

**MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

An Enterprise Fund Department of the Martin County, Florida,
Board of County Commissioners

**MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Years Ended September 30, 2014 and 2013**

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***INTRODUCTORY
SECTION***



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Martin County, Florida
Solid Waste Department**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



MARTIN COUNTY

BOARD OF COUNTY COMMISSIONERS

UTILITIES & SOLID WASTE DEPARTMENT

PO Box 9000 Stuart, FL 34995-9000

John E. Polley

Director

Phone (772) 221-1442

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DOUG SMITH
Commissioner, District 1

ED FIELDING
Commissioner, District 2

ANNE SCOTT
Commissioner, District 3

SARAH HEARD
Commissioner, District 4

JOHN HADDOX
Commissioner, District 5

TARYN KRYZDA, CPM
County Administrator

MICHAEL D. DURHAM
County Attorney

March 27, 2015

Honorable Martin County Board of Commissioners
Taryn Kryzda, County Administrator

Dear Ladies and Gentlemen:

The Comprehensive Annual Financial Report (“CAFR”) of the Martin County Solid Waste Department (the “Department”) for the fiscal year ended September 30, 2014 is hereby submitted. The Department is an enterprise fund operation of the Martin County, Florida (the “County”) Board of County Commissioners (the “Board”).

The Department’s Financial Operations Division prepared the Financial Statements. The report consists of management’s representations concerning the finances of the Department. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Department has established a comprehensive internal control framework that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Department’s financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Because the cost of internal controls should not outweigh their benefits, the Department’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. We believe that the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly state the financial position and results of the operations of the Department.

The Department’s financial statements have been audited by McGladrey L.L.P., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Department for the fiscal year ended September 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors’ report is presented as the first component of the financial section of this report.

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GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Department's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DEPARTMENT

History and purpose

The Department is responsible for the operation of the Palm City Transfer Facility for Class I (garbage) and Class III (trash and construction/demolition), administration of the collection and recycling program in Martin County and operating the hazardous household waste program. The Palm City Landfill was opened in 1989, and the site was developed in two phases. During fiscal year 2005, the existing cells in the Palm City Landfill were closed to all Class I solid waste and the Department commenced transferring this material out of Martin County by a private sector contractor. The capping of the remaining cell was completed in FY 2006. The Department will continue to operate the transfer station, accept household hazardous waste, construction and demolition debris and yard trash.

The Department, as an operating unit of the Board, reports directly to the County Administrator. Martin County provides a full range of services and is a Non-Charter County established under the Constitution and the laws of the State of Florida. The legislative and governing body of the County is the five-member Board of County Commissioners. In accordance with State Statutes Chapter 28-12, the Clerk of the Circuit Court and Comptroller is the Clerk of the Commission and official custodian of the accounting records for the Department. The Accounting Department of the Clerk's Office, and the Office of Management and Budget, which report to the County Administrator, process accounting and budget entries generated by the Department.

Budgetary control

The Department's budget is included in the County's annual budget, which is prepared pursuant to Chapter 129, Florida Statutes. The Department's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) with the exception that capital asset purchases are budgeted as capital outlay expenditures for control purposes.

The Department's operations

The Department's operations are entirely related to providing collection and disposal of solid waste, recyclable material and hazardous waste. As a self-supporting operation that receives no tax dollars, the Department derives its operating revenues primarily from the collection of tipping fees at the scalehouse and annual special assessment fees for solid waste collection fees for the curbside pickup of residential garbage.



Transfer Station

Transfer station operations division – This division is responsible for accepting and processing 338 tons a day of municipal solid waste (residential and commercial). This division is also responsible for processing of customers who use the disposal and recycling services of the landfill via operation of the scales and generating weigh tickets. Vegetative waste is transferred off site where it is converted into ethanol. A minimum of 76% of all other construction and demolition materials received are reused and recycled. Currently the Department transfers Class I garbage to the Okeechobee Landfill.

Hazardous waste division - This division operates the household hazardous waste center, which provides a mechanism for collection of household hazardous waste generated from Martin County residential customers. The facility is available six days per week. This program also provides a scheduled mobile collection service to designated areas of the County via the Hazmobile.



Hazardous Waste Operations



C&D Building

Construction and Demolition (C&D) Operations Division – This division is responsible for the processing of construction and vegetation debris. Construction debris is done on site by a private contractor and 76% of the C&D material is recycled and the residuals from the recycling process are disposed of at the Okeechobee Landfill. The vegetation is accumulated on site and then is transferred to Ineos New Planet Energy where it is converted into ethanol fuel.



Solid Waste Facilities

Long-term care division – This division provides for the monitoring of the Department’s closed solid waste facilities in compliance with the Florida Department of Environmental Protection and Federal Environmental Protection Agency regulations. Site conditions are closely monitored and compliant testing of monitoring wells is performed on a regular basis.



Closed Landfill Gas Flare

Administration - This division is responsible for administering the franchise agreements for collection of residential solid and special waste from unincorporated dwelling units encompassing single family, duplex and triplex type of homes through an ad-valorem assessment on the annual tax roll, and provides for the collection of recyclable materials countywide by offering either curbside or drop off collection points. Weekly participation rates in the countywide recycling program averages 56%. In FY 2013 the responsibility for financial and accounting functions for the department were transferred to the Martin County Clerk of the Circuit Court and Comptroller. The budgeting functions are under the responsibility of the County's Office of Management and Budget.



Scalehouse

ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Department operates.

Local economy and demand trends

Martin County is located on the east coast of South/Central Florida in the area commonly referred to as the Treasure Coast. According to the Bureau of Business and Economic Research, the population of the County has increased 7.59% from 2004 to 2014. The permanent year-around population of Martin County as of April 2014 was estimated to be 148,007. The economy of the County is based upon retail trade and services, healthcare, construction, manufacturing and tourism. The Department's service area continues to reflect primarily residential and light businesses. Growth in the number of residential collections increased by 2,735, or 6.27% between fiscal years 2010 and 2014. A continued increase in population is projected through "build-out" which is expected to occur in 2025.

Since residential solid waste collection is billed annually as a non-ad valorem assessment for each property, the fluctuation of year-round residents has no impact on revenues collected for collection services.

Long range financial planning

The Department's capital improvement plan is projected to require \$4.7 million over the next ten (10) years. These capital expenditures include \$0.3 million for the transfer station floor replacement, \$0.3 million for roadway resurfacing, and \$4.1 million for heavy equipment replacement for use in the transfer station and the construction and demolition facility. Funding for these capital expenses will come from landfill tipping fees.

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the tenth year that the Department 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.

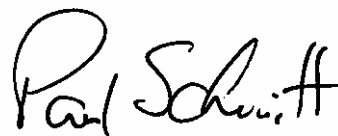
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this comprehensive annual financial report on a timely basis was made possible by the dedicated services of the County's Office of Management and Budget's staff and the Clerk of the Court and Comptroller's staff. We also thank the Martin County Board of County Commissioners for their continued assistance in enabling the Department to fulfill its roll in delivering highly efficient and effective countywide solid waste collection services.

Respectfully submitted,



John Polley
Director



Paul Schmitt
Director of Financial Services
Office of Carolyn Timmann
Martin County Clerk of Court
and Comptroller

PRINCIPAL OFFICIALS

**MARTIN COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS
AS OF SEPTEMBER 30, 2014**

SARAH HEARD
County Commissioner
District #4

DOUG SMITH
County Commissioner
District #1

ED FIELDING
County Commissioner
District #2

ANNE SCOTT
County Commissioner
District #3

JOHN HADDOX
County Commissioner
District #5

TARYN KRYZDA
County Administrator

SOLID WASTE DEPARTMENT

MANAGEMENT TEAM

JOHN POLLEY
Director

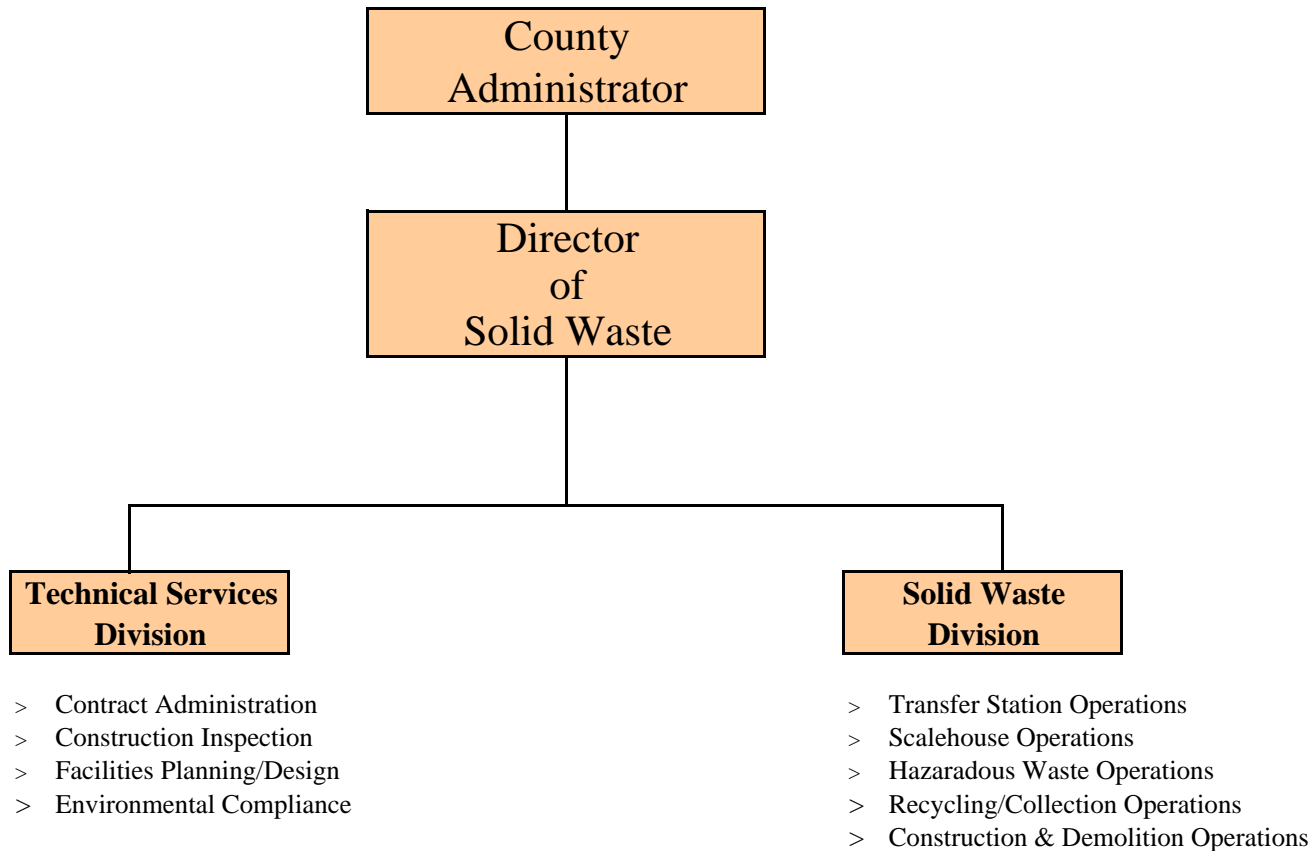
TED ROBBINS
Administrator
Technical Services

PATRICK YANCEY
Solid Waste
Administrator

MARTIN COUNTY, FLORIDA

SOLID WASTE

DEPARTMENT



***FINANCIAL
SECTION***



Independent Auditor's Report

The Honorable Board of County Commissioners
Martin County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Martin County Solid Waste Department (the Department), an enterprise fund of Martin County, Florida, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's 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 fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department, as of September 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the Department and do not purport to, and do not, present fairly the financial position of Martin County, Florida, as of September 30, 2014 and 2013 and the changes in its financial position and where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The accompanying introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical sections are the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated March 27, 2015 and March 14, 2014 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

McGladrey LLP

West Palm Beach, Florida
March 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

Our discussion and analysis of the Department's financial performance provides an overview of the Department's financial activities for the fiscal year ended September 30, 2014 and 2013. Please read it in conjunction with the Department's financial statements that begin on page 20.

HIGHLIGHTS

Financial highlights

2014

- Operating revenues increased approximately \$0.8 million due to an increase in Class I and Class III tonnages as well as an increase in customer growth during the year.
- Non-operating revenues had an increase of \$0.3 million over the prior year due to a grant received from Department of Environmental Protection Agency for the purchase of Pump Out Boats and the operation of these boats.
- Operating expenses increased \$0.9 million or 4.9% in part due to an increase in the collection rate paid to the franchise haulers for CPI and an increase in disposal costs.
- The Department's investment in capital assets decreased by \$0.24 million as depreciation was greater than equipment purchases during the year.
- The Department's liability for landfill closure and long-term care decreased \$0.4 million as the liability was adjusted down from 23 years to 22 years.

2013

- Operating revenues increased to \$19 million due to an increase in tipping fees of \$0.6 million resulting from increases in Class I and Class III tonnages from the prior year.
- Non-operating revenues had a net decrease over the prior year due to the end of year fair value adjustment of \$0.2 on the Department's investments.
- Operating expenses increased \$1.1 million or 6% in part due to an increase in the collection rate paid to the franchise haulers for CPI and an increase in disposal costs.
- The Department's investment in capital assets stayed virtually the same due to the addition of \$0.7 million in capital assets and depreciation expense \$0.7 million.
- The Department's liability for landfill closure and long-term care decreased \$0.4 million as the liability was adjusted down from 24 years to 23 years.

Department highlights

2014

- The vegetative debris contract with Ineos New Planet Energy to convert vegetative waste to ethanol fuel is meeting contract performance.
- The Department expanded the Household Hazardous Waste Program into Indiantown and South County on a monthly basis.
- Continued participation in conjunction with the Engineering Department by contributing over 4,000 tons of concrete for Martin County's Reef Program.

2013

- Awarded the vegetative debris contract to Ineos New Planet Energy to convert vegetative waste to ethanol fuel.
- Achieved state mandated goal of recycling 75% of waste in Martin County, which has resulted in Martin County being #1 in the state for recycling.
- Participated in conjunction with the Engineering Department by contributing over 4,000 tons of concrete for Martin County's Reef Program.
- Entered into an inter-local agreement with the Town of Sewall's Point to include 894 residences on the non-ad valorem tax bill for solid waste service under the Department's franchise agreement with Waste Management to be effective October 1, 2013.

USING THIS ANNUAL REPORT

Required financial statements

The financial statements of the Department report information about the Department using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Position includes the entire Department's assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Department and assessing the liquidity and financial flexibility of the Department.

The Statement of Revenues, Expenses and Changes in Net Position includes all of the current year's revenues and expenses. This statement measures the success of the Department's operations over the past year and can be used to determine whether the Department has successfully recovered all its costs through its user fees and other charges, profitability, and credit-worthiness.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Department's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and capital and noncapital financing activities and explains where the cash came from, what the cash was used for and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Department's activities. These two statements report the net position of the Department and the changes in them. You can think of the Department's net position (represents the residual interest in the Department's assets plus deferred outflows of resources after liabilities plus deferred inflows of resources are deducted and consist of three sections) as one way to measure financial health or financial position. Over time, increases or decreases in the Department's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other nonfinancial factors such as changes in economic conditions, population growth, and new or changed legislation.

The Department's total net position increased by \$1.2 million in fiscal year 2014. Our analysis below focuses on the Department's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1
Net Position

	As of September 30, 2014	%	As of September 30, 2013	%	As of September 30, 2012
Capital assets	\$ 11,952,511	(2.0)	\$ 12,195,908	0.3	\$ 12,163,547
Current and other assets	<u>20,657,734</u>	6.4	<u>19,414,816</u>	3.0	<u>18,841,158</u>
Total assets	<u>32,610,245</u>	3.2	<u>31,610,724</u>	2.0	<u>31,004,705</u>
Long-term liabilities	11,693,798	(3.5)	12,121,669	(3.0)	12,492,172
Other liabilities	<u>3,186,523</u>	7.1	<u>2,976,042</u>	(0.3)	<u>2,985,392</u>
Total liabilities	<u>14,880,321</u>	(1.4)	<u>15,097,711</u>	(2.5)	<u>15,477,564</u>
Net position:					
Net investment in capital assets	11,952,511	(2.0)	12,195,908	0.3	12,163,547
Unrestricted (deficit)	<u>5,777,413</u>	33.8	<u>4,317,105</u>	28.4	<u>3,363,594</u>
Total net position	<u>\$ 17,729,924</u>	7.4	<u>\$ 16,513,013</u>	6.3	<u>\$ 15,527,141</u>

Net investment in capital assets for fiscal year (FY) 2014 reflects a decrease of \$0.24 million compared to FY 2013 due to capital purchases and increase in CIP of \$0.5 million and depreciation expense of \$0.74 million. The unrestricted net position of \$5.8 million increased \$1.5 million due to a change in net position of \$1.2 million.

Net investment in capital assets for fiscal year (FY) 2013 reflects an increase of \$0.032 million compared to FY 2012 due to capital purchases of \$0.75 million and depreciation expense of \$0.7million. The unrestricted net position of \$4.3 million, increased \$0.95 million due to a change in net position of \$0.99 million.

Changes in the Department's net position can be determined by reviewing the following summary of Revenues, Expenses and Changes in Net Position for the year.

Table 2
Statement of Revenues, Expenses, and Change in Net Position

	FY 2014	FY 2013	% Change	FY 2012	% Change
Operating Revenues:					
Tipping fees	\$ 6,339,579	\$ 5,985,550	5.9	\$ 5,394,409	11.0
Special assessment fees – solid waste collections	13,181,961	12,736,585	3.5	12,658,573	.06
Miscellaneous	<u>274,633</u>	<u>255,057</u>	7.7	<u>199,094</u>	28.1
Total operating revenues	<u>19,796,173</u>	<u>18,977,192</u>	4.3	<u>18,252,076</u>	4.0
Non-operating revenues(expenses)					
Interest income	213,212	47,768	346.3	213,219	(77.6)
Grant income	160,095	30,182	430.4	17,550	72.0
Gain (loss) on disposal of assets	<u>7,696</u>	<u>(328)</u>	(2446.3)	<u>30,285</u>	(101.1)
Total non-operating revenues	<u>381,003</u>	<u>77,622</u>	390.8	<u>261,054</u>	(70.3)
Total Revenues:	<u>20,177,176</u>	<u>19,054,814</u>	5.9	<u>18,513,130</u>	2.9
Operating expenses:					
Salaries	1,211,258	1,157,860	4.6	1,125,398	2.9
Other operating expenses	16,677,295	15,797,415	5.6	14,686,811	7.6
Landfill closure and postclosure care costs	327,982	394,159	(16.8)	481,840	(18.2)
Depreciation	<u>743,730</u>	<u>719,508</u>	3.4	<u>693,641</u>	3.7
Total operating expenses	<u>18,960,265</u>	<u>18,068,942</u>	4.9	<u>16,987,690</u>	6.4
Changes in net position	1,216,911	985,872	23.4	1,525,440	(35.4)
Net position at beginning of year	<u>16,513,013</u>	<u>15,527,141</u>	6.3	<u>14,001,701</u>	10.9
Net position at end of year	<u>\$ 17,729,924</u>	<u>\$ 16,513,013</u>	7.4	<u>\$ 15,527,141</u>	6.3

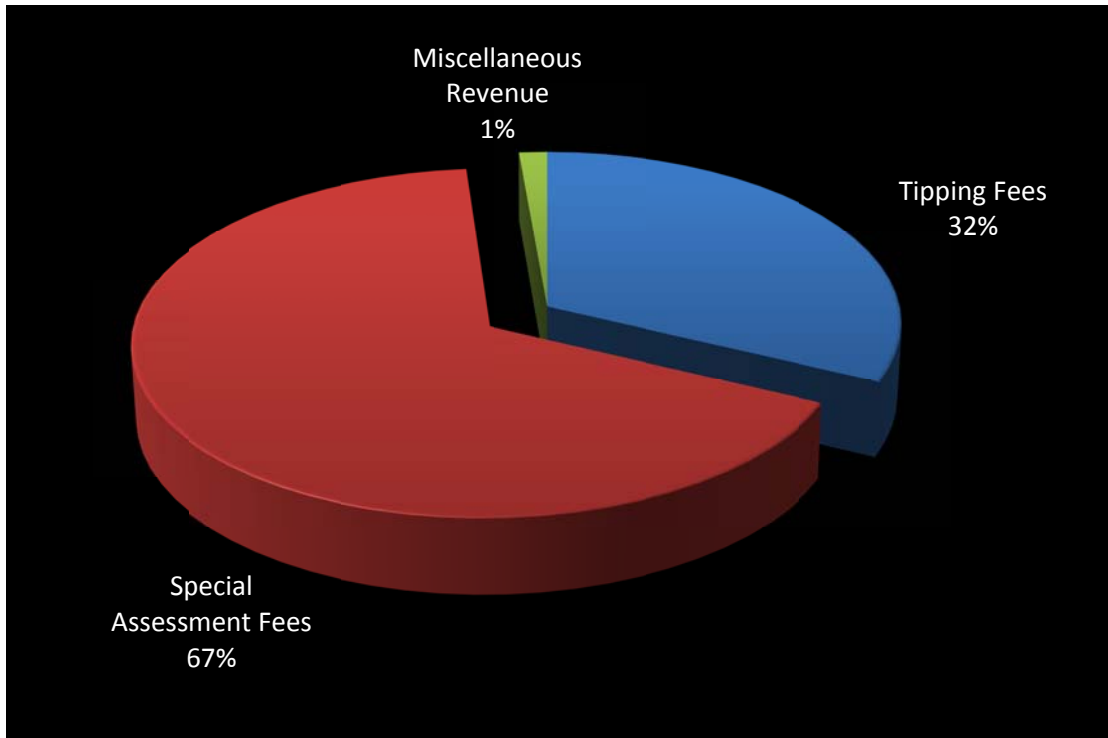
Total operating revenues reflect a 4.3% increase in FY 2014 as compared to FY 2013. The net increase is due to an increase in Class I and Class III material brought to the transfer station as well as a slight increase in curbside recycling along with an increase in special assessment revenue of 3.5% due in part to growth of residences assessed and an increase in the annual assessment fee for CPI adjustment for the franchise collection rate used in calculating the residential solid waste assessment.

Total operating revenues reflect a 4% increase in FY 2013 as compared to FY 2012. The majority of the net increase is due to an increase Class I and Class III material brought to the transfer station with minor increases in special assessment revenue due in part to growth of residences assessed and an increase in the annual assessment fee for CPI adjustment for the franchise collection rate used in calculating the residential solid waste assessment.

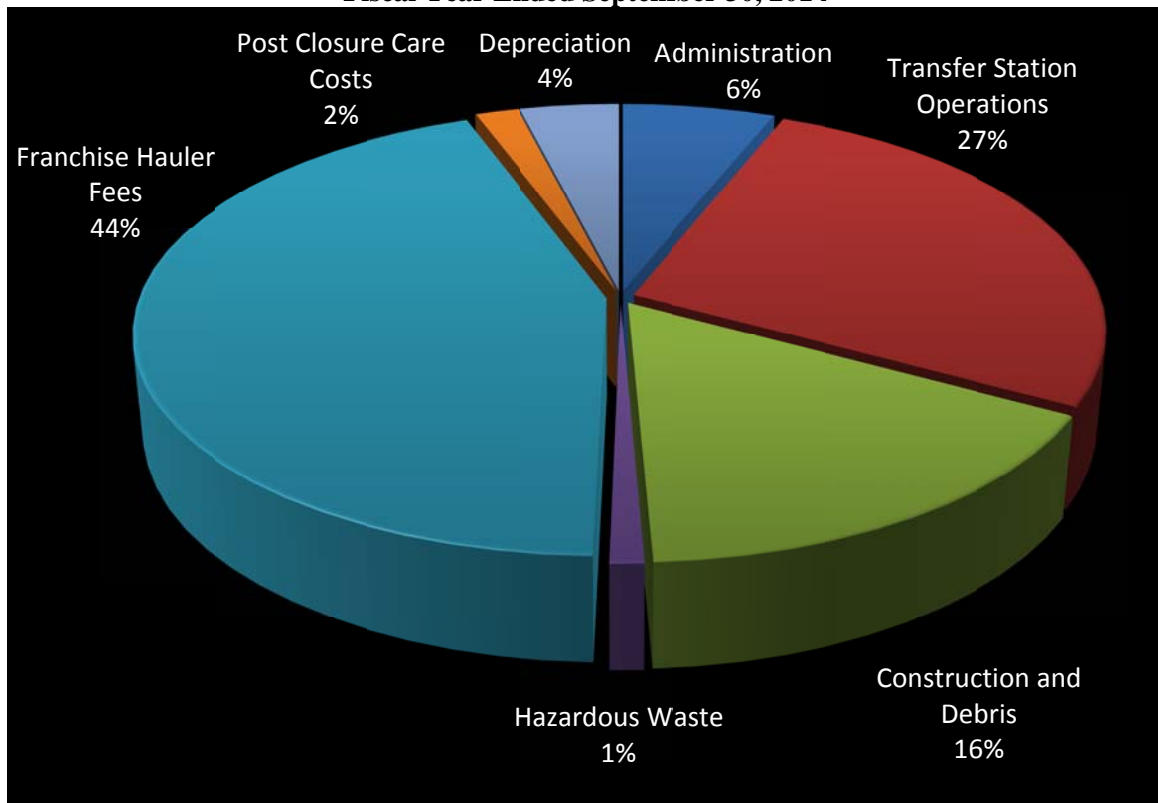
Operating expenses increased by 4.9% in FY 2014 as compared to FY 2013 due to the CPI increase for contracts in franchise hauling and disposal costs as well as the 3.3% increase in the number of customers.

Operating expenses increased by 6.4% in FY 2013 as compared to FY 2012 due to the CPI increase for contracts in franchise hauling and disposal costs.

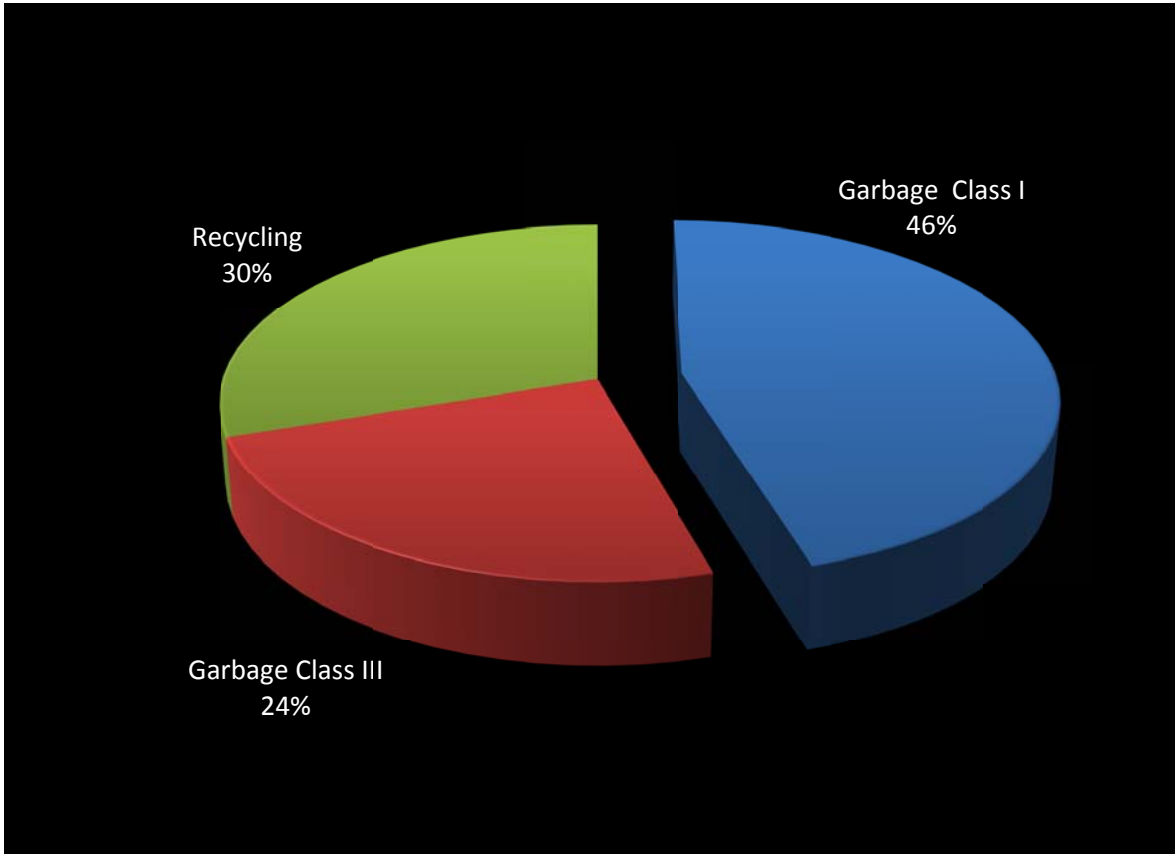
**Operating Revenue Distribution
Fiscal Year Ended September 30, 2014**



**Operating Expenses Distribution
Fiscal Year Ended September 30, 2014**



2013-2014 Materials to the Transfer Station



Total Tonnage: 239,194
(Recycled materials include yard trash, tires and white goods)

CAPITAL ASSETS

Capital assets

At September 30, 2014 the Department had \$11.9 million invested in land, buildings and landfill cells. This amount represents a net decrease (including additions and deductions) of 2% from last year. The Department added \$0.4 million in new assets, however depreciation was more than the new additions, resulting in a decrease in capital assets.

The following table summarizes the Department's capital assets, net of accumulated depreciation for the years ended September 30, 2014, 2013 and 2012.

Table 3

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land	\$ 1,836,230	\$ 1,836,230	\$ 1,836,230
Buildings and improvements	8,278,755	8,527,085	8,741,166
Landfill improvements	97,229	111,451	125,673
Equipment and leasehold improvements	1,635,231	1,708,198	1,445,949
Intangible assets	<u>11,359</u>	<u>12,944</u>	<u>14,529</u>
	<u>11,858,804</u>	<u>12,195,908</u>	<u>12,163,547</u>
Construction in Process	<u>93,707</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>\$ 11,952,511</u>	<u>\$ 12,195,908</u>	<u>\$ 12,163,547</u>

The following table summarized the changes in capital assets. These changes are presented in detail in note 4 to the financial statements.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 12,195,908	\$ 12,163,547	\$ 12,375,346
Additions/Transfers	412,037	752,197	483,471
Retirements/Transfers	(230,164)	(285,249)	(591,716)
Depreciation	(743,730)	(719,508)	(693,641)
Accumulated depreciation retired	224,753	284,921	590,087
Increase in construction work in progress	<u>93,707</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,952,511</u>	<u>\$ 12,195,908</u>	<u>\$ 12,163,547</u>

The major additions for FY 2014 consisted of equipment and new restroom facilities at the landfill for a total of \$0.4 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Department's service area, which includes all of Martin County, continues to reflect primarily residential and light businesses. Growth in the number of residential solid waste assessments increased 3.3% for fiscal year 2014.

The Department is anticipating an increase in the tipping fee for FY 2015 of 5.3%.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Department's Financial Operations Coordinator at P.O. Box 9000, Stuart, Florida 34995-9000.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
STATEMENTS OF NET POSITION
September 30, 2014 and 2013

ASSETS

	2014	2013
Current assets:		
Pooled cash and cash equivalents	\$ 231,873	\$ 427,315
Pooled Investments	12,821,742	17,891,227
Pooled restricted investments	547,600	546,565
Accounts receivable	493,322	517,580
Current portion of advance to other funds	571,767	-
Total current assets	14,666,304	19,382,687
Noncurrent assets:		
Advance to other funds	5,958,820	-
Restricted assets:		
Pooled cash and cash equivalents	1,438	-
Pooled investments	31,172	32,129
Total noncurrent assets	5,991,430	32,129
Capital assets:		
Land	1,836,230	1,836,230
Buildings and improvements	11,229,737	11,141,200
Landfill improvements	10,323,732	10,323,732
Equipment	4,514,214	4,420,878
Intangible assets	15,850	15,850
	27,919,763	27,737,890
Less accumulated depreciation	(16,060,959)	(15,541,982)
	11,858,804	12,195,908
Construction work in progress	93,707	-
Capital assets, net	11,952,511	12,195,908
Total non-current assets	17,943,941	12,228,037
TOTAL ASSETS	\$ 32,610,245	\$ 31,610,724

(continued)

The accompanying notes are an integral part of these statements.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
STATEMENTS OF NET POSITION
September 30, 2014 and 2013

LIABILITIES AND NET POSITION

	2014	2013
LIABILITIES		
Current liabilities		
Payable from current assets:		
Accounts payable	\$ 2,468,396	\$ 2,275,012
Accrued wages payable	36,528	33,546
Accrued compensated absences	19,202	17,509
Unearned revenue	114,797	110,468
	2,638,923	2,436,535
 Payable from restricted assets:		
Landfill post-closure costs, current	547,600	539,507
	3,186,523	2,976,042
 Total current liabilities		
 Long-term liabilities:		
Landfill closure and post-closure care costs	11,600,763	12,011,504
Accrued compensated absences	93,035	110,165
	11,693,798	12,121,669
 Total long-term liabilities		
 TOTAL LIABILITIES		
	14,880,321	15,097,711
 NET POSITION:		
Net Investment in capital assets	11,952,511	12,195,908
Unrestricted	5,777,413	4,317,105
	\$ 17,729,924	\$ 16,513,013

The accompanying notes are an integral part of these statements.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2014 and 2013

	2014	2013
OPERATING REVENUES:		
Tipping fees	\$ 6,339,579	\$ 5,985,550
Charges for services	13,181,961	12,736,585
Miscellaneous	274,633	255,057
Total operating revenues	19,796,173	18,977,192
OPERATING EXPENSES:		
Salaries	1,211,258	1,157,860
Other operating expenses	16,677,295	15,797,415
Landfill closure and post-closure care costs	327,982	394,159
Depreciation	743,730	719,508
Total operating expenses	18,960,265	18,068,942
Operating income	835,908	908,250
NONOPERATING REVENUES (EXPENSES)		
Interest income	213,212	47,768
Grant income	160,095	30,182
Gain (loss) on disposal of assets	7,696	(328)
Total nonoperating revenues, net	381,003	77,622
CHANGE IN NET POSITION	1,216,911	985,872
NET POSITION, BEGINNING OF YEAR	16,513,013	15,527,141
NET POSITION, END OF YEAR	\$ 17,729,924	\$ 16,513,013

The accompanying notes are an integral part of these statements.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Payments received from customers	\$ 19,820,432	\$ 19,017,138
Deposits received from customers	12,047	6,817
Payments for salaries and benefits	(1,223,713)	(1,147,839)
Payments to suppliers for goods and services	(16,483,911)	(15,828,371)
Refunds of customer deposits	(7,719)	(1,308)
Payments for long-term care costs	(730,630)	(758,586)
Net cash provided by operating activities	1,386,506	1,287,851
 Cash flows from noncapital financing activities:		
Operating grants	160,095	30,182
Net cash provided by noncapital financing activities	160,095	30,182
 Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(505,744)	(752,197)
Proceeds from sale of capital assets	13,107	-
Net cash used in capital and related financing activities	(492,637)	(752,197)
 Cash flows from investing activities:		
Purchase of investments	(8,842,270)	(6,839,369)
Advance to Utilities Fund	(6,716,490)	
Cash receipts of principal on advance to Utilities fund	185,903	-
Proceeds from interest on advance to Utilities fund	83,956	-
Proceeds from sales and maturities of investments	13,911,677	6,508,494
Interest received	129,256	47,768
Net cash provided by (used in) investing activities	(1,247,968)	(283,107)
 Net increase (decrease) in pooled cash and cash equivalents	(194,004)	282,729
Pooled cash and cash equivalents at beginning of year	427,315	144,586
 Pooled cash and cash equivalents at end of year	\$ 233,311	\$ 427,315

(continued)

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2014 and 2013

	2014	2013
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 835,908	\$ 908,250
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	743,730	719,508
(Increase) decrease in accounts receivable	24,258	39,946
Increase (decrease) in unearned revenue	4,329	5,509
Increase (decrease) in accounts payable	193,384	(30,956)
Increase (decrease) in accrued wages payable	2,982	9,237
Increase (decrease) in landfill closure costs	(402,648)	(364,427)
Increase (decrease) in accrued compensated absences	(15,437)	784
Total adjustments	550,598	379,601
Net cash provided by operating activities	\$ 1,386,506	\$ 1,287,851

The accompanying notes are an integral part of these statements.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

NOTE 1 – GENERAL

Martin County (the County) is a political subdivision of the State of Florida and is granted the power of self-government by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the Board) is the legislative and governing body of the County. The Martin County Solid Waste Department (the Department) operates a transfer station, construction and debris and yard waste processing facility. The Department contracts with an outside vendor to collect and haul residential Class I and yard waste to the transfer station. Class I waste is then hauled to a disposal facility in another County. Yard waste and construction and debris are processed on site by a third party vendor. The Department is included as an enterprise fund in the County's basic financial statements as part of the County's reporting entity. The Departments' financial statements do not purport to reflect the financial position of Martin County, Florida and the changes in its financial position and cash flows of its proprietary fund types, in conformity with accounting principles generally accepted in the United States.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Department are summarized below:

Basis of Accounting and Financial Statement Presentation

The Department functions as a self-supporting governmental enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public on a continuing basis with costs recovered primarily through user charges. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider are met.

Pooled Cash and Cash Equivalents

Amounts reported as pooled cash and cash equivalents include petty cash funds and restricted and unrestricted amounts deposited in interest-bearing demand deposits through the County's pooled cash and investment systems. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Pooled Investments

The Department participates in the County's pooled cash and investment systems as required for all departments reporting to the Board. The Accounting Department of the Clerk of the Circuit Court and Comptroller manages the pooled cash and investments guided by the County's Investment Policy. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value (quoted market price or best available estimate thereof), except for investments with remaining maturities of one year or less at time of purchase, which are stated at amortized cost and approximate fair value. Investments in Florida PRIME and Florida Local Government Investment Trust are recorded at their share price, which represents the fair value of the trusts' underlying investments.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable and Revenue Recognition

Accounts receivable are composed primarily of monthly billings for tipping fees for those customers that have established credit accounts. Tipping fees are collateralized by a customer prepayment or irrevocable letter of credit approximating 30 days' billing. All tipping fees are recorded as revenue when customers weigh in at the scalehouse.

Special assessment fees represent annual garbage collection services charged to residential customers in unincorporated Martin County. These fees are collected on the non ad-valorem tax bills and are recognized as revenue when earned which is in the year for which the collection services are provided.

Restricted Assets

The use of certain assets is restricted by specific provisions of state law. Assets so designated are identified as restricted cash and restricted investments in the accompanying statements of net assets. Restricted assets consist of funding for accrued landfill closure and post-closure care costs.

Capital Assets

Capital assets are defined by the Department as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at cost. Buildings and improvements, equipment and landfill improvements are recorded at cost. Major outlays for construction of capital assets and improvements are capitalized at cost. Dispositions and retirements are reported in the year of disposal. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over estimated useful lives of the representative assets.

<u>Classification</u>	<u>Useful Life</u>
Buildings and improvements	5–40 years
Landfill improvements	5–20 years
Equipment	3–15 years

Landfill Closure and Post-closure Care Costs

Under the terms of Florida Department of Environmental Protection requirements, the Department is required to provide long-term care for landfill operations for up to thirty years after final closure. Required obligations for closure and related maintenance costs are recognized in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

Employees of the Department are entitled to various amounts of paid time off, depending on length of service. The liability for accrued leave is based upon the actual unused accrued leave at the employee's current rate of pay plus applicable benefits. The liability for unused sick leave balance is accrued at 50% for those employees who currently have or are expected to have length of service of six years or more as employees are entitled to payment of 50% of the balance of sick leave at time of retirement or termination.

Net position

Equity in the Department's statement of net position is displayed in three categories: 1) net investment in capital assets, (2) restricted, and 3) unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Net position are reported as restricted when there are third party limitations (statutory, contractual or bond covenant) on their use. Unrestricted net position consist of all net position that do not meet the definition of either of the other two components.

Operating/non-operating Revenues and Expenses

The Department distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Department's principal on-going operations. The principal operating revenues of the Department are charges to customers for tipping fees and solid waste collection service fees. The Department also recognizes as operating revenue recycling fees and revenues from the sale of scrap material. Operating expenses for the Department include the cost of operating the landfill and contracting for solid waste collection 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate for the Department relates to the estimated closure and post-closure costs on its landfill.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

NOTE 3 – POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Department participates in the County's pooled cash and investment systems which is a highly liquid investment pool of approximately \$139.8 million and \$152.5 million as of September 30, 2014 and 2013, respectively. The equity in the County's pooled cash system is available to the Department on a demand basis. The accounting department of the Clerk of the Circuit Court and Comptroller, as Clerk to the Board, performs all of the investing functions of the Department. Information regarding credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for pooled cash and cash equivalents and investments can be found in the County's footnotes to the financial statements included in the County's Comprehensive Annual Financial Report.

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2014 and 2013 were as follows:

	Balance 9/30/2012	Additions/ Transfers	Deletions/ Transfers	Balance 9/30/2013	Additions/ Transfers	Deletions/ Transfers	Balance 9/30/2014
Capital assets, not being depreciated:							
Land	\$ 1,836,230	\$ —	\$ —	\$ 1,836,230	\$ —	\$ —	\$ 1,836,230
Construction in progress	—	—	—	—	93,707	—	93,707
Total capital assets, not being depreciated:	<u>1,836,230</u>	<u>—</u>	<u>—</u>	<u>1,836,230</u>	<u>93,707</u>	<u>—</u>	<u>1,929,937</u>
Capital assets, being depreciated:							
Buildings and improvements	11,026,829	114,371	—	11,141,200	88,537	—	11,229,737
Landfill improvements	10,323,732	—	—	10,323,732	—	—	10,323,732
Equipment & leasehold improvements	4,068,301	637,826	(285,249)	4,420,878	323,500	(230,164)	4,514,214
Intangible assets	15,850	—	—	15,850	—	—	15,850
Total capital assets, being depreciated	<u>25,434,712</u>	<u>752,197</u>	<u>(285,249)</u>	<u>25,901,660</u>	<u>412,037</u>	<u>(230,164)</u>	<u>26,083,533</u>
Less accumulated depreciation for:							
Buildings and improvements	(2,285,663)	(328,452)	—	(2,614,115)	(336,867)	—	(2,950,982)
Landfill improvements	(10,198,059)	(14,222)	—	(10,212,281)	(14,222)	—	(10,226,503)
Equipment & leasehold improvements	(2,622,352)	(375,249)	284,921	(2,712,680)	(391,056)	224,753	(2,878,983)
Intangible assets	(1,321)	(1,585)	—	(2,906)	(1,585)	—	(4,491)
Total accumulated depreciation	<u>(15,107,395)</u>	<u>(719,508)</u>	<u>284,921</u>	<u>(15,541,982)</u>	<u>(743,730)</u>	<u>224,753</u>	<u>(16,060,959)</u>
Total capital assets, being depreciated, Net	<u>10,327,317</u>	<u>32,689</u>	<u>(328)</u>	<u>10,359,678</u>	<u>(331,693)</u>	<u>(5,411)</u>	<u>10,022,574</u>
Capital assets, net	<u>\$12,163,547</u>	<u>\$ 32,689</u>	<u>\$ (328)</u>	<u>\$12,195,908</u>	<u>\$(237,986)</u>	<u>\$ (5,411)</u>	<u>\$11,952,511</u>

NOTE 5 – LONG-TERM LIABILITIES

Regulations of the Florida Department of Environmental Protection required the County to place a final cover on its Palm City II landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The estimated total post-closure care is based on applicable federal and state regulations and is adjusted each year based on inflation or deflation and changes in operating conditions as calculated by an independent engineer. The Department reports a portion of these post-closure care costs as an expense in each period based upon actual costs incurred and adjustments to the engineer's report. The reported closure and post-closure care liability at September 30, 2014 and 2013 represents the cumulative amount accrued to date based on closure of the landfill in FY 2006. The Department has entered into an agreement with an outside contractor to transfer and dispose of solid waste outside the County.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

NOTE 5 – LONG-TERM LIABILITIES, continued

The Department is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. Such amounts held for this purpose comprise the restricted investments on the accompanying balance sheet. The Department expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulation, for example) these costs may need to be covered by charges to future landfill users.

Changes in long-term liabilities for the years ended September 30, 2014 and 2013 were as follows:

	Balance			Balance			Balance	Due in
	<u>9/30/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/2014</u>	<u>2015</u>
Compensated absences	\$ 126,890	\$ 84,339	\$ (83,555)	\$ 127,674	\$ 91,909	\$ (107,346)	\$ 112,237	\$ 19,202
Landfill closure costs	<u>12,915,438</u>	<u>—</u>	<u>(364,427)</u>	<u>12,551,011</u>	<u>—</u>	<u>(402,648)</u>	<u>12,148,363</u>	<u>547,600</u>
Total long-term Liabilities	<u>\$13,042,328</u>	<u>\$ 84,339</u>	<u>\$ (447,982)</u>	<u>\$12,678,685</u>	<u>\$ 91,909</u>	<u>\$ (509,994)</u>	<u>\$12,260,600</u>	<u>\$ 566,802</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Department, as an enterprise fund of the County, participates in the Florida Retirement System ("FRS"), a cost-sharing, multiple-employer, public employee retirement plan, which covers substantially all of the Department's full-time employees. The FRS is a cost-sharing multiple-employer public retirement system administered by the State of Florida, Department of Management Services. The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries.

The Florida Legislature established the FRS under Chapter 121, Florida Statutes, and has sole authority to amend benefit provisions. Each year the FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

Funding Policy

Effective July 1, 2011, all employees, except those participating in the DROP program, are required to make a 3% contribution of their gross salary. The FRS is a defined benefit plan for all state, participating county, district school board, community college and university employees. Governmental employers are required to make contributions to the FRS based on statewide contribution rates. Accordingly, the actuarial information and related disclosures attributable to the Department's employees are not determinable.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

NOTE 6 – DEFINED BENEFIT PENSION PLAN, continued

Funding Policy, continued

The Department is required to contribute an actuarially determined rate. Contribution rates, expressed as a percentage of covered annual payrolls, in effect during the fiscal year for the following classes of memberships were:

	10/01/13 - 06/30/14	07/01/14 - 09/30/14
Regular	6.95%	7.37%
Senior Management	18.31%	21.14%
DROP	12.84%	12.28%

Substantial changes were made to FRS during fiscal year 2011 affecting members enrolled on or after July 1, 2011 by extending the vesting requirement to eight years of credited service and increasing normal retirement to age 65 with at least eight years of credited service or 33 years of service regardless of age. Also, the final average compensation of these members will be based on the eight highest years of salary. A post-employment health insurance subsidy is also provided to eligible retired employees through the FRS in accordance with Florida Statutes.

The contributions of the Department are established and may be amended by the State Legislature. The Department’s contributions to the FRS for the years ended September 30, 2014, 2013, and 2012 were \$83,354, \$58,851, and \$48,389, respectively, each equal to the required contributions for the respective years.

Drop Benefits

The Deferred Retirement Option Program (DROP) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the FRS, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for an FRS employer. The participation in the program does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination, employees will receive payment of the accumulated DROP benefits, and will begin receiving their monthly retirement benefits in the same amount determined at retirement, plus annual cost-of-living increases.

The FRS publishes an annual report that provides ten-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. This report may be obtained by writing to the Division of Retirement, Research, Education and Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-5706, or accessing their Internet site at http://dms.myflorida.com/human_resource_support/retirement.

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

NOTE 7 – POSTEMPLOYMENT BENEFITS

The Martin County Board of County Commissioners (the “Board”) engages an actuarial firm to determine the County’s annual required contribution and unfunded obligation, which are the responsibility of the Board’s General Fund. The Department participates in the County administered single-employer defined benefit healthcare plan that provides postretirement medical and dental coverage to retirees, their eligible spouses and dependents. These benefits are currently funded on a pay-as-you go basis, based on the number of employees as part of payroll costs. No assets have been segregated and restricted to fund these benefits. All other obligations related to OPEB are recorded within the governmental activities section of the County’s financial statements and the actuarially estimated AAL are not determined by fund. Further information about OPEB is available in the County’s Comprehensive Annual Financial Report.

NOTE 8 – RISK MANAGEMENT

The Department is exposed to various risks of loss related to tort; theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. As a department of the Board, coverage for employee health, property, general liability, automobile liability, workers’ compensation, public employee bond and comprehensive crime loss is covered through a comprehensive property and liability risk management program provided through the Self-Insurance Internal Service Fund of the County. The County is part of the Tri-County Risk Management Program, which is a public entity risk pool. The self-insurance program is one whereby the Department is allocated a portion of the County’s annual contributions along with the other members of the program. The County is subject to a special assessment in the event of a deficiency, except to the extent that the deficiency results from a specific claim against another member of the public entity risk pool in excess of the reinsurance available; such a deficiency is solely the responsibility of that member. As of September 30, 2014 there have been no special assessments. Settlements have not exceeded coverage for each of the past three years. Additionally, the County allocated to the Department certain departmental support costs. The total of such costs charged to expense was \$339,337 for the year ended September 30, 2014 of which \$37,581 was for insurance and \$344,744 for the year ended September 30, 2013 of which \$38,192 was for insurance. Further information about the County-wide self insurance program is available in the County’s Comprehensive Annual Financial Report.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Department is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the self-insurance program are reviewed and losses are accrued when loss is probable. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the Department.

NOTE 10 – MAJOR CUSTOMERS

Waste Management of Martin County accounted for 13.1% and 13.5%, respectively, of 2014 and 2013 total operating revenues.

NOTE 11 – ADVANCE TO UTILITIES FUND

In 2014, the Department entered into an advance agreement with the Utilities fund to provide partial funding of the Bio Solids Facilities in Jensen Beach and Tropical Farms. The anticipated completion date of this project is during fiscal year 2015. The original advance amount was \$6.7 million to be repaid over 15 years with an interest rate of 2.5%. At September 30, 2014, the outstanding principal was \$6.5 million.

***STATISTICAL
SECTION***

STATISTICAL SECTION

This part of Martin County Solid Waste Department's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reports about the Department's overall financial health.

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**MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Net Position by Component
Last Ten Fiscal Years**
(Unaudited)

	<u>Fiscal Year</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Components of Net Position at Year-End										
Net investment in capital assets	\$ 11,952,511	\$ 12,195,908	\$ 12,163,547	\$ 12,375,346	\$ 12,612,430	\$ 11,601,352	\$ 12,089,518	\$ 12,337,745	\$ 11,382,898	\$ 11,941,376
Unrestricted net position (deficit)	5,777,413	4,317,105	3,363,594	1,626,355	(425,032)	(1,377,918)	(3,577,302)	(2,959,955)	(10,175,965)	(11,377,012)
Total Net Position at Year-End	\$ 17,729,924	\$ 16,513,013	\$ 15,527,141	\$ 14,001,701	\$ 12,187,398	\$ 10,223,434	\$ 8,512,216	\$ 9,377,790	\$ 1,206,933	\$ 564,364
Net Position, Beginning of Year	\$ 16,513,013	\$ 15,527,141	\$ 14,001,701	\$ 12,187,398	\$ 10,223,434	\$ 8,512,216	\$ 9,377,790	\$ 1,206,933	\$ 564,364	\$ 4,950,257
Revenues	20,177,176	19,055,142	18,513,130	17,681,754	17,638,427	17,871,227	19,158,365	21,986,342	19,743,615	21,588,312
Expenses	(18,960,265)	(18,069,270)	(16,987,690)	(15,867,451)	(15,674,463)	(16,160,009)	(20,023,939)	(13,815,485)	(19,101,046)	(25,974,205)
Net Position, at Year End	\$ 17,729,924	\$ 16,513,013	\$ 15,527,141	\$ 14,001,701	\$ 12,187,398	\$ 10,223,434	\$ 8,512,216	\$ 9,377,790	\$ 1,206,933	\$ 564,364

Notes:

- Accounting standards require that net position be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net positions are considered restricted when constraints placed on net asset use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Source: Department's financial records

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Revenues:										
Special Assessment Fees	\$ 13,181,961	\$ 12,736,585	\$ 12,658,573	\$ 12,233,150	\$ 11,808,446	\$ 12,019,444	\$ 11,541,095	\$ 10,271,838	\$ 9,538,537	\$ 8,536,347
Tipping Fees	6,339,579	5,985,550	5,394,409	5,106,850	5,389,560	5,405,773	6,754,454	7,950,121	9,352,312	12,261,826
Miscellaneous	274,633	255,057	199,094	217,034	166,666	170,525	208,195	260,194	232,771	199,084
Total operating revenues	19,796,173	18,977,192	18,252,076	17,557,034	17,364,672	17,595,742	18,503,744	18,482,153	19,123,620	20,997,257
Operating Expenses:										
Administrative and general	1,146,138	1,097,070	1,062,331	987,007	964,285	981,170	978,225	980,304	861,247	698,942
Transfer Station Operations	8,395,771	7,539,439	7,040,239	6,595,911	7,079,711	7,047,591	8,119,089	8,504,311	9,941,185	9,543,581
Franchise Hauler Contract Payments	8,346,644	8,318,766	7,709,639	7,259,321	6,683,547	6,827,765	6,803,934	6,432,281	5,557,580	4,947,954
Landfill Closure and Postclosure	327,982	394,159	481,840	339,706	290,433	636,116	466,514	(3,260,865)	1,543,784	4,919,842
Depreciation and amortization	743,730	719,508	693,641	685,506	656,487	667,367	668,239	1,159,454	1,197,250	1,586,267
Total operating expenses	18,960,265	18,068,942	16,987,690	15,867,451	15,674,463	16,160,009	17,036,001	13,815,485	19,101,046	21,696,586
Operating Income (Deficit)	835,908	908,250	1,264,386	1,689,583	1,690,209	1,435,733	1,467,743	4,666,668	22,574	(699,329)
Nonoperating Revenues (Expenses):										
Investment income	213,212	47,768	213,219	124,720	213,284	177,759	482,541	688,331	614,069	433,914
Grants	160,095	30,182	17,550	-	-	-	172,080	2,815,858	-	17,272
Hurricane Debris Removal	-	-	-	-	-	-	-	-	-	(4,277,619)
Other income (expense)	7,696	(328)	30,285	-	60,471	97,726	-	-	5,926	139,869
Total nonoperating revenues (expenses)	381,003	77,622	261,054	124,720	273,755	275,485	654,621	3,504,189	619,995	(3,686,564)
Income before transfer	1,216,911	985,872	1,525,440	1,814,303	1,963,964	1,711,218	2,122,364	8,170,857	642,569	(4,385,893)
Transfer - General Fund	-	-	-	-	-	-	(2,987,938)	-	-	-
Increase (Decrease) in Net Position	1,216,911	985,872	1,525,440	1,814,303	1,963,964	1,711,218	(865,574)	8,170,857	642,569	(4,385,893)
Net Position, Beginning of Year	16,513,013	15,527,141	14,001,701	12,187,398	10,223,434	8,512,216	9,377,790	1,206,933	564,364	4,950,257
Net Position, At Year End	\$ 17,729,924	\$ 16,513,013	\$ 15,527,141	\$ 14,001,701	\$ 12,187,398	\$ 10,223,434	\$ 8,512,216	\$ 9,377,790	\$ 1,206,933	\$ 564,364

Source: Department's financial records

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Revenues By Source
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended Sept. 30	Operating Revenues					Total Operating Revenues	Non-Operating Revenues		
	Special Assessment Fees	Tipping Fees	Franchise Fees	Recycling Income	Other Revenues		Investment Income	Other Income	Total Revenues
2005	8,536,347	12,261,826	184,957	11,337	2,790	20,997,257	433,914	157,141	21,588,312
2006	9,538,537	9,352,312	211,679	4,391	16,701	19,123,620	614,069	5,926	19,743,615
2007	10,271,838	7,950,121	229,351	19,602	11,241	18,482,153	688,331	2,815,858	21,986,342
2008	11,541,095	6,754,454	-	149,147	59,048	18,503,744	482,541	172,080	19,158,365
2009	12,019,444	5,405,773	-	154,021	16,504	17,595,742	177,759	97,726	17,871,227
2010	11,808,446	5,389,560	-	160,487	6,179	17,364,672	213,284	60,471	17,638,427
2011	12,233,150	5,106,850	-	178,749	38,285	17,557,034	124,720	-	17,681,754
2012	12,658,573	5,394,409	-	170,501	28,593	18,252,076	213,219	47,835	18,513,130
2013	12,736,585	5,985,550	-	191,064	63,993	18,977,192	47,768	30,182	19,055,142
2014	13,181,961	6,339,579	-	197,782	76,851	19,796,174	213,212	167,791	20,177,177

Source: Department's financial records

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Operating Expenses by Function
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended Sept. 30	Operating Expenses						Total Operating Expenses	Loss on Disposal of Capital Assets	Total Expenses
	Administrative and General	Transfer Station Operations (1)	Franchise Hauler Contract Payments	Landfill Closure and Post Closure Care Costs	Indirect Costs	Depreciation			
2005	515,676	9,543,581	4,947,954	4,919,842	183,266	1,586,267	21,696,586	-	21,696,586
2006	622,942	9,941,185	5,557,580	1,543,784	238,305	1,197,250	19,101,046	-	19,101,046
2007	698,791	8,504,311	6,432,281	(3,260,865)	281,513	1,159,454	13,815,485	-	13,815,485
2008	680,490	8,119,089	6,803,934	466,514	297,735	668,239	17,036,001	-	17,036,001
2009	683,436	7,047,590	6,827,765	636,116	297,735	667,367	16,160,009	-	16,160,009
2010	696,345	7,079,711	6,683,547	290,433	267,940	656,487	15,674,463	-	15,674,463
2011	719,067	6,595,911	7,259,321	339,706	267,940	685,506	15,867,451	-	15,867,451
2012	736,492	7,040,239	7,709,639	481,840	325,839	693,641	16,987,690	-	16,987,690
2013	752,326	7,539,439	8,318,766	394,159	344,744	719,508	18,068,942	328	18,069,270
2014	806,801	8,395,771	8,346,644	327,982	339,337	743,730	18,960,265	-	18,960,265

(1) Landfill was officially closed in FY 2006, operations transitioned to the transfer station during FY 2005.

Source: Department's financial records

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Ten Largest Customers
Current Year and Nine Years Ago
(Unaudited)

<u>CUSTOMER</u>	<u>2014</u>			<u>2005</u>		
	<u>REVENUES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL OPERATING REVENUES</u>	<u>REVENUES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL OPERATING REVENUES</u>
Waste Management	\$ 2,585,624	1	13.06%	\$ 3,037,604	1	14.47%
City of Stuart Sanitation Department	1,058,700	2	5.35%	1,465,314	2	6.98%
Southern Waste	384,644	3	1.94%	169,687	8	0.81%
Bremar, Inc. d/b/a Freedom Waste	350,134	4	1.77%	-		
WMRA Reuters	173,320	5	0.88%	-		
Mancil's Tractor Service, Inc.	100,704	6	0.51%	136,499	9	0.65%
Wastepro of Florida, Inc.	60,708	7	0.31%	-		
Valleycrest Landscape	34,217	8	0.17%	-		
Above & Beyond Landscape	21,678	9	0.11%	-		
Town of Jupiter Island	20,102	10	0.10%	-		
Sunland Acquisition LLC	-			550,283	3	2.62%
JR Trucking Co.	-			256,411	4	1.22%
Pacific Roofing	-			202,789	5	0.97%
Florida Department of Transportation	-			192,253	6	0.92%
Gold Coast Roofing	-			170,041	7	0.81%
Choice Environmental	-			135,333	10	0.64%
TOTAL	\$ 4,789,831		24.20%	\$ 6,316,214		30.08%
TOTAL OPERATING REVENUES	\$ 19,796,173			\$ 20,997,257		

Source: Department's financial records

**MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Rates and Assessments
Last Ten Fiscal Years
(Unaudited)**

	<u>2014</u>	⁽¹⁾ <u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual garbage assessment	\$ 295.55	\$ 294.38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual garbage assessment East MSBU	-	-	298.22	289.41	277.96	283.47	272.81	242.85	231.39	209.74
Annual garbage assessment West MSBU	-	-	298.22	289.41	318.05	322.33	314.22	280.03	271.76	269.72
Class I (garbage) tipping fee (per ton)	57.00	57.00	57.00	57.00	57.00	57.00	57.00	62.32	62.32	62.32
Class III (C&D) tipping fee (per ton)	40.60	40.60	40.60	40.60	40.60	40.60	40.60	38.60	38.60	38.60

(1) East and West MSBU's were combined into one MSBU

Source: Department's financial records

Martin County, Florida
Schedule of Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Residential	Commercial	Agricultural	Other	Total Real Property	Personal Property	Assessed Property	Assessed Value	Homestead & Other Exemptions	Taxable Valuation	Direct Rate
2005	15,334,668,280	2,482,034,940	1,042,240,760	1,571,743,660	20,430,687,640	1,644,384,735	36,315,729	22,111,388,104	6,659,157,300	15,452,230,804	6.6780
2006	18,375,321,803	2,967,417,600	1,617,739,690	2,102,944,040	25,063,423,133	1,711,693,725	36,529,832	26,811,646,690	9,126,414,465	17,685,232,225	6.0487
2007	23,394,337,118	3,376,848,910	2,504,648,950	2,691,985,565	31,967,820,543	2,121,882,216	40,120,307	34,129,823,066	12,757,499,249	21,372,323,817	5.8142
2008	23,559,171,870	3,762,262,785	3,023,883,970	2,744,087,375	33,089,406,000	2,159,405,510	45,924,411	35,294,735,921	12,594,110,006	22,700,625,915	5.3496
2009	20,429,958,733	3,715,829,925	2,593,303,123	2,843,204,485	29,582,296,266	2,166,888,200	60,594,501	31,809,778,967	11,183,140,471	20,626,638,496	5.7267
2010	17,786,366,431	3,317,390,175	2,399,917,340	2,712,772,705	26,216,446,651	2,094,539,575	47,271,907	28,358,258,133	9,567,825,566	18,790,432,567	6.3228
2011	15,986,019,852	2,930,020,513	1,848,319,700	2,366,717,691	23,131,077,756	2,069,709,043	45,743,610	25,246,530,409	7,753,620,332	17,492,910,077	6.5686
2012	15,146,410,571	2,696,185,025	1,405,034,390	2,172,168,785	21,419,798,771	2,379,712,569	47,987,530	23,847,498,870	6,704,274,218	17,143,224,652	6.7340
2013	14,495,129,157	2,567,563,225	1,376,935,105	1,961,063,100	20,400,690,587	2,691,033,580	43,326,596	23,135,050,763	6,197,480,627	16,937,570,136	6.7084
2014	14,827,621,858	2,621,200,178	1,327,209,170	1,996,225,450	20,772,256,656	2,751,732,111	46,969,179	23,570,957,946	6,382,476,674	17,188,481,272	6.8908

Note: Assessed values approximate estimated actual values and tax rates are per \$1,000 of assessed value.

Source: Martin County Property Appraiser's Office.

Martin County, Florida
Schedule of Direct and Overlapping Property Tax Rates
Per Thousand of Taxable Value
Last Ten Fiscal Years
(unaudited)

	Fiscal Year Taxes Are Payable									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct Rates										
General- Countywide										
General Fund	5.2300	4.8950	4.9280	4.5480	4.8970	5.3090	5.5250	5.7336	5.6956	5.8300
Bonds - General Obligation	0.2130	0.1960	0.0530	0.0590	0.0640	0.0694	0.0314	-	-	-
Bonds - Lands For You	0.1150	0.1050	0.0290	0.0320	0.0340	0.0368	0.0167	-	-	-
Bonds - FIT	0.0440	0.0240	0.0320	0.0310	0.0290	0.0320	0.0345	0.0368	0.0373	0.0368
Municipal Service Taxing Units ¹	1.0760	0.8287	0.7722	0.6796	0.7027	0.8756	0.9610	0.9636	0.9755	1.0240
Total County Direct Rate	6.6780	6.0487	5.8142	5.3496	5.7267	6.3228	6.5686	6.7340	6.7084	6.8908
Overlapping Rates - Countywide										
School Board	7.5920	7.3000	6.7440	6.6020	6.2520	6.7030	6.9560	6.6040	6.9040	7.2780
Children's Services	0.3337	0.3337	0.3202	0.2972	0.3523	0.3523	0.3523	0.3693	0.3693	0.3693
South Florida Water Management	0.6970	0.6970	0.6970	0.6240	0.6240	0.6240	0.6240	0.4363	0.4289	0.4110
Florida Inland Navigation District	0.0385	0.0385	0.0385	0.0345	0.0345	0.0345	0.0345	0.0345	0.0345	0.0345
Overlapping Rates - Non-Countywide										
City of Stuart	4.1539	5.4615	5.3442	4.5573	4.5788	4.6081	4.6436	4.6674	4.9041	4.0200
Town of Jupiter Island	3.2540	3.0904	2.9994	2.9994	3.1400	3.2350	3.3841	5.0794	4.7229	4.7047
Town of Ocean Breeze Park	2.8820	5.1949	3.4815	2.2911	2.4241	2.2459	2.6295	4.6799	4.7910	5.0619
Town of Sewall's Point	1.8890	1.9410	2.4000	2.1690	2.2300	2.2300	2.1800	2.2896	2.2896	2.3500
Drainage Districts ²	30-53.34/ac	15-56.63/ac	20-52.72/ac	4.44-66.25/ac	4.05-83.08/ac	4.42-68.63/ac	5.10-68.75/ac	5.10-68.75/ac	5.10-68.75/ac	5.10-68.29/ac

Note: Per Florida Statute (F.S.)200.081, no municipality can levy ad valorem taxes against real and tangible personal property in excess of 10 mills, except for voted levies. As defined in F.S. 192.001, a mill is one-thousandth of a United States dollar. So, a one mill tax rate would produce one dollar of taxes on each \$1,000 of assessed property valuation.

¹ Municipal Services Taxing Units are special taxing units established by the Board of County Commissioners via an adopted ordinance. They are geographic areas defined by specific boundaries and are in the unincorporated areas of the County. These taxes are used within the boundaries of the taxing unit for services such as sidewalk/street repair, fire/rescue services, stormwater abatement, parks operations, and community redevelopment area operations.

² Drainage Districts are special districts that have governing boards with policy-making powers. They have the responsibility for providing irrigation, drainage, etc. for the land areas within the drainage district boundaries. The tax rates are assessed on a per acre basis and are only assessed on the land within the drainage district boundaries. The total tax levy for taxes payable in fiscal year 2014 is \$1,024,700. This is .72% of the total original levy of \$142,591,382.

Source: Martin County Tax Collector's Office.

Martin County, Florida
Schedule of Demographic and Economic Statistics
Last Ten Years

(unaudited)

Year	Population	Personal Income ¹		Unemployment Rate	Median Age ³
		Total Personal Income ²	Per Capita Personal Income		
2005	141,059	6,962,997	49,992	3.6	48.8
2006	142,645	7,851,094	56,741	3.4	49.2
2007	143,737	8,586,709	61,868	4.4	49.5
2008	143,868	8,364,241	60,140	6.9	50.2
2009	143,856	8,207,593	58,712	11.1	50.5
2010	143,777	7,435,382	50,758	11.8	49.7
2011	146,689	7,787,403	52,798	10.8	50.0
2012	147,203	7,897,895	53,071	8.8	50.6
2013	148,077	8,199,279	54,205	7.6	50.8
2014	148,585	-	-	6.2 ³	-

¹ Data for 2014 is not available.

² In thousands of dollars.

³ This is a preliminary figure for 2014 and is subject to revision.

Sources: The personal income information is from the Bureau of Economic Analysis, U.S. Department of Commerce and the 2008-14 unemployment rate are from the State of Florida Agency for Workforce Innovation. All other information is from the University of Florida Bureau of Economic & Business Research.

Martin County, Florida
Schedule of Principal Employers
Current Year and Nine Years Ago
(unaudited)

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Martin Health Systems	3,120	1	4.71%	2,587	1	4.03%
Martin County School District	2,528	2	3.81%	2,556	2	3.99%
Martin County Government	1,634	3	2.47%	1,670	3	2.60%
State of Florida	506	4	0.76%	672	5	1.05%
Paradigm Precisions	369	5	0.56%	-	-	-
Triumph Group - Vought Aircraft Division	324	6	0.49%	-	-	-
Liberator Medical Supply	316	7	0.48%	-	-	-
Florida Power & Light	302	8	0.46%	-	-	-
Seacoast National Bank	302	9	0.46%	-	-	-
City of Stuart	254	10	0.38%	-	-	-
Publix Supermarkets	-	-	-	1,251	4	1.95%
Armellini Express Lines	-	-	-	603	6	0.94%
Wal-Mart	-	-	-	400	7	0.62%
Winn-Dixie Stores	-	-	-	354	8	0.55%
Home Depot	-	-	-	379	9	0.59%
Lowe's Home Improvement Center	-	-	-	330	10	0.51%
Total	9,655		14.58%	10,802		16.83%

Sources: The labor force figures are from the Florida Agency for Workforce Innovation. The Treasure Coast Magazine provided the 2005 employer data and the 2014 employer data is from the Business Development Board of Martin County except for the governmental entities which provided their own data. The Business Development Board data includes information for only their targeted industries which may not include businesses that have been included on this list in the past such as Lowes, Publix, Winn-Dixie, etc.. More information on their targeted industries can be found on their website <http://www.bdbmc.org>.

Note: The data presented in this list can include part time and full time employees. The labor force figure for 2014 and 2005 is 66,267 and 64,123, respectively. These numbers were used to calculate the percentage of total county employment. The 2014 figure is a preliminary average and is subject to change.

Martin County, Florida
Schedule of Property Tax Levies and Collections,
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2005	\$ 126,241,036	\$ (4,722,263)	\$ 121,518,773	\$ 121,383,447	96.15 %	\$ 77,387	\$ 121,460,834	99.95 %
2006 ¹	138,792,622	(5,876,538)	132,916,084	132,795,379	95.68	97,179	132,892,558	99.98
2007	160,732,307	(5,826,007)	154,906,300	154,759,193	96.28	108,187	154,867,380	99.97
2008	155,197,512	(5,521,908)	149,675,604	149,509,351	96.33	102,740	149,612,091	99.96
2009	149,178,832	(5,912,700)	143,266,132	142,885,561	95.78	164,030	143,049,591	99.85
2010	141,048,660	(5,129,603)	135,919,057	135,671,472	96.19	124,008	135,795,480	99.91
2011	137,569,894	(4,941,717)	132,628,177	132,313,569	96.18	173,227	132,486,796	99.89
2012	137,852,340	(5,034,905)	132,817,435	132,687,415	96.25	(2,027) ²	132,685,388	99.90
2013	136,206,570	(4,790,195)	131,416,375	131,237,670	96.35	60,703	131,298,373	99.91
2014	142,591,382	(5,038,570)	137,552,812	137,321,887	96.30	-	137,321,887	99.83

Note: The adjustments are discounts, errors and insolvencies. The errors and insolvencies could be errors in values, homestead omission, etc. Property tax levies become due and payable on November 1st of each year. A 4% discount is allowed if paid in November, with the discount decreasing by 1% each month. Thus, taxes paid in March will not receive any discount.

¹ For fiscal year 2006 only, additional early payment discounts were offered to taxpayers. A 4% discount was allowed for payments made by January 31, 2006, a 3% discount was allowed for payments made by February 28, 2006, and a 2% discount was allowed for payments made by March 31, 2006.

² The Tax Collector processed some unusually large refunds in fiscal year 2014 which affected the subsequent collections for fiscal years 2008-2012. The various refunds related to adjustments

MARTN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Operating Indicators and Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

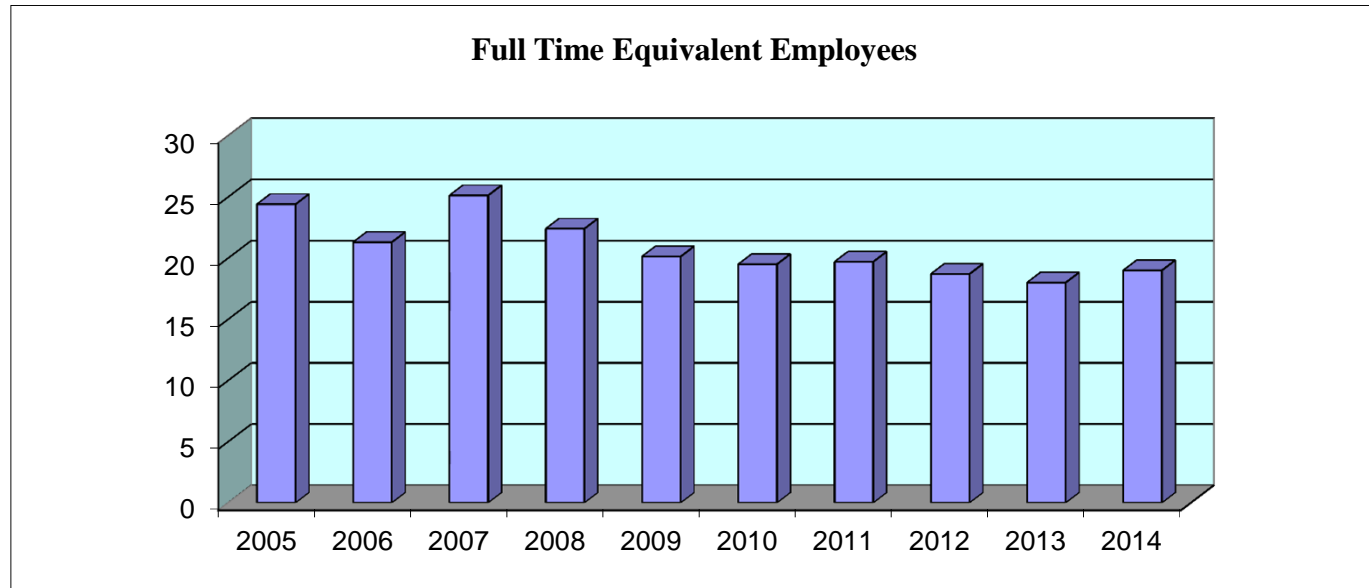
<u>Fiscal Year Ended 30-Sep</u>	<u>Operating Landfill Cells</u>	<u>Transfer Sites</u>	<u>Garbage (Tons)</u>	<u>Trash/ Other Waste (Tons)</u>	<u>Total (Tons)</u>	<u>Annual Percentage Increase (Decrease)</u>	<u>Recycled Materials (Tons)</u>	<u>Annual Percentage Increase (Decrease)</u>
2005	1	1	133,224	126,557	259,781	64.2%	179,536	33.3%
2006	-	1	131,615	88,857	220,472	-15.1%	85,310	-52.5%
2007	-	1	122,555	65,598	188,153	-14.7%	63,094	-26.0%
2008	-	1	116,318	48,634	164,952	-12.3%	74,197	17.6%
2009	-	1	102,435	30,308	132,743	-19.5%	64,440	-13.2%
2010	-	1	102,417	33,058	135,475	2.1%	64,853	0.6%
2011	-	1	99,337	28,509	127,846	-5.6%	62,095	-4.3%
2012	-	1	100,367	29,647	130,014	1.7%	63,936	3.0%
2013	-	1	104,331	57,184	161,515	24.2%	65,596	2.6%
2014	-	1	109,139	57,998	167,137	3.5%	72,057	9.8%

Note: During fiscal year 2005, the Department's landfill operations were closed to all Class I solid waste and the Department commenced transferring material to an outside landfill by private sector contractors. As such, the Department's operations subsequent to fiscal year 2005 reflect its operations at its sole transfer site.

Source: Department's financial records

MARTIN COUNTY, FLORIDA
SOLID WASTE DEPARTMENT
Schedule of Authorized Full Time Equivalent Employees By Function
Last Ten Fiscal Years
(Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administration	5.6	4.3	6.1	4.5	4.1	3.5	3.7	3.7	3.0	3.0
Transfer Station	15.3	5.8	6.2	5.8	3.8	5.7	5.3	5.3	5.3	5.3
Landfill Operations	-	-	-	-	-	-	-	-	-	-
Household Hazardous Waste Center	-	-	-	-	-	-	-	1.0	1.0	2.0
Pump Out Boat Operations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Long-Term Care	2.5	2.5	3.2	2.8	2.8	2.8	2.8	1.8	1.8	1.8
Construction and Demolition	-	7.7	8.7	8.3	8.3	6.5	6.8	5.8	5.8	5.8
Total	24.4	21.3	25.12	22.4	20.1	19.5	19.7	18.7	18.0	19.0





**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 Auditor's Report

The Honorable Board of County Commissioners
Martin County, 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 Martin County Solid Waste Department (the Department), an enterprise fund of Martin County, Florida (the County), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

McGladrey LLP

West Palm Beach, Florida
March 27, 2015