited property.

"Tax exempt bonds (municipal bonds)" are bonds issued by a state, municipality or county to finance its capital expenditures. Municipal bonds are exempt from federal taxes and from most state and local taxes.

"Taxable bonds (taxable municipal bonds)" are a fixed-income security issued by the city where the income from the security is not exempt from tax. Taxable municipal bonds are generally issued to finance a project or activity that does not provide a major benefit to the public.

"Underwriter" is an individual or firm engaged by the city to purchase the bonds of the city and markets the bonds to the ultimate bond purchasers.

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.

**CITY OF PORT ST LUCIE, FLORIDA**  
**AUDITED GENERAL & ENTERPRISE FUND LONG TERM DEBT AS OF SEPTEMBER 30, 2013**

	DEBT	FUND	DEBT HOLDER	BALANCE 9/30/2012	NEW DEBT FY 2012/2013	PRINCIPAL PAYMENTS FY 12/13	INTEREST PAYMENTS FY 12/13	BALANCE 9/30/2013
12	2001 S. Lennard Road SAD Bonds	150/350	US BANK	840,000.00		260,000.00	52,131.25	580,000.00
13	2002A & B Riverpoint Dev.SAD Bonds	151/351	US BANK	3,085,000.00		230,000.00	139,917.50	2,855,000.00
	2003 A&B Tesoro SAD BONDS	152/352	US BANK	14,550,000.00		14,550,000.00	-	-
2	2003 Sales Tax Improvement Revenue Bonds	104/314	US BANK	625,000.00			25,000.00	-
14	2003C Glassman SAD Bonds	153/353	US BANK	4,750,000.00		740,000.00	319,387.50	4,010,000.00
15	2003D East Lake Village Bonds	154/354	US BANK	6,055,000.00		340,000.00	267,000.00	5,715,000.00
3	2004 Certificate of Participation	108/308	US BANK	3,465,000.00		135,000.00	139,018.76	3,330,000.00
5	2004 CRA Tax Increment Bonds	175/375	US BANK	8,235,000.00		605,000.00	334,687.50	7,630,000.00
1	2004 LOGT Bonds	104/314	BANK OF NEW YORK	9,295,000.00		3,265,000.00	464,750.00	6,030,000.00
7	2005 GO Bonds-1st installment	214/314	US BANK	42,975,000.00	-	745,000.00	2,022,075.00	42,230,000.00
17	2005B USA #9 SAD Bonds	125/325	US BANK	2,220,000.00	-	220,000.00	94,726.57	2,000,000.00
16	2005A St Lucie Land Holding SAD Bonds	155/355	US BANK	13,655,000.00	-	940,000.00	584,443.78	12,715,000.00
8	2006 GO Bonds-2nd installment	214/314	US BANK	42,770,000.00	-	735,000.00	2,063,637.50	42,035,000.00
6	2006 CRA Tax Increment Bonds	175/377	US BANK	44,000,000.00	-	1,300,000.00	2,043,750.00	42,700,000.00
19	2007A Combined SADs (Lowry/Peacock)	158/358	US BANK	2,485,000.00	-	240,000.00	129,737.50	2,245,000.00
20	2007B SW Annexation District 1 SAD Bonds	115/315	US BANK	147,840,000.00		4,500,000.00	7,287,425.00	143,340,000.00
9	2008 Sales Tax Rfndng Bonds	001	US BANK	4,200,000.00		730,000.00	160,975.00	3,470,000.00
4	2008 COP Refunding-Torrey Pines	159/359	US BANK	40,240,000.00	-	1,845,000.00	2,264,800.00	38,395,000.00
20	2008A City Center SAD Rfndng Bonds	156/356	US BANK	30,115,000.00		660,000.00	1,832,537.50	29,455,000.00
10	2010 A&B Lease rev bonds-wyndcrest	142/342	TD BANK	38,400,000.00	-	1,545,000.00	1,937,355.82	36,855,000.00
21	2011A USA3&4 Refunding SAD Bonds	122	US BANK	6,585,000.00		4,200,000.00	104,910.42	2,385,000.00
22	2011B USA 5-6-7A Refunding SAD Bonds	124	US BANK	18,195,000.00		1,900,000.00	462,212.50	16,295,000.00
11	2011 Sales Tax refunding bonds	104	US BANK	13,670,000.00	-	-	587,712.50	13,670,000.00
23	2012 Tesoro Refunding Bonds	152	US BANK		15,130,000.00	2,905,000.00	158,693.21	12,225,000.00
				\$ 498,250,000.00	\$ 15,130,000.00	\$ 43,215,000.00	\$ 23,476,884.81	\$ 470,165,000.00
	Compensated Absences		Compensated Absences	7,475,208.31	524,916.11	-	-	8,000,124.42
	<b>TOTAL GLTD</b>			<b>\$ 505,725,208.31</b>	<b>\$ 15,654,916.11</b>	<b>\$ 43,215,000.00</b>	<b>\$ 23,476,884.81</b>	<b>\$ 478,165,124.42</b>
	2002 Stormwater Revenue & Rfndng Bonds	401	TD BANK	-	-	-	-	-
	2010A&B Stormwater Revenue Bonds	401	TD BANK	36,000,000.00	-	-	1,522,514.00	36,000,000.00
	2011 Stormwater Rfndng Revenue Bonds	401	TD BANK	11,220,000.00	-	320,000.00	282,347.92	10,900,000.00
				\$ 47,220,000.00	\$ -	\$ 320,000.00	\$ 1,804,861.92	\$ 46,900,000.00
	Compensated Absences	401	Compensated Absences	744,443.22	129,121.25	-	-	873,564.47
	<b>TOTAL STORMWATER LTD</b>			<b>\$ 47,964,443.22</b>	<b>\$ 129,121.25</b>	<b>\$ 320,000.00</b>	<b>\$ 1,804,861.92</b>	<b>\$ 47,773,564.47</b>
	Compensated Absences		Compensated Absences	59,515.20	505.02	-	-	60,020.22
	<b>TOTAL GOLF COURSE FUND LTD</b>	421		<b>\$ 59,515.20</b>	<b>\$ 505.02</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,020.22</b>
	2001 Utility Revenue Bonds (CAB's)	431	US BANK	4,269,817.70	-	1,172,102.40	987,897.60	3,097,715.30
	2003 Utility Revenue Bonds	431/442	US BANK	7,985,000.00		795,000.00	353,362.48	7,190,000.00
	2004 Utility Revenue Bonds	431/443	US BANK	13,720,000.00		715,000.00	657,024.98	13,005,000.00
	2004A Utility Rfndng Revenue Bonds	431	US BANK	51,645,000.00		-	2,561,693.76	51,645,000.00
	2006 Utility Revenue Bonds	431/445	US BANK	76,750,000.00		1,760,000.00	3,829,974.99	74,990,000.00
	2006A Utility Rfndng Revenue Bonds	431	US BANK	34,967,229.70		-	1,220,475.00	34,967,229.70
	2007 Utility Rfndng & Improvement Rev Bonds	431/445	US BANK	114,850,000.00		5,315,000.00	5,919,612.50	109,535,000.00
	2009 Utility Rfndng Revenue Bonds			110,200,000.00		1,645,000.00	5,438,775.01	108,555,000.00
	2012 Utility Rfndng Revenue Bonds	431	US BANK	21,375,000.00		-	1,043,713.33	21,375,000.00
				\$ 435,762,047.40	\$ -	\$ 11,402,102.40	\$ 22,012,529.65	\$ 424,359,945.00
	Compensated Absences		Compensated Absences	2,434,620.97	61,628.90	-	-	2,496,249.87
	<b>TOTAL UTILITY LTD</b>			<b>\$ 438,196,668.37</b>	<b>\$ 61,628.90</b>	<b>\$ 11,402,102.40</b>	<b>\$ 22,012,529.65</b>	<b>\$ 426,856,194.87</b>
	<b>TOTAL LONG TERM DEBT</b>			<b>\$ 991,945,835.10</b>	<b>\$ 15,846,171.28</b>	<b>\$ 54,937,102.40</b>	<b>\$ 47,294,276.38</b>	<b>\$ 952,854,903.98</b>

**CITY OF PORT ST. LUCIE**  
**GENERAL & ENTERPRISE LONG TERM DEBT**  
**SEPTEMBER 30, 2013 AUDITED RESULTS**

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***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 – One final annual principal installment of \$625,000 plus interest at 4% is due September 2013. Proceeds used for roadway improvements.
- (3) \$5,860,000 Certificate of Participation, Florida Master Lease Project, Series 2004 (Public Buildings Project) – obligations of the Port St. Lucie Governmental Finance Corporation which are payable from the limited and special obligation of the City to make rent payments on the multiple public buildings subject to annual appropriation, due in annual principal installments ranging from \$90,000 to \$395,000 plus interest semiannually at a rate ranging from 4.125% to 4.25% through September 2023. Due to the early call of certain bonds, no principal payment is due until September 2023. Due to the early call of certain bonds, no principal payment is due until September 2020. Proceeds used to finance the construction of a police building, animal shelter, and administration complex.
- (4) \$45,600,000 Refunding Certificates of Participation, Series 2008 – obligations of the Port St. Lucie Governmental Finance Corporation which are payable from the limited and special obligation of the City to make rent payments on the multiple public buildings subject to annual appropriation, due in annual principal installments ranging from \$1,845,000 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 were issued for construction and improvements related to the medial 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 \$605,000 to \$915,000 plus interest semiannually at a rate ranging from 3.5% 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 \$1,300,000 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 \$745,000 to \$3,140,000 plus interest ranging from 4.0% to 5.0% through July 2035. Proceeds used to finance a portion of the Cross Town Parkway.
- (8) \$44,545,000 General Obligation Bonds, Series 2006 – due in annual principal installments ranging from \$735,000 to \$3,155,000 plus interest semiannually at a rate ranging from 4.25% 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 \$730,000 to \$955,000 plus interest ranging from 3.5% 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 \$1,545,000 to \$2,640,000 plus interest semiannually at rates ranging from 2.25% to 6.19% through September, 2031. The City has a secondary obligation to budget sufficient Non-Ad Valorem Revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming payment.

- (11) \$13,915,000 Sales Tax Refunding Revenue Bonds, Series 2011 – 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 \$640,000 to \$2,070,000 plus interest ranging from 2.0% to 5.0% through September 2023. Proceeds used to refund a majority portion of the \$20,000,000 Sales Tax Improvement Revenue Bonds, Series 2003, which proceeds were used for roadway improvements.

### ***Special Assessment Debt with Government Commitment:***

- (12) \$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 \$240,000 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, 2020.
- (13) \$7,880,000 Special Assessment District Bonds, Series 2002B – Tax Exempt; 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 \$355,000 to \$595,000 plus interest ranging from 4.4% to 4.75% through January 2023. Due to the early call of certain bonds, no principal payments are due until January, 2018. The City has a secondary obligation to budget sufficient Non- 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.
- (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 \$480,000 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, 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.
- (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 \$200,000 to \$775,000 plus interest ranging from 4.25% to 4.625% through July 2023. Due to the early call of certain bonds, no principal payments are due until July, 2015. 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 Non-Ad Valorem 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) \$18,725,000 Special Assessment Bonds, Series 2005A (St. Lucie Land Holdings Special Assessment District) – payable from assessments levied on subject properties within the assessment area, due in annual principal installments ranging from \$700,000 to \$1,365,000 plus interest ranging from 3.75% to 4.625% through July 2027. Proceeds used to finance a portion of the cost of acquisition and improvements of roadway and drainage system additions, improvements and extensions and the potable water distribution and wastewater collection system within the SAD. The City has a secondary obligation to budget sufficient Non-Ad Valorem Revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment.
- (17) \$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 2018, ranging from \$105,000 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, 2019. Proceeds were used for water and wastewater system expansion within the SAD. The City has a secondary obligation to budget sufficient net income of the Utility System to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment.
- (18) \$6,635,000 Combined Special Assessment District Bonds, Series 2007A – (Peacock and Lowry Special Assessment District) – payable from assessments levied on subject properties within the assessment area, due in annual principal installments ranging from \$175,000 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, 2022. 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.
- (19) \$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 ranging from \$2,420,000 to \$9,735,000 plus interest semiannually ranging from 4.0% to 5.0% through July 2040. Due to the early call of certain bonds, no principal payments are due until July, 2015. 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. The City has a secondary obligation to budget sufficient Non-ad Valorem Revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment.

- (20) \$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 ranging from \$660,000 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. The City has a secondary obligation to budget sufficient Non-ad Valorem Revenues to cover the annual debt service requirements if the amounts within the fund are not available to meet the coming debt service payment.
- (21) \$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 \$950,000 to \$2,840,000 plus interest ranging from 1.5% to 2.0% through September, 2015. Due to the early call of certain bonds, no principal payments are due until July, 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).
- (22) \$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 \$1,230,000 to \$2,330,000 plus interest ranging from 1.5% 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).
- (23) \$15,130,000 Special Assessment Refunding Bonds, Series 2012A – Tax Exempt (Tesoro Special Assessment District) – payable from assessments levied on subject properties within the service area, due in annual principal installments ranging from \$2,080,000 to \$2,260,000 plus interest of 2.250% through January 2019. 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 \$31,245,000 Special Assessment bonds, Series 2003B (Tesoro Special Assessment District).

Minimum payments of long-term debt service for each of the years subsequent to September 30, 2013 are:

September 30,	Total Principal	Total Interest	Total
2014	\$15,665,000	\$22,585,112	38,250,112
2015	20,425,000	23,898,452	42,323,452
2016	19,280,000	21,216,925	40,496,925
2017	20,380,000	20,457,102	40,837,102
2018	22,045,000	19,605,198	41,650,198
2019	23,870,000	18,646,759	42,516,759
2020	23,305,000	17,531,331	40,836,331
2021	25,425,000	16,392,296	41,817,296
2022	23,420,000	15,136,195	38,556,195
2023	24,655,000	14,974,300	39,629,300
2024	22,025,000	12,633,294	34,658,294
2025	23,260,000	11,608,581	34,868,581
2026	24,070,000	10,442,688	34,512,688
2027	18,730,000	9,363,081	28,093,081
2028	13,650,000	8,363,612	22,013,612
2029	14,360,000	7,662,050	22,022,050
2030	15,110,000	6,919,676	22,029,675
2031	15,905,000	6,138,150	22,043,150
2032	13,965,000	5,315,150	19,280,150
2033	14,710,000	4,587,275	19,297,275
2034	15,475,000	3,834,526	19,309,525
2035	16,280,000	3,042,050	19,322,050

2036	7,970,000	2,207,750	10,177,750
2037	8,380,000	1,809,750	10,189,250
2038	8,810,000	1,390,250	10,200,750
2039	9,260,000	949,250	10,209,750
2040	9,735,000	486,750	10,221,750
	<u>\$470,165,000</u>	<u>\$285,197,551</u>	<u>\$755,362,551</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.

- (24) \$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.
- (25) \$11,325,000 Stormwater Utility Refunding Revenue Bonds, Series 2011 – due in annual principal installments of \$320,000 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.

- (26) \$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.
- (27) \$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.
- (28) \$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.
- (29) \$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.
- (30) \$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.
- (31) \$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.
- (32) \$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.
- (33) \$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.
- (34) \$21,375,000 Utility System Refunding Revenue Bonds, Series 2012 – due in annual principal installments beginning in 2016, ranging from \$770,000 to \$3,300,000 plus interest semiannually of ranging from 3.75% to 5.00% through September 2029.

The annual requirements to amortize bonded debt and note payable as of September 30, 2013 follows:

September 30,	Total Principal	Total Interest	Total
2014	\$11,545,671	\$24,682,634	37,228,305
2015	12,011,340	24,202,690	37,214,030
2016	13,400,704	23,681,226	37,081,930
2017	14,650,000	21,887,630	36,537,630
2018	15,345,000	21,173,549	36,518,549
2019	16,070,000	20,421,430	36,491,430
2020	16,815,000	19,613,637	36,428,637
2021	17,630,000	18,761,724	36,391,724
2022	18,485,000	17,896,349	36,381,349
2023	19,350,000	16,998,924	36,348,924
2024	20,240,000	16,044,468	36,284,468
2025	21,240,000	15,008,250	36,248,250
2026	22,285,000	13,920,218	36,205,218
2027	25,025,000	12,768,348	37,793,348
2028	24,700,000	11,456,682	36,156,682
2029	25,825,000	10,188,989	36,013,989
2030	27,030,000	8,903,969	35,933,969
2031	28,405,000	7,522,162	35,927,162
2032	18,686,344	17,747,366	36,433,710
2033	14,050,887	17,255,353	33,306,239
2034	23,300,000	4,810,234	28,110,234
2035	22,700,000	3,563,371	26,263,371
2036	30,315,000	2,351,506	32,666,506
2037	3,145,000	749,033	3,894,033
2038	3,380,000	517,058	3,897,058
2039	3,630,000	267,749	3,897,749
	<u>\$471,259,945</u>	<u>\$352,394,549</u>	<u>\$823,654,494</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	9/30/2013
Stormwater Utility Bonds	1988	10/9/1990	\$13,770,000	\$1,150,000	
City Center Special Assessment District Bonds	2006A	12/3/2008	\$24,330,000	\$19,570,000	
Utility System Revenue Bonds	2004	8/15/2012	\$12,535,000	\$12,535,000	

In November 2012 the City advance refunded and defeased the Special Assessment Bonds, Tax Exempt Series 2003B (Tesoro Special Assessment District), maturing January 1, 2017 through January 1, 2023 amounting to \$14,550,000. The City deposited net proceeds of \$14,893,644 from the Special Assessment Refunding Bonds, Series 2012A (Tesoro Special Assessment District) issue in an irrevocable trust account invested in U.S. Treasury Securities – State and Local Government Series and cash in sufficient amounts for future principal and interest payments until the early redemption date of January 1, 2013 at the redemption price of par. The transaction resulted in an accounting loss of \$343,645. The difference in cash flows of the old debt service compared to the new issue was a reduction of \$3,687,757. The economic gain (difference between the present value of the net debt service payments of the refunded and refunding debt) was \$2,259,049. The City advance refunded the issue to reduce its annual debt service requirements.