Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2015

City of St. Augustine, Florida

Founded in 1565, St. Augustine is the oldest continuously occupied settlement of European and African origin in the United States. Forty-two years before the English colonized Jamestown and 55 years before the Pilgrims landed at Plymouth Rock, the Spanish established St. Augustine as this nation's first enduring settlement.

On September 8, 1565, with much pomp and circumstance, and 800 colonists cheering, Don Pedro Menéndez de Avilés set foot on the shores of Florida. He named the settlement St. Augustine in honor of the saint whose feast day fell on the day Menéndez first sighted land. St. Augustine was to serve two purposes: as a military outpost for the defense of Florida and a base for Catholic missionary settlements throughout the southeastern part of North America.

The City of St. Augustine celebrated the 450th anniversary of the Menéndez landing on September 8, 2015. The city marked this historic landmark with a five-day celebration that included a music festival, birthday cake cutting and a mass at the Cathedral Basilica of St. Augustine.

City of St. Augustine, Florida

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2015

Prepared By:

Finance, Budget and Management Department

Mark R. Litzinger	**Meredith Breidenstein, CPA**
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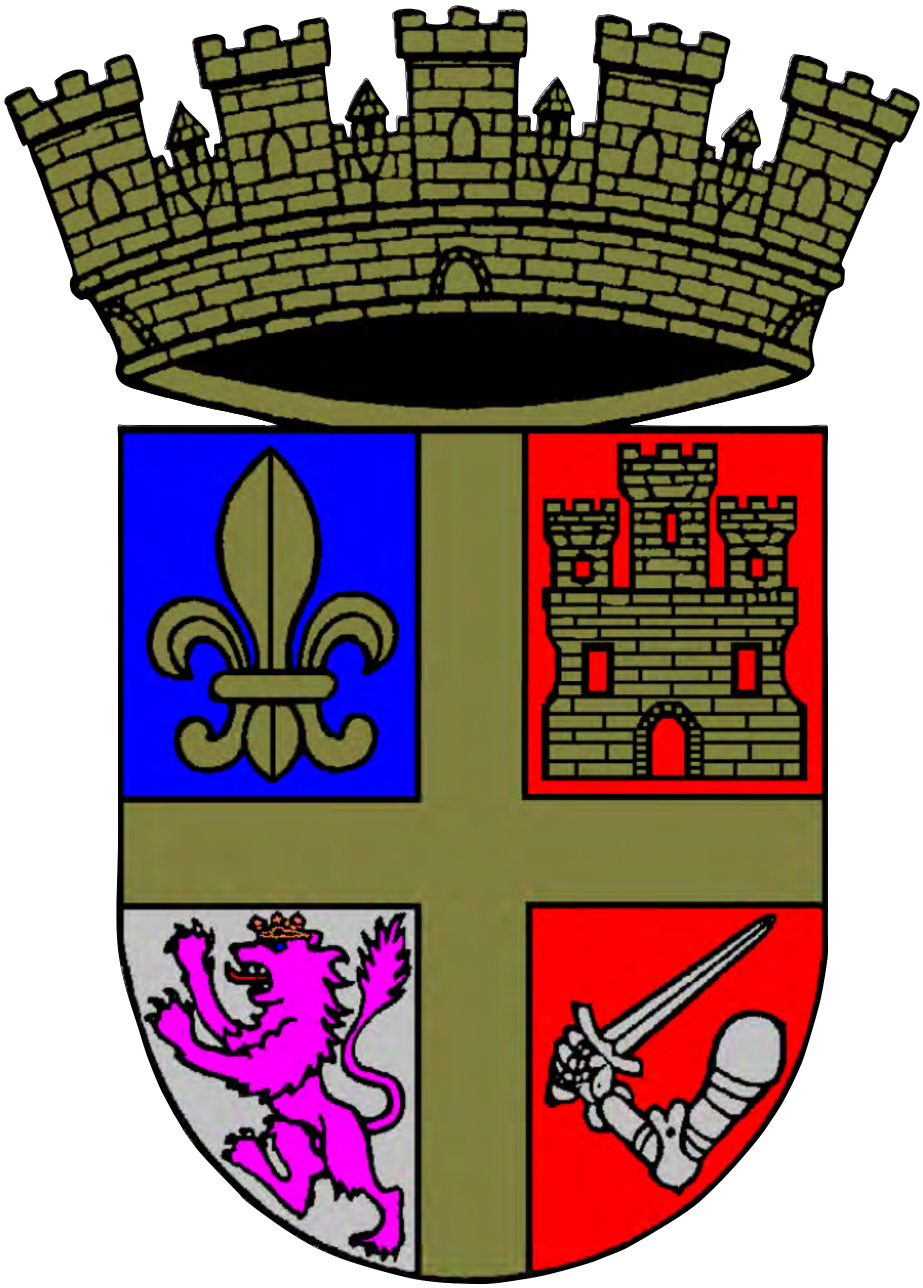

CITY OF ST. AUGUSTINE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2015

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City of St. Augustine

St. Augustine, Florida
Nation's Oldest City
1565 – 2015
450 years

Finance, Budget & Management

March 21, 2016

Honorable Mayor and Commissioners
City of St. Augustine, Florida

Mayor and Commissioners:

The Comprehensive Annual Financial Report of the City of St. Augustine, Florida, for the fiscal year ended September 30, 2015, is submitted herewith, pursuant to Florida Statutes Chapter 166.241 (4) and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. This Comprehensive Annual Financial Report was prepared by the staff of the City's Finance, Budget and Management Department and, therefore, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of activity of its various funds, and that all disclosures necessary to enable the readers to gain the maximum understanding of the City's financial activity have been included.

The City is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits. The evaluation of this relationship is a responsibility of City management. We believe these controls adequately safeguard City assets, as well as provide reasonable assurance for properly recording transactions.

The independent accounting firm of Masters, Smith & Wisby, P.A., whose report is included herein, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made, by City management and evaluating the overall financial statement presentation. Based upon the audit, Masters, Smith & Wisby, P.A. concluded there is a reasonable basis for rendering an unqualified opinion that the City's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.

50 Bridge Street, 32084 – PO Box 210, 32085 – Office 904/825-1030 – FAX 904/825-1039

GOVERNMENT PROFILE

Often called the City of the Centuries because of its antiquity, St. Augustine was founded by Spain in 1565 and is the oldest continuously occupied settlement of European origin in what is now the United States. The City was founded 42 years before the arrival of British colonists in Jamestown, 55 years before the Pilgrims landed at Plymouth Rock and was already two centuries old at the time of the American Revolution.

Four flags have flown over St. Augustine: Spanish, British, Confederate, and American. For nearly two centuries (1565-1763), St. Augustine was a Spanish possession. This 200-year period is referred to as the First Spanish Period. Britain obtained possession of Florida and St. Augustine in 1763 for 20 years (1763-1783). This period included the American Revolution and is known as the British Period. Spain regained possession of St. Augustine and the rest of Florida in 1784 and maintained it until Florida became a possession of the United States in 1821; this is known as the second Spanish Period.

Florida, with St. Augustine as the capital of East Florida, maintained its territorial status until 1845 when it was admitted to the United States as the 27th state. St. Augustine was briefly under the Confederate flag when Florida seceded from the Union in 1861, but the City was captured by Union forces early during the War Between the States and was occupied during most of the hostilities.

During its earliest years, St. Augustine was a collection of palm thatch huts. These gave way to board-sided houses with thatched roofs in the 17th century. After the town was burned in 1702 during an attack by Carolinians, the populace erected temporary straw or thatch shelters until they could build with more permanent materials such as tabby, the colonial equivalent of modern concrete, or coquina, a native shell stone quarried on Anastasia Island across the Matanzas River.

Many of the City's colonial structures have been carefully preserved and restored, and there is a continuing program to restore and reconstruct other buildings on their original foundations. Historic sites, buildings, and St. Augustine's old world charm are found throughout the colonial city. A number of groups, both private and governmental, have and continue to pursue active roles in the restoration, preservation and interpretation of St. Augustine's history.

Today, the City of St. Augustine is a full-service municipality located within the boundaries of St. Johns County. The City derives its government authority from a charter granted by the legislature of the State of Florida. The City operates under a City Manager form of government. Five commission members, including the mayor, are elected at large on a non-partisan basis. Four of the seats are staggered four-year terms with the mayor’s seat elected every two years. The City Commission appoints the City Manager who directs the business of the City and its various departments. The City Commission determines policy, adopts legislation, approves the budget, sets taxes and appoints the City Attorney, the City Clerk and members of various boards and committees.

The City budget process begins in April and concludes in September with two public hearings. The budgets are prepared by each department and submitted to the budget committee for review. The budgets are then balanced and approved by the legal governing body. The General Fund, Special Revenue Fund and all Proprietary Funds have legally adopted annual budgets. The legal level of budgetary control is at the fund level without approval of the governing body. Actual spending, however, can exceed the appropriated amount of the fund to the extent revenues exceed the fund's budget.

ECONOMIC CONDITIONS AND OUTLOOK

The City of St. Augustine is located within St. Johns County on the northeast coast of Florida. The City's limited economy is concentrated in tourism, although major employers provide some diversification and security. A four-year liberal arts college, the State Headquarters of the Florida National Guard, and the Florida State School for the Deaf and the Blind contribute greatly to a stable economy.

Founded by the Spanish 450 years ago, St. Augustine's historical and resort attractions draw millions of visitors every year. Tourism is responsible for over $1.6 billion annually and 18,324 jobs for St. Johns County. It is estimated nearly 6 million tourists visit St. Johns County annually with St. Augustine being the principal attraction. St. Johns County estimates that just less than half of these people visit and return home the same day. This type of tourism, short-term and daily visitors, is less affected by downturns in the economy and may even see an increase as people avoid popular high-priced venues.

As predicted, the City's ad valorem tax revenues have continued to rise in the fiscal year 2015. This growth has been due to new construction and renovation activity. For 2015 the City's total taxable value is $1,272,464,433.

MAJOR INITIATIVES/PROGRAMS

Management's purpose is to continue to provide the same or an improved level of service while managing future growth through sound fiscal management being cognizant of limited financial resources.

Strategic Planning

The City continues the implementation of a fully integrated strategic planning model to guide organizational planning and resource allocation that is engrained in community engagement, broad transparency and measured results. After completing a community-wide visioning exercise to update the City's Vision Plan, the Commission developed a strategic action plan that reflected the community's priorities to be incorporated into the City's budget process and business plan.

Following the development of the strategic plan, the City deployed two new tools to increase transparency and community engagement in the process. At the beginning of the fiscal year the City implement the Citizen's Transparency Module. This module is hosted on the City's web-site and gives complete access to all expenditures and revenues of the City in real-time. The City also implemented the Citizen Survey which will be used to review the strategic plan every year prior to the budget process and next year's business plan. This will enable the City to make adjustments based on citizen input and measure results of the current decision making and resource allocation.

Fiscal Management

The City is in the process of a series of financial reviews and policy adoptions that show the City's commitment to the highest level of fiscal management. After the completion of the Stormwater Fund and Utility Fund revenue analysis for long-term capital planning the City will focus on the General Fund. Prior to the 2017 budget process the City will have an analysis completed identifying all current and potential revenue in the General Fund and their current and potential capacity. The City will complete a long-term forecast to incorporate into the General Fund's financial planning model for future capital planning.

The City is also currently completing a separate fire assessment fee analysis for discussion during the 2017 budget process. This analysis will allocate the fire assessment fee more accurately to the end user and the service they require.

Finally, the City is developing fund balance policies for all funds other than the General Fund which currently has one in place.

Efficiency through Technology

The City is currently in different stages of the process of four major technology initiatives. The first is an upgrade of City View software in the Planning and Building Department that has an anticipated early fiscal year 2017 go-live. This project has been ongoing for approximately five months. This will expand functionality and operation efficiency on a City-wide level. The second system being deployed is Laser Fiche in the City Clerks Department and is being implemented in conjunction with City View. This program will make record search and document storage much more efficient and accessible. The third system is a VOIP phone system. This project is through planning and procurement and is being beta tested at the City Marina currently and at the Fire Department and Financial Services Department in the near future. Pending the outcome of the beta testing the City anticipates a City-wide implementation early in the 2017 budget year. Lastly the City is in the process of a City-wide GIS evaluation. This evaluation will be completed prior to the 2017 budget process for discussion and final decision on the direction to move forward.

Land Development Code Updates and Revisions

The Planning and Building Department completed a Neighborhood Zoning Workbook project, which created a flexible planning tool so individual neighborhoods can create zoning overlay districts within their neighborhoods. This will allow greater control over quality of life issues and guide future growth. The department has initiated proposed updates to the Planned Unit Development (PUD) ordinance, and has created an Events Venue ordinance and Self-Storage Warehouse ordinance. Additions and updates to the definitions section of the zoning code related to dormitories, rooming houses, studios and classrooms have been made. All of these are undergoing public review or are in various stages of adoption. The department has recently completed an update to the Design Standards for Entry Corridors, which regulates the appearance of new development on King Street, San Marco Avenue and Anastasia Boulevard.

Historic Preservation Master Plan

The City Planning and Building Department has begun developing a Historic Preservation Master Plan. Currently, the City relies on the Land Development Code, Historic Preservation Element of the Comprehensive Plan, and the Architectural Guidelines for Historic Preservation to regulate new development and conduct demolition review for properties impacted by these codes. They are also used to promote and protect the City's historic and cultural resources. A preservation master plan will create a comprehensive document that sets the City's priorities and goals for historic preservation.

Alcazar Hotel / Lightner Museum Restoration Project

The City received a grant from the Florida Department of State, Division of Historical Resources in the amount of $750,000.00 and started the renovation and repair of the terra cotta tile and membrane roof of the Alcazar Hotel Building. This building houses both the St. Augustine City Hall offices and the Lightner Museum. This phase consisted of: the removal, cleaning and storage of existing clay tiles for reuse; demolition of the existing underlayment down to the decking; replacement of approximately 3,000 square feet of wood decking; provision and installation of new Peel & Stick roof membrane; provision and installation of new ice and water shielding and flashing; straightening and soldering of existing copper gutters, as needed, and reinstallation of original clay tiles and installation of new clay tiles, as needed. Per the grant agreement, all renovation and rehabilitation work conformed to the U.S. Secretary of the Interior's Standard and Guidelines for Historic Preservation.

450th Commemoration

The City of St. Augustine celebrated its 450th anniversary on Sept. 8, 2015, but there were also events leading up to that date to commemorate the multiple influences our City has had on the nation. These included the 200th anniversary of the Spanish Constitution in 2012, the 500th anniversary of the discovery of Florida by Ponce de León in 2013, and the 50th anniversary of the Civil Rights Act in 2014.

The mission of the St. Augustine 450th Commemoration was to share the important role St. Augustine played in the making of America, tell the story of St. Augustine's 450 years of rich multicultural history and enduring people, and create engaging programs for residents and visitors alike.

In 2015, the St. Augustine 450th Commemoration team worked with local, national and international organizations and partners to bring exhibitions, projects and events to St. Augustine to generate destination awareness and economic impact during the 450th Commemoration and beyond. Signature events included the exhibition *Tapestry: The Cultural Threads of First America* in the Visitor Information Center and a five-day celebration that included a music festival, birthday cake cutting and a mass at the Cathedral Basilica of St. Augustine. The King and Queen of Spain visited St. Augustine as part of the birthday celebration.

2015 Baseline Assessment ~ Condition Rating Grade "C"

For the first time, the Public Works Department, with assistance from engineering consultants, prepared a comprehensive baseline assessment of the City's roads, water & sewer utility and stormwater infrastructure. The analysis included a baseline condition rating, established a baseline level of service, and determined the value of the infrastructure and cost to bring the facilities to the baseline level of service. The purpose of the report was to provide a comprehensive look at the City's infrastructure and financial needs looking towards the future. The staff utilized the American Society of Civil Engineer's criteria and methods to arrive at their conclusion that rated, on average, the City's roadway, water & sewer and stormwater facilities a grade "C". A more detailed breakdown of this grade "C" is listed below:

Area	Grade
Roads	D+
Sewer Collection System	C
Stormwater	D+
Wastewater Treatment Sytem	C
Water Distibution System	C
Water Treatment System	C+

Water & Sewer Utility

Another major planning/analysis activity that was accomplished in 2015 was the Water & Wastewater Rate and Charge Study. The City's objective for the study was to develop a tiered rate structure for conservation purposes and to reduce/eliminate the out-of-city surcharge. The consultant's study also incorporated a revenue sufficiency analysis, 10-year capital improvement plan outlook, and analysis of the utility connection fees. A series of workshops were held, resulting in a rate structure that was adopted by the City Commission through 2020, which will provide revenue stability and reliability.

Improvements to the sewer collection and water transmission system continue under an on-going program of replacements and upgrades. Watermain replacement in the Magnolia area were completed in 2015. Lift station maintenance, to include improved motor controls and communications, continues to be a high priority as well as slip-lining aging sewers, thereby significantly extending the system's life.

The City is utilizing operating, and renewal and replacement funding to manage smaller projects that help improve the maintenance and operability of the system. Projects include hydrant maintenance and flushing, valve assessment and exercising, and unidirectional flushing. These projects will improve the reliability of the system and keep the system flushed, reducing occurrences of sediment or color in the distribution system.

With the aid of consultants, a major upgrade to the department's geographic information system (GIS) is underway. The City will be going to a server based system that will allow multiple users to enter data and as-built updates to the database. Such data is critically important to asset management, locating facilities and in analyzing future improvements. In addition, the City is engaged in a corporate-wide masterplan exercised for the preparation of GIS technology. An evaluation of sharing resources with St. Johns County is part of this effort.

With the assistance of a cost-share grant from the St. Johns River Water Management District (SJRWMD) the City is working, through a pilot project, to upgrade the visually read water meters to automatic readers. A feasibility study was completed that identified improvements and costs associated with upgrading the meters, such as efficiencies in collecting usage, reduction of injuries and staff, and allowing resources for maintenance activities. It is anticipated the pilot program will provide data demonstrating water conservation, lost water, and economy/efficiency in collecting water consumption data. The pilot program is projected to be completed in 2016.

Major projects planned for 2016 include Charlotte Street reconstruction including utility replacements and brick street refurbishment and San Marco Avenue watermain replacements. Both projects are well underway in the design process.

Sea Wall Project

The Avenida Menendez Seawall project was awarded a Historic Landscape – Outstanding Achievement Award by the Florida Trust for Historic Preservation in 2014. In 2015 it received the Project of the Year awarded by the American Public Works Association in the $5 to $25 Million category for Historic Preservation.

Downtown Improvement District

The City's Downtown Improvement District is made up of Spanish Street, Treasury Street and Hypolita Street. In fiscal year 2014, the City committed to improving the streetscapes with new brick streets, sidewalks and lighting. This commitment was shared by the property owners of these streets and they entered into a special assessment taxing district enabling them to share the costs of these improvements. The Downtown Improvement District streetscaping project was completed on time and within budget April 2015 before the City's 450th celebration.

Salt Run Dredging

The City, in conjunction with the St. Augustine Port, Waterway & Beach District (SAPWBD) and the Florida Inland Navigation District (FIND), has been working on a multiple phase dredging project in Salt Run. Phases 4 and 5, totaling $506,800, were recently completed. These phases removed more than 15,800 cubic yards of material from the navigation channel between the Conch House Marina and the Lighthouse Park Boat Ramp. The City is also entering into a sixth inter-local agreement with the SAPWBD for $50,000 and is applying to FIND for an additional $150,000 grant. If approved, the sixth phase of the project should commence in early December 2016.

San Sebastian River Dredging

The City, in conjunction with the SAPWBD and FIND, has been working on a multiple phase dredging project of the San Sebastian River channel, which has not been dredged since 1956. The City has secured, expended and completed two grants from the SAPBD and FIND totaling $460,000, removing 11,380 cubic yards of material from the river's navigation channel. The City is applying for a third grant from FIND and the SAPWBD totaling $300,000. If approved this dredging will take place in January 2016.

Stormwater

The stormwater system remains on the forefront of major infrastructure issues for the City. Work is underway on projects identified in the City's master plan. The South Dixie Highway project has been conceptually designed and is in the que for TRIP funding by the state in 2019/20. With that in mind, the City is proceeding with partial improvement of the project with phase 1, box culvert replacement, to be completed in 2016. Isla stormwater collection system construction is underway and is scheduled for completion by the end of 2016.

Under a grant from NOAA, the Department of Economic Opportunity (DEO) has selected St. Augustine to be a pilot city to perform a vulnerability assessment and identify adaptive planning measures related to resiliency against rising sea levels. This project is anticipated to be completed in 2016 and will position the City to adopt planning measures for the future. It will also align the City for future grant programs related to infrastructure programs targeting the protection of historic and cultural resources against rising sea levels.

Economic Development

Historic Downtown

The City's historic downtown has continued to experience development/redevelopment activity. Large development changes for Spanish Street and Hypolita Street include plans for four new buildings, which have already been approved by HARB for infill construction. Additionally, the redevelopment of the site at 1 St. George Street, with three new buildings, and the rehabilitation of the historic Mill Top Tavern is anticipated.

Lincolnville Development Activity

The Lincolnville Community Redevelopment Area (LCRA) has been established and the CRA has budgeted $292,003 for various aspects of community redevelopment for this fiscal year. This includes $125,000 for the "fix-it-up" program and emergency assistance program, a partnership with the St. Johns Housing Partnership, to rehabilitate distressed homes for qualified individuals in the neighborhood. The LCRA has also budgeted $132,003 for sidewalk infrastructure improvements that is going towards implementing new sidewalks throughout the neighborhood. Property values are increasing in Lincolnville and new homes are being constructed, as older homes are being renovated. The property at 102 Bridge Street, formerly a convenience store, is anticipated to be fully restored and renovated as a restaurant and apartments, which eliminated a long standing blight to a very visible intersection in the neighborhood.

Anastasia Island

Business growth on this corridor continues to be very active with a new La Qunita Inn and two commercial redevelopment projects in various stages of permitting or construction. Interior remodeling of the hotels at the east end of the Bridge of Lions has been ongoing and redevelopment plans for the exterior of the Anchorage Inn are in the permitting and construction stages. These projects and proposals represent the ongoing growth patterns of the corridor, which is anticipated to continue.

San Marco Avenue and King Street Corridors

Along San Marco Avenue the most significant transformation is the rehabilitation of the City owned Waterworks Building and the proposed Lagasse Racing Team headquarters. A new hotel at 5 Prawn Street has been approved along the King Street corridor. Flagler College has approval for a 150-bed dormitory and a 520-space parking garage on the corner of King Street and Malaga Street. Business growth is evident on the west side of King Street with the expansion of 226 King Street for the Solar Stik business.

Dr. Robert B. Hayling Freedom Park

A 9 acre city park was created at the southern end of Riberia Street and named after local civil rights leader, the late Dr. Robert B. Hayling. The city staff completed a comprehensive plan amendment to assign the recreation and open space land use designation to the park and is in the process of finalizing the designs for access to this passive park for city residents to enjoy for generations.

State Road 312 Corridor

The State Road 312 corridor was one of the first areas of the City to experience economic recovery with an increase in development activity. Projects located in the State Road 312 corridor are generally larger projects that experienced the foreclosure process and are now actively being pursued.

Antigua

The Antigua development is a 450-unit residential development with a large marina component and associated commercial development. Docks and viewing platforms have been constructed along the north side of the development for residential access to the water. The main roadway infrastructure has recently been completed, making the project ready for vertical residential and commercial development.

Plantation Island Drive South (PIDS)

This commercial corridor is actively being marketed for commercial development. A bank, pharmacy and tennis club were recently constructed and a new dentist office will be started shortly. This area is close to the beach and remains an attractive site for future commercial development.

Fish Island Development

The Fish Island Development, once a residential development with a large marina component and associated commercial development, has lost most of its development approvals. However, there has been ongoing interest in reestablishing the former development approvals.

Sebastian Inland Harbor

In 2005 the City sold a 14-acre site, which was to be transformed into the largest mixed-use development in the City's downtown area. The property is located on the San Sebastian River and sits on the City's King Street entrance corridor. The property was rezoned to a Planned Unit Development, required permits were obtained and the construction of the marina basin was completed. In 2008, all work on the property stopped and the property went into foreclosure. After sitting in foreclosure for six years, the property was purchased from the bank in 2014 by developers. The City is facilitating discussions between the parties that own the development in anticipation of getting it back on track as a mixed-use development.

U.S. 1/Lewis Speedway

Projects in the U.S. 1/Lewis Speedway area remain with regard to permitting.

Flagler Development (Flagler Crossing)

Flagler Development is located on the west side of U.S. 1 and south of the St. Johns County Courthouse. A portion of Flagler Development, known as Flagler Crossing, recently underwent a Planned Unit Development amendment to convert the project from a multifamily residential project to a single family residential project. All of Flagler Development is aggressively being marketed. The area west of the railway tracks is slated for single family development and the portion east of the railway tracks is slated for multifamily development at the southern end of the project, and commercial development at the northern end of the project.

Madeira

Madeira is a 750-unit residential development, with companion commercial development and future public park, along U.S. 1 that has experienced recent activity with regard to the residential portion of the project. One aspect of the project that will facilitate residential development is the addition of an amenity center, which has recently been completed. It is anticipated that the last remaining phases of development will be started shortly.

Old Sebastian Point

This 80-unit residential development off Lewis Speedway was one of the first residential developments to surface from the foreclosure market. Old Sebastian Point is currently one of the most active developments in the City. It is anticipated that Old Sebastian Point will be fully developed within the year.

Other U.S. 1 Corridor

A new multi-million dollar Wyndham Garden Hotel is under construction on U.S. 1, south of King Street. Once complete, it will be the first hotel south of King Street, providing opportunities for visitors to stay on the perimeter of the historic downtown area.

Shipyards of St. Augustine

The Shipyards of St. Augustine Planned Unit Development is under construction. It is a commercial marina, restaurant, office and retail mixed use development on U.S. 1 South and Arapahoe Avenue. The Shipyards includes a 63,000 square foot dry boat storage facility, an additional 18,000 square foot dry boat storage building, 23,000 square feet of marine service facility space and 90,000 square feet of commercial, retail, office and restaurant space.

CHALLENGES AND CONCERNS

As the City addresses the need for improved services, it is important that it identify the challenges which will face the community in future years.

Budget and Growth Concerns

The rapid growth, as seen by an increase in permitting and interest in development, is straining current resources of the City. The revenue associated with the growth lags behind the services that are required. We continue to face challenges with a downsized workforce and increased need for internal and external services.

Utility and Stormwater Infrastructure

Development applications continued to grow through 2015 for both new connections and re-starts of dormant projects through the fiscal downturn. Based on the money being invested in development projects and new construction starts, the City is encouraged that the economy is beginning to recover.

Demand for services and revenue continue to grow placing burdens on limited staff resources. To meet these demands, particularly in the engineering office, additions to staff are slowly taking place to meet requests for permits, coupled with the amount of capital projects underway.

The City is taking aggressive measures to conserve potable water and assure all billable water use is charged accordingly. New procedures and practices will better account for water usage and lost water, processes for inspections, repair/replacement of meters, and for the calibration and adjustment of meters, as necessary. This will ensure all revenue is captured and reduce the City's use of potable water for irrigation purposes.

A utility rate study was completed in 2015 as well as a meter replacement feasibility study as was mentioned earlier. Both studies should result in improved revenue outlook for the future with a replacement program combined with a rate structure designed to meet operating and capital needs for the future.

A Stormwater Master Plan Update along with a Stormwater Utility Rate Study was completed in 2013 which evaluated stormwater infrastructure and flooding concerns within a portion of the City. The Master Plan identified major improvement projects that were necessary and the Rate Study addressed the funding needs and impact of these projects. With the implementation of both the Master Plan and the Rate Study, the City continues to focus on immediate improvements and long-term rehabilitation and restoration of the stormwater system to improve the Level of Service. Again, the previously described NOAA grant and a white paper contracted with the University of Florida are the first steps in planning and preparing for sea-level rise. The City has taken a proactive response to this future concern.

Mobility

The City's 2016 Strategic Plan shows that improving mobility in and through the City has been identified as a number one priority. The City is actively working with county and state agencies responsible for transportation to plan and construct improvements to help move about the City. The City is actively engaging private parking lot owners to share their lots to meet peak demands and is working with the Visitor Information Bureau and Tourist Development Council to educate and inform visitors about parking and traveling through the community. The City is working towards improved communications and education to assist travelers and visitors about parking and traffic conditions within the City. A mobility consultant and a mobility coordinator have been hired and a Transportation and Parking Masterplan is a major work effort planned for 2016.

West Augustine Community Redevelopment Area (CRA)

Work with the West Augustine community continues to encourage propagation of sewer service. The prospect of using State Revolving Loan Fund (SRF) did not materialize after the study determined that financial feasibility of the project would not meet SRF guidelines without substantial system wide rate impact. This is primarily due to the significant number of vacant parcels within the CRA. The City is committed to working with the CRA and dedicates $250,000 per year to be applied towards sewer projects in West Augustine. The most recent project completed was the North Volusia force main, which opened up a recently improved intersection for development with the availability of sewer service. The City is actively seeking legislative appropriations to assist this struggling community with design and construction of sewer extensions as an economic development project.

San Marco Intersection

In May 2015, the City reached a settlement agreement with the property owner at May Street and San Marco with the City agreeing to purchase the property. The intent of the city's purchase would be to use the property for improving traffic congestion at this major intersection. Being that both streets are owned by the Florida Department of Transportation (FDOT), the city and state worked together over the course of several months to conceptually design alignments that were both effective for moving traffic, accommodating growth and acceptable to the community. Five different scenarios were examined. Alternative 5 which is sometimes referred to as a jug-handle or signalized roundabout was ultimately the selected and approved by the City Commission in December 2015. Alternative 5 significantly reduced the que length for May Street in a 20-year design horizon. With the design concepts in hand, the FDOT is proceeding with the purchase of the property from the City and is now working on final designs with construction planned for 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Included in the Financial Section of this Comprehensive Annual Financial Report is the Management Discussion and Analysis. This section provides a broad overview and analysis of the City's activities and should be used in conjunction with the Letter of Transmittal.

DEBT ADMINISTRATION

The City does not have any outstanding property tax supported debt. Each of the proprietary debt issues are considered to be self-supporting because revenues derived from operations provide for the debt requirements on an annual basis. A summary of outstanding bond issues and long-term notes payable as of September 30, 2015, for the City are as follows:

Outstanding Bond Issue	Balance
Water and Sewer Revenue, 2005	$ 4,710,000
Fire Truck Lease Purchase	175,046
Public Service Tax and Guaranteed Entitlement, 2004	1,090,033
Public Service Tax and Guaranteed Entitlement, 2011	16,215,000
Public Service Tax and Guaranteed Entitlement, 2011B	8,239,998
Water and Sewer Revenue, 2012	13,040,000
Public Service Tax and Guaranteed Entitlement, 2013	20,315,002
Total Outstanding Bond Issues	$ 63,785,079

The table below shows the City's debt service coverage for the Utility Fund for the year ended September 30, 2015.

Fiscal Year Ended	Gross Revenue	Operating Expenses	Net Revenue	Debt Service Requirements	Debt Service Coverage
2015	13,275,185	8,561,021	4,714,164	2,837,388	1.66

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Augustine, Florida, for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. This is the 23rd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The presentation of this report, in a timely manner, was accomplished with the efficient and dedicated service of the City of St. Augustine's Finance, Budget and Management Department, and the CPA firm of Masters, Smith & Wisby, P.A.

We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would also like to thank the Mayor and the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

John Regan, P.E.
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Augustine

Florida

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

Principal City Officials

CITY OF ST. AUGUSTINE, FLORIDA
Principal City Officials
September 30, 2015

City Commission

Mayor-Commissioner……………………………………………..Nancy Shaver
Vice Mayor-Commissioner..…...Roxanne Horvath
Commissioner………………………………………………..Nancy Sikes-Kline
Commissioner…………………………………………………..Leanna Freeman
Commissioner…………………………………………………Todd Neville

City Staff

City Manager...…,John Regan
City Attorney…………………………………………………Isabelle Lopez
City Clerk……………………………………………...………Darlene Galambos
Assistant City Manager…………,……...……………….....……Timothy Burchfield
Director, Finance, Budget & Management..Mark Litzinger
Police Chief...Loran Lueders
Fire Chief...James Costeira
Director, General Services..James Piggott
Director, Planning & Building..David Birchim
Director, Public Affairs..Paul Williamson
Director, Public Works..Martha Graham
Director, St Augustine 450th Commemoration.................................Dana Ste. Claire

City Boards & Committees

Civil Service Board
Code Enforcement, Adjustments & Appeals Board
Firefighters' Retirement Board of Trustees
General Employees' Retirement Board
Historic Architectural Review Board (HARB)
Parking & Traffic Committee
Planning & Zoning Board (PZB)
Police Officers' Retirement Board
Street Tree Advisory Committee (STAC)

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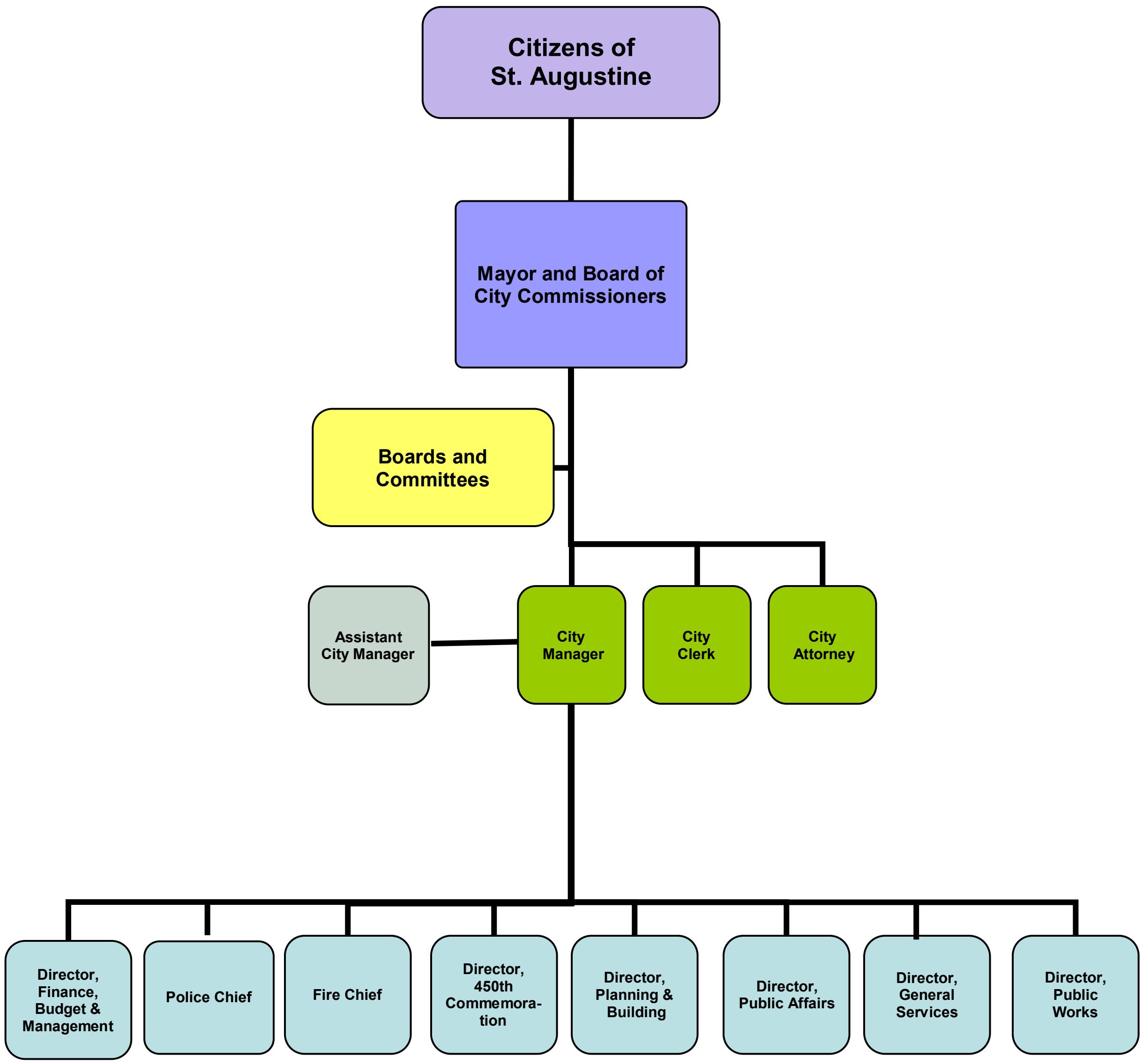
Organizational Chart

City of St. Augustine

Comprehensive Annual Financial Report
For the Year Ended September 30th, 2015

City Government Organizational Chart



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FINANCIAL SECTION

This Section Contains the Following:

Independent Auditors' Report

Management Discussion and Analysis (MD&A)

Basic Financial Statements

Required Supplementary Information Other than MD&A

Combining Statements

Schedule of Expenditures of Federal Awards and State Financial Assistance

Independent Auditors' Report

STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine, Florida (the City) as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Managements Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Fire Pension Trust Fund , which represents 19%, 19%, and 9%, respectively of the assets, net position and additions to the pension trust fiduciary fund. Those statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the Fire Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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MEMBERS OF THE AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015 and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and Community Redevelopment Agency special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires employers participating in defined benefit pension plans to report the net pension liability and other pensions related deferred inflows and outflows related to these plans. In connection with the implementation of this statement, the City decreased its beginning net position in the governmental activities by $6,491,326 and decreased beginning net position in the business-type activities by $3,157,754. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and , accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report

Masters, Smith & Wisby, P.A.
Certified Public Accountants
Jacksonville, Florida

March 22, 2016

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Management Discussion & Analysis

The City of St. Augustine's Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City of St. Augustine's financial activities based on currently known facts, decisions and conditions. It is intended to provide a broad overview and short-term and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, distinguish material deviations from the approved budget and recognize any individual fund concerns.

The information contained within this MD&A is designed to focus on the current year's activities, resulting changes and currently known facts and is only a component of the entire financial statement report. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter beginning on page one in the front of this report, and the City's financial statements beginning on page 57.

Financial Highlights

- The City's assets at the close of the most recent fiscal year exceeded its liabilities (reported as net position) by $92,381,510. Of this, $11,958,624 (unrestricted) can be used to meet the government's ongoing obligations to citizens and creditors. The City's net position (before reducing beginning net position due to $9,649,080 of prior period adjustments due to the implementation of new pension standards) increased during the fiscal year by $5,722,300 (or 5.9%). See Note 1 of the Notes to the Financial Statements for more information on the implementation of this new pension standard.

- Governmental net position increased by $2,379,875 for the current fiscal year and governmental unrestricted net assets were equal to $1,005,260. This decrease of over 95% is primarily due to the $6,491,326 prior period adjustment made to implement new pension standards. It is also due to the increase in investments in capital assets of $4,009,728.

- Business-type net position increased by $3,342,425 for the current fiscal year and business-type unrestricted net assets were equal to $10,953,364. This decrease of 37% is primarily due to the increase in investments in capital assets of $5,207,096 and also to the $3,157,754 prior period adjustment made to implement new pension standards.

- The governmental activities program revenue increased by $644,492. This is due to an increase in permit fees including building permits, archaeology permits, parking permits and permit review fees. This is also due to an increase in parking meter fees and parking tickets. The current year's activities produced an increase in net assets of $2,379,875 compared to the previous year's increase of $1,743,734.

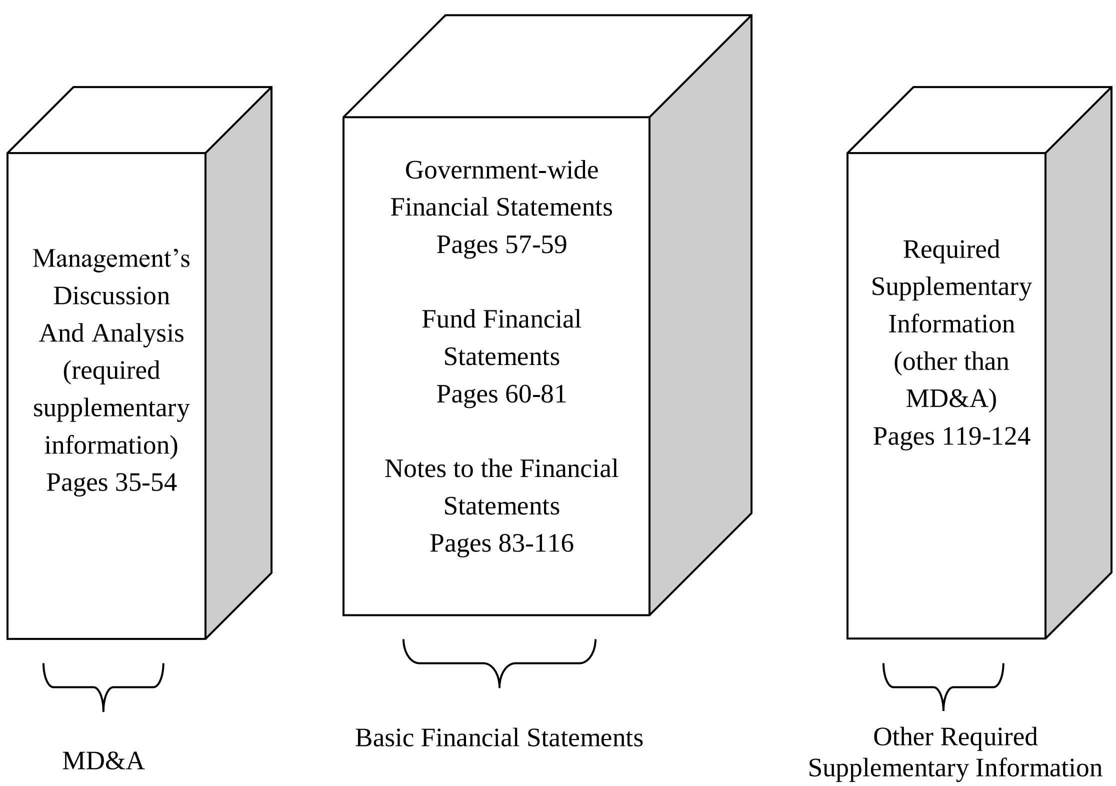
- The business-type activities program revenue increased by $3,443,493 (or 14.1%). Business-type activities reported only $1,311,505 in Capital Grants and Contributions in the prior fiscal year. This year, those revenues made up $3,189,617 of business-type activities revenue (a $1,878,112 difference). Charges for Services increased by $1,557,723, primarily due to Visitor Information Center Charges for Services, which increased by $804,461.

- The City's total debt associated with bonds and lease obligations decreased by a net $3,069,921 during the fiscal year.

Overview of the Financial Statements

Using the Annual Report

The following graphic is provided for your review to better understand this report's layout.



The City's basic financial statements are comprised of three components: Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements. The report also includes Required Supplementary Information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements report on the City as a whole. The statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. There are two government-wide statements. Both distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Government-wide Financial Statements can be found on pages 57-59 of this report.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening. However, other factors should be considered such as the condition of the City's capital assets to assess the overall health of the City.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The City chose to include the required budget-to-actual comparisons in the fund financial statements of its financial report. The City has three fund categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds report basic services, which focus on near-term inflows and outflows of available resources and their balances at year-end. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences are reconciled between government-wide activities (reported in the statement of net position and the statement of activities) and governmental funds on separate schedules following the respective governmental funds.

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City opted to report all funds as major funds which include the following: General Fund, Debt Service Fund, Special Revenue Funds, Capital Projects Fund and Permanent Fund.

The City of St. Augustine adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budget.

Proprietary funds are used to account for revenues and expenses from services provided on a user-charge basis to the public. Proprietary fund activities are reported on the same accounting basis and measurement focus as the statement of activities, which is similar to that found in the private sector and provides a periodic measurement of net income. The City's proprietary activities are accounted for in enterprise funds. The City opted to report all funds as major funds which include the following: Utility Fund, Stormwater Fund, Solid Waste Fund, Municipal Marina Fund and Visitor Information Center Fund.

Fiduciary funds report information about financial arrangements in which the City acts solely as an agent or trustee for others. The City is responsible for ensuring these resources are used for their intended purposes. Since the funds are not resources of the City, but are held for the benefit of others, we exclude these activities from the government-wide statements. The City's fiduciary funds include the following: General Pension Fund, Police Pension Fund and Fire Pension Fund.

Notes to the Financial Statements & Other Information

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The required supplementary information includes the schedules of funding progress and contributions for the fiduciary funds. The combining statements include the fiduciary funds combined but in more detail than the government-wide. Additional statistical information is presented to give users of the report a historical perspective and to assist in determining current financial trends of the City.

Financial Analysis

City as a whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by $92,381,510 as of September 30, 2015. A portion of the City's net position of $73,992,242 (or 80.1%), reflects its net investments in capital assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending.

Restricted net position of the City in the amount of $6,430,644 is reported in both governmental and business-type activities. This restricted net position has limits on its use that are externally imposed.

Unrestricted net position of the City in the amount of $11,958,624 can be used to meet the City's ongoing obligations to citizens and creditors. The terms restricted and unrestricted are governed by generally accepted accounting principles and do not fully consider City management decisions regarding spending limitations. Accounting principles may not restrict some amounts that have been earmarked for future uses governed by policy decisions and plans.

City of St. Augustine

Summary of Net Position of September 30th, 2015, with comparative data for 2014 (not restated)
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Current and Other Assets	$ 11,086	$ 14,247	$ 20,797	$ 23,774	$ 31,882	$ 38,021
Capital Assets	30,788	27,178	110,392	106,571	141,180	133,749
Total Assets	**41,873**	**41,425**	**131,189**	**130,346**	**173,062**	**171,771**
Contributions to Pension Plans	2,202		848			
Unamortized Loss on Refunding	-	-	1,363	1,515	1,363	1,515
Total Deferred Outflow of Resou	**2,202**	**-**	**2,211**	**1,515**	**1,363**	**1,515**
Current and Other Liabilities	11,449	4,244	3,054	5,878	14,503	10,122
Long-term Debt Outstanding	23,072	23,926	444,923	42,929	467,995	66,855
Total Liabilities	**34,521**	**28,170**	**447,976**	**48,807**	**482,497**	**76,977**
Pension Deferrals	411	-	-	1,515	411	1,515
Total Deferred Inflow of Resourc	**411**	**-**	**-**	**1,515**	**411**	**1,515**
Net Position:						
Invested in Capital Assets,						
Net of Related Debt	6,987	2,977	67,005	61,798	73,992	64,775
Restricted	1,151	2,212	5,280	3,872	6,431	6,085
Unrestricted	1,005	8,065	10,953	17,383	11,958	25,448
Total Net Position	**$ 9,143**	**$ 13,255**	**$ 83,238**	**$ 83,054**	**$ 92,381**	**$ 96,308**

As noted earlier, the statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

Statement of Activities for the year ended September 30th, 2015, with compartive data for 2014 (not restated)

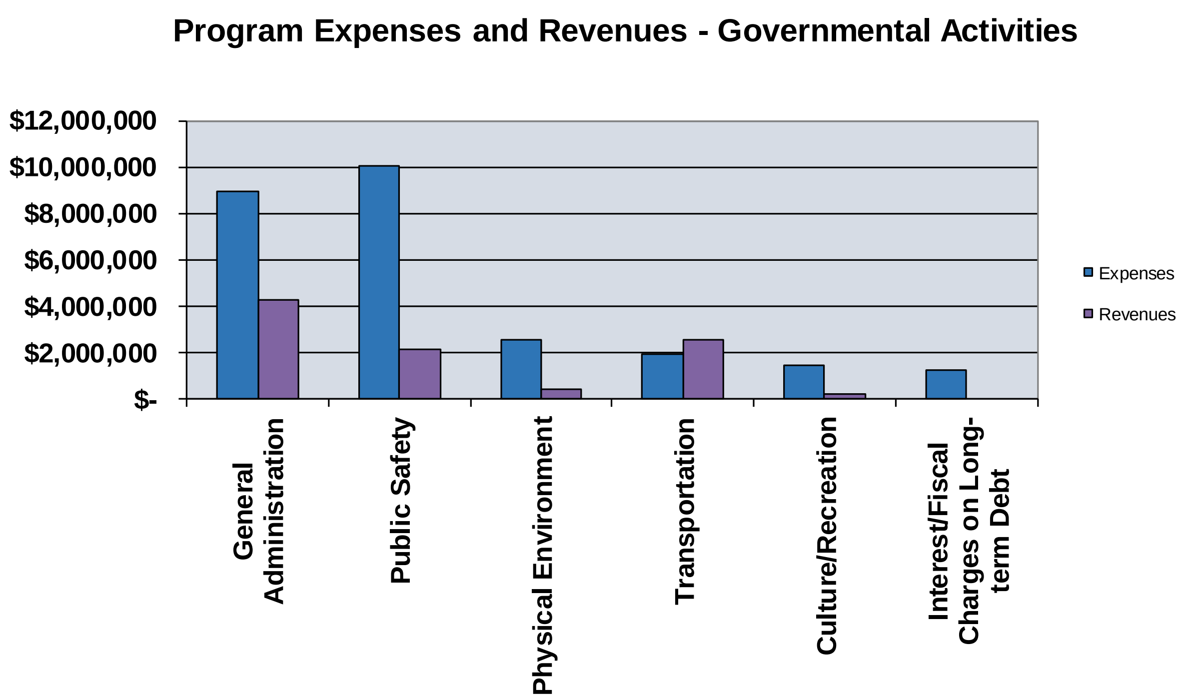
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues						
Program Revenues:						
Charges for Services	$ 8,030	$ 7,017	$ 24,655	$ 23,098	$ 32,685	$ 30,115
Operating Grants and Contributions	30	76	8	-	38	76
Capital Grants and Contributions	1,480	1,803	3,190	1,312	4,670	3,115
General Revenues:					-	-
Taxes	13,011	12,382	-	-	13,011	12,382
Fees	1,588	1,450	-	-	1,588	1,450
Revenue Sharing	563	554	-	-	563	554
Investment Income	50	52	95	35	145	87
Miscellaneous	1,088	1,133	-	-	1,088	1,133
Total Revenues	**25,840**	**24,467**	**27,948**	**24,445**	**53,788**	**48,912**
Program Expenses Including Indirect Expenses						
General Administration	9,064	9,150	-	-	9,064	9,150
Public Safety	9,327	8,849	-	-	9,327	8,849
Physical Environment	2,572	3,982	-	-	2,572	3,982
Transportation	1,956	228	-	-	1,956	228
Culture/Recreation	1,453	471	-	-	1,453	471
Interest/Fiscal Charges on Long-term Debt	1,227	1,224	-	-	1,227	1,224
Utilities	-	-	12,425	12,058	12,425	12,058
Stormwater	-	-	904	741	904	741
Solid Waste	-	-	3,569	3,120	3,569	3,120
Municipal Marina	-	-	2,238	2,347	2,238	2,347
Visitor Information Center	-	-	3,331	3,522	3,331	3,522
Total Expenses	**25,599**	**23,904**	**22,467**	**21,788**	**48,066**	**45,692**
Increase in Net Position Before Transfers	**241**	**563**	**5,481**	**2,657**	**5,722**	**3,220**
Transfers	2,139	1,181	(2,139)	(1,181)	-	-
Increase (Decrease) in Net Position	**2,380**	**1,744**	**3,342**	**1,476**	**5,722**	**3,220**
Net Position - Beginning, as Restated	**6,763**	**11,511**	**79,896**	**81,578**	**86,659**	**93,089**
Net Assets - Ending	**$ 9,143**	**$ 13,255**	**$ 83,238**	**$ 83,054**	**$ 92,381**	**$ 96,309**

Governmental Activities

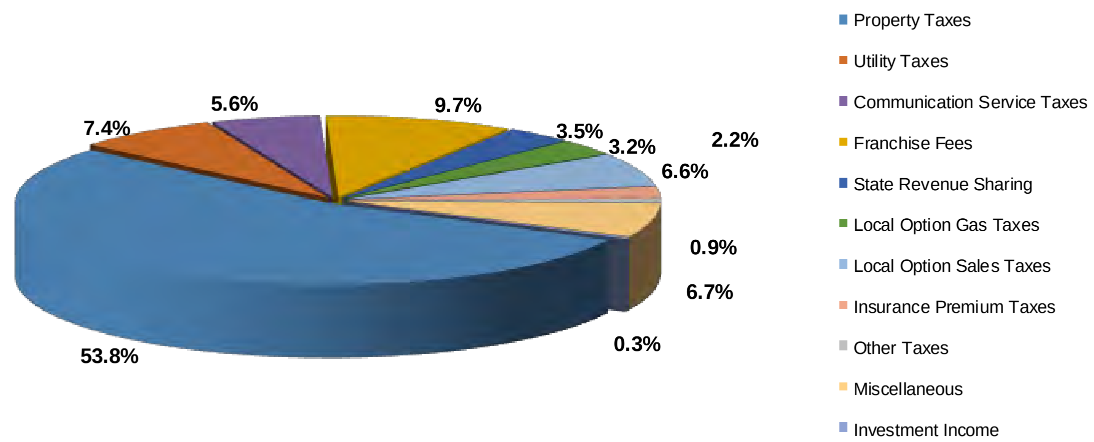
Governmental activities resulted in an increase in the City's net position of $2,379,875. This increase can be attributed to an increase in charges for services and in general tax revenue.

Program revenues are revenues that can be assigned or are attributable to a specific program. These revenues account for $9,540,378 (or 36.9%) of total governmental activities revenue. The chart below shows governmental activities by program with their respective expenses and revenues.



General revenues are revenues that fail to meet the criteria of program specific revenues. General revenues account for $16,299,919 (or 63.1%) of total governmental activities revenue. The chart below shows total general revenues by category.

General Revenues - Governmental Activities

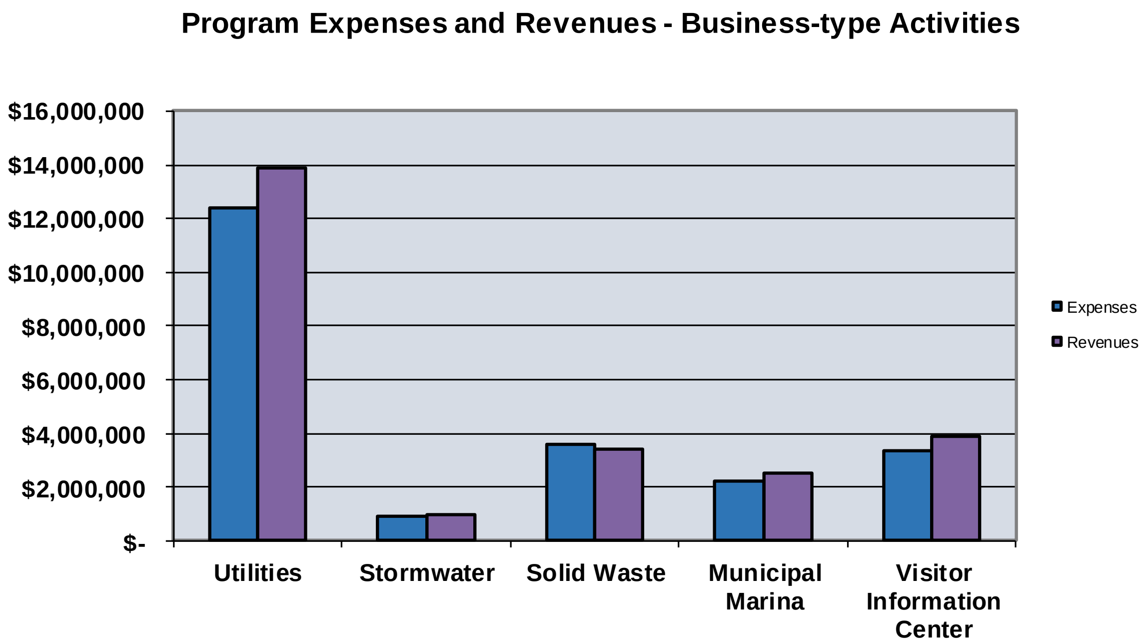


Business-type Activities

Business-type activities increased the City's net position by $3,342,425. Key elements of this increase are as follows:

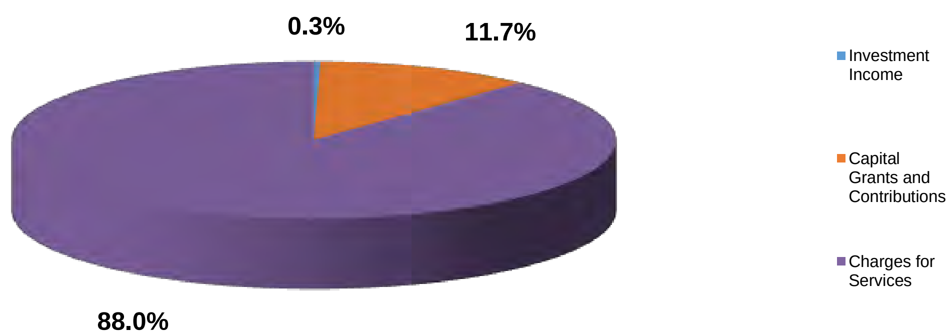
- The Utility Fund received capital grants and contribution of $3,137,223 and had operating income of $1,749,840.
- The Visitor Information Center had operating income of $1,314,895.
- Non-operating expenses and net transfers out of the business-type activities totaled $3,168,805.

Program revenues are revenues that can be assigned or are attributable to a specific program. These revenues account for $27,852,843 (or 99.7%) of total business-type activities revenue.
The chart below shows business-type activities by program with their respective expenses and revenues.



Total revenues for business-type activities amounted to $27,948,078. Below is a chart depicting business-type activities by source.

Revenues by Source - Business-type Activities



Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $9,523,494, a decrease of $2,277,826 (19.3%) from the previous fiscal year. The key element of this decrease was the spending of General Fund reserves on capital projects and purchases.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $10,646 while the total fund balance was $8,573,152. While the total fund balance shows a decrease of $1,358,262 (13.8%) from the previous fiscal year, the unassigned fund balance of the General Fund shows a decrease of $788,247 (98.7%) as compared to the previous year. This decrease is due to the use of unassigned funds to purchase a parcel of land located at the corner of May Street and San Marco Avenue. See the description of the San Marco Intersection in the Letter of Transmittal for more information on this project.

The $1,358,262 decrease in total fund balance can be attributed to the purchase described above and the transfers of $2,255,647 that were made from the General Fund to the Capital Projects Fund. These projects are detailed in the discussion of the Capital Projects Fund below.

As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures.

The Debt Service Fund is the fund used to set aside resources to meet current debt service requirements on general long-term debt.

The Special Revenue Funds maintains certain revenue raised to be used for a specific purpose. The City's Special Revenue Funds report the Historic Area Community Redevelopment Area and the Lincolnville Community Redevelopment Area.

The Capital Projects Fund is used to report major capital acquisitions and construction separately from ongoing operating activities. Projects reported here are funded by transfers from the General Fund, grants and bond funds.

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the City's programs.

Proprietary Funds

The City's proprietary funds provide the same type of information provided in the government-wide statements, but in more detail. The tables below list the net position summaries for the various enterprise funds.

Summary of Change in Net Position - Proprietary Funds
For the Year Ended September 30, 2015
(in thousands)

	Utility	Storm Water Drainage	Solid Waste	Municipal Marina	Visitor Information Center	Historic Preservation	Total Proprietary
Net Position - Beginning	$ 64,367	$ 15,062	$ 3,587	$ 3,629	$ (3,591)	$ -	$ 81,578
Restatement	(1,984)	(113)	(529)	(289)	(244)	-	(3,159)
Net Position - Beginning, as restated	62,383	14,949	3,058	3,340	(3,835)	-	79,895
Change in Net Position	3,987	(67)	(308)	157	(514)	88	3,343
Net Position - Ending	$ 66,370	$ 14,882	$ 2,750	$ 3,497	$ (4,349)	$ 88	$ 83,238

Net Position As of September 30, 2015

	Utility	Storm Water Drainage	Solid Waste	Municipal Marina	Visitor Information Center	Historic Preservation	Total Proprietary
Invested in Capital Assets, Net of Related Debt	$ 53,830	$ 13,174	$ 1,575	$ 3,865	$ (5,439)	$ -	$ 67,005
Restricted	5,280	-	-	-	-	-	5,280
Unrestricted	7,260	1,708	1,175	(368)	1,090	88	10,953
Total Net Position	$ 66,370	$ 14,882	$ 2,750	$ 3,497	$ (4,349)	$ 88	$ 83,238

Cumulatively, the proprietary funds had a $3,342,425 increase in net position (before reducing beginning net position due to $3,157,754 of prior period adjustments due to the implementation of new pension standards). Key factors pertaining to this increase are as follows:

- The Utility Fund had operating income of $1,749,840 and capital grants and other capital contributions of $3,137,223.
- The Stormwater Fund had operating income of $39,515.
- The Solid Waste Fund had an operating loss of $99,052. This was primarily due to the purchase of new recycling carts.
- The Municipal Marina Fund had operating income of $308,757.
- The Visitor Information Center Fund had operating income of $1,314,895. Interest expense of $939,038 and net transfers out of $1,057,361 resulted in a negative change in net position of $514,599 for this fund (before reducing beginning net position due to $243,443 of prior period adjustments due to the implementation of new pension standards).
- The operating income of each fund is structured so that it meets or exceeds operating expenses. Operating income that exceeds operating expense is used to meet non-operating needs such as interest expense and transfers out to other funds.

General Fund Budgetary Highlights

There are no material differences between the original budget and the final amended budget for appropriations (expenditures) in the General Fund. There were no material budgetary changes to the General Fund budgets and all budgetary policies and controls were adhered to throughout the year. (See budget to actual comparison on page 67.)

Capital Asset and Long-term Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to $141,179,745 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 5.6%.

	Governmental Activities		Business-type Activities		Totals	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Land	$ 7,142,426	$ 5,958,730	$ 1,145,803	$ 1,145,803	$ 8,288,229	$ 7,104,533
Buildings	10,075,153	8,993,939	33,878,841	35,317,219	43,953,994	44,311,158
Infrastructure	12,447,543	9,174,522	71,866,039	61,288,147	84,313,582	70,462,669
Machinery	1,002,873	1,071,672	2,128,081	1,787,507	3,130,954	2,859,179
Total	30,667,995	25,198,863	109,018,764	99,538,676	139,686,759	124,737,539
Work in Progress	119,718	1,979,004	1,373,268	7,032,553	1,492,986	9,011,557
Total	$ 30,787,713	$ 27,177,867	$ 110,392,032	$ 106,571,229	$ 141,179,745	$ 133,749,096

The following reconciliation summarizes the change in capital assets, which is presented in detail on pages 94-96 of the Notes to the Financial Statements.

	Governmental Activities	Business-type Activities	Total
Beginning Balance	$ 27,177,867	$ 106,571,229	$ 133,749,096
Additions	5,324,106	8,976,685	14,300,791
Retirement	(311,909)	(94,368)	(406,277)
Depreciation	(1,402,351)	(5,061,514)	(6,463,865)
Ending Balance	$ 30,787,713	$ 110,392,032	$ 141,179,745

The City currently has the following construction work-in-progress:

Holmes Blvd Water Main	$	20,190
Lighthouse Boat Ramp		1,339
LRPO Concentrate Disposal Permitting		328,847
Magnolia Water Main Improvements		637,599
North City Watermain		264,380
Pump Stations 50 and 51		23,696
San Marco Water Main		26,717
Seawall Connectivity		8,565
Seawall Connectivity		33,293
Sidney Street Outfall Improvements		12,174
Waterworks Building		109,814
WWTP BTU #2		26,372
Total	$	1,492,986

Major capital asset events during the current fiscal year included the following:

Completion of Riberia St Uility and Stormwater Improvements	$	4,595,216
Masters Drive Water Main Improvements		2,880,905
Downtown Improvement District-Hypolita Street		2,111,839
Lightner Roof Rehabilitation		1,557,932
Land Purchase at 179 San Marco Ave		1,486,850
FDOT Safety Improvements		1,299,358
	$	13,932,100

Long-Term Debt

At the end of fiscal year 2015, the City had total debt outstanding of $63,785,079. All of this debt is secured solely by specified revenue sources. More detail on the long-term debt is presented on pages 97-103 of the Notes to the Financial Statements.

Outstanding Debt at Year-End

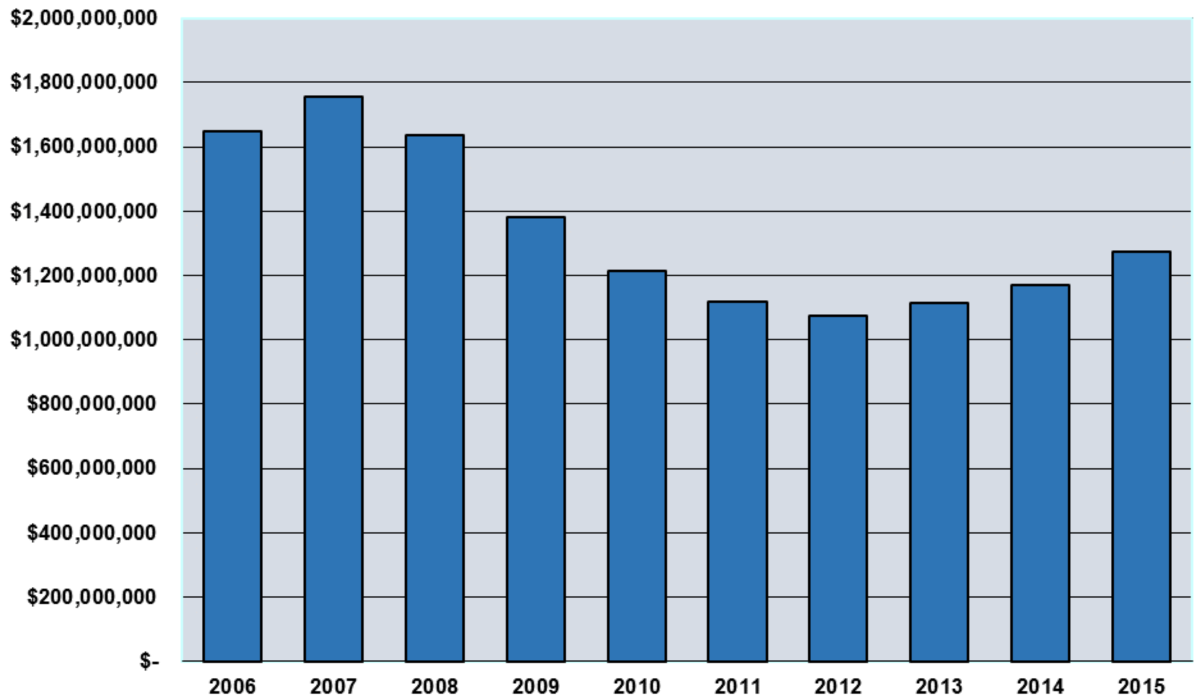
		2015		2014
Governmental:				
Revenue Bonds	$	23,307,992	$	23,710,793
Fire Truck Loan		175,046		215,000
Business Type:				
Water & Sewer Revenue Bonds		17,750,000		19,815,000
Municipal Marina Revenue Bonds		168,613		321,152
Visitor Information Center Revenue Bonds		22,383,428		22,793,055
Total	**$**	**63,785,079**	**$**	**66,855,000**

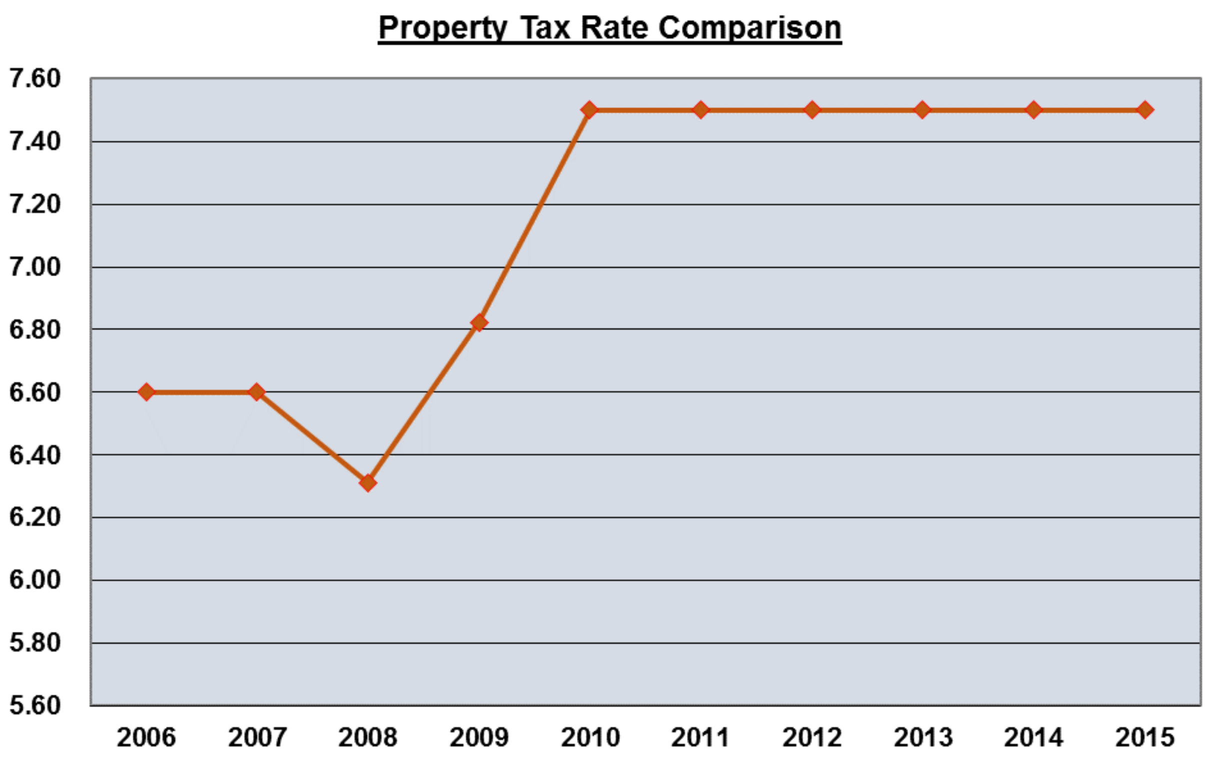
Economic Factors

The City primarily relies on property and a limited array of permitted or other taxes and fees for governmental activities. There are a number of state-shared revenues and recurring and non-recurring grants from both the state and federal governments. In addition to new construction and renovations, the tax values of existing properties have seen a minimal increase. This trend is expected to continue in the 2015-2016 fiscal year.

The City regularly competes with the County for growth and expansion of services in an attempt to offset cost and lower customer fees. The level of taxes, fees and charges for services will have a bearing on the City's specific competitive ability to annex additional land into its corporate limits and encourage development to locate within its jurisdiction.

City of St. Augustine Total Taxable Value




Property Tax Rate Comparison
7.60
7.40
7.20
7.00
6.80
6.60
6.40
6.20
6.00
5.80
5.60
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the Finance, Budget & Management office located at the Financial Services Center, 50 Bridge Street, St. Augustine, Florida 32084, (904) 825-1030.

Basic Financial Statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
September 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 7,912,661	$ 12,964,143	$ 20,876,804
Receivables (Net)	2,146,922	2,341,566	4,488,488
Due from Other Governments	-	-	-
Internal Balances	19,748	(19,748)	-
Inventories	596,813	230,812	827,625
Prepaid Items	40,178	-	40,178
Restricted Assets:			
Cash and Cash Equivalents	369,317	5,279,739	5,649,056
Capital Assets:			
Non-Depreciable	7,262,144	2,519,071	9,781,215
Depreciable (Net)	23,525,569	107,872,961	131,398,530
Total Assets	**41,873,352**	**131,188,544**	**173,061,896**
DEFERRED OUTFLOW OF RESOURCES			
Pension Related	2,202,307	847,927	3,050,234
Unamortized Loss on Refunding	-	1,363,471	1,363,471
Total Deferred Outflow of Resources	**2,202,307**	**2,211,398**	**4,413,705**
LIABILITIES			
Accounts Payable and Accrued Expenses	1,492,064	1,696,752	3,188,816
Deposits	-	488,181	488,181
Unearned Revenue	70,081	239	70,320
Non-Current Liabilities:			
Due Within One Year:			
Compensated Absences	86,150	34,671	120,821
Bonds Payable	412,102	3,019,042	3,431,144
Due in More Than One Year			
Net Retiree Healthcare Obligation	840,130	-	840,130
Net Pension Liability	6,759,848	3,907,374	10,667,222
Compensated Absences	2,200,796	647,590	2,848,386
Bonds Payable	22,659,786	40,367,822	63,027,608
Total Liabilities	**34,520,957**	**50,161,671**	**84,682,628**
DEFERRED INFLOW OF RESOURCES			
Pension Related	411,463	-	411,463
Total Deferred Outflow of Resources	**411,463**	**-**	**411,463**
NET POSITION			
Net Investment in Capital Assets	6,987,074	67,005,168	73,992,242
Restricted for:			
Expendable			
Capital Projects	135,325	-	135,325
Renewal and Replacement	-	4,775,103	4,775,103
Other	64,333	504,636	568,969
Non-Expendable			
Permanent Fund	314,256	-	314,256
Inventories	596,813		596,813
Prepaid Expenses	40,178	-	40,178
Unrestricted	1,005,260	10,953,364	11,958,624
Total Net Position	**$ 9,143,239**	**$ 83,238,271**	**$ 92,381,510**

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Activities
For Year Ended September 30, 2015

		Program Revenues		
FUNCTION/PROGRAM ACTIVITIES	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General Government	$ 9,063,879	$ 2,723,699	$ 6,000	$ 1,480,657
Public Safety	9,327,126	2,099,906	24,057	
Physical Environment	2,572,253	372,782	-	-
Transportation	1,955,808	2,643,354	-	-
Culture/Recreation	1,452,995	189,923	-	-
Interest/Fiscal Charges on Long-term Debt	1,226,945	-	-	-
Total Governmental Activities	**25,599,007**	**8,029,664**	**30,057**	**1,480,657**
Business-type Activities:				
Utilities	12,425,416	13,887,865	-	3,137,223
Stormwater	904,166	943,681	-	52,394
Solid Waste	3,568,797	3,420,221	-	-
Municipal Marina	2,238,213	2,533,193	7,658	-
Visitor Information Center	3,330,475	3,870,608	-	-
Historic Preservation	-	-	-	-
Total Business-type Activities	**22,467,067**	**24,655,568**	**7,658**	**3,189,617**
Total Primary Government	**$ 48,066,074**	**$ 32,685,232**	**$ 37,715**	**$ 4,670,274**

General Revenues:

Property Taxes
Utility Taxes
Communication Service Taxes
Franchise Fees
State Revenue Sharing, Unrestricted
Local Option Gas Taxes
Local Option Sales Taxes
Insurance Premium Taxes
Other Taxes
Miscellaneous
Investment Income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, previously reported
Restatement
Net Position - Beginning of Year, restated
Net Position - End of Year

See accompanying notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (4,853,523)	$ -	$ (4,853,523)
(7,203,164)	-	(7,203,164)
(2,199,472)	-	(2,199,472)
687,547	-	687,547
(1,263,072)	-	(1,263,072)
(1,226,945)	-	(1,226,945)
(16,058,629)	**-**	**(16,058,629)**
-	4,599,672	4,599,672
-	91,909	91,909
-	(148,576)	(148,576)
-	302,638	302,638
	540,133	540,133
-	-	-
-	**5,385,776**	**5,385,776**
(16,058,629)	**5,385,776**	**(10,672,853)**
8,767,045	-	8,767,045
1,212,827	-	1,212,827
918,884	-	918,884
1,588,110	-	1,588,110
562,696	-	562,696
524,651	-	524,651
1,076,920	-	1,076,920
361,168	-	361,168
149,011	-	149,011
1,088,306	-	1,088,306
50,300	95,235	145,535
2,138,586	(2,138,586)	-
18,438,504	**(2,043,351)**	**16,395,153**
2,379,875	**3,342,425**	**5,722,300**
13,254,690	**83,053,600**	**96,308,290**
(6,491,326)	(3,157,754)	**(9,649,080)**
6,763,364	79,895,846	**86,659,210**
$ 9,143,239	**$ 83,238,271**	**$ 92,381,510**

CITY OF ST. AUGUSTINE, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2015

	General	Debt Service	Special Revenue HACRA
ASSETS			
Cash and Cash Equivalents	$ 7,709,629	$ -	$ 2,956
Receivables (Net of Allowance for Uncollectibles)	1,733,898	-	-
Due from Other Funds	20,096	-	-
Due from Other Governments	-	-	-
Inventories, At Cost	596,813	-	-
Prepaid Expenditures	40,178	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Total Assets	**$ 10,100,614**	**$ -**	**$ 2,956**
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 1,358,758	$ -	$ -
Unearned Revenue	70,081	-	-
Accrued Expenditures	98,623	-	-
Due to Other Funds	-	-	-
Total Liabilities	**1,527,462**	**-**	**-**
Fund Balances:			
Nonspendable:			
Inventories	596,813	-	-
Prepaid Expenditures	40,178	-	-
Trust Funds	-	-	-
Restricted for:			
Police Education/Confiscation/Donations	64,333	-	-
Bond Projects	-	-	-
Committed	7,305,641	-	2,956
Assigned	555,541	-	-
Unassigned	10,646	-	-
Total Fund Balances	**8,573,152**	**-**	**2,956**
Total Liabilities and Fund Balances	**$ 10,100,614**	**$ -**	**$ 2,956**

See accompanying notes to basic financial statements

Special Revenue LCRA	Capital Projects	Permanent	Total Governmental
$ 69,239	$ 130,837	$ -	$ 7,912,661
-	413,024	-	2,146,922
-	-	-	20,096
-	-	-	-
-	-	-	596,813
-	-	-	40,178
			-
-	54,713	314,604	369,317
$ 69,239	**$ 598,574**	**$ 314,604**	**$ 11,085,987**
$ -	$ 34,683	$ -	$ 1,393,441
-	-	-	70,081
-	-	-	98,623
-	-	348	348
-	**34,683**	**348**	**1,562,493**
-	-	-	596,813
-	-	-	40,178
-	-	314,256	314,256
			-
-	-	-	64,333
-	135,325	-	135,325
69,239	428,566	-	7,806,402
-	-	-	555,541
-	-	-	10,646
69,239	**563,891**	**314,256**	**9,523,494**
$ 69,239	**$ 598,574**	**$ 314,604**	**$ 11,085,987**

CITY OF ST. AUGUSTINE, FLORIDA
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2015

Total Governmental Fund Balances		$ 9,523,494
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	55,663,237	
Less accumulated depreciation	(24,875,524)	
	30,787,713	
		30,787,713
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities (net of discounts/premiums and deferred amounts on refunding) at year-end consist of:		
Governmental bonds payable	(23,071,888)	
Compensated absences	(2,286,946)	
		(25,358,834)
Deferred outflows of resources related to pensions and insurances are applicable to future periods and, therefore, are not reported in the governmental funds.		
Net pension assets (obligations)	(4,969,004)	
Net retiree healthcare assets (obligations)	(840,130)	
		(5,809,134)
Net Position of Governmental Activities		**$ 9,143,239**

See accompanying notes to basic financial statements

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CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	General	Debt Service	Special Revenue HACRA
REVENUES			
Ad Valorem Taxes	$ 8,509,408	$ -	$ 195,025
Sales, Use and Gas Taxes	885,819	-	-
Utility and Communications Service Taxes	2,131,711	-	-
Grants	678,234	-	-
Intergovernmental	1,788,627	-	-
Franchise Fees	1,588,110	-	-
Licenses, Permits and Other Fees	3,698,959	-	-
Fines and Forfeitures	466,019	-	-
Administrative Overhead Charges	2,532,364	-	-
Investment Income	47,443	-	151
Miscellaneous	2,415,453	-	-
Total Revenues	**24,742,147**	**-**	**195,176**
EXPENDITURES			
Current Operating:			
General Government	7,641,790	-	86
Public Safety	9,263,984	-	-
Physical Environment	2,459,077	-	-
Transportation	1,949,930	-	-
Culture/Recreation	1,452,229	-	-
Capital Outlay	1,689,104	-	-
Debt Service:			
Principal Retirement	-	442,785	-
Interest and Other	-	1,226,945	-
Total Expenditures	**24,456,114**	**1,669,730**	**86**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**286,033**	**(1,669,730)**	**195,090**
OTHER FINANCING SOURCES (USES)			
Transfers In	3,649,038	1,670,160	271,250
Transfers (Out)	(5,293,333)	-	(499,897)
Total Other Financing Sources (Uses)	**(1,644,295)**	**1,670,160**	**(228,647)**
Net Change in Fund Balances	(1,358,262)	430	(33,557)
Fund Balances - Beginning	9,931,414	(430)	36,513
FUND BALANCES - ENDING	**$ 8,573,152**	**$ -**	**$ 2,956**

See accompanying notes to basic financial statements

Special Revenue LCRA	Capital Projects	Permanent	Total Governmental
$ 62,612	$ -	$ -	$ 8,767,045
-	-	-	885,819
-	-	-	2,131,711
-	832,480	-	1,510,714
-	-	-	1,788,627
-	-	-	1,588,110
-	-	-	3,698,959
-	-	-	466,019
-	-	-	2,532,364
-	1,427	1,279	50,300
-	5,176	-	2,420,629
62,612	**839,083**	**1,279**	**25,840,297**
79,094	342,086	-	8,063,056
-	-	-	9,263,984
-	-	-	2,459,077
-	-	-	1,949,930
-	-	-	1,452,229
-	3,709,599	-	5,398,703
			-
-	-	-	442,785
-	-	-	1,226,945
79,094	**4,051,685**	**-**	**30,256,709**
(16,482)	**(3,212,602)**	**1,279**	**(4,416,412)**
-	-	-	-
85,721	2,255,647	-	7,931,816
-	-	-	(5,793,230)
85,721	**2,255,647**	**-**	**2,138,586**
69,239	(956,955)	1,279	(2,277,826)
-	1,520,846	312,977	11,801,320
$ 69,239	**$ 563,891**	**$ 314,256**	**$ 9,523,494**

CITY OF ST. AUGUSTINE, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds		$	(2,277,826)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital and related assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.			
Expenditures for capital assets	5,398,703		
Less: current year depreciation and amortization	(1,402,351)		3,996,352
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.			
Cost of capital assets sold or retired net	(386,506)		(386,506)
Borrowing and repayment of bond principal is either a revenue or an expenditure in the governmental funds, the borrowing and repayment of principal either increases or reduces long-term liabilities in the statement of net assets.			
Issuance of new debt	-		
Payment on debt	442,785		
Amortization of discount and premium	(42,903)		399,882
Government funds do not report negative net pension obligations or net insurance obligations as assets/liabilities of the general fund.			
Net pension liability	893,422		
Net retiree healthcare asset (obligation)	(182,837)		710,585
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in long-term compensated absences	(62,612)		(62,612)
Change in Net Position of Governmental Activities		**$**	**2,379,875**

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 11,393,002	$ 11,482,002	$ 11,526,938	$ 44,936
Intergovernmental	1,745,562	2,497,307	2,466,861	(30,446)
Licenses, Permits and Fees	5,126,513	5,243,613	5,287,069	43,456
Fines and Forfeitures	335,100	442,100	466,019	23,919
Administrative Service Charges	2,532,364	2,532,364	2,532,364	-
Investment Income	45,671	45,671	47,443	1,772
Miscellaneous	2,051,435	2,374,130	2,415,453	41,323
Total Revenues	**23,229,647**	**24,617,187**	**24,742,147**	**124,960**
EXPENDITURES				
Current Operating:				
General Government	7,505,680	7,709,920	7,641,790	68,130
Public Safety	9,151,833	9,221,477	9,263,984	(42,507)
Physical Environment	2,696,500	2,545,446	2,459,077	86,369
Transportation	1,932,661	1,939,351	1,949,930	(10,579)
Culture/Recreation	1,445,631	1,458,932	1,452,229	6,703
Capital Outlay	824,242	1,743,961	1,689,104	54,857
Total Expenditures	**23,556,547**	**24,619,087**	**24,456,114**	**162,973**
Excess of Revenues Over Expenditures	**(326,900)**	**(1,900)**	**286,033**	**287,933**
OTHER FINANCING SOURCES (USES)				
Transfers In	4,424,038	4,349,038	3,649,038	(700,000)
Transfers (Out)	(4,097,138)	(4,347,138)	(5,293,333)	(946,195)
Total Other Financing Sources (Uses)	**326,900**	**1,900**	**(1,644,295)**	**(1,646,195)**
Net Change in Fund Balances	**-**	**-**	**(1,358,262)**	**(1,358,262)**
Fund Balances - Beginning	**9,931,414**	**9,931,414**	**9,931,414**	**-**
FUND BALANCES - ENDING	**$ 9,931,414**	**$ 9,931,414**	**$ 8,573,152**	**$ (1,358,262)**

The difference between the original and amended budget is the result of operational budget amendments throughout the year.

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Fund - Community Redevelopment Agency
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 208,993	$ 208,993	$ 195,025	$ (13,968)
Investment Income	-	-	151	151
Total Revenues	**208,993**	**208,993**	**195,176**	**(13,817)**
EXPENDITURES				
Current Operating:				
General Government	-	-	86	(86)
Capital Outlay	-	-	-	-
Total Expenditures	**-**	**-**	**86**	**(86)**
Excess of Revenues Over Expenditures	**208,993**	**208,993**	**195,090**	**(13,903)**
OTHER FINANCING SOURCES (USES)				
Transfers In	263,009	263,009	271,250	8,241
Transfers (Out)	(508,515)	(508,515)	(499,897)	8,618
Total Other Financing Sources (Uses)	**(245,506)**	**(245,506)**	**(228,647)**	**16,859**
Net Change in Fund Balances	**(36,513)**	**(36,513)**	**(33,557)**	**2,956**
Fund Balances - Beginning	**36,513**	**36,513**	**36,513**	**-**
FUND BALANCES - ENDING	**$ -**	**$ -**	**$ 2,956**	**$ 2,956**

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Fund - Lincolnville Community Redevelopment Agency
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 47,551	$ 47,551	$ 62,612	$ 15,061
Investment Income	-	-	-	-
Total Revenues	**47,551**	**47,551**	**62,612**	**15,061**
EXPENDITURES				
Current Operating:				
General Government	105,000	105,000	79,094	25,906
Capital Outlay	-	-	-	-
Total Expenditures	**105,000**	**105,000**	**79,094**	**25,906**
Excess of Revenues Over Expenditures	**(57,449)**	**(57,449)**	**(16,482)**	**40,967**
OTHER FINANCING SOURCES (USES)				
Transfers In	93,962	93,962	85,721	(8,241)
Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	**93,962**	**93,962**	**85,721**	**(8,241)**
Net Change in Fund Balances	**36,513**	**36,513**	**69,239**	**32,726**
Fund Balances - Beginning	**-**	**-**	**-**	**-**
FUND BALANCES - ENDING	**$ 36,513**	**$ 36,513**	**$ 69,239**	**$ 32,726**

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2015

	Utility	Stormwater Drainage	Solid Waste
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 8,974,259	$ 1,775,877	$ 1,695,389
Accounts Receivable (Net)	1,967,206	94,800	257,508
Due from Other Funds	-	-	-
Inventories, at Cost	62,240	-	-
Total Current Assets	11,003,705	1,870,677	1,952,897
Non-Current Assets:			
Restricted Assets			
Cash and Cash Equivalents	5,279,739	-	-
Total Restricted Assets	5,279,739	-	-
Property, Plant and Equipment:			
Land and Improvements	1,145,803	-	-
Buildings and Structures	30,837,832	-	333,163
Infrastructure	88,837,107	14,303,653	51,154
Machinery and Equipment	3,100,713	284,337	3,398,166
Construction in Progress	1,327,802	12,174	-
Accumulated Depreciation	(52,001,825)	(1,426,315)	(2,207,600)
Net Property, Plant and Equipment:	73,247,432	13,173,849	1,574,883
Total Non-Current Assets	78,527,171	13,173,849	1,574,883
Total Assets	**89,530,876**	**15,044,526**	**3,527,780**
DEFERRED OUTFLOW OF RESOURCES			
Pension Related	532,774	30,283	142,017
Unamortized Loss on Refunding	418,220	-	-
Total Deferred Outflow of Resources	**950,994**	**30,283**	**142,017**
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$ 1,412,623	$ 19,758	$ 146,475
Customer Deposits	488,181	-	-
Revenue Bonds Payable, Current Portion	2,380,584	-	-
Unearned Revenues - Other	239	-	-
Due to Other Funds	-	-	-
Compensated Absences, Current Portion	13,679	1,572	8,334
Total Current Liabilities	4,295,306	21,330	154,809

(Continued)

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Historic Preservation	Total Proprietary
$ -	$ 429,953	$ 88,665	$ 12,964,143
6,954	15,098	-	2,341,566
-	-	-	-
63,423	105,149	-	230,812
70,377	550,200	88,665	15,536,521
-	-	-	5,279,739
-	-	-	5,279,739
-	-	-	1,145,803
2,921,408	25,197,631	-	59,290,034
4,573,028	1,321,424	-	109,086,366
149,306	23,288	-	6,955,810
33,292	-	-	1,373,268
(3,648,603)	(8,174,906)	-	(67,459,249)
4,028,431	18,367,437	-	110,392,032
4,028,431	18,367,437	-	115,671,771
4,098,808	**18,917,637**	**88,665**	**131,208,292**
77,483	65,370	-	847,927
-	945,251	-	1,363,471
77,483	**1,010,621**	**-**	**2,211,398**
$ 49,752	$ 68,144	$ -	$ 1,696,752
-	-	-	488,181
163,764	474,694	-	3,019,042
-	-	-	239
19,748	-	-	19,748
3,681	7,405	-	34,671
236,945	550,243	-	5,258,633

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2015
(Continued)

	Utility	Stormwate Drainage	Solid Waste
LIABILITIES (continued)			
Non-Current Liabilities:			
Net Pension Liability	$ 2,455,101	$ 139,549	$ 654,437
Revenue Bonds Payable, Less Current Portion	17,036,617	-	-
Compensated Absences, Less Current Portion	324,399	32,250	111,038
Total Non-Current Liabilities	19,816,117	171,799	765,475
Total Liabilities	**24,111,423**	**193,129**	**920,284**
NET POSITION			
Invested in Capital Assets, Net of Related Debt	53,830,231	13,173,849	1,574,883
Restricted			
Renewal and Replacement	4,775,103	-	-
Other	504,636	-	-
Unrestricted	7,260,477	1,707,831	1,174,630
Total Net Position	**$ 66,370,447**	**$ 14,881,680**	**$ 2,749,513**

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Historic Preservation	Total Proprietary
$ 357,053	$ 301,234	$ -	$ 3,907,374
-	23,331,205	-	40,367,822
85,577	94,326	-	647,590
442,630	23,726,765	-	44,922,786
679,575	**24,277,008**	**-**	**50,181,419**
3,864,667	(5,438,462)	-	67,005,168
-	-	-	4,775,103
-	-	-	504,636
(367,951)	1,089,712	88,665	10,953,364
$ 3,496,716	**$ (4,348,750)**	**$ 88,665**	**$ 83,238,271**

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Utility	Stormwater Drainage	Solid Waste
OPERATING REVENUES			
User Charges	$ 11,822,169	$ -	$ 3,389,794
Fees	1,706,732	943,681	30,427
Rental	-	-	-
Other		-	-
Total Operating Revenues	**13,528,901**	**943,681**	**3,420,221**
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	3,642,234	189,701	1,037,194
Utilities	692,198	286	7,154
Supplies and Materials	688,013	4,125	163,795
Contractual Services	647,495	49,214	1,400,070
Repairs and Maintenance	861,465	43,290	278,310
Cost of Goods Sold	-	-	-
Other	134,598	55,254	22,189
Administrative Overhead Charges	1,895,020	115,649	380,212
Depreciation and Amortization	3,218,038	446,647	230,349
Total Operating Expenses	**11,779,061**	**904,166**	**3,519,273**
Operating Income (Loss)	**1,749,840**	**39,515**	**(99,052)**
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	77,563	5,872	8,598
Interest Expense and Fiscal Charges	(646,355)	-	-
Gain (Loss) on Sale of Capital Assets	-	-	(49,367)
Other	358,964	-	(157)
Total Non-Operating Revenues (Expenses)	**(209,828)**	**5,872**	**(40,926)**
Income Before Contributions and Transfers	**1,540,012**	**45,387**	**(139,978)**
Capital Contributions	3,137,223	52,394	-
Transfers In	1,173,349	87,263	15,000
Transfers (Out)	(1,863,592)	(252,482)	(183,027)
Change in Net Position	**3,986,992**	**(67,438)**	**(308,005)**
Net Position - Beginning, previously reported	**64,367,551**	**15,061,895**	**3,586,403**
Restatement	**(1,984,096)**	**(112,777)**	**(528,885)**
Net Position - Beginning, restated	**62,383,455**	**14,949,118**	**3,057,518**
Net Position - Ending	**$ 66,370,447**	**$ 14,881,680**	**$ 2,749,513**

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Historic Preservation	Total Proprietary
$ 2,459,489	$ 502,083	$ -	$ 18,173,535
-	3,150,313	-	5,831,153
41,462	53,936	-	95,398
32,242	-	-	32,242
2,533,193	**3,706,332**	**-**	**24,132,328**
612,223	651,243	-	6,132,595
109,231	117,347	-	926,216
19,779	35,504	-	911,216
2,914	156,884	-	2,256,577
60,184	81,792	-	1,325,041
1,016,061	257,336	-	1,273,397
129,176	58,240	-	399,457
70,178	71,305	-	2,532,364
204,690	961,786	-	5,061,510
2,224,436	**2,391,437**	**-**	**20,818,373**
308,757	**1,314,895**	**-**	**3,313,955**
390	2,729	83	95,235
(13,777)	(939,038)	-	(1,599,170)
-	-	-	(49,367)
-	164,276	-	523,083
(13,387)	**(772,033)**	**83**	**(1,030,219)**
295,370	**542,862**	**83**	**2,283,736**
7,658	-	-	3,197,275
27,031	499,897	88,582	1,891,122
(173,349)	(1,557,258)	-	(4,029,708)
156,710	**(514,499)**	**88,665**	**3,342,425**
3,628,559	**(3,590,808)**	**-**	**83,053,600**
(288,553)	**(243,443)**	**-**	**(3,157,754)**
3,340,006	**(3,834,251)**	**-**	**79,895,846**
$ 3,496,716	**$ (4,348,750)**	**$ 88,665**	**83,238,271**

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Utility	Stormwater Drainage	Solid Waste
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash Flows from Operating Activities:			
Received from Customers	$ 13,607,222	$ 1,474,905	$ 3,436,700
Payment to Suppliers for Goods and Services	(4,555,607)	(423,414)	(2,202,724)
Paid to Employees	(3,642,234)	(189,701)	(1,037,194)
Other revenues (expenses)	358,964	-	(157)
Net Cash Flows from Operating Activities	**5,768,345**	**861,790**	**196,625**
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Outstanding Bond Issues	(2,065,000)	-	-
Interest Paid on Outstanding Bond Issues	(776,569)	-	-
Acquisition and Construction of Capital Assets	(7,819,302)	(464,538)	(685,908)
Proceeds from sale of assets	-	-	45,000
Capital Contributions and Grants	3,137,223	52,394	-
Net Cash Flows from Capital and Related Financing Activities	**(7,523,648)**	**(412,144)**	**(640,908)**
Cash Flows from Investing Activities:			
Investment Income	77,563	5,872	8,598
Net Cash Flows from Investing Activities	**77,563**	**5,872**	**8,598**
Cash Flows from Non-Capital Financing Activities:			
Payments Under Interfund Loan Agreements	50,000	-	-
Transfers from Other Funds	1,173,349	87,263	15,000
Transfers (to) Other Funds	(1,863,592)	(252,482)	(183,027)
Net Cash Flows from Non-Capital Financing Activities	**(640,243)**	**(165,219)**	**(168,027)**
Net Change in Cash and Cash Equivalents	**(2,317,983)**	**290,299**	**(603,712)**
Cash and Cash Equivalents at Beginning of Year	**16,571,981**	**1,485,578**	**2,299,101**
Cash and Cash Equivalents at End of Year	**$ 14,253,998**	**$ 1,775,877**	**$ 1,695,389**

(Continued)

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Historic Preservation	Total Proprietary
$ 2,535,141	$ 3,695,849	$ -	$ 24,749,817
(1,393,617)	(744,307)	-	(9,319,669)
(612,223)	(651,243)	-	(6,132,595)
-	164,276	-	523,083
529,301	**2,464,575**	**-**	**9,820,636**
(152,539)	(409,629)	-	(2,627,168)
(11,006)	(934,191)	-	(1,721,766)
(6,932)	-	-	(8,976,680)
-	-	-	45,000
7,658	-	-	3,197,275
(162,819)	**(1,343,820)**	**-**	**(10,083,339)**
390	2,729	83	95,235
390	**2,729**	**83**	**95,235**
(247,693)	-	-	(197,693)
27,031	499,897	88,582	1,891,122
(173,349)	(1,557,258)	-	(4,029,708)
(394,011)	**(1,057,361)**	**88,582**	**(2,336,279)**
(27,139)	**66,123**	**88,665**	**(2,503,748)**
27,139	**363,830**	**-**	**20,747,629**
$ -	**$ 429,953**	**$ 88,665**	**$ 18,243,882**

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015
(Continued)

	Utility	Stormwater Drainage	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Income	**$ 1,749,840**	**$ 39,515**	**$ (99,052)**
Adjustments to Reconcile Net Operating Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization	3,218,038	446,647	230,349
Provision for Uncollectible Accounts	70,500	4,000	15,500
Other revenues (expenses)	358,964	-	(157)
Changes in Operating Assets and Liabilities:			
Accounts Receivable	15,198	531,224	16,479
Inventories	19,922	-	-
Deferred Outflow of Resources	(532,774)	(30,283)	(142,017)
Accounts Payable and Compensated Absences	334,529	(156,085)	49,971
Net Pension Liability	471,005	26,772	125,552
Deposits Payable	63,899	-	-
Deferred Revenues	(776)	-	-
Total Adjustments	**4,018,505**	**822,275**	**295,677**
Net Cash Flows from Operating Activities	**$ 5,768,345**	**$ 861,790**	**$ 196,625**

Non-Cash Transactions (transactions/amounts not included in the Statement of Cash Flows):

Amortization of unamortized bond refunding gain to interest expense of $162,596

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Historic Preservation	Total Proprietary
$ 308,757	**$ 1,314,895**	**$ -**	**$ 3,313,955**
204,690	961,786	-	5,061,510
-	-	-	90,000
-	164,276	-	523,083
			-
2,642	(10,483)	-	555,060
15,786	(8,993)	-	26,715
(77,483)	(65,370)	-	(847,927)
7,103	50,673	-	286,191
68,500	57,791	-	749,620
-	-	-	63,899
(694)	-	-	(1,470)
220,544	**1,149,680**	**-**	**6,506,681**
$ 529,301	**$ 2,464,575**	**$ -**	**$ 9,820,636**

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	Employee Retirement Funds
ASSETS	
Cash and Short-Term Investments	$ 2,338,625
Receivables:	
Interest and Dividends	106,733
Due from State	23,205
Total Receivables	129,938
Prepaid Expense	649
Investments, at Fair Value:	
U.S. Government Obligations Fund	1,845,921
U.S. Stock Fund	28,549,646
Mutual Fund - International Equity	7,565,538
Bond and Mortgage Fund	9,704,660
International Exchange Fund	959,508
Real Estate Fund	7,770,429
Total Investments	56,395,702
Total Assets	**58,864,914**
LIABILITIES	
Expenses Payable	86,364
Total Liabilities	**86,364**
NET POSITION	
Held in Trust for Pension Benefits and Other Purposes	**$ 58,778,550**

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2015

		Employee Retirement Funds
ADDITIONS		
Contributions:		
Members	$	648,457
City		2,546,465
State Insurance Premium Tax from General Fund		361,167
Total Contributions		3,556,089
Investment Income:		
Net Decrease in Fair Value of Investments		(637,603)
Interest and Dividends on Investments		1,677,099
Total Investment Income		1,039,496
Less Investment Expenses		342,231
Net Income from Investing Activities		697,265
Total Additions		**4,253,354**
DEDUCTIONS		
Benefit Payments		3,358,402
Termination Payments		420,516
Administrative Expenses		117,128
Total Deductions		**3,896,046**
Change in Net Position		**357,308**
Net Position - Beginning		**58,421,242**
NET POSITION - ENDING	**$**	**58,778,550**

See accompanying notes to basic financial statements

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of St. Augustine, Florida (the City), was established in 1925, by Special Legislative Act 11148 of the Florida Legislature. The City operates under a commission-manager form of government and provides the following services as authorized by its charter: General Government, Public Safety, Public Works, Public Utilities, Culture, Recreation, and Community Development.

The accounting and reporting policies of the City relating to the funds included in the Basic Financial Statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principals prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governments* and by the Financial Accounting Standards Board (when applicable).

A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of St. Augustine, Florida, and its fiduciary funds. The fiduciary funds discussed here are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The City currently has separate and distinct defined benefit pension plans for the City's general employees, police officers and firefighters. These plans are legally separate from the City and are governed by board members who are both elected by their peers and appointed by the City Commission. For financial reporting purposes, these plans are reported as if they were part of the City's operations as the sole purpose of the plans are to provide retirement benefits for the City's employees. These plans have separately issued financial statements that can be obtained through the City Clerk's office.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following governmental fund level statements. The reconciliation briefly explains the adjustments necessary to convert the fund level statements into the government-wide governmental column presentations.

The City reports the following funds:

Major Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund and Special Revenue Fund have legally adopted annual budgets. The following are the City's major governmental funds:

a. General Fund
The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Resources are generated primarily from local property and utility services taxes, franchises, licenses, permits and fees, intergovernmental revenues and charges for services. Expenditures are incurred to provide public safety, general government, public works, parks and recreation services.

b. Special Revenue Fund
The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Special Revenue Fund used by the City is the St. Augustine Community Redevelopment Agency. This fund was established by ordinance in 2000 to assist the City in redeveloping the Historic Area Community Redevelopment Area (HACRA), a blighted transportation and parking geographical area principally located in the historic downtown area. The Lincolnville Community Redevelopment Area (LCRA) was established in 2013. This primary focus of the CRA is maintaining Lincolnville's residential character.

c. Capital Project Fund
The Capital Project Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The principal sources of revenue are bond issue proceeds and transfers from the General Fund.

d. Debt Service Fund
The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of the governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

e. Permanent Fund
The Permanent Fund includes the Anderson Trust Fund, Woodman Trust Fund, and Sanchez House Trust Fund and accounts for assets held by the City as a trustee for individuals.

Major Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. Proprietary funds used by the City are:

a. Utility Fund
The Utility Fund accounts for the operation, maintenance and construction of the City-owned water and sewer system.

b. Stormwater Drainage Fund
The Stormwater Drainage Fund accounts for the operation, maintenance and construction of the City-owned stormwater drainage system.

c. Solid Waste Fund
The Solid Waste Fund accounts for the operation and maintenance of the City-owned solid waste pick-up and disposal service.

d. Municipal Marina Fund
The Marina Fund accounts for operations and maintenance of the City-owned Municipal Marina facilities.

e. Visitor Information Center Fund
The Visitor Information Center Fund accounts for the operations and maintenance of the City-owned Visitor Information Center and Historic Downtown Parking Facility.

f. Historic Preservation Fund
The Historic Preservation Fund accounts for funds set aside for specific projects that will preserve the City's historical resources.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City as a trustee or agent. Fiduciary Funds used by the City are:

a. General Employees' Retirement System
The General Employees' Retirement System accounts for the contributions of the general employees and the City, along with the benefits paid to the retired participants of the plan.

b. Police Officers' Retirement System
The Police Officers' Retirement System accounts for the contributions of the police officer employees, the City and the State of Florida, along with the benefits paid to the retired participants of the plan.

c. Fire Fighters' Retirement System
The Fire Fighters' Retirement System accounts for the contributions of the firefighter employees, the City and the State of Florida, along with benefits paid to the retired participants of the plan.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administration overhead charges between the general fund and the funds benefited. Elimination of these charges would distort the direct costs for the various functions concerned.

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

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

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

The budget is prepared on a GAAP basis. The legal level of control for budget variations is at the fund level. However, actual spending can exceed the appropriated amount of the fund to the extent revenues exceed the fund's adopted budget.

D. Cash and Cash Equivalents

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested with the State Board of Administration (SBA) Pool and two fully collateralized investment accounts with qualified public depositories. All of these investments are considered cash equivalents due to their liquidity and similarity to cash.

E. Investments

Investments within the Pension Trust Funds are made through financial brokers and are held by trustees. These assets are stated at fair value as determined in an active market.

F. **Receivables and Allowance for Uncollectible Accounts**

All receivables are reported at gross value and, where appropriate, are reduced by the portion that is expected to be uncollectible. Estimated unbilled revenues from the Utility, Stormwater and Solid Waste Funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the year. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are classified as "due to/due from other funds".

G. Inventories

Inventories held by the General Fund are valued at cost using the first-in/first-out (FIFO) method. Because the consumption method is used, the inventory items are recorded as expenditures at the time they are withdrawn from central stores. The inventory value has been recorded as an asset, offset by a reserve in an equal amount. Inventories in the Proprietary Funds are valued at the lower of cost (using FIFO method) or market. Inventories of these funds are expensed as used.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used for these items.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Restricted Assets

These assets consist of cash restricted for debt service, construction, renewal and replacement, and customer deposits (See Note 2).

J. Capital Assets

Capital outlays are recorded as expenditures in the Governmental Fund Financial Statements, and as assets in the Government-wide Financial Statements to the extent the City's capitalization threshold of $5,000 is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized. Infrastructure consists primarily of streets, curbs and sidewalks. Depreciation is recorded on general capital assets (except for land and construction in progress) on a government-wide basis using the straight-line method over the following estimated useful lives:

Buildings	30 years
Furniture and Other Equipment	3-20 years
Infrastructure	20-50 years

To the extent the City's capitalization threshold of $5,000 is met, capital outlays of the Proprietary Funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis using the following estimated useful lives:

Buildings	10-50 years
Furniture and Other Equipment	2-10 years
Infrastructure & Improvements	10-40 years

All capital assets were valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations in the government-wide financial statements.

K. Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities.

L. Compensated Absences

Annual vacation leave is accumulated in the following manner:

General, Municipal & Police Employees:	80 hours per year with 5 years or less, 88 hours with 6 years, 96 hours with 7 years, 104 hours with 8 years, 112 hours with 9 years, 120 hours with 10 to 15 years, 128 hours with 16 years, 136 hours with 17 years, 144 hours with 18 years, 152 hours with 19 years, maximum per employee is 160 hours with 20 or more years of service.

Fire Department Employees:	120 hours per year with 5 years of less, 156 hours with 6 years, 165 hours with 7 years, 174 hours with 8 years, 183 hours with 9 years, 192 hours with 10 to 15 years, 216 hours with 16 years, 228 hours with 17 years, 241 hours with 18 years, maximum per employee is 252 hours with 20 or more years of service.

Sick leave is available to be paid at termination, retirement, or resignation as follows:

General and Municipal Employees:	80 hours per year, no maximum
Police Department Employees:	80 hours per year, no maximum
Fire Department Employees:	112 hours per year, no maximum

The City has accrued for sick and vacation leave earned but unused at year end. This accrual was based on unused sick and vacation hours available to employees as maintained by the City's payroll system and as multiplied by each eligible employees individual hourly pay rate. Liquidation of the accrued sick and vacation leave has historically come from the general fund.

M. Other Post-Employment Benefits (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The City currently provides these benefits in accordance with the vesting and retirement requirements for its employees.

The City is financing the post employee benefits on a pay-as-you-go basis. As determined by an actuarial evaluation, the City records a net OPEB obligation in its government-wide financial statements related to the implicit and explicit subsidy. See Note 10 for further information.

N. Long-Term Obigations

In the government-wide financial statements, governmental long-term debt and other governmental long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Assets. Long-term debt and other long-term obligations of the proprietary funds are reported as liabilities in the business-type activities column of the Statement of Net Assets and the appropriate proprietary fund in the fund level statements.

O. Unearned Revenue

Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from pension plan net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. Unamortized Bond Premium (Discount)

Unamortized bond premium (discount) represent the amount received above or below par on various bond issues. These costs are being amortized over the life of the respective bond issues using the straight-line method, which is comparable to the effective interest method. Unamortized costs at September 30, 2015 are as follows:

	Original Cost	Accumulated Amortization	Unamortized Costs
Beginning of year	$ 3,281,354	$ (376,489)	$ 2,904,865
Current year addtions	-	(231,192)	(231,192)
End of year	$ 3,281,354	$ (607,681)	$ 2,673,673

P. Fund Balance Classifications

In fiscal year 2011, the City Commission implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* by adopting a fund balance policy. GASB No. 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints place on a government's fund balances more transparent. This policy establishes the Commission as the body authorized to assign amounts to these categories. The following classifications describe the relative strength of the spending constraints.

Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory and pre-paid items) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the City itself by Commission approval. To be reported as committed, amounts cannot be used for any purpose unless there is Commission approval to remove or change the constraint.

Assigned Fund Balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates authority.

Unassigned Fund Balance – amounts that are available for any purpose.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any governmental fund, it is the City's practice to used committed resources first, then assigned, and then unassigned as needed.

In 2013, the City Commission adopted a Resolution establishing a stabilization arrangement. This Resolution is in compliance with the Governmental Accounting Standards Board's issued Statement No. 54, *Fund Balance Report and Governmental Fund Type Definitions.* It establishes a minimum Committed Fund Balance in the General Fund Reserve in an amount equal to no less than 33.33% percent (four months') of the City's budgeted general operating revenues as the emergency reserve level. For FY 2015, this emergency reserve level is $6,944,580 and is presented as part of the Committed Fund Balance total of $7,305,641.

Q. Revenue Recognition – Property Taxes

Property tax revenue is recognized when it becomes available and measurable. Property taxes, under Florida law, are levied on November 1 by the County Tax Appraiser and collected by the County Tax Collector and become a lien on the property on November 1.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The law allows a four percent discount if paid in November, a three percent discount if paid in December, a two percent discount if paid in January, and a one percent discount if paid in February. Taxes become delinquent on April 1 of each year. Delinquent real estate taxes are advertised during the month of May. Tax certificates are sold on May 30, at a public sale, against property on which the current taxes have not been paid. If not redeemed within two years, the property will be subject to an application for tax deed.

In accordance with National Council on Governmental Accounting (NCGA) Interpretation 3, property taxes that are measurable but not available are reported as deferred revenue. The deferred revenues are recognized in the fiscal year in which they become available. The City had no taxes subject to this deferral at year-end.

R. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. The General Fund provides administrative services and incurs overhead costs relating to the Proprietary Funds an administrative overhead charge, which is included in direct expenses.

S. New Accounting Pronouncements

During the year, the City implemented GASB 68, *Accounting and Financial Reporting for Pensions.* GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflow of resources, and expense/expenditures related to the City's pension plans. For defined benefit pension plans, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their present value, and attribute that present value to periods of employee service. GASB 68 also addresses note disclosures and required supplementary information.

As a result of the implementation of this statement, beginning Net Position was reduced by $9,649,080.

Components of the restatement consist of the following:

Net Pension Liability	$9,360,575
Deferred Inflows—Difference between projected And actual earnings on investments	288,505
Total Restatement of Net Position	$9,649,080

NOTE 2. DEPOSITS AND INVESTMENTS:

A. Cash and Cash Equivalents

The City maintains a cash and investment pool that is designed for use by all funds. For the purposes of cash flows, the City considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. In addition, investments are separately held and accounted for by several of the City's funds where contractual agreements and bond covenants provide for and require such arrangements.

At September 30, 2015, the carrying amount of cash on hand was $1,326,520 and the related bank balance was $1,717,358. Monies, which are placed on deposit with financial institutions in the form of demand deposit accounts, are defined as Public Deposits and as such are secured as provided for in Chapter 280, Florida Statutes. Financial institutions, which meet the requirements for this chapter, can be designated as qualified public depositories eligible to receive Public Deposits. This chapter also created the Public Deposit Security Trust Fund to facilitate the recovery of administrative penalties resulting from the default or insolvency of any qualified Public Depository and the subsequent payment of any losses to Public Depositors. When Public Deposits are made in accordance with this statute, no Public Depositor shall be liable for any loss thereof. Thus, all deposits at year-end are insured or collateralized with securities pursuant to Chapter 280, Florida Statutes.

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

State Statutes govern the City's investment policies. The basic allowable investment instruments include the Local Government Surplus Funds Trust Fund (State Board); Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating; interest-bearing time deposits or savings accounts in qualified public depositories; direct obligations of the United States Treasury; Federal agencies and instrumentalities; other investments authorized by law or ordinance for a county or municipality.

The State Board consists of the Local Government Surplus Trust Fund (Florida PRIME). The Florida PRIME is currently considered a SEC 2a7-like fund, thus the account balance should also be considered the fair value of the investment. Florida PRIME is rated by Standard & Poor's and currently has a rating of AAAm. The Florida PRIME balance of $21,068,303 had a weighted average of 81.5 days to maturity as of September 30, 2015. A government money market account with a qualified public depository was established by the City in 2008. This account is fully collateralized and held a balance of $51,362 as of September 30, 2015. A second account with a qualified public depository was established by the City in 2009. This account is fully collateralized and held a balance of $4,041,979 as of September 30, 2015.

B. Investments – General Employees' Retirement System

Interest Rate Risk

The General Employees' Retirement System Investment Policy limits interest rate risk by limiting the fixed-income portfolio duration to less than 135% of the market index duration, including investments in government issues, corporate bonds with an average rating of A or higher and/or Government National Mortgage Association pooled obligations. There may be exceptional circumstances indicating the use of longer maturities, but these exceptions should be few. As of September 30, 2015, the General Employees' Retirement System had the following fixed income investments and maturities:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**Between 1 and 5**	**Between 6 and 10**	**More Than 10**
U.S. Government Obligations	$ 409,331	$ -	$ 99,953	$ 168,086	$ 141,292
Mortgage Backed Securities	1,351,587	-	-	506,799	844,788
Corporate & Foreign Bonds	2,348,812	105,570	868,559	492,353	882,330
Municipal Obligations	432,205	111,668	229,594	90,943	-
Mutual Funds	620,185	620,185	-	-	-
	$ 5,162,120	$ 837,423	$ 1,198,106	$ 1,258,181	$ 1,868,410

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan's investment policy.

Foreign Currency

Investment in Foreign Securities is allowed under the investment plan; however, not more than twenty-five percent of the total fund market value may be invested in foreign securities.

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

C. Investments – Police Officers' Retirement System

Interest Rate Risk

The Police Officers' Retirement System Investment Policy limits fixed income securities to 135% of the duration of the market index, including investments in government issues, corporate bonds having an average quality rating of A or higher and/or securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. There may be exceptional circumstances indicating the use of longer maturities, but these exceptions should be few. As of September 30, 2015, the Police Officers' Retirement System had the following investments and maturities:

		Investment Maturities (in Years)			
	Fair	Less	Between	Between	More
Investment Type	**Value**	Than 1	1 and 5	6 and 10	Than 10
Mutual Funds	$ 5,960,367	$ 5,960,367	$ -	$ -	$ -
Other	103,083	103,083	-	-	-
Common Equity Securities	6,360,350	6,360,350	-	-	-
Real Estate	2,618,882	-	-	-	2,618,882
	$ 15,042,682	$ 12,423,800	$ -	$ -	$ 2,618,882

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan's investment policy.

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan's investment guidelines limit its fixed income investments to a quality of "A" or equivalent as rated by Moody's or by Standard & Poor's board rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Foreign Currency

Investment in foreign securities is allowed under the investment plan; however, not more than twenty-five percent of the total fund market value may be invested in foreign securities.

D. Investments – Fire Fighters' Retirement System

Interest Rate Risk

The Fire Fighters' Retirement System Investment Policy limits all investments in corporate fixed income securities to those that hold a rating of investment grade or higher. There is no limit imposed on investment in fixed income securities issued directly by the U.S. Government. The Plan limits the effective duration of its investment portfolio through the adoption of the Merrill Lynch Government/Corporate Bond Index bench mark. It is expected that the average duration of the total fixed income portfolio will not exceed 150% of the duration of the Index. As of September 30, 2015, the Fire Fighters' Retirement System held the following fixed income investments:

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

Investment Type	% of Fund	Fair Value	Rating	Effective Duration
US Government Agencies	29.7%	$ 1,370,751	AA	10.0-15.0
Corporate Bonds	52.0%	2,399,041	A	11.0
Internationial fixed income investment fund	7.3%	337,792	BBB-A	2.0-5.0
Temporary Investment Funds	11.0%	508,788	AAA	Daily
	100%	$ 4,616,372		

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan's investment policy.

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan's investment guidelines limit its fixed income investments to a quality of "A" or equivalent as rated by Moody's or by Standard & Poor's board rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Foreign Currency Risk

Investment in foreign securities is allowed under the plan; however, no more than twenty-five percent of the plan's total assets may be invested in foreign securities.

NOTE 3. ACCOUNTS RECEIVABLE:

Receivables at September 30, 2015, consist of the following:

	Governmental Activities			
	General	Capital Projects	Business-Type Activities	Total
Utility Taxes	$ 235,121	$ -	$ -	$ 235,121
Accounts	417,908	-	2,405,819	2,823,727
Intergovernmental	1,080,869	413,024	25,747	1,519,640
Gross Receivables	1,733,898	413,024	2,431,566	4,578,488
Less: Allowance for Uncollectibles	-	-	90,000	90,000
Total Receivables	$ 1,733,898	$ 413,024	$ 2,341,566	$ 4,488,488

NOTE 4. CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2015:

Governmental Activities

	Balance 10/1/2014	Increases	Decreases	Balance 9/30/2015
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 5,958,730	$ 1,490,712	$ 307,016	$ 7,142,426
Construction in Progress	1,979,004	119,718	1,979,004	119,718
Total Capital Assets Not Being Deprecitated	7,937,734	1,610,430	2,286,020	7,262,144
Other Capital Assets:				
Buildings	18,892,881	1,556,251	-	20,449,132
Infrastructure	16,526,758	3,757,681	-	20,284,439
Furniture and Other Equipment	7,330,121	378,748	45,210	7,663,659
Total Other	42,749,760	5,692,680	45,210	48,397,230
Less Accumulated Depreciation For:				
Buildings	9,898,942	475,037	-	10,373,979
Infrastructure	7,352,236	484,660	-	7,836,896
Furniture and Other Equipment	6,258,449	442,654	40,317	6,660,786
Total Accumulated Depreciation	23,509,627	1,402,351	40,317	24,871,661
Other Capital Assets, Net	19,240,133	4,290,329	4,893	23,525,569
TOTALS	$ 27,177,867	$ 5,900,759	$ 2,290,913	$ 30,787,713

Construction in progress is composed of the following at September 30, 2015:

Water Works Building Rehab	$ 109,814
SeaWall Connectivity	8,565
Lighthouse Boat Ramp	1,339
Total	$ 119,718

Depreciation was allocated to Governmental Activities as follows:

General Government	$ 1,265,972
Public Safety	27,675
Physical Environment	106,494
Transportation	2,210
Culture & Recreation	-
Total	$ 1,402,351

NOTE 4. CAPITAL ASSETS: (Continued)

Business-Type Activities

	Balance 10/1/2014	Increases	Decreases	Balance 9/30/2015
Capital Assets Not Being Depreciated:				
Land and Land Improvements	$ 1,145,803	$ -	$ -	$ 1,145,803
Construction in Progress	7,032,553	921,910	6,581,195	1,373,268
Total Capital Assets Not Being Depreciated	8,178,356	921,910	6,581,195	2,519,071
Other Capital Assets:				
Buildings	60,107,020	-	-	60,107,020
Infrastructure	95,275,481	13,810,885	-	109,086,366
Furniture and Other Equipment	6,602,696	825,081	471,969	6,955,808
Total Other	161,985,197	14,635,966	471,969	176,149,194
Less Accumulated Depreciation For:				
Buildings	24,789,801	1,438,381	-	26,228,182
Infrastructure	33,987,334	3,232,989	-	37,220,323
Furniture and Other Equipment	4,815,189	390,140	377,601	4,827,728
Total Accumulated Depreciation	63,592,324	5,061,510	377,601	68,276,233
Other Capital Assets, Net	98,392,873	9,574,456	94,368	107,872,961
TOTALS	$ 106,571,229	$10,496,366	$ 6,675,563	$ 110,392,032

Depreciation was allocated to Business-Type Activities as follows:

Utility Fund	$ 3,218,038
Stormwater Drainage Fund	446,647
Solid Waste Fund	230,349
Municipal Marina Fund	204,690
Visitor Information Center	961,786
Total	$ 5,061,510

NOTE 4. CAPITAL ASSETS: (Continued)

Construction in progress is composed of the following at September 30, 2015:

Holmes Blvd Water Main	$ 20,190
Magnolia Water Main Improvements	637,599
LRPO Concentrate Disposal Permitting	328,847
San Marco Water Main	26,717
WWTP BTU #2	26,372
Pump Stations 50, 51	23,696
North City Watermain	264,380
Sidney Street Outfall Improvements	12,174
Seawall Connectivity	33,293
Total	$ 1,373,268

NOTE 5. RISK MANAGEMENT, LITIGATION AND COMMITMENTS:

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. A small portion of the risk is covered by commercial insurance. The majority of this risk (Workers Compensation, Property and Liability) is covered through the Florida Municipal Insurance Trust (the "Trust"). The City pays an annual premium to the Trust for its coverage. The premiums are designed to fund the liability risk assumed by the Trust and are based on certain actual exposures and appropriate classifications of each member. The coverage provided for Workers Compensation is $1,000,000 for each occurrence. Coverage provided for Property and Liability is $100,000 for each person and $200,000 for each occurrence. The City also has Specific Excess Coverage of $1,000,000 through the Trust. There were no claims paid that exceeded coverage in the past three fiscal years. Employee medical benefits are covered by commercial insurance.

The City Attorney estimates that the amount of any actual or potential claims against the City as of September 30, 2015, will not materially affect the financial condition of the City. Therefore, the financial statements contain no provision for estimated claims. The City has received notice pursuant to the requirements of the J. Bert Harris Private Property Rights Protection Act of a claim for damages exceeding $3,400,000.00 allegedly arising out of the denial by the City Commission of approval for demolition of structures designated as historically significant. The City satisfied the requirements of the Harris Act by responding to that claim with a bona fide offer of settlement and a ripeness decision. The City denied the claim and expressly denied the damages asserted. The owners filed suit in pursuit of this claim. The presiding judge entered judgment in favor of the City, holding that the plaintiffs failed to pursue this claim in a timely manner. The owners appealed this judgment, and the appellate court reversed the trial court and entered an order retreating from their previous decision and finding the owners' claim and lawsuit timely, returning the case to circuit court. No trial date is set. The City Attorney's Office has engaged the law firm of Marks Gray, P.A. in defense of the claim and intends to defend the action vigorously.

At September 30, 2015, the City had outstanding commitments of approximately $2,014,500 relating to construction contracts.

NOTE 6. LONG-TERM DEBT:

Governmental Funds

Capital Improvement and Refunding Revenue Bonds, Series 2004:

On October 14, 2004, the City issued Capital Improvement and Refunding Revenue Bonds totaling $22,155,000 to refund the 1995 Series Revenue Bonds and construct a parking garage and other capital improvements for the City. The Series 2004 Bonds and the interest thereon are secured by and payable solely from (1) Non-Ad Valorem Revenues budgeted and appropriated by the City in accordance with the Resolution and deposited into the Debt Service Fund, and (2) until applied in accordance with the provisions of the Resolution, all monies, including the investments thereof, in the funds and accounts established under the Resolution, with the exception of the Rebate Fund (collectively the "Pledged Funds"). Pursuant to the Resolution, the City covenants and agrees to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2004 Bonds and to make certain other payments required under the Resolution in each such Fiscal Year. Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues until such funds are deposited in the Debt Service Fund, nor does it preclude the City from pledging in the future or covenanting to budget and appropriate in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the holders of the Series 2004 Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. The City does not covenant to maintain any services or programs not maintained or provided by the City including those which generate Non-Ad Valorem Revenues. The Resolution defines Non-Ad Valorem Revenues as all legally available non-ad valorem revenues of the City, which are legally available to make the payments required by the Resolution, but only after provision has been made by the City for payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the City or which are legally mandated by applicable law. This issuance results in a $240,599 difference in cash flow requirements with present value economic gain of $183,406.

In 2013, the Series 2013 Bonds were issued, in part, to advance refund a portion of the outstanding principal amount of the City's Capital Improvement Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034.

Payment of maturing principal and interest (2.0 percent to 5.0 percent) on these bonds is provided for in the Debt Service Fund. Principal payments are due annually on October 1, and interest payments are due semi-annually on April 1 and October 1. The annual requirement to amortize bonded debt outstanding as of September 30, 2015 is as follows:

Bond Year Ended October 1	Capital Improvements & Current Refunding Series 2004 Principal	Capital Improvements & Current Refunding Series 2004 Interest
2016	$ 373	$ 520
2017	-	506
2018	-	506
2019	-	506
2020	-	506
2021-2030	11,274	5,060
	$ 11,647	$ 7,604

Capital Improvement Refunding Revenue Bonds, Series 2011B:

On December 28, 2011, the City issued Capital Improvement Refunding Revenue Bonds totaling $10,440,000. The Bonds are being issued for the purpose of (i) currently refunding all of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 2001, and (ii) paying certain costs of issuance incurred with respect thereto, including the premium for a Municipal Bond Insurance Policy. The proceeds of the Refunded Bonds were used to finance (i) the current refunding of the City's outstanding Public Service Tax

NOTE 6: LONG TERM DEBT (continued):

and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 1992, (ii) the acquisition, relocation, construction and/or equipping of a parking garage, a fire station and related facilities on different sites of the City and other capital projects of the City, (iii) the capitalization of interest on a portion of the Refunding Bonds, (iv) the purchase of a surety bond to fund the Reserve Account relating to the Refunded Bonds, and (v) the cost of issuance with respect to the Refunded Bonds. This issuance results in an $814,718 difference in cash flow requirements with a present value economic gain of $574,623.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2015 is as follows:

Bond Year Ended October 1	Capital Improvement Refunding Revenue Bonds Series 2011B Principal	Interest
2016	$ 408,729	$ 194,491
2017	294,263	186,356
2018	300,951	180,470
2019	310,982	173,323
2020	314,326	165,548
2021-2025	1,748,857	661,602
2026-2030	2,130,060	284,453
	$ 5,508,168	$ 1,846,243

Capital Improvement Revenue Bonds, Series 2011:

On April 5, 2011, the City issued Capital Improvement Revenue Bonds, Series 2011, totaling $16,215,000 for the purpose of (i) financing the acquisition, construction and equipping a portion of the costs of various capital projects located within the City, including without limitation, water and sewer capital projects, stormwater capital projects, transportation capital projects, municipal marina improvements and other municipal capital projects on file with the City and (ii) paying certain costs of issuance incurred with respect thereto.

The interest rate on this bond is 5.75% and the maturity date is October 1, 2041.

Interest payments are due semi-annually on April 1 and October 1. Principal payments will not be made until 2035 at which time principal of $16,125,000 will be paid down over seven years:

Bond Year Ended October 1	Capital Improvement Revenue Bonds Series 2011 Principal	Interest
2016	$ -	$ 932,363
2017	-	932,363
2018	-	932,363
2019	-	932,363
2020		932,363
2021-2025	-	4,661,813
2026-2030	-	4,661,813
2031-2035	1,945,000	4,661,813
2036-2040	11,545,000	2,849,126
2041	2,725,000	156,688
	$ 16,215,000	$ 21,653,068

NOTE 6. LONG-TERM DEBT: (Continued)

Capital Improvement and Refunding Revenue Bonds, Series 2013:

On February 15, 2013, the City issued Capital Improvement and Refunding Revenue Bonds totaling $20,645,000 to advance refund a portion of the outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034; and to finance the acquisition, construction and equipping of a portion of the cost of various capital improvement projects located within the City, including without limitation, the Historic Downtown Parking Facility and other municipal capital improvement projects to City facilities and infrastructure on file with the City; and to pay the costs of issuing the Series 2013 Bonds. This issuance results in a $1,377,123 difference in cash flow requirements with a present value economic gain of $1,078,678.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2015 is as follows:

Bond Year Ended October 1	Capital Improvement Refunding Revenue Bonds, Series 2013 Principal	Interest
2016	$ 3,836	$ 76,972
2017	6,287	76,857
2018	6,447	76,668
2019	7,406	76,475
2020	7,619	76,253
2021-2025	41,721	377,614
2026-2030	39,481	369,122
2031-2035	252,880	354,831
2036-2040	982,500	208,311
2041	225,000	11,250
	$ 1,573,177	$ 1,704,353

Enterprise Funds

Water and Sewer Revenue Refunding Bonds, Series 2005:

On July 7, 2005, the City issued Water and Sewer Revenue Refunding Bonds, Series 2005, totaling $21,435,000 for the purpose of providing funds, together with other legally available funds of the City, to (i) refund the City's $4,245,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1996, $11,260,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1995A, $365,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1995B and $4,240,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1999 (the "1999 Bonds" and together with the bonds other than the 2005 Bonds described in this sentence, collectively, the "Refunded Bonds"), (ii) finance and reimburse the cost of certain capital improvements to the System and to pay the cost of issuance of the 2005 Bonds. This issuance results in a $2,562,543 difference in cash flow requirements with a present value economic gain of $1,068,491.

Proceeds will be used to finance and reimburse the cost of certain capital improvements to the System including, upgrading the waste water treatment facility and water treatment plant expansion. Payment of maturing principal and interest (3.00 percent to 5.00 percent) on these bonds is provided for in the Debt Service Fund.

Principal payments are due annually on October 1, and interest payments are due semi-annually on April 1 and October 1. The annual requirement to amortize bonded debt outstanding as of September 30, 2015 is as follows:

NOTE 6. LONG-TERM DEBT: (Continued)

Bond Year Ended October 1	Water & Sewer Fund Revenue Bonds, Series 2005 Principal	Interest
2016	$ 615,000	$ 201,050
2017	650,000	170,300
2018	675,000	137,800
2019	705,000	110,800
2020	-	82,600
2021	2,065,000	82,600
	$ 4,710,000	$ 785,150

Capital Improvement Refunding Revenue Bonds, Series 2011B:

On December 28, 2011, the City issued Capital Improvement Refunding Revenue Bonds totaling $10,440,000. The Bonds are being issued for the purpose of (i) currently refunding all of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 2001, and (ii) paying certain costs of issuance incurred with respect thereto, including the premium for a Municipal Bond Insurance Policy. The proceeds of the Refunded Bonds were used to finance (i) the current refunding of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 1992, (ii) the acquisition, relocation, construction and/or equipping of a parking garage, a fire station and related facilities on different sites of the City and other capital projects of the City, (iii) the capitalization of interest on a portion of the Refunding Bonds, (iv) the purchase of a surety bond to fund the Reserve Account relating to the Refunded Bonds, and (v) the cost of issuance with respect to the Refunded Bonds. This issuance results in an $814,718 difference in cash flow requirements with a present value economic gain of $574,623.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2015 is as follows:

Bond Year Ended October 1	Municipal Marina Capital Improvement Refunding Revenue Bonds, Series 2011B Principal	Interest
2016	$ 168,613	$ 5,953
	$ 168,613	$ 5,953

Bond Year Ended October 1	Visitor Information Center Capital Improvement Refunding Revenue Bonds, Series 2011B Principal	Interest
2016	$ 37,656	$ 90,506
2017	145,737	92,295
2018	149,049	89,380
2019	154,018	85,840
2020	155,674	81,989
2021-2025	866,143	327,667
2026-2030	1,054,940	140,878
	$ 2,563,217	$ 908,555

Water and Sewer Revenue Refunding Bonds, Series 2012:

On December 11, 2012, the City issued Water and Sewer Revenue Refunding Bonds, Series 2012 totaling $15,930,000, to advance refund a portion of the outstanding principal amount of the City's Water and Sewer Revenue Bonds, Series 2003 maturing on October 1, 2013 and all of the outstanding principal amount maturing on and after October 1, 2014; to finance the costs of certain capital improvements to the City's Water and Sewer System, including without limitation water main and pipeline replacements ($4,530,000); to pay Assured Guaranty Municipal Corp. a premium for insuring the 2012 Bonds; to purchase for deposit to the Reserve Account, a Reserve Fund Surety Bond issued by Assured securing the 2012 Bonds and certain other bonds issued on a parity with the 2012 Bonds; and to pay the costs of issuing the 2012 Bonds. This issuance results in a $1,672,283 difference in cash flow requirements with a present value economic gain of $1,522,648.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2015 is as follows:

Bond Year Ended October 1	Water and Sewer Fund Capital Appreciation Bonds, Series 2012 Principal	Interest
2016	$ 1,535,000	$ 486,275
2017	1,595,000	424,875
2018	1,620,000	400,950
2019	1,650,000	368,550
2020	2,455,000	302,550
2021-2023	4,185,000	483,600
	$ 13,040,000	$ 2,466,800

Capital Improvement and Refunding Revenue Bonds, Series 2013:

On February 15, 2013, the City issued Capital Improvement and Refunding Revenue Bonds totaling $20,645,000 to advance refund a portion of the outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034; and to finance the acquisition, construction and equipping of a portion of the cost of various capital improvement projects located within the City, including without limitation, the Historic Downtown Parking Facility and other municipal capital improvement projects to City facilities and infrastructure on file with the City; and to pay the costs of issuing the Series 2013 Bonds. This issuance results in a $1,377,123 difference in cash flow requirements with a present value economic gain of $1,078,678.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2015 is as follows:

Bond Year Ended	Capital Improvement Refunding Revenue Bonds, Series 2013	
October 1	Principal	Interest
2016	$ 356,164	$ 780,528
2017	583,713	769,843
2018	598,553	752,332
2019	687,594	734,375
2020	707,381	713,747
2021-2025	3,873,281	3,229,886
2026-2030	3,665,519	2,441,578
2031-2035	7,867,120	1,114,669
2036-2040	327,500	69,439
2041	75,000	3,750
	$ 18,741,825	$ 10,610,147

<u>Capital Improvement and Refunding Revenue Bonds, Series 2004:</u>

On October 14, 2004, the City Issued Capital Improvement and Refunding Revenue Bonds totaling $22,155,000 to refund the 1995 Series Revenue Bonds and construct a parking garage and other capital improvements for the City. Payment of maturing principal and interest (2.00 percent to 5.00 percent) on these bonds is provided for in the Debt Service Fund.

In 2013, the Series 2013 Bonds were issued, in part, to advance refund a portion of the outstanding principal amount of the City's Capital Improvement Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034.

Principal payments are due annually on October 1, and interest payments are due semi-annually on April 1 and October 1. The annual requirement to amortize bonded debt outstanding as of September 30, 2015, is as follows:

Bond Year Ended	Visitor Information Center Capital Improvement & Revenue Refunding Bonds, Series 2004	
October 1	Principal	Interest
2016	$ 34,627	$ 48,268
2017	-	46,969
2018	-	46,969
2019	-	46,969
2020	-	46,969
2021-2025	-	234,845
2025-2030	1,043,759	234,845
	$ 1,078,386	$ 705,834

NOTE 6. LONG-TERM DEBT: (Continued)

On September 1, 2013, the City entered into a lease purchase agreement for the purchase of a new pumper fire truck from Ferrara Fire Apparatus, Inc. The City made a down payment of $75,000 and financed the remaining $215,000 over five years.

Principal and interest payments are due annually on November 1. The annual requirement as of September 30, 2015, is as follows:

Agreement Year Ended October 1	Fire Truck Lease Purchase Agreement Principal	Interest
2016	$ 42,035	$ 4,709
2017	43,166	3,578
2018	44,327	2,417
2019	45,519	1,224
	$ 175,046	$ 11,928

NOTE 7. CHANGES IN LONG-TERM DEBT:

During the year ended September 30, 2015 the following changes occurred in the City's long-term obligations:

Primary Government
Governmental Activities

	Balance 10/1/2014	Increases	Decreases	Balance 9/30/2015	Current Portion
General Long-Term Debt & Obligations					
Capital Improvement and Refunding Revenue Bonds	$ 23,710,792	$ -	$ 402,800	$ 23,307,992	$ 412,938
Unamortized (Premium) Discount	(454,022)		(42,872)	(411,150)	(42,872)
Capital Lease Obligation	215,000	-	39,954	175,046	42,036
Accrued Compensated Absences	2,224,334	1,251,645	1,189,033	2,286,946	86,150
Net Pension Liability	6,084,623	675,225	-	6,759,848	-
Net Retiree Healthcare Obligation	657,293	182,837	-	840,130	-
Total General Long-Term Obligations	32,438,020	2,109,707	1,588,915	32,958,812	498,252
Proprietary Fund Long-Term Obligations					
Accrued Compensated Absences	684,173	381,287	383,199	682,261	34,671
Water and Sewer Revenue Bonds	19,815,000	-	2,065,000	17,750,000	2,150,000
Capital Improvement and Refunding Revenue Bonds	23,114,208	-	562,167	22,552,041	597,060
Unamortized (Premium) Discount	3,358,887		274,064	3,084,823	271,982
Net Pension Liability	3,157,754	749,620	-	3,907,374	-
Total Proprietary Fund Long-Term Obligations	50,130,022	1,130,907	3,284,430	47,976,499	3,053,713
Total Long-Term Debt & Obligations	$ 82,568,042	$ 3,240,614	$ 4,873,345	$ 80,935,311	$ 3,551,965

NOTE 8. INTERFUND RECEIVABLES, PAYMENTS, AND TRANSFERS:

A. At September 30, 2015, interfund payments and transfers are as follows:

Fund Type/Fund	Transfers-in	Transfers-out
GOVERNMENTAL FUNDS		
General Fund	$ 3,649,038	$ 5,293,333
Debt Service Fund	1,670,160	-
Special Revenue Fund-HACRA	271,250	499,897
Special Revenue Fund-LCRA	85,721	-
Capital Projects Fund	2,255,647	-
Permanent Fund	-	-
PROPRIETARY FUNDS		
Utility Fund	1,173,349	1,863,592
Stormwater Fund	87,263	252,482
Solid Waste Fund	15,000	183,027
Municipal Marina Fund	27,031	173,349
Visitor Information Center	499,897	1,557,258
Historic Preservation	88,582	-
	$ 9,822,938	$ 9,822,938

Transfers are used to move unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and to segregate money for anticipated capital projects.

Fund Type/Fund	Administrative Overhead Charges	Administrative Overhead Expenses
GOVERNMENTAL FUNDS		
General Fund	$ 2,532,364	$ -
PROPRIETARY FUNDS		
Utility Fund	-	1,895,020
Stormwater Fund	-	115,649
Solid Waste Fund	-	380,212
Municipal Marina Fund	-	70,178
Visitor Information Center	-	71,305
	$ 2,532,364	$ 2,532,364

Administrative overhead charges are primarily used to move funds from proprietary funds to the General Fund for an allocated amount of overhead. These charges are not eliminated in the financial statements as such elimination would not accurately report the activities of the funds benefited.

NOTE 8. INTERFUND RECEIVABLES, PAYMENTS, AND TRANSFERS: (Continued)

B. At September 30, 2015, interfund receivables are as follows:

Fund Type/Fund	Due to	Due from
GOVERNMENTAL FUNDS		
General Fund	$ -	$ 20,096
Capital Projects Fund	-	-
Permanent Fund	348	-
PROPRIETARY FUNDS		
Utility Fund	-	-
Stormwater Fund	-	-
Solid Waste Fund	-	-
Municipal Marina Fund	19,748	-
Visitor Information Center	-	-
	$ 20,096	$ 20,096

Interfund balances represent amounts loaned to or borrowed from other funds to assist in financing the operations of the borrowing fund.

NOTE 9. OPERATING LEASES:

The City leases various City and State owned buildings and properties under the terms of operating leases. The cost of the buildings and properties leased is not specifically identifiable as most of the leases are for only a portion of the building or property occupied. Future rental income expected from these leases is as follows:

Year Ending September 30	Amount
2016	$ 1,110,820
2017	1,144,145
2018	1,178,469
2019	1,213,823
2020	1,250,238
Total future minimum rentals	$ 5,897,494

NOTE 10. RETIREMENT SYSTEMS:

The City of St. Augustine has established three pension trust funds: General Employees' Retirement System (GERS), Police Officers' Retirement System (PORS) and Fire Fighters' Retirement System (FFRS). All full-time employees are covered under one of these three separate single-employer defined benefit plans. Each plan is a governmental benefit plan and is tax exempt under the IRS Code. Each plan is administered by a Board of Trustees in which City administration and members of the plans are represented. Each plan presents separate financial statements, and are included as part (reporting as pension trust funds) of the City's financial reporting entity since they are not "legally separate". The plans issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained through the City Clerk's office. The General Fund would be used to liquidate any of the obligations for these pension funds or any other post-employment benefit.

NOTE 10. RETIREMENT SYSTEMS: (Continued)

A. Membership

On September 30, 2015, employee membership data related to the pension plans was:

	GERS	PORS	FFRS	Total
Active Participants	215	50	32	297
Inactive Plan Members or Their Beneficiaries Currently Receiving Benefits	129	27	25	181
Inactive Plan Members Entitled to Benefits, But Not Yet Receiving Them	47	10	0	57
Total Participants	**391**	**87**	**57**	**535**

Total Covered Payroll	$ 9,168,707	$ 2,867,573	$ 1,645,062	$ 13,681,342

B. Plan Descriptions

1. General Employees' Retirement System (GERS)

The City of St. Augustine General Employees' Retirement System (GERS) was authorized in its original form by City Ordinance 88-54, amending Chapter 20, Article IV of the Code of the City of St. Augustine, effective September 26, 1988. The Ordinance, along with five additional amendments, is used to govern the plan.

As stipulated by City Ordinance 88-54, authority to establish and amend benefit provisions of the GERS rest with the City Commission, along with the authority to provide for cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of credited service to a maximum of 35 years, monthly benefits shall be earned at the rate of two and a half percent of the member's average final salary. A supplemental annuity benefit is available to senior managers and directors pay grade 32 and above who retire after March 31, 2002, with ten or more years of credited service earned after March 31, 2002. The annuity amount is .5 percent of final average compensation times credited service up to 35 years for service in pay grades 32 through 35 and 1 percent of final average compensation times credited service up to 35 years for pay grades 36 and higher. Benefits are paid for the life of the participant with 60 percent continued to a surviving eligible spouse, unless optional forms of payments are elected. Eligibility for normal retirement is the earlier of age 65 and 5 years of service, age 60 and 10 years of service, or age 55 and 25 years of service. No benefits will be paid to a member upon termination if the termination occurs prior to the completion of ten years of service. The member, however, will receive his or her contribution to the plan, along with 3 percent interest.

If a member of the GERS dies a non-duty death or becomes disabled prior to five years of service, the member or beneficiary will receive a refund of the member's contribution to the fund. If a member dies in the line of duty or has 5 years of service, the eligible spouse will receive 60 percent of the projected benefits (with service credit extended to age 60) and eligible children will receive 10 percent of the projected benefits to a maximum of 20 percent.

Duty related disability with five or more years of service provides benefits under the group disability insurance contract. Upon termination of insurance, the pension benefit is computed as a normal retirement with additional service credit granted.

Members with ten or more years of service who have attained age and service conditions for normal retirement but are within five years of the earliest normal retirement date may elect to have their terminated benefits calculated as if the member had retired at an eligible normal retirement date up to five years earlier on or after February 13, 2006. Benefits that would have been payable are accumulated at interest to date of termination and paid or rolled over in a single sum, and payments are made directly to the member thereafter.

NOTE 10. RETIREMENT SYSTEMS: (Continued)

In the event the Plan terminates, the assets of the GERS shall be apportioned and distributed in accordance with the established provisions of Section 20-135 of the City of St. Augustine Code, which provides for the distribution of assets in the following order:

a. To provide for all expenses of the Plan including any cost of liquidation; then
b. To provide for the payment of each participant and non-retired former participant an amount equal to his or her accumulated participant contributions; then
c. To provide for the continuance of retirement allowances to retirees and beneficiaries; then
d. To provide for the potential rights of participants and former participants entitled to a vested termination retirement allowance; then
e. To revert back to the City if any excess exists after satisfying subsections a through d above.

2. Police Officers' Retirement System (PORS)

The St. Augustine Police Officers' Retirement System (PORS) was created June 1, 1957, by the City of St. Augustine, Article X of the St. Augustine Code, under the provisions of general law pertaining to Municipal Police Officers' Retirement Trust Fund (Chapter 185, Florida Statutes).

As stipulated by City Ordinance 88-75, authority to establish and amend benefit provisions of the retirement system rests with the City Commission, along with the authority to provide cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of creditable service, monthly benefits shall be earned at the rate of 2.5 percent to 3.0 percent of the member's average final salary. Benefits are paid for life with 120 monthly payments guaranteed. Eligibility for normal retirement is the earlier of age 55 and 10 years of service or 25 years of service regardless of age. No benefits will be paid to a member upon termination if termination occurs prior to the completion of 10 years of service.

The Deferred Retirement Option Program (DROP) allows participants eligible for regular retirement to continue employment for a maximum of five years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. As of September 30, 2015, the balance of the Police Officers' Retirement System DROP plan is $340,511.

If a retirement system member dies before becoming eligible for any retirement benefits, the beneficiary will receive a refund, not including interest, of the deceased's member contributions to the fund. If ten years of creditable service had been attained, then the accrued benefit of the member is due to the surviving spouse, payable in 120 monthly payments. Disability benefits are based on the accrued benefit and are due to the member as of the disability retirement date. Minimum benefit is 42 percent of the average monthly earnings if the disability occurred in the line of duty, otherwise, the minimum benefit would be 25 percent of the average monthly benefits.

In the event the plan terminates, or upon written notice to the Board of Trustees that contributions they are under are being permanently discontinued, the assets of the retirement system shall be apportioned and distributed in accordance with the established provisions of Section 185.37, Florida Statutes. The amount of benefits which at the time of termination has accrued to the member or beneficiary shall not be affected, except to the extent that the assets of the retirement system may be determined to be inadequate.

3. Fire Fighters' Retirement System (FFRS)

The City of St. Augustine Firefighters' Retirement System (FFRS) was authorized in its present form by City Ordinance 87-60, amending Chapter 20, Article V of the Code of the City of St. Augustine, effective December 4, 1987.

NOTE 10. RETIREMENT SYSTEMS: (Continued)

As stipulated by City Ordinance 87-60, authority to establish and amend benefit provisions of the Fund rests with the City Commission, along with the authority to provide for cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of credited service to a maximum of 35 years, monthly benefits shall be earned at the rate of 3.0 percent of the member's average final compensation. Benefits are paid for the life of the participant with ten years certain. Eligibility for normal retirement is the earlier of age 55 and 10 years of credited service or 25 years of credited service, regardless of age. No benefits will be paid to a participant if termination occurs prior to the completion of ten years of service. Such participants, however, will receive their contributions to the plan along with three percent interest.

The Deferred Retirement Option Program (DROP) allows participants eligible for regular retirement to continue employment for a maximum of five years, and receive retirement benefits during this period. Employee contributions to the plan are discontinued, and the retirement benefits are transferred to the DROP reserve monthly, payable in full upon retirement. As of September 30, 2015, the balance of the Fire Fighters' Retirement System DROP plan is $35,906.

If a member of the Fund dies a non-duty death prior to five years of service, the beneficiary will receive the member's contribution with three percent interest. If a member dies in the line of duty or has five years of credited service, the beneficiary will receive the value of accrued benefits based on the member's average final compensation (AFC) and credited service. Disability benefits, as determined by the Board of Trustees, are the member's accrued benefits, but not less than 42 percent of AFC for service incurred and 25 percent for non-service incurred disabilities. Benefits are paid in the form of a ten-year certain and life annuity.

In the event the plan terminates, the assets of the retirement system shall be apportioned and distributed in accordance with the established provisions of Section 20-210 of the Code of the City of St. Augustine. The amount of benefits, which at the time of termination has accrued to the member or beneficiary shall not be affected except to the extent that the assets of the retirement system may be determined to be inadequate.

C. Actuarial Assumptions

The total pension liability was determined by actuarial valuations as of October 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00-3.25%
Salary Increases	3.50-7.00%
Investment Rate of Return, including inflation	7.50-7.75%
Mortality	RP-2000 Mortality Table-Dynamic with projection to valuation Year and RP-2000 Combined Healthy Mortality Table

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

NOTE 10. RETIREMENT SYSTEMS: (Continued)

Development of Long Term Discount Rate

	Inflation	Policy Allocation	Long Term Expected Real Rate of Return
Domestic Equity	3.0-3.25%	50-55%	7.5-9.5%
Foreign Equity	3.0-3.25%	10%	8.5-10.5%
Corporate Bonds	3.0-3.25%	15-35%	2.5-5.5%
US Direct Real Estate	3.0-3.25%	5-15%	2.5-15%

Discount Rate: The discount rate used to measure the total pension liability was 7.75% for the GERS and PORS and 7.5% for the FFRS. The projection of cash flows used to determine the discount rate assumed that City contributions will continue to be made at actuarially determined contribution rates based on the funding requirements of Florida Statutes, taking into account the applicable member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was used as the discount rate and applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

City's net pension liability (asset)	1% Decrease	Current	1% Increase
GERS (current rate of 7.75%)	$ 13,475,958	$ 9,624,071	$ 5,067,892
PORS (current rate of 7.75%)	$ 2,608,800	$ 674,281	$ (919,454)
FFRS (current rate of 7.50%)	$ 1,629,337	$ 368,870	$ (684,335)

Statement of Fiduciary Net Position (FNP)

	GERS	PORS	FFRS	Total
ASSETS				
Cash & Cash Equivalents	$ 895,273	$ 934,564	$ 508,788	$ 2,338,625
Receivables	59,745	13,377	56,816	129,938
Fixed Income	5,162,120	2,835,223	4,107,584	12,104,927
Equities	20,718,843	9,588,577	6,212,926	36,520,346
Real Estate	5,151,547	2,618,882	649	7,771,078
TOTAL ASSETS	$ 31,987,528	$ 15,990,623	$ 10,886,763	$ 58,864,914
LIABILITIES				
Accounts Payable	$ 51,101	$ 22,910	$ 12,353	$ 86,364
TOTAL LIABILITIES	$ 51,101	$ 22,910	$ 12,353	$ 86,364
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 31,936,427	$ 15,967,713	$ 10,874,410	$ 58,778,550

NOTE 10. RETIREMENT SYSTEMS: (Continued)

Statement of Changes in Total Pension Liability

	GERS	PORS	FFRS	Total
Total Pension Liability				
Service Cost	$ 803,520	$ 514,463	$ 219,315	$ 1,537,298
Interest on the Total Pension Liability	2,974,850	1,218,700	732,489	4,926,039
Benefit Changes	-	-	-	-
Change in Excess State Money	-	-	90,698	90,698
Difference Between Expected and Actual Experience	957,468	(234,101)	165,171	888,538
Chnges to Assumption	64,099	19,821	13,864	97,784
Benefit Payments Including Refunds of Contributions	2,445,651	689,626	643,640	3,778,917
Net Change in Total Pension Liability	2,354,286	829,257	577,897	3,761,440
Total Pension Liability, Beginning	39,206,212	15,812,737	10,584,361	65,603,310
Total Pension Liability, Ending	41,560,498	16,641,994	11,162,258	69,364,750
Plan Fiduciary Net Position				
Employer Contributions	1,890,973	411,658	243,834	2,546,465
State Contributions	-	181,087	180,080	361,167
Employee Contributions	388,933	164,848	94,676	648,457
Pension Plan Net Investment Income	712,815	123,357	(138,907)	697,265
Benefit Payments Including Refunds of Contributions	2,445,651	689,626	643,641	3,778,918
Pension Plan Administrative Expense	39,138	40,273	37,717	117,128
Net Change in Plan Fiduciary Net Position	507,932	151,051	(301,675)	357,308
Plan Fiduciary Net Position, Beginning	31,428,495	15,816,662	11,176,085	58,421,242
Plan Fiduciary Net Position, Ending	31,936,427	15,967,713	10,874,410	58,778,550
Net Pension Liability--Ending	$ 9,624,071	$ 674,281	$ 287,848	$ 10,586,200

D. Funding Policy, Contributions, Status and Progress:

1. **General Employees' Retirement System (GERS)**

The City of St. Augustine General Employees' Retirement System is funded under the provisions of Chapter 20, Article IV, St. Augustine Code and Chapter 112, Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, and investment income from retirement system assets. Administrative costs of the System are financed through investment earnings.

Effective November 8, 1988, contributions by retirement system members are based on four percent of compensation while the City of St. Augustine contributes one percent of compensation on behalf of the employees. Previously, retirement system members contributed five percent of compensation.

The System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. For the year ended September 30, 2015, the City made an actuarial contribution of 19.26 percent in addition to the required one percent contributed on behalf of the employees.

NOTE 10. RETIREMENT SYSTEMS: (Continued)

2. Police Officers' Retirement System (PORS)

The St. Augustine Police Officers' Retirement System is funded under the provisions of Article X, Section 10.03, St. Augustine Code and Chapter 185.07, Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, percentage of casualty insurance premiums collected on property located within the corporate limits of the City of St. Augustine, accretions to the fund by way of interest on bank deposits or otherwise, and any other source of income authorized by law to increase the retirement fund. At September 30, 2015, contributions by retirement system members are based on 5.5 percent of compensation while the City of St. Augustine contributes a minimum of 2.5 percent of compensation. Previously, retirement system members contributed four percent of fixed monthly compensation. The Board of Trustees for the Plan anticipates the above funding methods will result in all members' benefits being fully provided for by the time of their retirement. Effective October 1, 1993, the member contributions were changed from after tax compensation to pre-tax compensation.

Administrative costs are funded by City and member contributions.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The City made an actuarial contribution of 14.85 percent during the fiscal year ended September 30, 2015.

3. Fire Fighters' Retirement System (FFRS)

The City of St. Augustine Firefighters' Retirement System plan was created in 1987 under City Ordinance 87-60 amending Section 20, Article V of the Code of the City of St. Augustine, Florida. The Plan was substantively amended in 1993, 1995, 2000, 2001 and 2005. In addition, the Plan is a local law plan subject to provisions of Chapter 175 of the State of Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, 1.85 percent premium tax for property insurance and investment income from the retirement system assets. Administrative costs of the fund are financed through investment earnings. For the current fiscal year the state premium tax revenue was $186,295.

Effective September 22, 2008, contributions by retirement system members are based on five percent of compensation while the City of St. Augustine contributes one percent of compensation on behalf of members. Previously, retirement system members contributed four percent.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The City was required to make an actuarial contribution of 11.50 percent during the fiscal year ended September 30, 2015, in addition to the ordinance-required contribution of 3.5 percent.

E. Concentrations

As of September 30, 2015, the Plans had no investments that exceeded five percent of the Plans' net assets as of that date.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Pursuant to Section 112.0801 of the Florida Statutes, the City is required to permit participation in the single-employer defined benefit health insurance plan (the "Plan") by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

Based on Governmental Accounting Standards Board (GASB) approval of Statement Nos. 43 and 45 which set forth the guidelines and a future implementation timetable for reporting and disclosure of Other Post-Employment Benefits (OPEB), the City had an actuary calculate future funding requirements using an appropriate actuarial cost method. The valuation was performed as of September 30, 2015 and covers subsidies for medical insurance benefits. The City has elected to implement the provisions of GASB Statement No. 45 prospectively. The City's annual OPEB cost for the Plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The projected unit credit cost method was used to determine all liabilities, with the liability for each active employee assumed to accrue over the working lifetime based on elapsed time from the date of hire until retirement.

1. Plan Description:

The City provides optional post-employment benefits to all eligible individuals including lifetime medical, prescription, dental, and certain life insurance coverage. Eligible individuals include all employees of the City of St. Augustine who retire from active service under one of the pension plans sponsored by the City.

Under certain conditions, eligible individuals also include spouses and dependent children. As of September 30, 2015, there were 330 future retirees, 9 retired and disabled participants receiving benefits, no spouses receiving benefits and no other dependents receiving benefits for a total of 339 included in the valuation. The Plan does not issue a publicly available financial report.

2. Funding Policy:

The City Commission is authorized to establish benefit levels and approve the actuarial assumptions used in the determination of contributions levels. The City Commission establishes the contributions requirements of plan members and the City. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the premium cost. Retirees must pay a monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage. Currently, the City's subsidy to OPEB benefits is unfunded. There are no separate Trust Funds or equivalent arrangements into which the City makes contributions to advance-fund the OPEB obligations, as it does for its retiree pension plans. The City's cost of the OPEB benefits, funded on a pay-as-you-go basis, was $208,817 for the year ended September 30, 2015. The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its current investment policy. The City selected an interest discount rate of 4.50% per annum, which is the long range expected return on such short-term fixed income instruments, to calculate the present values and costs of the OPEB. This is consistent with GASB Statement No. 45 guidance. Significant Actuarial Assumptions and methods used to estimate the OPEB liability are as follows:

Valuation date... September 30, 2015

Actuarial cost method............................. Projected Unit Credit Cost Method

Amortization method...............................Level Dollar Payment

Amortization period .... 30-Year Period

Assumed rate of return on investments …4.50% per annum

Inflation rate……………………………..5%

Projected salary increases……………….0%

Post-retirement benefit increases………..0%

Assumed healthcare cost trend rates:

Fiscal Year Ending	Percent Increase
2014 - Thereafter	5.00%

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB): (Continued)

3. Actuarial Methods:

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. Actuarial calculations reflect a long-term perspective and the methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

4. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the actuarial liabilities (or funding excess) over a period not to exceed 30 years. The amortization periods used are closed. The City's annual OPEB cost for the fiscal year was $208,817.

The City's annual OPEB cost and net OPEB obligation for the year ended September 30, 2015 is as follows:

Annual Required City Contribution (ARC)	$ 219,591
Interest on Plan Obligation	29,578
Adjustment to ARC	(40,352)
Annual Plan Retiree Cost	208,817
Contributions Made	(25,980)
Increase in Plan Obligation	182,837
Plan Obligation Beginning of Year	657,293
Plan Obligation End of Year	$ 840,130

The City's percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended September 30, 2015 is as follows:

Fiscal Year Ending	Annual City Retiree Cost	City* Contributions	Perecentage of Cost Contributed	Net Obligation (Asset)
9/30/2015	$ 208,817	$ 25,980	12%	$ 840,130
9/30/2014	$ 201,362	$ 79,253	39%	$ 657,293
9/30/2013	$ 187,915	$ 103,993	55%	$ 535,184

*Limited to the difference between age-adjusted and composite premiums paid for retirees during the year.

The 2015 contribution represented 12% of the annual required contribution. The actuarial valuation for the Plan was done as of September 30, 2015. As of September 30, 2015, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits was $2,248,793, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $2,248,793. The covered payroll was $13,985,878, and the ratio of the UAAL to the covered payroll was 16.08%.

The Schedule of Funding Progress, presented as Required Supplementary Information immediately following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 12. 457 TAX-DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. On August 20, 1996, Section 457 of the Code was amended with the passage of the Small Jobs Protection Act of 1996. The Code now requires employers to maintain the plan assets in a trust, custodial account or annuity for each individual member as of January 1, 1999. Since the inception of its plan on October 1, 1993, the City has deposited all funds in a custodial account with The Variable Annuity Life Insurance Company.

In October 1997, the GASB issued Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This statement allows the employer to not report the assets and liabilities in their financial statements if the employer has met the new criteria of the Internal Revenue Code, Section 457 and does not retain fiduciary accountability for the plan assets. In fiscal year 1998, the City amended its deferred compensation plan to reflect the changes in the Internal Revenue Code and, in the opinion of management, does not retain fiduciary accountability for plan assets. Accordingly, the City has implemented GASB No. 32 and is no longer including the assets and liabilities of the deferred compensation plan in its financial statements. There is no effect on the City's overall fund balance as the plan was an agency fund in which plan assets equal liabilities.

NOTE 13. DEFICIT NET POSITION:

The Visitor Information Center (VIC) Fund had a deficit net position of $4,384,762 at September 30, 2015. This deficit has been the result of the funds debt service payments for the construction of the Historic District Parking Facility. The VIC Fund operating revenue exceeds its operating expenses for the current year and has done so for the previous five (5) years. It is anticipated that the increase in the daily parking rate in fiscal year 2016 will generate a positive change in net position for future years.

NOTE 14. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS:

For the year September 30, 2015, the City recognized pension expense as follows:

General Employees' Retirement System (GERS)	$ 1,648,836
Police Officers' Retirement System (PORS)	(964,293)
Fire Fighters' Retirement System (FFRS)	1,231,360
Total	$ 1,915,903

At September 30, 2015 the City reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

Deferred Outflow of Resources:

	GERS	PORS	FFRS	Total
Changes in Assumptions	$ 51,278	$ 16,518	$ -	$ 67,796
Difference Between Projected and Actual Earnings on Investments	1,371,962	945,225	-	2,317,187
Difference Between Projected and Actual Experience	665,251	-	-	665,251
	$ 2,088,491	$ 961,743	$ -	$ 3,050,234

NOTE 14. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOW OF RESOURCES RELATED TO PENSIONS: (continued)

Deferred Inflow of Resources:

	GERS	PORS	FFRS	Total
Difference Between Projected				
and Actual Earnings on Investments	$ -	$ -	$ 216,373	$ 216,373
Difference Between Projected				
and Actual Experience	-	195,090	-	195,090
	$ -	$ 195,090	$ 216,373	$ 411,463

Amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	GERS	PORS	FFRS	Total
2016	$ 522,123	$ 200,592	$ (72,124)	$ 650,591
2017	522,123	200,592	(72,124)	650,591
2018	522,123	200,592	(72,125)	650,590
2019	522,122	200,592	-	722,714
2020	-	(35,715)	-	(35,715)
	$ 2,088,491	$ 766,653	$ (216,373)	$ 2,638,771

NOTE 15. SUBSEQUENT EVENT:

Management has evaluated subsequent events through March 22, 2016, the date the financial statements were available to be issued, and has determined that no subsequent events have occurred that would require adjustment to or disclosure in the financial statements other than discussed above.

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Required Supplementary Information Other than Management Discussion & Analysis (MD&A)

CITY OF ST. AUGUSTINE, FLORIDA

General, Police, and Fire Employees' Retirement Systems
Required Supplementary Information
Changes in Net Pension Liability

	GERS	PORS	FFRS	Total
Total Pension Liability				
Service Cost	$ 803,520	$ 514,463	$ 219,315	$ 1,537,298
Interest on the Total Pension Liability	2,974,850	1,218,700	732,489	4,926,039
Benefit Changes	-	-	-	-
Change in Excess State Money	-	-	90,698	90,698
Difference Between Expected and Actual Experience	957,468	(234,101)	165,171	888,538
Chnges to Assumption	64,099	19,821	13,864	97,784
Benefit Payments Including Refunds of Contributions	2,445,651	689,626	643,640	3,778,917
Net Change in Total Pension Liability	2,354,286	829,257	577,897	3,761,440
Total Pension Liability, Beginning	39,206,212	15,812,737	10,665,383	65,684,332
Total Pension Liability, Ending	41,560,498	16,641,994	11,243,280	69,445,772
Plan Fiduciary Net Position				
Employer Contributions	1,890,973	411,658	243,834	2,546,465
State Contributions	-	181,087	180,080	361,167
Employee Contributions	388,933	164,848	94,676	648,457
Pension Plan Net Investment Income	712,815	123,357	(138,907)	697,265
Benefit Payments Including Refunds of Contributions	2,445,651	689,626	643,641	3,778,918
Pension Plan Administrative Expense	39,138	40,273	37,717	117,128
Net Change in Plan Fiduciary Net Position	507,932	151,051	(301,675)	357,308
Plan Fiduciary Net Position, Beginning	31,428,495	15,816,662	11,176,085	58,421,242
Plan Fiduciary Net Position, Ending	31,936,427	15,967,713	10,874,410	58,778,550
Net Pension Liability--Ending	$ 9,624,071	$ 674,281	$ 368,870	$ 10,667,222
Plan Fiduciary Net Position as Percentage of Total Pension Liability	76.84%	95.95%	96.72%	84.64%
Covered Employee Payroll	$ 9,168,707	$ 2,867,573	$ 1,645,062	$ 13,681,342
Net Pension Liability as a Percentage of Covered Employee Payroll	104.97%	23.51%	22.42%	77.97%

Additonal years will be added to this schedule annually until 10 years of data are presented.

CITY OF ST. AUGUSTINE, FLORIDA

General, Police, and Fire Employees' Retirement Systems
Required Supplementary Information
Schedule of Employer Contributions

	GERS	PORS	FFRS	Total
Actuarially Determined Contributions	$ 3,530,292	$ 742,040	$ 431,049	$ 4,703,381
Contributions in Relation to the Actuarially Determined Contribution	2,279,906	757,593	518,590	3,556,089
Contribution Deficiency (Excess)	1,250,386	(15,553)	(87,541)	1,147,292
Covered-employee Payroll	9,168,707	2,867,573	1,645,062	13,681,342
Contributions as a Percentage of Covered Employee Payroll	24.87%	26.42%	31.52%	25.99%

Additonal years will be added to this schedule annually until 10 years of data are presented.

CITY OF ST. AUGUSTINE, FLORIDA

Note to the Schedule of Funding Progress and Schedule of Employer and Other Contributions For all Retirement Systems

	GERS	PORS	FFRS
Valuation Date	9/30/2015	9/30/2015	9/30/2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Frozen Entry Age
Amortization Method	Level Percentage (closed) of Projected Payroll	Level Percentage (closed) of Projected Payroll	Level Percentage of pay, closed
Remaining Amortization Period	Weighted Average of 15 Years	Weighted Average of 15 Years	Weighted Average of 28 Years
Asset Valuation Method	5 Year Weighted Average of Difference Between Market & Expected Market	5 Year Weighted Average of Difference Between Market & Expected Market	4 Year Smoothing
Actuarial Assumptions:			
Investment Rate of Return	7.75% Annually	7.75% Annually	7.5% Annually
Projected Salary Increases	3.5-7%	3.5-7%	4.5-6.5%
Cost of Living Adjustments	none	Up to 3% Annually	none

CITY OF ST. AUGUSTINE, FLORIDA

Other Post-Employment Benefits
Required Supplementary Information
Schedule of Funding Progress
(Dollar Amounts in Thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(2)-(1)/(5)]
9/30/2015	$ -	$ 2,249	$ 2,249	0.00%	$ 13,986	16.08%
9/30/2014	-	2,104	2,104	0.00%	13,913	15.12%
9/30/2013	-	1,866	1,866	0.00%	13,378	13.94%
9/30/2012	-	1,818	1,818	0.00%	12,829	14.17%
9/30/2011	-	2,311	2,311	0.00%	13,926	16.59%
9/30/2010	-	2,235	2,235	0.00%	13,391	16.69%
9/30/2009	-	2,169	2,169	0.00%	12,876	16.85%

CITY OF ST. AUGUSTINE, FLORIDA

Other Post-Employment Benefits
Required Supplementary Information
Schedule of Employer Contributions and Other Contributing Entities

Year Ended September 30	Annual Required Contribution	* City Contribution	Percentage Contributed
2015	$ 219,591	$ 25,980	11.83%
2014	210,135	79,254	37.72%
2013	195,312	103,993	53.24%
2012	238,486	110,995	46.54%
2011	228,216	134,757	59.05%
2010	218,388	111,198	50.92%
2009	208,983	74,329	35.57%

*** Limited to the difference between age-adjusted and composite premiums paid for retirees during the year.**

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Combining Statements

CITY OF ST. AUGUSTINE, FLORIDA

Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	General Employees' Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Employee Retirement Funds
ASSETS				
Cash and Short-term Investments	$ 895,273	$ 934,564	$ 508,788	$ 2,338,625
Receivables:				
Interest and Dividends	59,745	13,377	33,611	106,733
Broker-dealers	-	-	-	-
Due from State	-	-	23,205	23,205
Total Receivables	59,745	13,377	56,816	129,938
Prepaid Expense	-	-	649	649
Investments, at Fair Value:				
U.S. Government Obligations Fund	409,331	65,839	1,370,751	1,845,921
U.S. Stock Fund	16,935,878	6,360,350	5,253,418	28,549,646
Mutual Funds - International Equity	4,403,150	3,162,388	-	7,565,538
Bond and Mortgage Fund	4,132,604	2,835,223	2,736,833	9,704,660
International Exchange Fund	-	-	959,508	959,508
Real Estate Fund	5,151,547	2,618,882	-	7,770,429
Total Investments	31,032,510	15,042,682	10,320,510	56,395,702
Total Assets	**31,987,528**	**15,990,623**	**10,886,763**	**58,864,914**
LIABILITIES				
Expenses Payable	51,101	22,910	12,353	86,364
Total Liabilities	**51,101**	**22,910**	**12,353**	**86,364**
NET POSITION				
Held in Trust for Pension Benefits	**$ 31,936,427**	**$ 15,967,713**	**$ 10,874,410**	**$ 58,778,550**

CITY OF ST. AUGUSTINE, FLORIDA

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2015

	General Employees' Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Employee Retirement Funds
ADDITIONS				
Contributions				
Members	$ 388,933	$ 164,848	$ 94,676	$ 648,457
City	1,890,973	411,658	243,834	2,546,465
State Insurance Premium Tax, from General Fund	-	181,087	180,080	361,167
Total Contributions	2,279,906	757,593	518,590	3,556,089
Investment Income				
Net Increase (Decrease) in Fair Value of Investme	279,305	(108,868)	(808,040)	(637,603)
Interest and Dividends on Investments	636,120	320,356	720,623	1,677,099
Total Investment Income	915,425	211,488	(87,417)	1,039,496
Less Investment Expenses	202,610	88,131	51,490	342,231
Net Investment Income	712,815	123,357	(138,907)	697,265
Total Additions	**2,992,721**	**880,950**	**379,683**	**4,253,354**
DEDUCTIONS				
Benefit Payments	2,056,730	668,778	632,894	3,358,402
Termination Payments	388,921	20,848	10,747	420,516
Administrative Expenses	39,138	40,273	37,717	117,128
Total Deductions	**2,484,789**	**729,899**	**681,358**	**3,896,046**
Change in Net Position	**507,932**	**151,051**	**(301,675)**	**357,308**
Net Position - Beginning	**31,428,495**	**15,816,662**	**11,176,085**	**58,421,242**
NET POSITION - ENDING	**$ 31,936,427**	**$ 15,967,713**	**$ 10,874,410**	**$ 58,778,550**

Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2015

Federal Grantor/Pass-through Grantor/Program	CFDA Number	Contract Number	Federal Expenditures
U.S. Department of Justice:			
Bullet Proof Vest Partnership	16.738	BA-2000S-MR01	3,599
Justice Assistance Grant Program	16.738	2011-DJ-BX-2621	805
Florida Department of Law Enforcement			
Justice Assistance Grant Program	16.738	2015-JAGD-ST-JO-R1-025	4,960
Justice Assistance Grant Program	16.738	2015-JAGC-ST-JO-R3-179	14,693
Total U.S Department of Justice			24,057
U.S. Department of Transportation:			
Federal Transit Administration			
Paul S. Sarbanes Transit in Parks	20.520	FTA-G-19/FL-20-X003-00	584,079
U.S Department of the Interior:			
National Park Service			
450th Commemoration Commission	15.954	P14AC00303	37,559
Florida Department of State			
Division of Historical Resources - Small Grant Matching			
St Augustine Online with Survey Part 2	15.904	F1402	50,000
Fish and Wildlife Service			
Florida Department of Environmental Protection			
Clean Vessel Act Program	15.616	CVA-11-632,MV075	5,661
Total U.S. Department of the Interior			93,220
U.S.Department of Agriculture:			
Forest Service			
Florida Department of Agriculture and Consumer Services			
Urban and Community Forestry	10.664	020373	6,000
Total Expenditures of Federal Awards			**$ 707,356**

State Agency	CFSA Number	Contract Number	State Expenditures
Florida Inland Navigation District:			
Salt Run Navigation Channel Dredging Ph V	N/A	SJ-SA-14-56	170,066
Lighthouse Boat Ramp Repair	N/A	SJ-SA-14-57	1,339
Total Florida Inland Navigation District			171,405
Florida Department of State:			
Division of Historical Resources			
Historic Preservation Small -Matching Grant			
St Augustine Depot/ Waterworks Stabilization	45.031	S1533	50,000
Inventory of Archaeological Sights	45.031	S1502	70,067
1888 Alcazar Hotel Restoration	45.032	SC501	350,000
Total Florida Department of State			470,067
Total Expenditures of State Financial Assistance			**$ 641,472**

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STATISTICAL SECTION

Statistical Section

This section of the City of St. Augustine, Florida's comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information about the City's overall financial health.

Contents	**Page**

CITY OF ST. AUGUSTINE, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
"UNAUDITED"

	2005/06	2006/07	2007/08	2008/09 *
Governmental Activities				
Invested in Capital Assets, net of related debt	$ 10,966,110	$ 14,175,163	$ 14,676,684	$ 15,619,162
Restricted	1,134,402	631,370	303,051	194,949
Unrestricted	12,340,617	12,813,500	13,631,715	12,094,285
Total governmental activities net position	$ 24,441,129	$ 27,620,033	$ 28,611,450	$ 27,908,396
Business-type activities				
Invested in Capital Assets, net of related debt	$ 11,785,907	$ 22,747,771	$ 33,767,723	$ 38,596,536
Restricted	4,310,849	10,310,337	1,282,194	1,780,856
Unrestricted	11,489,120	9,225,883	17,596,927	15,081,493
Total business-type activities net position	$ 27,585,876	$ 42,283,991	$ 52,646,844	$ 55,458,885
Primary Government				
Invested in Capital Assets, net of related debt	$ 22,752,017	$ 36,922,934	$ 48,444,407	$ 54,215,698
Restricted	5,445,251	10,941,707	1,585,245	1,975,805
Unrestricted	23,829,737	22,039,383	31,228,642	27,175,778
Total primary government net position	$ 52,027,005	$ 69,904,024	$ 81,258,294	$ 83,367,281

* As Restated

2009/10	2010/11 *	2011/12 *	2012/13	2013/14	2014/15
$ 16,449,454	$ 14,525,576	$ 11,255,991	$ 1,503,296	$ 2,977,346	$ 6,987,074
239,423	741,252	5,620,856	1,936,545	2,212,379	1,150,905
10,794,948	11,906,201	9,834,076	8,071,115	8,064,965	1,005,259
$ 27,483,825	$ 27,173,029	$ 26,710,923	$ 11,510,956	$ 13,254,690	$ 9,143,238
$ 41,464,233	$ 48,685,820	$ 51,779,723	$ 60,744,774	$ 61,798,072	$ 67,005,168
2,128,544	2,866,119	2,147,376	4,994,135	3,872,255	5,279,739
14,587,206	9,058,342	9,505,607	15,838,640	17,383,273	10,953,364
$ 58,179,983	$ 60,610,281	$ 63,432,706	$ 81,577,549	$ 83,053,600	$ 83,238,271
$ 57,913,687	$ 63,211,396	$ 63,035,714	$ 62,248,070	$ 64,775,418	$ 73,992,242
2,367,967	3,607,371	7,768,232	6,930,680	6,084,634	6,430,644
25,382,154	20,964,543	19,339,683	23,909,755	25,448,238	11,958,623
$ 85,663,808	$ 87,783,310	$ 90,143,629	$ 93,088,505	$ 96,308,290	$ 92,381,509

CITY OF ST. AUGUSTINE, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)
"UNAUDITED"

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
EXPENSES										
Governmental Activities:										
General Government	\$ 7,016	\$ 7,666	\$ 8,379	\$ 10,030	\$ 9,478	\$ 9,516	\$ 8,713	\$ 10,348	\$ 9,150	\$ 9,064
Public Safety	7,157	7,823	7,948	8,280	8,192	8,218	8,179	8,439	8,849	9,327
Physical Environment	3,323	3,730	3,744	3,512	3,464	3,836	3,679	3,681	3,982	2,572
Transportation	1,204	1,255	1,249	1,329	1,149	214	214	202	229	1,956
Culture & Recreation	462	532	507	526	518	521	447	485	471	1,453
Interest and Fiscal Charges	1,080	387	397	390	370	816	1,223	1,200	1,224	1,227
Total Governmental Activities Expenses	\$ 20,242	\$ 21,393	\$ 22,224	\$ 24,067	\$ 23,171	\$ 23,121	\$ 22,455	\$ 24,355	\$ 23,904	\$ 25,599
Business-type Activities:										
Utility	\$ 10,650	\$ 10,731	\$ 9,958	\$ 10,685	\$ 10,621	\$ 10,726	\$ 11,471	\$ 12,131	\$ 12,058	\$ 12,425
Stormwater Drainage	570	395	390	539	467	356	555	630	741	904
Solid Waste	3,004	3,027	2,992	2,707	2,681	2,849	2,970	3,275	3,120	3,569
Municipal Marina	2,313	2,457	2,717	1,988	2,208	2,587	2,410	2,243	2,347	2,238
Visitor Information Center	-	-	-	-	3,068	3,221	3,911	3,606	3,522	3,331
Heritage Tourism	2,070	5,207	4,676	4,762	1,712	1,842	-	-	-	-
Total Business-type Activities Expenses	\$ 18,607	\$ 21,817	\$ 20,733	\$ 20,681	\$ 20,757	\$ 21,581	\$ 21,317	\$ 21,885	\$ 21,789	\$ 22,468
Total Primary Government Expenses	\$ 38,849	\$ 43,210	\$ 42,957	\$ 44,748	\$ 43,928	\$ 44,702	\$ 43,772	\$ 46,240	\$ 45,693	\$ 48,067
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services										
General Government	\$ 3,539	\$ 3,571	\$ 3,779	\$ 4,086	\$ 4,159	\$ 4,708	\$ 5,227	\$ 5,794	\$ 5,242	\$ 2,724
Public Safety	2,074	1,833	1,407	1,069	1,001	940	1,098	1,213	1,276	2,100
Physical Environment	618	581	467	352	302	319	353	380	399	373
Transportation	213	192	154	116	118	18	21	22	22	2,643
Culture/Recreation	92	89	68	55	47	43	43	46	77	190
Operating Grants and Contributions	81	167	383	396	265	72	27	81	76	30
Captial Grants and Contributions	54	88	171	593	763	765	1,062	164	1,803	1,481
Total Governmental Activities Program Revenues	\$ 6,671	\$ 6,521	\$ 6,429	\$ 6,667	\$ 6,655	\$ 6,865	\$ 7,831	\$ 7,700	\$ 8,896	\$ 9,540
Business-type activities (a):										
Charges for Services										
Utility	\$ 13,247	\$ 18,107	\$ 11,704	\$ 11,511	\$ 11,471	\$ 11,936	\$ 12,364	\$ 12,759	\$ 13,221	\$ 13,888
Stormwater Drainage	720	736	734	735	747	747	750	749	875	944
Solid Waste	3,044	3,173	3,152	3,275	3,364	3,355	3,367	3,409	3,427	3,420
Municipal Marina	2,674	2,625	2,720	2,007	2,197	2,554	2,482	2,343	2,508	2,533
Visitor Information Center	-	-	-	-	1,328	1,850	3,188	2,825	3,066	3,871
Heritage Tourism	2,017	2,663	2,871	3,030	1,876	1,175	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-				-	8
Capital Grants and Contributions	3,455	6,705	8,187	1,448	1,047	415	2,163	4,348	1,312	3,190
Total Business-type Activities Program Revenues	\$ 25,157	\$ 34,009	\$ 29,368	\$ 22,006	\$ 22,030	\$ 22,032	\$ 24,314	\$ 26,433	\$ 24,409	\$ 27,853
Total Primary Government Revenues	\$ 31,828	\$ 40,530	\$ 35,797	\$ 28,673	\$ 28,685	\$ 28,897	\$ 32,145	\$ 34,133	\$ 33,305	\$ 37,393

(continued)

NOTES:

(a) Business-type expenses do not include Debt Service, Capital Outlay, or Transfers.

CITY OF ST. AUGUSTINE, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)
"UNAUDITED"

(continued)

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Net (Expense)/Revenue										
Governmental Activities	$ (13,570)	$ (14,872)	$ (15,794)	$ (17,399)	$ (16,516)	$ (16,254)	$ (14,624)	$ (16,654)	$ (15,008)	$ (16,059)
Business-type Activities	6,549	12,191	8,635	1,325	1,273	451	2,997	4,548	2,620	5,385
Total primary government net expense	$ (7,021)	$ (2,681)	$ (7,159)	$ (16,074)	$ (15,243)	$ (15,803)	$ (11,627)	$ (12,106)	$ (12,388)	$ (10,674)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	$ 8,954	11,079	11,055	11,400	$ 10,691	9,125	$ 8,309	8,042	8,354	8,767
Utility Taxes	680	787	708	696	962	1,043	1,015	1,104	1,207	1,213
Communication Service Taxes	1,135	960	894	954	1,047	1,133	1,108	1,080	818	919
Franchise Fees	1,257	1,583	1,231	1,465	1,415	1,534	1,448	1,368	1,450	1,588
State Revenue Sharing, Unrestı	562	566	558	548	547	548	549	549	554	563
Local Option Gas Taxes	649	671	612	505	535	534	517	487	502	525
Local Option Sales Taxes	1,054	1,115	1,043	929	878	898	880	936	1,005	1,077
Insurance Premium Taxes	572	555	530	396	358	360	330	295	354	361
Other Taxes	61	92	88	142	99	94	153	108	142	149
Miscellaneous	578	585	740	888	920	1,473	661	999	1,133	1,088
Investment Income	1,264	966	427	124	41	26	36	29	52	50
Interfund Trans of Assets (net)	-	168	-	-	-		-	-	-	-
Transfers	47	(1,077)	(1,100)	(1,351)	(1,402)	(1,936)	(467)	(13,545)	1,181	2,139
Total Governmental Activities	$ 16,813	$ 18,050	$ 16,786	$ 16,696	$ 16,091	$ 14,832	$ 14,539	$ 1,452	$ 16,752	$ 18,439
Business-type activities (a):										
Unrestricted Invest Earnings	$ 1,003	$ 1,599	$ 628	$ 136	$ 45	$ 43	$ 82	$ 52	$ 36	$ 95
Interfund Trans of Assets (net)	-	(168)	-	-	-	-	-	-	-	-
Transfers	(47)	909	1,100	1,351	1,402	1,936	467	13,545	(1,181)	(2,139)
Total Business-type Activities	$ 956	$ 2,340	$ 1,728	$ 1,487	$ 1,447	$ 1,979	$ 549	$ 13,597	$ (1,145)	$ (2,043)
Total Primary Government	$ 17,769	$ 20,390	$ 18,514	$ 18,183	$ 17,538	$ 16,811	$ 15,088	$ 15,049	$ 15,607	$ 16,395
Change in Net Position										
Governmental Activities	$ 3,243	$ 3,178	$ 992	$ (703)	$ (425)	$ (1,422)	$ (85)	$ (15,202)	$ 1,744	$ 2,380
Business-type Activities	7,505	14,531	10,363	2,812	2,720	2,430	3,546	18,145	1,475	3,341
Total Primary Government	$ 10,748	$ 17,709	$ 11,355	$ 2,109	$ 2,295	$ 1,008	$ 3,461	$ 2,943	$ 3,219	$ 5,721

NOTES:

(a) Business-type expenses do not include Debt Service, Capital Outlay, or Transfers.

CITY OF ST. AUGUSTINE, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

	2006	2007	2008	2009	2010
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ 772,028
Restricted	884,631	796,284	1,208,861	1,060,567	130,821
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	11,513,122	11,902,148	12,970,610	11,399,627	10,704,273
Total General Fund	12,397,753	12,698,432	14,179,471	12,460,194	11,607,122
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	2,010,274	1,713,559	608,899	905,501	620,744
Committed	-	-	-	-	
Unassigned reported in:					
Capital Projects Fund	2,350,969	282,163	117,620	9,022	54,928
Debt Service	-	-	-	-	-
Total All Other Governmental Funds	4,361,243	1,995,722	726,519	914,523	675,672
Total Governmental Funds	$ 16,758,996	$ 14,694,154	$ 14,905,990	$ 13,374,717	$ 12,282,794

2011	2012	2013	2014	2015
$ 1,679,414	$ 610,785	$ 671,931	$ 634,204	$ 636,991
472,396	15,541,007	65,389	70,933	64,333
-	1,881,954	1,206,207	7,871,887	7,305,641
-	425,560	219,170	555,497	555,541
23,770,779	7,193,586	8,071,115	798,893	10,646
25,922,589	25,652,892	10,233,812	9,931,414	8,573,152
-	63,743	63,829	312,977	314,256
733,684	-	1,135,396	1,194,265	135,325
	-	1,101,692	363,094	500,761
54,155	-	-	-	-
-	-	-	(430)	-
787,839	63,743	2,300,917	1,869,906	950,342
$ 26,710,428	$ 25,716,635	$ 12,534,729	$ 11,801,320	$ 9,523,494

CITY OF ST. AUGUSTINE, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
"UNAUDITED"

	2005/06	2006/07	2007/08	2008/09
REVENUES				
Ad Valorem Taxes	$ 8,534,508	$ 10,581,764	$ 10,589,451	$ 10,966,589
Sales and Use Taxes	1,221,253	1,226,062	1,141,444	900,942
Utility Excise Taxes	1,815,289	1,747,093	1,601,724	1,649,673
Licenses, Permits & Fees	1,886,205	1,790,500	1,983,703	2,199,545
Intergovernmental	2,134,319	2,310,841	2,195,144	2,091,824
Fines & Forfeitures	408,105	376,423	371,934	294,423
Interest Earnings	1,263,737	965,558	427,186	124,421
Administrative Service Charges	3,611,332	3,368,212	2,675,852	2,306,131
Sale of Surplus Assets	166,909	-	-	-
Other	2,395,265	3,113,832	3,328,623	4,181,187
Total Revenues	23,436,922	25,480,285	24,315,061	24,714,735
EXPENDITURES				
Current:				
General Government	6,564,789	7,395,472	7,769,930	8,882,214
Public Safety	6,900,438	7,705,333	7,823,977	8,157,878
Physical Environment	3,097,289	3,466,862	3,489,882	3,354,800
Transportation	1,069,139	1,144,871	1,152,404	1,102,977
Culture & Recreation	459,648	532,658	505,720	525,588
Capital Outlay	14,809,417	5,496,747	1,560,586	2,167,291
Debt Service:				
Principal Retirement	285,605	287,627	303,812	313,781
Interest and Fiscal Charges	1,526,314	438,764	396,710	390,469
Issuance Cost	-	-	-	-
Total Expenditures	34,712,639	26,468,334	23,003,021	24,894,998
Excess (deficiency) of revenues over (under) expenditures	(11,275,717)	(988,049)	1,312,040	(180,263)
Other Financing Sources (Uses)				
Borrowing from Capitalized Lease				
Transfers In	6,307,014	5,191,500	2,701,482	4,640,885
Transfers (Out)	(6,259,800)	(6,268,293)	(3,801,686)	(5,991,895)
Long-term Debt Issued	-	-	-	-
Retirement to Escrow Agent	-	-	-	-
Bonds Refunded	-	-	-	-
Discount on Long-Term Debt Issued			-	-
Premium on Long-Term Debt Issued	-	-	-	-
Total Other Financing Sources (Uses)	47,214	(1,076,793)	(1,100,204)	(1,351,010)
Net Change in Fund Balances	$ (11,228,503)	$ (2,064,842)	$ 211,836	$ (1,531,273)
Debt Service as a percentage of noncapital expenditures	9.10%	3.46%	3.27%	3.10%

2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
$ 10,361,986	$ 8,880,436	$ 8,088,994	$ 7,858,737	$ 8,353,876	$ 8,767,045
892,825	894,378	846,498	781,883	856,593	885,819
2,008,624	2,176,019	2,123,115	2,186,496	2,025,371	2,131,711
2,567,238	2,746,002	3,218,885	3,780,188	3,311,962	3,698,959
1,892,676	1,823,510	1,824,800	1,814,169	1,730,263	1,788,627
280,874	293,660	256,665	299,368	282,512	466,019
41,447	26,486	35,596	29,342	51,680	50,300
1,983,565	1,798,737	1,979,089	2,131,456	2,134,031	2,532,364
-	-	-	-	-	-
4,119,474	4,995,917	4,464,133	3,818,462	5,720,966	5,519,453
24,148,709	23,635,145	22,837,775	22,700,101	24,467,254	25,840,297
8,020,835	6,707,477	6,976,904	8,573,559	8,064,638	8,063,056
8,143,485	8,199,851	8,160,380	8,235,598	8,858,310	9,263,984
3,346,170	3,833,649	3,677,011	3,635,979	3,883,309	2,459,077
1,112,354	213,003	213,598	188,283	223,122	1,949,930
517,985	520,305	446,285	477,295	471,297	1,452,229
2,000,736	2,168,860	2,283,141	1,131,616	3,475,857	5,398,703
326,938	341,823	335,177	392,983	396,186	442,785
369,659	815,610	1,222,551	1,200,327	1,223,670	1,226,945
-	-	158,142	-	-	-
23,838,162	22,800,578	23,473,189	23,835,640	26,596,389	30,256,709
310,547	834,567	(635,414)	(1,135,539)	(2,129,135)	(4,416,412)
				215,000	-
3,276,693	3,620,608	4,995,305	7,071,268	5,387,354	7,931,816
(4,679,164)	(5,556,714)	(5,462,473)	(20,616,655)	(4,206,628)	(5,793,230)
-	16,215,000	6,971,120	1,576,691	-	-
-	-	(6,720,721)	-	-	-
-	-	-	(197,083)	-	-
-	(685,827)	(74,404)	-	-	-
-	-	(67,206)	119,412	-	-
(1,402,471)	13,593,067	(358,379)	(12,046,367)	1,395,726	2,138,586
$ (1,091,924)	$ 14,427,634	$ (993,793)	$ (13,181,906)	$ (733,409)	$ (2,277,826)
3.19%	5.61%	8.10%	7.02%	7.01%	6.72%

CITY OF ST. AUGUSTINE, FLORIDA

TOTAL ASSESSED VALUATIONS AND TOTAL EXEMPTIONS
LAST TEN FISCAL YEARS
September 30, 2014
"UNAUDITED"

	2006	2007	2008	2009	2010
Real Property	$ 2,053,904,777	$ 2,189,788,053	$ 2,050,830,669	$ 1,671,365,155	$ 1,670,891,378
Personal Property	84,651,102	91,299,224	89,781,653	88,602,566	108,370,268
Railroad & Telegraph	2,724,527	2,352,819	3,232,997	2,478,097	2,230,412
Total Assessed Valuations	2,141,280,406	2,283,440,096	2,143,845,319	1,762,445,818	1,781,492,058
Homestead Exempt Property (a)	74,445,529	83,998,000	156,415,412	154,994,874	141,949,847
Other Exemptions	419,996,442	442,762,407	349,967,839	225,336,597	426,874,275
Total Exempt Property	494,441,971	526,760,407	506,383,251	380,331,471	568,824,122
Total Taxable Value	$ 1,646,838,435	$ 1,756,679,689	$ 1,637,462,068	$ 1,382,114,347	$ 1,212,667,936
Direct Rate	6.600	6.600	6.313	6.823	7.500

NOTES:

(a) **Real property is assessed at 100 percent of fair market value. Tangible Personal Property: Equipment is assessed at current depreciated value. Centrally Assessed Property: (1) State of Florida makes annual assessments of all operating property of railroad and railroad terminal companies in the State. Such assessment is apportioned to each county, based upon actual situs, and, in the case of property not having situs in a particular county, is apportioned based upon track miles. (2) All private car and freight line and equipment companies operating rolling stock in Florida other than in (1) above shall return for taxation the average number of their cars which are habitually present within Florida and shall state the fair market value thereof. Property is assessed as of January 1st. Tax bills are mailed November 1st. Four percent discount, if paid in November, three percent if paid in December, two percent if paid in January, one percent discount if paid in February, full amount due in March, delinquent April 1st.**

Source: St. Johns County Property Appraiser, St. Johns County Tax Collector, Department of Revenue, State of Florida

2011	2012	2013	2014	2015
$ 1,567,068,493	$ 1,506,640,382	$ 1,550,025,682	$ 1,600,223,236	$ 1,718,302,003
103,283,994	98,758,852	99,441,437	101,527,054	103,628,284
2,304,747	2,148,694	2,558,367	2,928,245	3,369,083
1,672,657,234	1,607,547,928	1,652,025,486	1,704,678,535	1,825,299,370
139,393,599	139,761,480	141,569,199	145,786,764	150,699,482
416,816,893	394,769,492	394,162,661	389,557,411	402,135,455
556,210,492	534,530,972	535,731,860	535,344,175	552,834,937
$ 1,116,446,742	$ 1,073,016,956	$ 1,116,293,626	$ 1,169,334,360	$ 1,272,464,433
7.500	7.500	7.500	7.500	7.500

CITY OF ST. AUGUSTINE, FLORIDA

PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

	Direct	Overlapping				
Fiscal Year Ended	City of St. Augustine	St. Johns County	School District	St. Johns River Water Management District	Other	Total
2006	6.600	5.848	7.849	0.462	0.441	21.200
2007	6.313	5.004	7.721	0.416	0.395	19.848
2008	6.823	5.037	7.642	0.416	0.382	20.300
2009	7.500	5.547	7.801	0.416	0.381	21.645
2010	7.500	5.547	8.069	0.416	0.228	21.760
2011	7.500	5.937	7.979	0.331	0.228	21.976
2012	7.500	5.937	7.683	0.331	0.231	21.682
2013	7.500	5.937	7.544	0.328	0.231	21.540
2014	7.500	5.937	7.342	0.316	0.343	21.439
2015	7.500	5.875	7.228	0.302	0.273	21.178

NOTES:

Millage rates are per $1,000 of assessed valuation.

Source: St. Johns County Tax Collector

CITY OF ST. AUGUSTINE, FLORIDA

PRINCIPAL TAXPAYERS
September 30, 2015
"UNAUDITED"

Taxpayer	2014/2015 Taxable Assessed Value	2014/2015 Rank	2014/2015 Percent of Total Assessment	2005/2006 Taxable Assessed Value	2005/2006 Rank	2005/2006 Percent of Total Assessment
Patris Real Estate LLC	$ 14,230,358	1	1.18%	$ -		
The Flagler Resort, LTD	12,479,026	2	1.03%	16,093,550	1	1.05%
SHP IV Harbour Island LLC	7,211,273	3	0.60%			
Target Corporation	5,592,900	4	0.46%	9,208,180	3	0.60%
Sea Wall Motor Lodge, INC	5,150,193	5	0.43%	6,750,000	7	0.44%
116 San Marco LLC	4,865,789	6	0.40%			
Home Depot USA, Inc.	4,726,300	7	0.39%	8,326,400	4	0.54%
Patel, Kantibhai M.	4,563,446	8	0.38%	7,000,000	6	0.46%
SA Marina Holdings LLC	4,098,383	9	0.34%			
Orthopedic Associates Partners	4,012,581	10	0.33%	-	-	
Ponce Family LTD Partnership				6,375,000	8	0.42%
Ponce Associates, LLC				12,219,480	2	0.80%
The Allegro Senior Housing, LLC				6,323,420	9	0.41%
Fish Island Development, LLC				6,290,770	10	0.41%
Conch House Builders LLC				7,306,250	5	0.48%
Other Taxpayers	1,140,463,694		94.46%	1,450,155,261		94.41%
	$ 1,207,393,943		100.00%	$ 1,536,048,311		100.00%

Source: St. Johns County Property Appraiser's Office

CITY OF ST. AUGUSTINE, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

Fiscal Year Ended	Total Tax Levy	Current Tax Collection	Percent (a) of Levy Collected	Assessed Taxable Value	Estimated Actual Value (Thousands)	Estimated % of Fair Market Value
2006	8,774,045	8,517,325	97.07%	2,141,280,406	2,141,280	100%
2007	10,805,480	10,548,105	97.62%	2,283,440,096	2,283,440	100%
2008	10,396,491	10,487,209	100.87%	2,143,845,319	2,143,845	100%
2009	11,172,404	10,743,591	96.16%	1,762,445,818	1,762,446	100%
2010	10,352,987	9,939,071	96.00%	1,781,492,058	1,781,492	100%
2011	9,099,510	8,797,391	96.68%	1,672,657,234	1,672,657	100%
2012	8,341,338	8,088,994	96.97%	1,607,547,928	1,607,548	100%
2013	8,023,465	7,858,707	97.95%	1,652,025,486	1,652,025	100%
2014	8,366,909	8,136,439	97.25%	1,704,678,535	1,704,679	100%
2015	8,775,490	8,509,409	96.97%	1,825,299,370	1,825,299	100%
2016	9,502,422	7,530,710	79.25%	*not available*		

NOTES:

(a) Florida Statutes provide for a discount of up to four percent for early payment of Ad Valorem Taxes.

CITY OF ST. AUGUSTINE, FLORIDA

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

Fiscal Year	Population (a)	Assessed Value (In Thousands) (b)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2006	13,702	2,141,280	-	-	-	-	-
2007	13,912	2,283,440	-	-	-	-	-
2008	13,874	2,143,845	-	-	-	-	-
2009	13,663	1,762,446	-	-	-	-	-
2010	13,719	1,781,492	-	-	-	-	-
2011	13,056	1,672,657	-	-	-	-	-
2012	13,092	1,607,548	-	-	-	-	-
2013	13,271	1,652,025	-	-	-	-	-
2014	13,414	1,704,679	-	-	-	-	-
2015	13,590	1,825,299	-	-	-	-	-

NOTES:

(a) City of St. Augustine, Planning & Building Department

(b) Previous year's preliminary tax role is adjusted to final role in current year.

CITY OF ST. AUGUSTINE, FLORIDA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES LAST TEN FISCAL YEARS

September 30, 2015

"UNAUDITED"

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2006	285,605	1,526,056	1,811,661	18,846,625	9.61
2007	297,167	438,764	735,931	21,058,008	3.49
2008	303,813	389,015	692,828	20,932,846	3.31
2009	313,781	390,469	704,250	21,349,627	3.30
2010	326,938	369,659	696,597	21,979,202	3.17
2011	341,823	815,610	1,157,433	20,856,626	5.55
2012	335,177	1,222,551	1,557,728	20,778,307	7.50
2013	392,983	1,200,327	1,593,310	20,827,487	7.65
2014	396,186	1,223,670	1,619,856	21,858,437	7.41
2015	442,785	1,226,945	1,669,730	24,456,114	6.83

CITY OF ST. AUGUSTINE, FLORIDA
UTILITY REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

Fiscal Year Ended	Gross Revenue (a)	Operating Expenses (b)	Net Revenue (c)	Debt Service Requirements		Debt Service Coverage
2006	14,286,905	7,467,811	6,819,094	3,188,793	(d)	2.14
2007	19,692,492	7,804,057	11,888,435	3,209,541	(d)	3.70
2008	12,505,287	7,233,245	5,272,042	3,234,726	(d)	1.63
2009	12,138,979	7,307,097	4,831,882	3,254,261	(d)	1.48
2010	11,876,944	6,979,489	4,897,455	3,288,337	(d)	1.49
2011	12,301,380	6,847,896	5,453,484	3,318,894	(d)	1.64
2012	12,293,699	7,586,408	4,707,291	3,344,052	(d)	1.41
2013	20,661,902	8,223,690	4,417,087	2,843,032	(d)	1.55
2014	12,864,764	8,264,157	4,600,607	2,833,938	(d)	1.62
2015	13,275,185	8,561,021	4,714,164	2,837,388	(d)	1.66

NOTES:

(a) **Gross Revenue = Operating Revenue + Net Transfers In (Out) + Interest Revenue + Miscellaneous Revenue**

(b) **Operating Expenses = Total Operating Expenses - Depreciation and Amortization**

(c) **Net Revenue = Gross Revenue - Operating Expenses - Extraordinary Revenues + Extraordinary Expenses**

(d) **Includes interest on zero-coupon bonds**

CITY OF ST. AUGUSTINE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

Fiscal Year	General Obligation Bonds Governmental Activities	Percentage of Taxable Value of Property (a)	Per Capita (b)	Percentage of Personal Income [c]
2006	31,412,457	1.91%	2,293	0.28%
2007	8,276,487	0.47%	595	0.07%
2008	7,972,675	0.49%	575	0.07%
2009	7,658,893	0.55%	561	0.07%
2010	7,331,955	0.60%	534	0.06%
2011	23,205,133	2.08%	1,777	0.20%
2012	23,120,355	2.15%	1,766	0.20%
2013	24,106,979	2.16%	1,817	0.21%
2014	23,710,792	2.03%	1,768	0.21%
2015	21,951,282	1.73%	1,615	0.17%

Fiscal Year	General Obligation Bonds Business-Type Activities	Percentage of Taxable Value of Property (a)	Per Capita (b)	Percentage of Personal Income [c]
2006	2,567,543	0.16%	187	0.02%
2007	25,183,514	1.43%	1,810	0.22%
2008	24,957,327	1.52%	1,799	0.22%
2009	24,726,106	1.79%	1,810	0.22%
2010	24,323,044	2.01%	1,773	0.21%
2011	23,909,867	2.14%	1,831	0.21%
2012	23,614,644	2.20%	1,804	0.21%
2013	23,663,021	2.12%	1,783	0.21%
2014	23,114,207	1.98%	1,723	0.20%
2015	23,908,718	1.88%	1,759	0.19%

Fiscal Year	Water Revenue Bonds	Total Primary Government (d)	Per Capita (b)	Percentage of Personal Income [c]
2006	29,830,773	63,810,773	4,657	0.26%
2007	28,375,694	61,835,695	4,445	0.25%
2008	26,884,601	59,814,603	4,311	0.24%
2009	25,363,644	57,748,643	4,227	0.22%
2010	23,799,012	55,454,011	4,042	0.21%
2011	22,191,968	69,306,968	5,308	0.20%
2012	20,508,832	67,243,831	5,136	0.18%
2013	21,800,000	69,570,000	5,242	0.19%
2014	19,815,000	66,639,999	4,968	0.17%
2015	17,750,000	63,610,000	4,681	0.14%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See page 142-143 for taxable property value data.

(b) See page 147 for population data.

[c] See page 155 for total personal income data.

(d) Includes governmental activities debt and business-type activities debt.

CITY OF ST. AUGUSTINE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2015
"UNAUDITED"

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
St. Johns County Capital Improvement Revenue Bonds, Series 2012	9,374,000	6.30%	590,341
St. Johns County Revenue Sharing Revenue & Refunding Revenue			-
Bonds, Series 2014	15,300,000	6.30%	963,539
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2015	52,315,000	6.30%	3,294,609
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2012	40,395,000	6.30%	2,543,931
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2009A	5,695,000	6.30%	358,650
St. Johns County Sales Tax Revenue Bonds, Series 2009	17,965,000	6.30%	1,131,371
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2006	995,000	6.30%	62,661
St. Johns County Transportation Improvement Revenue Bonds, Series 2012	23,980,000	6.30%	1,510,174
St. Johns County Transportation Improvement Revenue Bonds, Series 2006	570,000	6.30%	35,897
St. Johns County Taxable Capital Improvement Revenue Bonds, Series 2014	4,120,000	6.30%	259,463
St. Johns County Community Redevelopment Agency Refunding			-
Note, Series 2012	2,882,000	6.30%	181,498
St. Johns County Transportation Improvement Revenue Bonds, Series 2015	24,755,000	6.30%	1,558,980
			-
Other Debt			-
			-
St. Johns Count School Board Certificates of Participation	117,990,000	6.30%	7,430,583
St. Johns Count School Board General Obligation Bonds,			-
Series, 2006A through 2014B	5,487,000	6.30%	345,551
Subtotal Overlapping Debt			**$ 20,267,248**
City Direct Debt			
Capital Improvement and Refunding Bonds, Series 2004	11,626	100%	11,626
Capital Improvement and Refunding Bonds, Series 2011	16,215,000	100%	16,215,000
Capital Improvement and Refunding Bonds, Series 2011B	5,508,179	100%	5,508,179
Capital Improvement and Refunding Bonds, Series 2013	1,573,175	100%	1,573,175
Subtotal Direct Debt			**$ 23,307,980**
Total Direct and Overlapping Debt			**$ 43,575,228**

Sources: Assessed value data used to estimate applicable percentages provided by St. Johns County Property Appraiser. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at leaset in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of St. Augustine. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not ipmly that every taxpayer is a resident, and therefore responsible for repaying the debt o of each overlapping government.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental units' taxalbe value that is withing the City's boundries and fividing it by each unit's total taxable assessed value. This same formula is used for other overlapping debt.

CITY OF ST. AUGUSTINE, FLORIDA

DIRECT AND OVERLAPPING RATIOS
September 30, 2015
"UNAUDITED"

Direct and Overlapping General Obligation Debt	**$**	**43,575,228**
Per Capita	**$**	**3,206**
As a Percentage of Taxable Assessed Valuation		**2.39%**
As a Percentage of Total Just Valuation		**3.42%**

CITY OF ST. AUGUSTINE, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2015

"UNAUDITED"

The Constitution of the State of Florida, Florida Statutes 200.131, and the City of St. Augustine Charter set no legal debt margin.

CITY OF ST. AUGUSTINE, FLORIDA

SUMMARY OF PLEDGED FUNDS
Public Service Tax/Guaranteed Entitlement Bonds
September 30, 2015
"UNAUDITED"

Revenue Source	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Public Service Tax					
Electric	$ 980,395	$ 939,844	$ 1,029,195	$ 1,125,221	$ 1,146,071
Communication	1,133,430	1,108,214	1,079,773	818,429	918,884
Gas	62,194	75,057	77,528	81,721	66,756
Fuel Oil	-	-	-	-	-
Total	$ 2,176,019	$ 2,123,115	$ 2,186,496	$ 2,025,371	$ 2,131,711
Florida Revenue Sharing					
Revenue Sharing	$ 547,815	$ 549,061	$ 549,036	$ 554,391	$ 562,696
Guaranteed Entitlements					
Local Option Gas Tax	$ 534,021	$ 516,976	$ 486,932	$ 502,418	$ 524,651
Total	$ 534,021	$ 516,976	$ 486,932	$ 502,418	$ 524,651
Total Pledged Funds	$ 3,257,855	$ 3,189,152	$ 3,222,464	$ 3,082,180	$ 3,219,058

CITY OF ST. AUGUSTINE, FLORIDA

DEMOGRAPHIC STATISTICS
September 30, 2015
"UNAUDITED"

Year	Population: City of St. Augustine	Population: St. Johns County	Per Capita Personal Income	Total Personal Income (in thousands)	Unemployment Rate
2006	13,702	155,014 (est.)	$ 48,392	$ 7,262,095	2.7%
2007	13,912	167,453 (est.)	$ 50,179	$ 8,276,144	2.7%
2008	13,874	176,570 (est.)	$ 49,327	$ 8,869,772	5.5%
2009	13,663	183,244 (est.)	$ 48,283	$ 8,999,561	8.2%
2010	13,719	189,764 (est.)	$ 49,327	$ 9,377,675	9.6%
2011	13,056	192,570 (est.)	$ 47,544	$ 10,009,692	8.4%
2012	13,092	195,847 (est.)	$ 52,205	$ 10,957,330	6.9%
2013	13,271	201,325 (est.)	$ 54,082	$ 11,338,025	5.2%
2014	13,414	207,443 (est.)	$ 58,379	$ 12,721,968	4.9%
2015	13,590	213,566 (est.)	Not Available	Not Available	4.0%

Year	Population Projection: City of St. Augusine	Population Projection: St. Johns County
2016	14,270	214,307
2021	14,500	253,430
Avg Household Size:	2.02	2.49

Source: **City of St. Augustine, Planning & Building Department,**
St. Johns County Chamber of Commerce
Office of Economic and Demographic Research

CITY OF ST. AUGUSTINE, FLORIDA

MAJOR EMPLOYERS IN THE ST. AUGUSTINE AREA
September 30, 2015
"UNAUDITED"

Establishment	Product	2014/2015		2005/2006	
		Approximate Employees	% of Total County Employment	Approximate Employees	% of Total County Employment
St. Johns County School Board	Educational	4,046	3.89%	3,250	3.07%
Flagler Hospital	Health Care	1,900	1.83%	1,674	1.58%
St. Johns County	County Government	1,105	1.06%	1,412	1.34%
Northrop Grumman	Aircraft Overhaul & Modification	1,200	1.15%	1,133	1.07%
US Army National Guard	Florida National Guard HQ	1,036	1.00%	1,156	1.09%
Community Hospice of NE Florida	Health Care	959	0.92%		0.00%
Florida School for the Deaf and Blind	Educational Institution	650	0.63%	750	0.71%
Flagler College	Four-Year Liberal Arts College	525	0.51%	356	0.34%
St. Johns County Sherrif's Office	County Government	560	0.54%	545	0.52%
Carlisle Interconnect Technologies (T	Manufacturer	650	0.63%	310	0.29%
Ring Power	Heavy Equipment Sales	445	0.43%	621	0.59%
		13,076	13%	11,207	11%

CITY OF ST. AUGUSTINE, FLORIDA

SUMMARY OF TEN LARGEST WATER CUSTOMERS
September 30, 2015
"UNAUDITED"

Customer	Usage for Fiscal Year Ended September 30, 2015 (in gallons)
City of St. Augustine	27,564,600
Flagler Hospital	23,611,600
St. Johns County	20,041,100
Flagler College	14,090,600
Florida School for the Deaf & Blind	12,477,800
St. Johns County School Board	11,081,500
Flagler Resort LTD	8,303,600
Northrup Grumman Systems Corp	7,970,700
St. Johns Welfare Federation	6,661,500
First Coast Technical Institute	6,379,700

Source: City of St. Augustine Customer Service Department

CITY OF ST. AUGUSTINE, FLORIDA

HISTORICAL UTILITY CUSTOMERS AND SALES OF THE SYSTEM
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

	Water Customers			Sewer Customers		
Fiscal Year Ended	**Inside City**	**Outside City**	**Total**	**Inside City**	**Outside City**	**Total**
2006	6,642	3,594	10,236	6,283	1,586	7,869
2007	6,741	3,858	10,599	6,651	1,859	8,510
2008	7,000	4,058	11,058	6,674	1,998	8,672
2009	7,047	4,183	11,230	6,697	2,134	8,831
2010	6,988	4,419	11,407	6,704	2,210	8,914
2011	6,793	4,440	11,233	6,374	2,332	8,706
2012	6,901	4,527	11,428	6,476	2,409	8,885
2013	6,826	4,532	11,358	6,727	2,408	9,135
2014	6,842	4,585	11,427	6,717	2,485	9,202
2015	6,771	4,714	11,485	6,624	2,534	9,158

Source: City of St. Augustine Customer Service Department

Water Sales (Thousands of Gallons)		
Inside City	Outside City	Total
529,264	273,470	802,734
572,648	385,139	957,787
596,147	386,930	983,077
513,033	378,125	891,158
521,691	344,701	866,392
540,729	374,552	915,281
542,757	398,102	940,859
535,938	366,881	902,819
595,408	391,182	986,590
540,026	368,309	908,335

CITY OF ST. AUGUSTINE, FLORIDA

WATER AND WASTEWATER TREATMENT PLANTS
SUMMARY OF HISTORICAL DAILY FLOWS
<u>September 30, 2015</u>
"UNAUDITED"

	Water Treatment Plant (a)		Wastewater Treatment Plant	
Fiscal Year Ended	Annual Average Daily Flow (Millions of Gallons Per Day)	Maximum Monthly Average Daily Flow (Millions of Gallons Per Day)	Annual Average Daily Flow (Millions of Gallons Per Day)	Maximum Monthly Average Daily Flow (Millions of Gallons Per Day)
2006	3.000	3.400	3.026	4.100
2007	3.560	4.085	3.624	6.016
2008	3.651	4.601	2.995	10.885
2009	3.388	4.119	3.697	9.639
2010	3.356	3.769	3.033	9.030
2011	3.244	3.692	2.674	3.581
2012	3.058	3.601	3.587	5.772
2013	2.974	3.389	3.913	5.724
2014	2.959	3.178	3.678	4.614
2015	3.110	3.443	3.828	7.915

Source: City of St. Augustine Engineering Department

CITY OF ST. AUGUSTINE, FLORIDA

WATER AND SEWER UTILITIES
HISTORICAL RATE STRUCTURES
September 30, 2015
"UNAUDITED"

		Minimum Charge	Water		Sewer	
Effective October 1,	**Service Area**	**Flow Rate Gal./Month**	**Minimum Charge**	**Additional Charge Per 1,000 Gal.**	**Minimum Charge**	**Additional Charge Per 1,000 Gal.**
2006	Inside City	3,000	14.17	3.90	19.58	4.93
	Outside City	3,000	17.71	4.87	24.47	6.17
2007	Inside City	3,000	14.45	3.98	19.97	5.03
	Outside City	3,000	18.06	4.98	24.96	6.29
2008	Inside City	3,000	14.83	4.08	20.49	5.16
	Outside City	3,000	18.53	5.11	25.61	6.45
2009	Inside City	3,000	15.42	4.24	21.32	5.37
	Outside City	3,000	19.26	5.31	26.64	6.71
2010	Inside City	3,000	16.19	4.47	22.35	5.66
	Outside City	3,000	20.20	5.59	27.92	7.07
2011	Inside City	3,000	16.46	4.56	22.69	5.77
	Outside City	3,000	20.54	5.70	28.34	7.21
2012	Inside City	3,000	16.83	4.68	22.99	5.87
	Outside City	3,000	20.99	5.85	28.70	7.33
2013	Inside City	3,000	17.12	4.76	23.40	5.98
	Outside City	3,000	21.37	5.95	29.22	7.46
2014	Inside City	3,000	17.30	4.82	23.40	6.06
	Outside City	3,000	21.61	6.03	29.22	7.56
2015 **(a)**	Inside City	0	11.53	2.50-10.62	11.77	5.56
	Outside City	0	14.30	3.10-13.17	14.59	6.89

(a) In 2015, the City changed to a convservation rate structure. There is no longer a minimum bill of 3000 gallons of usage.

CITY OF ST. AUGUSTINE, FLORIDA

BUILDING PERMIT ACTIVITY
LAST TEN FISCAL YEARS
(Value in Thousands)
September 30, 2015
"UNAUDITED"

Fiscal Year	Single Family Units	Multi-Family Units	New Residential Valuation	New Non-Residential Valuations	Residential & Non-Residential Additions/ Alterations	Public Valuation	Total Valuation
2006	30	44	7,220	17,340	NA	3,082	27,642
2007	66	8	12,263	13,953	4,854	498	31,568
2008	176	19.00	8,267	11,536	741	844	21,388
2009	7	1	4,179	4,224	6,812	2,851	18,066
2010	13	-	2,417	3,547	526	921	7,411
2011	41	-	49,910	-	834	-	50,744
2012	38	-	7,986	3,561	-	-	11,547
2013	49	-	10,964	14,490	1	12,644	38,100
2014	67	-	12,135	9,069	65	8,153	29,422
2015	89	-	17,335	13,730	129	9,256	40,450

Source: City of St. Augustine Planning & Building Department

CITY OF ST. AUGUSTINE, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
(In Thousands of Dollars)
LAST TEN FISCAL YEARS
September 30, 2015
"UNAUDITED"

	Commercial Construction (a)		Residential Construction (a)		
Fiscal Year	Number of Units	Value	Number of Units	Value	Bank Deposits (b)
2006	24	34,622	74	7,220	2,457,165
2007	262	15,184	571	16,414	2,315,423
2008	349	12,469	505	8,919	1,898,151
2009	309	10,023	559	8,043	2,786,112
2010	8	3,547	13	2,417	2,850,983
2011	-	-	41	49,910	2,868,734
2012	30	3,561	38	3,986	2,833,072
2013	31	14,490	49	10,964	2,940,180
2014	33	15,779	104	13,578	3,100,391
2015	60	23,882	164	20,531	3,500,629

NOTES:

(a) Planning and Building Division
(b) Deposits for St. Johns County ($000)
Source: www.FDIC.gov

CITY OF ST. AUGUSTINE, FLORIDA

MISCELLANEOUS STATISTICAL DATA
September 30, 2015
"UNAUDITED"

Date of Incorporation	May 30, 1925
Form of Government	Commission - Manager
Area:	
Square Miles	13.89 Miles
Paved Streets	66.61
Unpaved Streets	10.5
Altitude	13 Feet Above Sea Level
Education:	
Elementary	3
Secondary	1
Post-Secondary	2
Fire Protection:	
Number of Fire Stations	2
Number of Firefighters	32
Police Protection:	
Number of Police Stations	1
Number of Police Officers	50
Utility Customers:	
Water	11,485
Sewer	9,158
Solid Waste	7,286
Tourism Facts (St. Johns County):	
Visitors (Per Year)	6,000,000+
Airports	1
Attractions/Points of Interest	50 +
Camp Sites	1,241
Condominium Units (Rentals)	4,000
Hotel/Motel Units	5,600
Marinas	7
Parks and Playgrounds	29
Public Golf Courses	5
Public Tennis Courts	28
Restaurants	200 +
Sightseeing Services	6
State Parks	5

(continued)

CITY OF ST. AUGUSTINE, FLORIDA

MISCELLANEOUS STATISTICAL DATA
September 30, 2015
"UNAUDITED"
(continued)

Climate:

Average Temperature and Precipitation in St. Johns County			
Quarter	**Average Daily ax. Temperatu**	**Average Daily Min. Temperature**	**Total Rainfall**
January - March	71.4	50.3	6.76
April - June	82.6	64.0	14.58
July - September	88.3	73.7	16.34
October - December	75.9	60.4	8.11

source: St. Johns County Chamber of Commerce,
Southeast Regional Climate Center

CITY OF ST. AUGUSTINE, FLORIDA

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST FIVE FISCAL YEARS
September 30, 2015
"UNAUDITED"

	Full-time Equivalent Employees as of September 30,				
FUNCTION	**2011**	**2012**	**2013**	**2014**	**2015**
Governmental Activities:					
General Government	75	77.5	55.5	54.5	56.5
Public Safety	100.5	99.5	99.5	99.5	102.5
Physical Environment	31	29	47	46.5	33
Transportation	0	0	0	0	17.5
Culture/Recreation	2	4	6	5	9
Business-Type Activities					
Utilities	58.5	58.5	59.5	57.5	63
Stormwater	1	1	1	3	3
Solid Waste	19	18	15	17	17
Municpal Marina	13	12	12	13.5	14
Visitor Information Center	17.5	18.5	15.5	15.5	17.5
Heritage Tourism	20.5	0	0	0	0

Source: City of St. Augustine Human Resources Department

CITY OF ST. AUGUSTINE, FLORIDA

Operating Indicators by Function
LAST FIVE FISCAL YEARS
September 30, 2015
"UNAUDITED"

FUNCTION	2011	2012	2013	2014	2015
Police					
Physical Arrests	1,564	1,477	1,208	1,261	1,333
Traffic Violations	3,937	4,094	2,971	3,693	3,253
Calls for Service	41,127	40,790	41,243	41,351	43,962
Parking Violations (includes those issued by Parking Enforcement)	10,003	10,211	9,907	11,672	16,981
Fire					
Number of calls answered	3,389	3,412	3,494	3,789	4,053
Inspections	387	381	521	520	572
Pre-fire tours	403	568	421	792	868
Hydrants Flow Tested	455	379	379	171	328
Highways and Streets					
New Street Pavings (miles)	-	-	-	-	-
Streets Resurfaced (miles)	0	-	0.5	2.5	6.4
Sanitation					
Refuse Collected (tons/day)	60.0	62.1	67.3	63.1	65.8
Recyclables Collected (tons/day)	2.7	2.8	4.0	4.9	5.0
Culture and Recreation					
Field Permits Issued	20	20	21	21	19
Plaza Permits Issued	41	43	42	40	32
Other Event Permits Issued	47	48	46	32	52
Water					
New Connections	100	100	88	138	275
Average Daily Consumption (thousands of gallons)	3,692	3,058	2,974	2,959	2,841
Wastewater					
Average Daily Usage (thousands of gallons)	3,581	3,587	3,913	3,678	3,541

Source: Various City Departments

CITY OF ST. AUGUSTINE, FLORIDA

Captial Asset Satitstics by Function
LAST FIVE FISCAL YEARS
September 30, 2015
"UNAUDITED"

FUNCTION	2011	2012	2013	2014	2015
Police					
Stations	1	1	1	1	1
Boats	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Vehicles	8	8	8	8	8
Boats	1	1	1	1	1
Sanitation					
Collection Trucks	7	7	7	7	7
Water					
New Feet of Water Mains Added	5,593	6,020	17,844	10,254	3,779
Fire hydrants	1,049	1,062	1,072	1,092	1,105
Maximum Monthly Average Daily Flow (thousands of gallons)	3,692	3,601	3,389	3,178	3,443
Wastewater					
New Feet of Sanitary Sewer Added	-	9,873	-	3,336	12,860
New Feet of Storm Sewers Added	-	2,218	3,300	1,731	3,416
Maximum Monthly Average Daily Flow (thousands of gallons)	3,587	5,772	3,678	4,614	7,915

Source: Various City Departments

Compliance Section

This Section Contains the Following:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Accountants' Report on Compliance With Section 218.415, Florida Statutes

Independent Auditors' Report on Compliance for the Major Federal Programs and on Internal Control Over Compliance Required by OMB Circular A-133

Schedule of Findings and Questioned Costs

Management Letter

STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Honorable Mayor and Members of the City Commission
Mr. John Reagan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine, Florida (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting:

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

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

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

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Compliance and Other Matters:

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

Purpose of this Report:

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

Masters, Smith & Wisby, P.A.
Certified Public Accountants
Jacksonville, Florida

March 22, 2016

MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

We have examined the City of St. Augustine, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City of St. Augustine, Florida compiled, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, The Florida Auditor General, Federal and other granting agencies and pass through entities, The Mayor and City Council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Masters, Smith & Wisby, P.A.
Certified Public Accountants
Jacksonville, Florida

March 22, 2016

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STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor And Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of St. Augustine, Florida's (the City's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *(OMB) Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of the City's major Federal programs and State projects for the year ended September 30, 2015. The City's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of the City's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination on the City's compliance with those requirements.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal programs and State projects for the year ended September 30, 2015.

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Report on Internal Control over Compliance:
The management of the City is responsible for establishing and maintaining effective internal control over the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program or State project to determine the auditing procedures for the purpose of expressing our opinion on compliance for the major Federal programs and State projects and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.555, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in an internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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

Masters, Smith & Wisby, P.A.
Certified Public Accountants
Jacksonville, Florida

March 22, 2016

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Financial Statements

Type of Auditors' Report	Unmodified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Reportable conditions identified not considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal Programs and State Projects:

Internal Control Over Major Programs:	
Material weaknesses identified?	No
Reportable condition identified not considered to be material weakness?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) or Circular A-133, or Chapter 10.557	No

Identification of major programs:

Federal Program	**CFDA No.**
Paul S. Sarbanes Transit in Parks	20.520

State Project	**CFSA No.**
Florida Inland Navigation District - Dredging and Repair Projects	N/A
Division of Historical Resources - Historic Presevation Small Matching Grants	45.031/45.032

	Federal	State
Dollar threshold used to distinguish Type A and Type B programs	$ 300,000	$ 100,000

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133	Yes

(continued)

(continued)

Financial Statement Findings:

No matters required to be reported.

Major Federal Programs and State Projects Findings and Questioned Costs:

No matters required to be reported.

Other Issues

A corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts

MSW
MASTERS, SMITH & WISBY, P.A.
ACCOUNTANTS & BUSINESS ADVISORS

STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA

MANAGEMENT LETTER

Honorable Mayor and Members and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

We have audited the financial statements of the City of St. Augustine, Florida (the City) as of and for the year ended September 30, 2015, and have issued our report thereon dated March 22, 2016.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We have issued our independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, independent auditors' report on compliance for the major federal programs and on internal control over compliance as required by OMB Circular A-133, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated March 22, 2016, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedules.

- Section 10.554(1)(i)1, *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. We determined prior year finding 2014-02 was not corrected as 4 purchases out of 50 tested were made prior to a purchase order being issued.

- Section 10.554(1)(i)2, *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined the City complied with Section 218.415, Florida Statutes.

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- Section 10.554(1)(i)3, *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following findings and recommendations:

  Finding and Recommendation: Finding 2015-01

  In testing pension wages in the general employees pension plan it was noted amounts paid for car allowances were included in pensionable wages. These wages are specifically excluded from pensionable wages according to terms of the pension plan. Upon further follow up, it was determined a code which excluded car allowances from being included as pensionable wages in the system had been incorrectly turned off in June of 2014. We determined that for the fiscal year, approximately $28,661 of car allowance payroll was incorrectly included in pensionable wages. We believe this amount to be immaterial to the City. Upon discussion with the City the code was turned back on in December of 2015. No recommendation is warranted as the finding has already been corrected.

  City's Response:

  The City agrees with the above and corrected the matter as soon as it was discovered.

- Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5, *Rules of the Auditor General* requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

- Section 10.554(1)(i)6(a), *Rules of the Auditor General*, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i67.(b), *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)6(c) and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Masters, Smith & Wisby, P.A.
Certified Public Accountants
Jacksonville, Florida

March 22, 2016

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