





**Director of Finance**  
*"Committed to Quality"*

**MEMORANDUM**

TO: Fort Pierce City Commission

FROM: Nina B. Hurtubise, CPA   
FPUA Director of Finance

THROUGH: William G. Thiess, P.E.   
FPUA Director of Utilities

DATE: March 24, 2014

SUBJECT: City Commission Agenda Request for April 7, 2014 Meeting  
FY 2013 Comprehensive Annual Financial Report

In accordance with the provisions of the City of Fort Pierce Charter, Article XII, Section 178 (c), I am requesting approval and acceptance of FPUA's Comprehensive Annual Financial Report, which includes an unqualified opinion from the CPA firm of DiBartolomeo, McBee, Hartley & Barnes, P.A. on page 13.

The amount of this year's Distribution to the City of Fort Pierce will be \$5,605,157 and will be paid via EFT after approval and acceptance of the audit.

If you have any questions or are in need of additional information, please feel free to contact me.

cc: City Manager  
City Clerk

# Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2013



Fort Pierce Utilities Authority

Fort Pierce, Florida

A Component Unit of the  
City of Fort Pierce

[www.FPUA.com](http://www.FPUA.com)

**FORT PIERCE UTILITIES AUTHORITY**  
A Component Unit of the City of Fort Pierce, Florida

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended September 30, 2013

*Prepared by*  
*Department of Finance*

Nina B. Hurtubise, CPA  
Director of Finance  
[nhurtubise@fpu.com](mailto:nhurtubise@fpu.com)

**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
Fiscal Year Ended September 30, 2013

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**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
Fiscal Year Ended September 30, 2013

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# TeamUA - Over 2,900

WILLIAM S ABRAMOWICZ  
JAMES D ADAMS  
MARY R ADAMS  
STANLEY L ADAMS  
CHARLES ALFORD  
JEANNETTE C ALLEN  
MICHAEL J AMBROSINO  
RASHAN A ANDERSON  
WILLIAM A ANDERSON  
TINA ATTEY  
ROBERT G AUSTIN  
ANDREW AVERS  
MAURICE BACON  
JEFFREY W BAKER  
WILLIAM E BALDWIN  
RAUL L BARRERA  
MARK T BASSETT  
RYAN D BASTINE  
LORI L BATTIPAGLIA  
TIM W BATTLE  
MEREDITH L BENNETT  
LAURENCE BENNING  
KARYL RENEE BERTRAM  
LORI BIANCO  
JO-ANN BILYK  
R CRAIG BREWER  
S LANCE BRICK  
DANIEL BROLMANN  
WILLIAM BROOKS JR  
CLYDE L BROWN  
ANDREW D BYRD  
JOSHUA CALANDRO  
JOHN C CANARD  
JAMES CARNES III  
DAVID CAVE  
MICHAEL J CHAMBERS  
GARY D CHANEY  
MICHAEL CHATMAN  
JAVIER CISNEROS  
LINDA CLARK  
ANDRE DENELL CLEVELAND  
JAMES COMBS  
LEE ROY COMBS  
WILLIAM CONAVAY  
CHARLES D CONNELL

TED E COOK  
FRANK COX  
STANLEY L COYLE  
CRAIG A CRAWFORD  
WILBURN L CRAWFORD  
CHRISTOPHER CRUMBLY  
JONATHAN D CRUMBLY  
PAMELA K CULLY  
JAMES P CUNNINGHAM  
ROBYN CURLEY  
MICHAEL W CURRID  
NANCY A DALLAIRE  
WALTER W DAMPIER  
THOMAS M DAROZA  
ALDONIO DASILVA  
ROBERT P DAVIS  
LUGEY DAWSON  
D WAYNE DEARMAN  
DANIEL DEIULIO  
JAMES SEAN DENMAN  
OWEN A DENNIS  
SCOTT DENNIS  
GARY DEPASTINO  
IRENE LEVETTE DIXON  
CHARLES A DONNON  
THOMAS A DRISKELL  
MARK DUFFANY  
PETER DUNCAN  
SCOTT DYKEMA  
JOYCE E EASTERDAY  
CHRISTOPHER L FATZINGER  
DENISE E FOUNTAIN  
SHARI G FRANCO  
MARY C FRIER  
THOMAS A FRYAR  
NORIEL FUMERO  
JOSEPH MICHAEL FUORE  
SHERRY L FURGERSON  
FREDERICK C GADDIS  
SHEILA J GARDNER  
STEVEN F GATINS  
LEONARD D GAW  
BARBARA J GIBSON  
MICHAEL R GIFT  
PATRICK E GILLESPIE

GARY J GILLETTE  
KEVIN GILLETTE  
PATRICIA L GILSINAN  
JOSEPH T GILSON  
GARY K GLANCY  
C PAUL GODSIL  
STEPHANIE M GOINGS  
MICHAEL GOLDSMITH  
SONIA V GOMEZ  
ANTONIO GONZALEZ  
WILLIAM GOODWIN  
MICHAEL GORDON  
CROSBY GORE  
NAIDA GUZMAN  
RONALD L HAGWOOD JR  
GEORGE R HALL  
DENNIS E HAMM  
DIANE HARRIS  
JAMES E HARRIS  
MICHELE S HARRIS  
GORDON E HAYMAN  
STEVE HERDEMAN  
CALVIN D HODGE  
ESTELA Q HOLMAN  
KYLE HOLMAN  
DEWEY W HUDMAN  
LINDA HUDSON  
LESTER C HUMMEL  
NINA B HURTUBISE  
BOWDOIN G HUTCHINSON  
JUANITA JACKSON  
MARCUS T JACKSON  
SIDNEY L JERGER  
CAROL JOHNSON  
CHONTAE L JOHNSON  
CHRISTOPHER JOHNSON  
MICHAEL D JONES  
ROBERT JONES  
JACKLYN JURGENSEN  
WILLIAM R KAEFF  
D LELAND KARLSON  
EDWARD T KEANE  
TERRY L KECK  
ADAM KEE  
PATRICK J KELLER

# Years of Dedicated Service

SABRINA H KERR  
JOYCE A KING  
EUGENE D KNIGHT  
MARK KOBBE  
JENNIFER KRIP  
KUPER KRUEGER  
ALICE M LADOMIRAK  
PAUL LAGUERRE  
JOSEPH L LAMMERS  
DONALD T E LANDIN  
DOMINIC F LANE  
MARIE J LAVACHE  
PATRICIA ANN LAWSON  
RONALD K LEE  
EDWARD S LEONGOMEZ  
BILLY LOCKMILLER  
DOROTHY E LONG  
THELMA PATRICIA LOPEZ  
SCOTT LOVEN  
PAUL C LUGARA  
KEITH B LYONS  
PAUL L MADSEN  
WANDA MAGNUSON  
WILLIAM H MAIN  
TAMMY R MALIN  
GLEN P MANCHESTER  
DEBORAH PETERSEN MANIS  
FRED MANN  
LAURIE A MARTIN  
MELISSA MARTIN  
MICHAEL J MARTIN  
JOSEPH MASSIMINO  
FLORINDA K MAZZARELLA  
TOMMIE V MC CARTHY  
NANCY L MC CONKEY  
TERRANCE MC MILLON  
DANIEL MCKINLEY  
JOHN W MCMILLIAN  
STONEY X MCPEEK  
BARBARA A MIKA  
GEORGE E MILLER  
JOSHUA J MILLER  
JASON M MITTLER  
E GLYNDON MOBERLY

PUTNAM MOREMAN IV  
REGINA D MORRIS  
KENNETH MORRIS SR  
LARRY MIKEL MORRISON  
STEVEN MOSELY  
STEVEN MURTO  
CHRISTELLE MYRICK  
BRIAN D MYSZKOWSKI  
DINO G NESSELRODE  
WILLIAM D NORTON  
KIMBERLY E OKUBO  
SHANNON ONDERLINDE  
SHANE OSTRANDER  
THOMAS E PARKER  
ARTHUR O PARMELEE  
KEVIN W PARRISH  
DARIN PATTERSON  
CAROL ANN PEARSON  
RALPH A PENICK  
TIMOTHY E PERKINS  
MICHAEL A PERRI  
RICHARD G PETERSEN  
RONNIE PREBILSKY  
TONY TREAYMAN PRICE  
CHARLES D PUTNAM SR  
VIOLET RAMOS  
STEPHANIE RAULERSON  
J KEVIN RHODEN  
TIMOTHY W RICHARDS  
EDWIN RICHBERG  
ROBERTO S RIGUAL  
KEITH D ROBINSON  
SAMANTHA ROWLAND  
NATHANIEL P RUBEL  
ROLAND RUPPERT  
VALERIE A SCHULTE  
SAL ANTHONY SCIMECA  
HARRY SHERVA  
JOSHUA SHOLANDER  
JACK R SHONK  
DONNA SHURR  
JACOB W SIEBERT  
CARMELO SIGNORELLI  
STERLING R SIMMONS

IRA SINGH  
VALENTIME C SIRMONS  
JULIE Z SIZEMORE  
FORD R SLOAN  
CHRISTOPHER SMITH  
EILEEN SNOBERGER  
JARED SOMERSON  
CIRO E SOTELO  
CYNTHIA M SOUTHARD  
JOEL SPADES  
RICHARD J SPEARS  
CHARLES J STANG  
ANGELA M STEPHENS  
BRIAN KEITH STEPHENS  
KURTIS D STRAND  
CHARLES S SWINDLE  
ARNE TARANGER  
WILLIAM TAYLOR  
DEBRA THERIAULT  
WILLIAM G THIESS  
MARY E THOMAS  
DARRYL R THOMAS-BEY  
DANIEL D TILLMAN  
THELMA TIPTON  
JOHN K TOMPECK  
JOHAN TUNBERG  
SHAWN D TYLER  
LARRY W TYNDALL  
NOBLE R UPCHURCH  
OSVALDO VALDES  
CAIRO A VANEGAS  
ROBERT W VAUGHN  
LESLEY VINCENT-RYDER  
EVELYN I WALKER  
PETER WICINSKI  
JUDITH ANN WIDMAYER  
EDMOND WILLIAMS  
STACEY WILLIAMS  
ESTELA M WILSON  
OLIVER C WINT  
ERIC R WINTERSTEIN  
LOIS A WOLFE  
SHARON WOLKOWICZ

# Fort Pierce Utilities Authority

*"To provide our customers with economical, reliable and friendly service"*

Fort Pierce Utilities Authority employees have "enhanced the quality of life in our community"

1st Tee of TC - SLCAGA/Fairwinds Golf Course  
Agape Senior Citizens Recreational  
Center  
American Cancer Society  
American Legion  
American Red Cross  
Angel Food Ministries  
ARC of St. Lucie County  
ASA Girls Fast Pitch Softball  
Awanas First Baptist Church of Stuart  
Backus Gallery  
Big Brothers/Big Sisters  
Book Depot Martin County Library  
Boy Scouts of America  
Busch Wildlife Sanctuary  
Calvary Chapel  
Castle  
Central Florida Bible Camp  
Children Home Society's WaveCREST  
Shelter  
Children's Miracle Network  
Club Utilitas, Inc. Teen Center  
Colonnades Association 3  
Common Ground Vineyard Church  
Community Church of Vero Beach  
Conservation Alliance of SLC  
Council On Aging of St. Lucie County  
Downtown Business Association  
Drug Abuse Treatment  
Association, Inc. (DATA)  
Early Learning Coalition  
Engineering Ministries International  
Exchange Club  
Faith Family Worship Center  
Family Fun Day Lawnwood Stadium  
Family Meals Incorporated  
First Baptist Church of Stuart

First Baptist Church of White City  
First United Methodist Church of PSL  
Florida Army National Guard  
Florida's Blood Centers  
Florida Engineering Society  
Florida March of Dimes Foundation  
Florida Water Environment Assoc. (FWEA)  
Fort Pierce Central High School  
Fort Pierce Christmas Parade  
Francis K Sweet Magnet School  
Girl Scouts of the USA  
Grace Emmanuel Church  
Graceway Village  
Great American Cleanup  
Green Committee  
Guardian Ad Litem  
Habitat for Humanity  
Harvest Food & Outreach Center  
Healthy Start Coalition of St. Lucie County  
Heathcote Botanical Gardens  
Hibiscus Children's Center  
Hobe Sound Animal Protection League  
Hospice of the Treasure Coast  
Imagine School of Vero Beach  
In The Image of Christ, Inc.  
Independent Haitian Church  
Indian River State College - College  
Reach-Out Program (CROP)  
Jack and Jill of America  
Kids at Hope  
Kids Crossing Playground Build  
Kiwanis Clubs  
Knights of Columbus  
Leadership Saint Lucie  
Lincoln Park Academy  
Lincoln Park Main Street  
Love Dr's Charity



# Mission Statement

*in a continuous effort to enhance the quality of life in our community"*

by contributing their time and service to the following organizations:

Macedonia 7th Day Adventist Church	St. Lucie County 4-H
Main Street Focus Magazine	St. Lucie County Economic Development Council
Main Street Fort Pierce	St. Lucie County Fair Association
Manatee Observation and Education Center (MOEC)	St. Lucie County Harbor Advisory Committee
Marine Corp League	St. Lucie County Human Resources Association
Marine Industries Association of the Treasure Coast Waterway Clean Up	St. Lucie County School Board
Martin County District Academic Team	St. Lucie County Sheriff
Martin Luther King, Jr. Commemorative Committee of St. Lucie County	St. Lucie County Toys for Tots
Matthews Café	St. Lucie Panthers Softball Organization
Mission Churches International Inc.	St. Lucie / Stuart / Martin County Chambers of Commerce
Muscular Dystrophy Association	St. Lucie Village
Mustard Seed Ministries	Sea-Life Habitat Improvement Project
Navy UDT-SEAL Museum	South Fork High School Band
Northside Bat and Ball Club	Southwestern Port St. Lucie Little League
Oxbow Eco-Center	Stuart Air Show
Parkview Baptist Church	Susan G. Koman - Strides Against Breast Cancer
Pilot Club of Fort Pierce	The Leukemia & Lymphoma Society
Pinewood Elementary School	The Royal Palms of St. Lucie
Port St. Lucie Athletic Association	The Van Duzer Foundation
Port St. Lucie American Little League	The Worship Center International Ministries
Port St. Lucie National Little League	Toastmasters International
Port St. Lucie Police Department	Treasure Coast Blood Bank
Port St. Lucie Power Squadron	Treasure Coast Education & Research Development
Pregnancy Resources	Treasure Coast Environmental Education Council
Relay for Life	Treasure Coast Food Bank
Rosewood Elementary School	Treasure Coast Manatee Foundation
Rotary Clubs	Tri County Animal Hospital
Safe Space of St Lucie	United Way of St. Lucie County
Salvation Army Christmas Angels	Vero Beach First Nazarene Church
Sandy Shoe Festival	Vero Beach Masonic Lodge
St. Andrews Academy	Winners Walk Tall
St Helen's Harvest Festival	
St. Jude Children's Research Hospital	
St. Lucie Bob Cats (Semi-Pro Football)	



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500 Boston Avenue (34950)  
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**Director of Finance**  
*"Committed to Quality"*

March 12, 2014

Board Members  
Fort Pierce Utilities Authority

The Comprehensive Annual Financial Report (CAFR) of Fort Pierce Utilities Authority (FPUA) for the fiscal year ended September 30, 2013, is submitted herewith pursuant to the City of Fort Pierce Charter, Article XII, Section 176 (12) and the bond covenants of FPUA's outstanding revenue bonds. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of FPUA. This CAFR was prepared by FPUA's Department of Finance staff. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of FPUA, and that all disclosures necessary to enable the readers to gain the maximum understanding of FPUA's financial activity have been included.

FPUA's financial statements have been audited by DiBartolomeo, McBee, Hartley & Barnes, a firm of licensed certified public accountants, in accordance with Generally Accepted Government Auditing Standards. The goal of the independent audit was to provide reasonable assurance that the financial statements of FPUA for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that FPUA's financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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 the MD&A and should be read in conjunction with it. FPUA's MD&A can be found immediately following the independent auditor's report.



Our mission is to provide our customers with economical, reliable and friendly service  
in a continuous effort to enhance the quality of life in our community.

[www.fpua.com](http://www.fpua.com)

## THE REPORTING UNIT

FPUA was established in accordance with provisions of the City Charter, confirmed by an election held on May 30, 1972. The FPUA Board consists of five members, one of whom is the Mayor-Commissioner of the City, who serves on the Board as long as he or she holds such office. The other four members are appointed by the City Commission for four-year overlapping terms, limited to two consecutive terms of office.

The City Charter, Article XII, Section 169, states that FPUA shall be responsible for the development, production, purchase, distribution, and collection of all electricity, water, wastewater, natural gas, and such other utility services as may be designated by resolution by the City Commission. FPUA is a component unit of the City of Fort Pierce, Florida and this report includes all systems of FPUA. This report does not include the financial activities of the City of Fort Pierce. Reference should be made to the City's report published separately.

## SYSTEM PROFILE

The Electric, Water, Wastewater, and Gas Utility Systems, Manatee Observation and Education Center (MOEC), and FPUAnet Communications are managed and operated for the City by FPUA. FPUA also operates the Treasure Coast Energy Center (TCEC) for the Florida Municipal Power Agency (FMPA) on a contract basis, utilizing FPUA employees.

The **Electric System** serves the City of Fort Pierce and the immediately surrounding area, encompassing approximately 35 square miles, with an average of 27,630 services billed during the fiscal year ended September 30, 2013. FPUA currently has 23 miles of transmission lines and eight substations (six distribution and two transmission) operating at 69kV and 138kV. FPUA jointly owns with the City of Vero Beach a 138kV transmission line and substation directly interconnecting with both Florida Power & Light (FPL) and Vero Beach. FPUA's transmission substations are interconnected with FPL. FPUA and FPL have a territorial agreement approved by the Florida Public Service Commission.

On December 16, 1997, FPUA agreed to participate in the FMPA All-Requirements Power Supply Project (ARP). In doing so, FPUA became one of 14 municipally owned utilities in ARP. The principal benefits of ARP are:

1. Lower operating costs through utilization of the most efficient generation available.
2. Future generation will be planned for the collective systems, as needed, by FMPA.
3. Economies of scale in operating, planning, and financing.
4. Lower risk with more units and more cities working together.

As of January 1, 1998, FPUA assigned its resources to ARP and agreed to purchase its total power requirements from ARP. FPUA's resources, which have been assigned, include the contracts with FMPA related to Stanton Unit No. 1 (Stanton and Tri-City Projects) and Stanton Unit No. 2. The contracts related to the St. Lucie Nuclear Project have not been assigned.

The **Water System** serves the City of Fort Pierce and the immediately surrounding area, encompassing approximately 32 square miles, with an average of 19,248 services billed during the fiscal year ended September 30, 2013. Water supply is obtained from 36 surficial aquifer wells (shallow) and 11 Floridan aquifer wells (deep). FPUA currently has a Water Use Permit from the South Florida Water Management District to withdraw a daily maximum not to exceed 21.13 million gallons of ground water. Treatment of the raw ground water is presently accomplished through a 20 million gallons per day (MGD) conventional Lime Softening Water Treatment Plant and a 10.3 MGD Reverse Osmosis Water Treatment Plant. FPUA owns and operates a 13.3 MGD air stripping system which services the lime-softening portion of FPUA's Water Treatment Facility. FPUA meets all federal and state drinking water standards. FPUA has 9 million gallons of storage capacity. The water distribution system is composed of 384 miles of water mains, remote pumping facilities, ground storage tanks, hydrants, and valves.

The **Wastewater System** serves the City of Fort Pierce and the immediately surrounding area, encompassing approximately 30 square miles, with an average of 14,635 services billed during the fiscal year ended September 30, 2013. The wastewater collection system consists of 116 lift stations, 171 miles of gravity sewer lines ranging from 4 to 48 inches in diameter, and approximately 97 miles of force mains ranging in size from 1.5 to 24 inches in diameter. The Island Water Reclamation Facility (IWRf) currently has a permitted capacity of 10 MGD for Annual Average Daily Flow and 11.5 MGD for 3-Month Annual Average Daily Flow. On December 11, 2012, the Florida Department of Environmental Protection issued the operating permit, which is anticipated to be adequate through December 10, 2017.

FPUA has one domestic deep injection well at the IWRf plant site. A pumping station injects treated effluent into the 3,300-foot deep injection well for disposal. The IWRf IW-1 well is a twenty-four inch domestic well which is permitted through February 9, 2017. There are two deep injection wells located on the site of the future Mainland Water Reclamation Facility (MWRf), in the southwest corner of the service area. IW-1 is an 18-inch industrial deep injection well and IW-2 is a 24-inch domestic deep injection well. IW-1 accommodates the TCEC's industrial wastewater stream, and is permitted through April 15, 2015. The IW-2 well is currently not in operation and therefore is not permitted. Both wells can be utilized for disposal of MWRf effluent when that facility is constructed.

The **Gas System** serves the City of Fort Pierce and the immediately surrounding area, encompassing approximately 27 square miles, with an average of 4,179 services billed during the fiscal year ended September 30, 2013. The Gas System purchases firm gas for resale through Florida Gas Utility (FGU). FGU has a contract with Florida Gas Transmission for the transportation of gas to FPUA's system. Gas purchases are supplied by FGU under an all requirements agreement. The Gas Operations Department is responsible for the installation and maintenance of all gas mains and service lines. The department also employs a staff of qualified gas service technicians to maintain and repair customers' natural gas appliances.

**FPUAnet Communications** provides high quality, state-of-the-art fiber optic communication services, including Dedicated Fiber Internet Access and Optical Fiber Links, such as Dark Fiber and Bandwidth Connections to businesses and institutions. As a leading member of the Research Coast Broadband Coalition, FPUAnet Communications seeks to interconnect the five-county region.

FPUA operates the **Manatee Observation & Education Center (MOEC)**, which is located on Moore's Creek east of Indian River Drive. MOEC's mission is to promote understanding and responsible actions for the protection of the fragile ecosystems in the Treasure Coast Region and its inhabitants. It provides a clean and safe facility for viewing manatees and other inhabitants of the Indian River Lagoon. Almost 33,000 visitors from all over the world visited the Center during fiscal year 2013. A total of 645 manatees were sighted. Volunteers provided a substantial donation to the Center with a total of 10,846 hours of volunteer time.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the environment within which FPUA provides service.

### **Local Economy**

Fort Pierce is located on Florida's east coast, 120 miles north of Miami and 220 miles south of Jacksonville. The estimated 2013 population of the City of Fort Pierce and St. Lucie County was 41,729 and 281,151 respectively. Fort Pierce is the commercial center of the county, with approximately 24.5 square miles in land area. Its metropolitan area includes a transportation network comprised of Interstate 95, Florida's Turnpike, U.S. Highway 1, State Roads 68 and 70, Florida East Coast Railway, St. Lucie County International Airport, and the Port of Fort Pierce.

FPUA's service area includes both the area within the corporate limits of the City of Fort Pierce and the Town of St. Lucie Village, and portions of unincorporated St. Lucie County. Approximately 82% of the system revenues are derived from services provided within the City of Fort Pierce, and 18% from services provided in the Town of St. Lucie Village and unincorporated St. Lucie County.

The economy of Fort Pierce and surrounding St. Lucie County is primarily based upon government, agriculture, construction, retail and wholesale trade, light manufacturing, tourism, biotechnology, and sport and commercial fishing. Although there are several telemarketing service centers, commercial centers, research institutions, and a Walmart Distribution Center located in the area, the downturn in the construction industry continues to have a negative impact on employment.

St. Lucie County continues to develop a 1,800-acre State recognized Research and Education Park in FPUA's service territory. Florida State University has a Regional Medical School Campus located at Indian River State College, which now offers numerous Bachelor's Degree Programs.

FPUA's service area is developing into an educational and research center featuring the following facilities:

- Indian River State College (IRSC)
- Florida Atlantic University (FAU)/Harbor Branch Oceanographic Institution
- Smithsonian Fort Pierce Marine Station
- Smithsonian Marine Ecosystem Exhibit
- U.S. Department of Agriculture/Horticultural Research Laboratory
- University of Florida/Institute of Food and Agricultural Sciences (UF/IFAS) Research and Education Center
- Manatee Observation and Education Center

There has been very little new development during fiscal year 2013, a trend that has been experienced across the nation. Many recently constructed residential units still sit vacant; however, the real estate market is showing some signs of improvement. On the commercial side, several industrial parks are in the planning stages along the Kings Highway corridor. Although current development activity in the area is limited, FPUA is optimistic about growth in the long term. Improvements such as major roadwork, continued beautification of the downtown area, and private investment make the area attractive to new residents. Reconstruction of the City Marina outer docks damaged in the 2004 hurricanes began in 2012, and should provide an economic boost to the downtown area.

### **Strategic Management Planning**

FPUA's Strategic Plan continues to promote communication and cooperation, and encourages increased employee involvement in achieving company goals that support FPUA's Mission Statement:

**“To provide our customers with economical, reliable, and friendly service in a continuous effort to enhance the quality of life in our community.”**

In January 2013, a workshop was held to re-evaluate and set forth the key result areas (KRA's) FPUA will focus on as the organization moves forward. Participants in the workshop included the FPUA Board, key FPUA staff, and members of the Fort Pierce City Commission. KRA's and the corresponding goals and objectives were identified as follows:

**Improve Efficiency and Cost Effectiveness** – Efforts continue toward automating workflows and eliminating redundant processes where possible. As FPUA strives to build a competitive attitude within the organization, it has been recognized that the benefits of past efforts have resulted in the ability to lower electric rates.

**Improve Customer Education and Outreach** – Regardless of the positive changes made at FPUA over recent years, public perception of the organization may not be fully aligned with reality. It is important to effectively communicate actions FPUA is taking to achieve goals associated with the mission statement. This may be accomplished by promoting community involvement through educational programs and environmental stewardship.

**Increase Revenues** – Although FPUA has successfully cut costs throughout the organization, staff recognizes that the same impact on the bottom line can be achieved by increasing revenues. Some areas to be considered are developing new services and products, as well as encouraging development and re-development of areas within the FPUA service territory. This will be accomplished through more aggressive marketing programs, reductions in connection fees charged to customers, and implementing programs for financing connection fees.

**Workforce Development** – As FPUA’s workforce ages, it is critical to attract, retain and promote the most qualified employees within the organization. It is also important to improve motivation and morale as staff is continually being asked to do more with less.

### **Long-Term Capital Planning**

FPUA’s capital renewal, expansion, and improvements continue. Capital plans are primarily driven by replacement of aging infrastructure and street and highway reconstruction projects. The multiplicity of requirements by regulatory agencies increases the cost of those improvements. Most replacements increase costs and provide no additional revenue, but are expected to have a positive impact on operations and maintenance expenses. Receipt of contributed capital, which helps fund the infrastructure needed to support growth in the future, has slowed dramatically. In an effort to strategically expend FPUA’s limited resources, Department Heads meet periodically to discuss and update capital plans. This allows for coordination among the numerous agencies with which FPUA’s staff interacts to accomplish its plans.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPUA for its CAFR for the fiscal year ended September 30, 2012. This was the 19<sup>th</sup> consecutive year that FPUA has achieved this prestigious award.

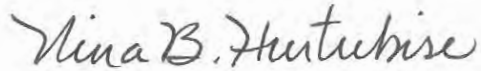
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements, and will be submitted to the GFOA to determine eligibility for another certificate.



## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of FPUA's Department of Finance. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I would also like to express my thanks to the Board, the Director of Utilities, and the entire FPUA staff for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.

A handwritten signature in black ink that reads "Nina B. Hurtubise". The signature is written in a cursive style and is centered within a light gray rectangular box.

Nina B. Hurtubise, CPA  
Director of Finance





Government Finance Officers Association

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

Presented to

**Fort Pierce Utilities Authority  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

# FPUA Leadership

## Board Members



**Michael A. Perri, Jr.**  
*Chairman*



**Daniel M. Delulio, CPA**  
*Vice-Chairman*



**Pamela K. Cully**  
*Secretary*



**Darryl Thomas-Bey**  
*Deputy Secretary*



**Linda Hudson**  
*Mayor-Member*

## Management Team

William G. Thiess, P.E., Director of Utilities  
William E. Baldwin, P.E., Director of Electric & Gas Systems  
Timothy E. Perkins, P.E., Director of Water/Wastewater Systems  
Evelyn I. Walker, Director of Shared Services  
Nina B. Hurtubise, CPA, Director of Finance  
Nancy A. Dallaire, Risk Manager

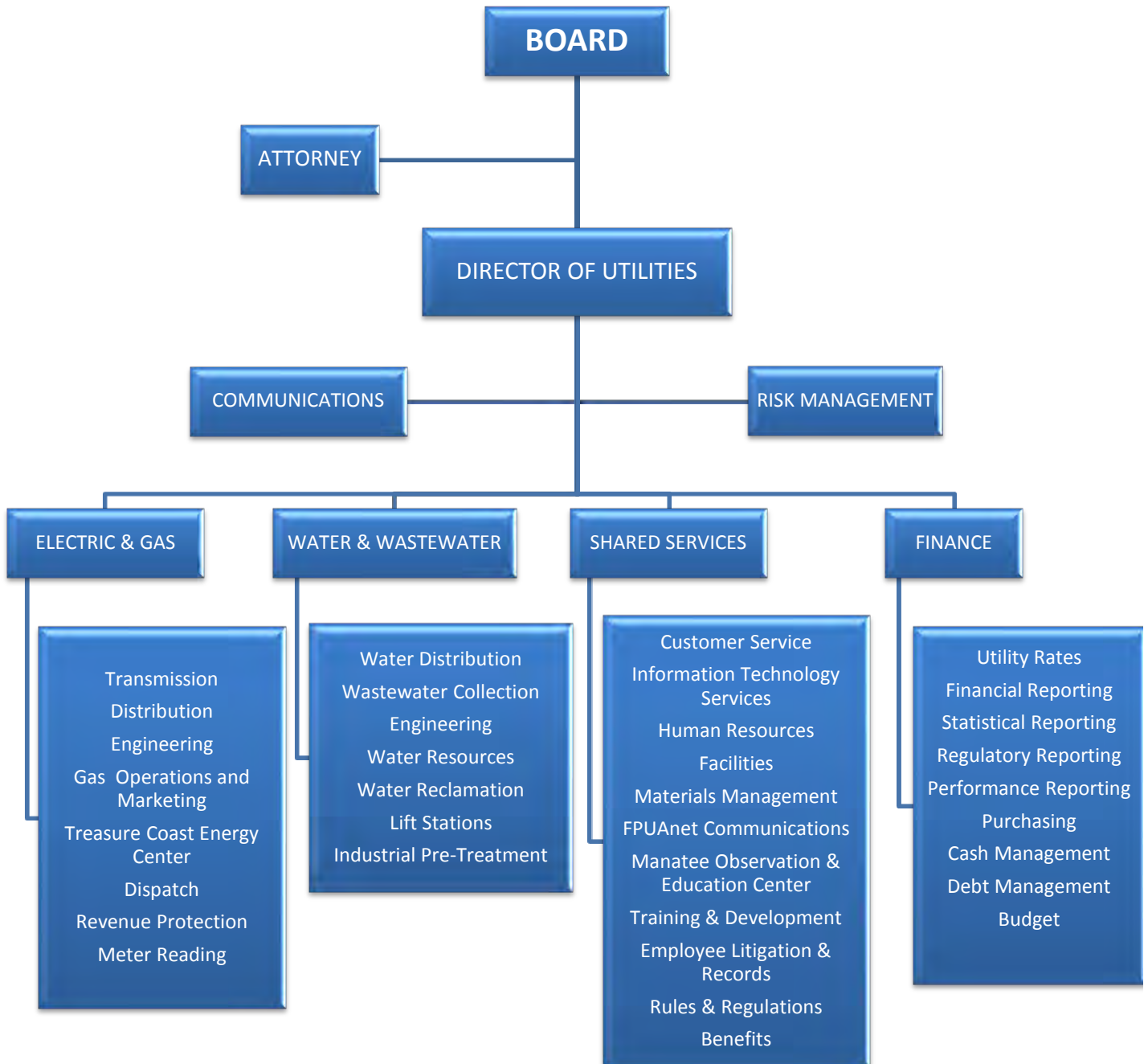
## Counsel

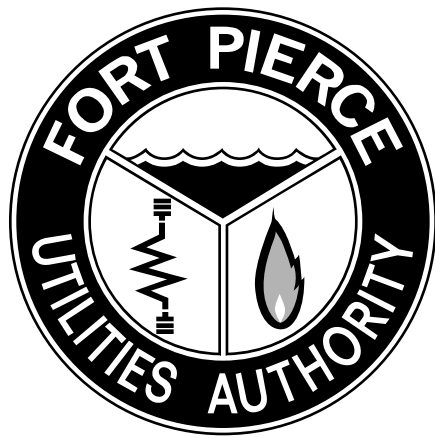
R.N. Koblegard, III, Esquire

## Independent Certified Public Accountants

DiBartolomeo, McBee, Hartley & Barnes

# Fort Pierce Utilities Authority ORGANIZATION CHART





**INDEPENDENT AUDITOR'S REPORT**

Board Members  
Fort Pierce Utilities Authority  
Fort Pierce, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Fort Pierce Utilities Authority (the "FPUA"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the FPUA'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the FPUA'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 FPUA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United 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***

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

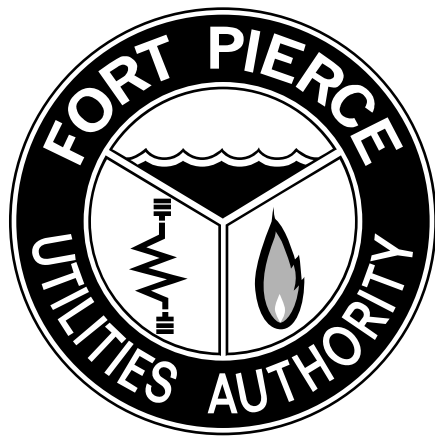
#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, on our consideration of the FPUA'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 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 is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the FPUA's internal control over financial reporting and compliance.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
February 28, 2014





## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Fort Pierce Utilities Authority's (FPUA) Comprehensive Annual Financial Report presents the analysis of FPUA's financial performance during the fiscal year, which ended on September 30, 2013 (FY 2013). Please read it in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

Operating revenues increased \$543,000 over last year, and operating expenses increased \$469,000. Both increases were primarily a result of the addition of two contract gas customers which began billing in August 2012. Operating income of \$8,738,000 was up \$74,000 from \$8,664,000, which was reported for the previous year.

The ability to adjust rates in order to ensure that FPUA's electric, water, wastewater and natural gas utilities each generate sufficient revenue to cover their respective expenses is critical to FPUA's financial health. Rate adjustments were implemented in April 2013, and were implemented again in March 2014. These adjustments are described in detail on page 23. Current projections indicate that additional increases will be required in order to minimize cash flow deficiencies. Rates will continue to be reviewed on an annual basis to ensure that FPUA's rate structure properly reflects the recovery of the cost of operating and maintaining its electric, water, wastewater and natural gas systems.

Excluding the reduced recovery of power costs, electric operating revenues increased 4.5% over last year. Water and wastewater operating revenues were up 1.2% and 2.9% respectively from FY 2012. Excluding the increased recovery of gas costs, natural gas operating revenues increased 19.0 %, and units billed increased 49.1%. Units billed decreased 6.6% in the water system, 1.5% in the electric system, and 0.3% in the wastewater system. The average number of services billed decreased slightly in the electric, water and gas systems, but increased 1.3% in the wastewater system.

Based upon current estimates for the cost of remediation of the former site of the H.D. King Power Plant, additional cost of \$748,000 has been accrued to cover the costs associated with testing and cleanup of the site. An estimated liability in the amount of \$1.95 million is recorded as of September 30, 2013 related to the remediation (See Note O for details).

The Distribution to the City of Fort Pierce increased \$599,000 over last year as anticipated. This was primarily a result of the February 2012 restructuring of the electric and gas rates. Portions of the purchased power and gas costs were moved in the base rates and became subject to the 6% distribution calculation multiplier.

In order to limit the amount of future rate increases, staff continues to limit non-essential spending. However, the need for preventive maintenance and renewal and replacement capital spending places pressure on cash flow. FPUA intends to continue to provide the very reliable and high quality of service customers have come to expect, even though tough economic times have obligated staff to focus on operating with limited resources.

## OVERVIEW OF THE FINANCIAL STATEMENTS

FPUA is a single enterprise fund even though it provides various utility services. The Comprehensive Annual Financial Report (CAFR) is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory section includes a letter of transmittal and other material that is useful in understanding the reporting entity. The Financial section includes the independent auditor's report and financial statements of FPUA. The financial statements present fairly the financial position, results of operations, and cash flows for the fiscal year. Selected financial and demographic information that is beneficial to the reader in understanding FPUA's historical growth and future growth prospects is found in the Statistical section of the CAFR. The Compliance section includes compliance reports.

## REQUIRED FINANCIAL STATEMENTS

The financial statements report information about FPUA using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about FPUA's activities. The **Statement of Net Position** includes all of FPUA's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to FPUA's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of FPUA, and assessing the liquidity and financial flexibility of FPUA.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses and Changes in Net Position**. This statement measures the success of FPUA's operations over the past year and can be used to determine whether FPUA has successfully recovered all of its costs through user fees and other charges. This statement also measures FPUA's profitability and credit worthiness. The other required financial statement is the **Statement of Cash Flows**. The primary purpose of this statement is to provide information about FPUA's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. It also provides answers to such questions as, "where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period?"

## FINANCIAL ANALYSIS OF FPUA AS A WHOLE

One of the most important questions asked about FPUA's finances is, "Is FPUA, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about FPUA's activities in a way that will help answer this question. These two statements report the net position of FPUA and changes in them. FPUA's net position – the difference between assets and liabilities – may be thought of as one way to measure financial health or financial position. Over time, increases or decreases in FPUA's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates must also be considered.

Although FPUA's total Net Position decreased from last year by \$290,000, it is important to note that Unrestricted Net Position increased \$2,355,000. Total assets have decreased primarily due to a 2.7% decrease in capital asset valuation, which is a result of decreased investment due to the implementation of cost cutting measures, as well accelerating depreciation on certain asset classes. The decrease in capital asset valuation was partially offset by higher balances in unrestricted cash and investments. Total liabilities decreased as a result of the annual repayment of principal on revenue bonds payable. The analysis below focuses on FPUA's Net Position (Table 1) and Changes in Net Position (Table 2) during the year.

**Table 1**  
**Net Position**  
(Dollars in Thousands)

	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Current Unrestricted Assets	\$ 50,213	\$ 48,103	\$ 2,110	4.4%
Current Restricted Assets	21,954	21,810	144	0.7%
Noncurrent Unrestricted Assets	3,507	3,852	(345)	(9.0%)
Noncurrent Restricted Assets	6,703	6,703	-	0.0%
Capital Assets	<u>216,360</u>	<u>222,337</u>	<u>(5,977)</u>	<u>(2.7%)</u>
<b>Total Assets</b>	<u><b>\$ 298,737</b></u>	<u><b>\$ 302,805</b></u>	<u><b>\$ (4,068)</b></u>	<u><b>(1.3%)</b></u>
Current Unrestricted Liabilities	\$ 13,616	\$ 13,103	\$ 513	3.9%
Current Liabilities Payable From Restricted Assets	15,214	14,688	526	3.6%
Noncurrent Liabilities	<u>90,749</u>	<u>95,566</u>	<u>(4,817)</u>	<u>(5.0%)</u>
<b>Total Liabilities</b>	<u><b>\$ 119,579</b></u>	<u><b>\$ 123,357</b></u>	<u><b>\$ (3,778)</b></u>	<u><b>(3.1%)</b></u>
<b>Net Position:</b>				
Net Investment in Capital Assets	\$ 121,450	\$ 123,713	\$ (2,263)	(1.8%)
Restricted	13,443	13,825	(382)	(2.8%)
Unrestricted	<u>44,265</u>	<u>41,910</u>	<u>2,355</u>	<u>5.6%</u>
<b>Total Net Position</b>	<u><b>\$ 179,158</b></u>	<u><b>\$ 179,448</b></u>	<u><b>\$ (290)</b></u>	<u><b>(0.2%)</b></u>

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

Table 2  
**Statement of Revenues, Expenses, and Changes in Net Position**  
(Dollars in Thousands)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Operating Revenues				
Electric	\$ 66,502	\$ 67,458	\$ (956)	(1.4%)
Water	13,456	13,293	163	1.2%
Wastewater	11,684	11,350	334	2.9%
Natural Gas	4,648	3,701	947	25.6%
MOEC	348	337	11	3.3%
FPUAnet Communications	395	351	44	12.5%
Nonoperating Revenues				
Investment and Other Income	1,961	2,211	(250)	(11.3%)
Grant Revenue	12	8	4	50.0%
Capital Contributions	1,392	1,229	163	13.3%
Total Revenues	<u>100,398</u>	<u>99,938</u>	<u>460</u>	<u>0.5%</u>
Operating Expenses				
Purchases for Resale	44,800	44,356	444	1.0%
Plant Operations	5,127	5,336	(209)	(3.9%)
Field Operations	8,579	8,236	343	4.2%
General and Administrative	14,489	14,645	(156)	(1.1%)
Depreciation	15,300	15,253	47	0.3%
Nonoperating Expenses				
Distribution to the City of Fort Pierce	5,366	4,767	599	12.6%
Interest and Amortization	4,612	4,723	(111)	(2.4%)
TCEC Expenses	1,654	1,642	12	0.7%
Extraordinary Expense	761	1,200	(439)	(36.6%)
Total Expenses	<u>100,688</u>	<u>100,158</u>	<u>530</u>	<u>0.5%</u>
Change in Net Position	(290)	(220)	(70)	31.8%
Beginning Net Position	<u>179,448</u>	<u>179,668</u>	<u>(220)</u>	<u>(0.1%)</u>
Ending Net Position	<u>\$ 179,158</u>	<u>\$ 179,448</u>	<u>\$ (290)</u>	<u>(0.2%)</u>

Many of the explanations of the changes in net position have been discussed previously in the financial highlights. Rate adjustments, low natural gas prices, and the addition of three natural gas contract customers have contributed to the most significant changes from the prior year.

The distribution to the City of Fort Pierce, based on FY 2013 revenues, computes to \$5,605,000 and will be paid in April 2014 (see Note E for details). Last year's distribution, based on FY 2012 revenues, totaled \$5,365,000, and was paid in April 2013. The increase in the 2014 distribution reflects a full year of billing the electric and gas rates which were restructured to increase the base rates which are subject to the calculation at 6% of gross revenue.

## **CAPITAL ASSETS**

Major projects, and the costs associated with each during FY 2013, include:



Since many of the projects rehabilitate deteriorating lines in the older sections of the City, the impact on operating and maintenance expenses is expected to be favorable. However, over 130 miles of old water and wastewater lines remain in those systems. Replacement of these lines is being phased over a 25-year period to soften the impact on rates.

At the end of FY 2013, FPUA had \$216,360,000 invested in a broad range of net utility capital assets, including its electric and natural gas transmission and distribution systems, water treatment plant, water transmission and distribution mains, water storage facilities, pump stations, water reclamation facility, MWRF deep injection wells, and related wastewater collection plant facilities.

This amount represents an overall decrease in capital assets of \$5,977,000, or a 2.7% reduction since September 30, 2012 (see Note C for more information on Capital Assets). This change consists of \$9,323,000 in capital acquisitions and contributed assets, less \$15,300,000 of depreciation. Staff continues to accelerate depreciation on certain asset classes by reducing the useful life of assets, based on current data.

The following tables summarize FPUA's capital assets, net of accumulated depreciation, and changes therein, for the year ended September 30, 2013.

Table 3  
**Capital Assets, Net of Accumulated Depreciation**  
**Categorized by System**  
(Dollars in Thousands)

	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Electric	\$ 68,627	\$ 71,401	\$ (2,774)	(3.9%)
Water	70,172	69,137	1,035	1.5%
Wastewater	62,380	66,403	(4,023)	(6.1%)
Shared Services	8,218	8,479	(261)	(3.1%)
Gas	6,142	6,120	22	0.4%
FPUAnet	728	693	35	5.1%
MOEC	93	104	(11)	(10.6%)
<b>Total</b>	<u>\$ 216,360</u>	<u>\$ 222,337</u>	<u>\$ (5,977)</u>	<u>(2.7%)</u>

Table 4  
**Capital Assets, Net of Accumulated Depreciation**  
**Categorized by Asset Class**  
(Dollars in Thousands)

	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Land	\$ 10,219	\$ 10,207	\$ 12	0.1%
Transmission, distribution, and collection systems	163,802	168,560	(4,758)	(2.8%)
Equipment	10,119	10,923	(804)	(7.4%)
Structures and improvements	16,470	17,162	(692)	(4.0%)
Construction work in progress	15,750	15,485	265	1.7%
<b>Total</b>	<u>\$216,360</u>	<u>\$222,337</u>	<u>\$ (5,977)</u>	<u>(2.7%)</u>

## **DEBT ADMINISTRATION**

At September 30, 2013, FPUA had outstanding revenue bonds in the amount of \$95,087,000. Debt service schedules extend to October 1, 2029. Interest rates range from 1.34% to 5.90% on the bonds. Principal payments are due October 1 of each year. Principal on the bonds of \$6,653,000 was due and paid on October 1, 2013.

On December 21, 2012, the bond rating firm, Standard & Poor's, raised its rating on FPUA's revenue bonds to an 'A'. On April 30, 2010, the bond rating firm, Fitch Ratings Ltd., recalibrated FPUA's underlying long term rating to 'A+'. Both firms also stated that FPUA's rating outlook is stable.

FPUA's debt service coverage ratio was 2.51 times for the twelve months ended September 30, 2013, compared to 2.41 times on September 30, 2012. This coverage ratio remains well above the 1.25 minimum requirement.

In January 2012, FPUA's master bond resolution was amended with the consent of FPUA's bond insurers. As a condition of the amendment, FPUA has agreed to make monthly transfers totaling \$1,976,825 to its Debt Service Reserve account over the subsequent 60 months. This agreement is expected to provide investors additional assurance that bond principal and interest will be paid as promised, as the credit rating of FPUA's bond insurers continues to decline.

On November 14, 2012, FPUA issued Taxable Utilities Refunding Revenue Bonds, Series 2012 at an interest rate of 1.34% to provide for the redemption of Series 2003 Utilities Revenue Bonds, with an interest rate of 5%, on October 1, 2013. The net present value savings is calculated to be \$1,155,334.

See Note F for additional information related to revenue bonds payable.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The real estate market decline has slowed – in spite of low prices and a record number of foreclosures, real estate sales are beginning to pick up. Some upscale development has taken place in the service territory; however, many completed units remain unoccupied.

Although the units billed in the electric, water and wastewater systems decreased slightly in FY 2013, gas system units billed increased. The average number of services billed decreased slightly in the electric, water and gas systems, but increased in the wastewater system. Conservation, improved appliance efficiency, limitations imposed by the South Florida Water Management District, abatement of dry weather conditions, mild winters, and elasticity of demand have all contributed to overall decreases in utility unit sales in recent years.



Rate studies are updated for all utilities at least annually, and rate adjustments will continue to be made in future years to ensure that FPUA's electric, water, wastewater, and natural gas utilities each generate sufficient revenue to cover their respective expenses. A power cost adjustment (PCA) and purchased gas adjustment (PGA) are adopted as needed by the FPUA Board to ensure FPUA is recovering the cost of energy, and stabilize the amounts billed to customers.

Rate adjustments were implemented in April 2013 and were implemented again in March 2014.

On April 1, 2013, the following changes became effective:

- Decrease of \$4 per 1,000 kilowatt hours was applied to the base electric energy rate,
- Increase of 6.5% was applied to the water customer and volume charges, and
- Increase of 2.4% based on the 2012 Florida Public Service Commission price index (PSC index) was applied to the wastewater customer and collection charges and the natural gas customer and commodity charges.

On March 1, 2014, the following changes became effective:

- Decrease of \$1 per 1,000 kilowatt hours was applied to the base electric energy rate,
- Increase of 3.7% was applied to the water customer and volume charges, and
- Increase of 1.6% based on the 2013 PSC index was applied to the wastewater customer and collection charges and the natural gas customer and commodity charges.

Rates will continue to be reviewed on an annual basis to ensure FPUA's rate structure properly reflects the recovery of the cost of operating and maintaining its electric, water, wastewater, and natural gas systems.

Current rate schedules and charges are available on FPUA's website, [www.fpua.com](http://www.fpua.com).

#### **CONTACTING FPUA'S FINANCIAL MANAGEMENT**

This financial report is designed to provide FPUA's ratepayers and creditors with a general overview of FPUA's finances and to demonstrate FPUA's accountability for the money it receives. Questions about this report, or requests for additional financial information, should be directed to FPUA's Director of Finance at Fort Pierce Utilities Authority, P.O. Box 3191, Fort Pierce, FL 34948-3191, or e-mail [nhurtubise@fpua.com](mailto:nhurtubise@fpua.com). This report and bond disclosure information is available on FPUA's website – [www.fpua.com](http://www.fpua.com).

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position**  
September 30, 2013  
(With comparative totals for September 30, 2012)  
(Dollars in Thousands)

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Equity in Pooled Cash and Investments	\$ 32,533	\$ 30,179
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$3,951 in 2013 and \$3,461 in 2012	7,137	7,438
Unbilled Receivables	5,380	5,260
Due from other Governments	447	547
Inventories and Other Current Assets	4,716	4,679
Total Current Unrestricted Assets	50,213	48,103
Restricted Equity in Pooled Cash and Investments	14,483	13,991
Restricted Cash with Fiscal Agent	7,471	7,819
Total Current Restricted Assets	21,954	21,810
Total Current Assets	72,167	69,913
<b>NONCURRENT ASSETS</b>		
FMPA Working Capital Receivable	1,919	1,919
Deferred Charges	930	1,103
Investment in Public Gas Partners Pool	658	830
Total Unrestricted Noncurrent Assets	3,507	3,852
Restricted Equity in Pooled Cash and Investments	6,703	6,703
Capital Assets:		
Utility Plant in Service	411,561	406,146
Construction Work in Progress	15,750	15,485
Less Accumulated Depreciation	(210,951)	(199,294)
Total Capital Assets (net of Accumulated Depreciation)	216,360	222,337
Total Noncurrent Assets	226,570	232,892
<b>TOTAL ASSETS</b>	<b>\$ 298,737</b>	<b>\$ 302,805</b>

The accompanying notes are an integral part of this financial statement.

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position**  
September 30, 2013  
(With comparative totals for September 30, 2012)  
(Dollars in Thousands)

	<b>2013</b>	<b>2012</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 9,295	\$ 7,785
Deferred Revenues	3,567	4,498
Accrued Compensated Absences	-	82
Due to City of Fort Pierce	732	699
Revenue Bonds Payable - Current	6,653	5,955
Accrued Interest Payable Revenue Bonds	1,356	1,864
Customer Deposits	7,205	6,869
Capital Leases Payable	22	39
	28,830	27,791
Total Current Liabilities		
<b>NONCURRENT LIABILITIES</b>		
Revenue Bonds Payable, Net of Current Amounts and Unamortized Discounts	87,493	92,682
Other Post Employment Benefit Obligation	564	509
Accrued Compensated Absences	1,830	1,675
Capital Leases Payable	105	-
Other Noncurrent Liabilities	757	700
	90,749	95,566
Total Noncurrent Liabilities		
Total Liabilities	119,579	123,357
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	121,450	123,713
Restricted Capital Improvement Charges	6,740	7,122
Restricted for Debt Service	4,139	3,744
Restricted for Emergencies	2,000	2,000
Restricted for Renewals and Replacements	564	959
Unrestricted	44,265	41,910
	179,158	179,448
Net Position		
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 298,737</b>	<b>\$ 302,805</b>

The accompanying notes are an integral part of this financial statement.



**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
Year Ended September 30, 2013  
(With comparative totals for the year ended September 30, 2012)  
(Dollars in Thousands)

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Sales and charges for services	\$ 94,861	\$ 94,319
Other	2,172	2,171
	<hr/>	<hr/>
Total Operating Revenues	97,033	96,490
 <b>OPERATING EXPENSES</b>		
Purchases for resale	44,800	44,356
Plant operations	5,127	5,336
Field operations	8,579	8,236
General and administrative	14,489	14,645
Depreciation	15,300	15,253
	<hr/>	<hr/>
Total Operating Expenses	88,295	87,826
	<hr/>	<hr/>
<b>OPERATING INCOME</b>	8,738	8,664
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and other income	1,961	2,211
Grant revenue	12	8
TCEC expenses	(1,654)	(1,642)
Interest expense	(4,612)	(4,723)
Distribution to General Fund - City of Fort Pierce	(5,366)	(4,767)
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	(9,659)	(8,913)
	<hr/>	<hr/>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	(921)	(249)
Capital contributions	1,392	1,229
	<hr/>	<hr/>
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	471	980
Extraordinary Income (Expense)	(761)	(1,200)
	<hr/>	<hr/>
<b>CHANGE IN NET POSITION</b>	(290)	(220)
 <b>Net Position - Beginning of Year</b>	<hr/> 179,448	<hr/> 179,668
 <b>Net Position - End of Year</b>	<hr/> <u>\$ 179,158</u>	<hr/> <u>\$ 179,448</u>

The accompanying notes are an integral part of this financial statement.

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Cash Flows**  
Year Ended September 30, 2013  
(With comparative totals for the year ended September 30, 2012)  
(Dollars in Thousands)

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 94,286	\$ 95,103
Receipts from other sources	2,172	2,171
Payments to suppliers for goods and services	(51,653)	(54,092)
Payments to employees for services	(13,159)	(12,774)
Payments for benefits on behalf of employees	(6,083)	(5,996)
Net cash provided by operating activities	25,563	24,412
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Increase in payable to City of Fort Pierce	33	10
Proceeds received for Grants & Storm damages	12	8
Payments for other non-operating activities	(1,764)	(1,642)
Distribution to City of Fort Pierce	(5,366)	(4,767)
Net cash used by noncapital financing activities	(7,085)	(6,391)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(10,346)	(8,431)
Capital contributions	1,337	726
Proceeds from issuance of debt	28,436	-
Bond and loan principal payments	(32,164)	(4,698)
Bond and loan interest payments	(5,120)	(4,865)
Proceeds from capital lease obligation	144	-
Payment on capital lease obligation	(56)	(32)
Net cash used by capital and related financing activities	(17,769)	(17,300)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in value of PGP Investment	(172)	(11)
Interest on investments	1,961	2,221
Net cash provided by investing activities	1,789	2,210
Net Increase (Decrease) in Cash and Cash Equivalentents	\$ 2,498	\$ 2,931

The accompanying notes are an integral part of this financial statement.

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Cash Flows**  
Year Ended September 30, 2013  
(With comparative totals for the year ended September 30, 2012)  
(Dollars in Thousands)

	<b>2013</b>	<b>2012</b>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,498	\$ 2,931
Cash and Cash Equivalents at Beginning of Year	58,692	55,761
Cash and Cash Equivalents at End of Year	\$ 61,190	\$ 58,692
Current equity in investments	\$ 32,533	\$ 30,179
Restricted equity in investments	21,186	20,694
Cash with fiscal agent	7,471	7,819
Total Cash and Cash Equivalents	\$ 61,190	\$ 58,692
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>		
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 8,738	\$ 8,664
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	15,300	15,253
Inventory adjustment and bad debts	338	280
(Increase) decrease in accounts receivable	301	245
(Increase) decrease in unbilled revenue	(120)	92
(Increase) decrease in inventories and other current assets	136	134
Increase (decrease) in accounts payable	1,673	(565)
Increase (decrease) in compensated absences	73	111
Increase (decrease) in other post employment benefits	55	53
Increase (decrease) in deferred revenues	(931)	145
	\$ 25,563	\$ 24,412
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>		
Contributions of capital assets	\$ 54	\$ 509

The accompanying notes are an integral part of this financial statement.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Reporting Entity*

The voters of the City of Fort Pierce, Florida authorized the organization of the Fort Pierce Utilities Authority (FPUA) at a special election held May 30, 1972. FPUA commenced operations as of June 30, 1972, and is responsible for management and operation of the combined Electric, Water, Wastewater, and Gas Systems, FPUAnet and the Manatee Observation and Education Center. The City Charter, Article XII, defines the powers, duties, and responsibilities of FPUA. The members of FPUA's governing board are elected and may be removed from office by the Fort Pierce City Commission. FPUA's budget is subject to approval of the City Commission, as are rates for service.

The accounts at September 30, 2013, and for the year then ended, of the various utility systems of FPUA are included as a discretely presented component unit of the City of Fort Pierce, Florida, financial statements. FPUA has no component units.

*Basis of Presentation*

The accounts of FPUA are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

*GASB Statement No. 49* – FPUA financials are presented in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, beginning with the fiscal year ended September 30, 2011. FPUA and the Fort Pierce Redevelopment Agency (FPRA) have a dual responsibility for pollution remediation and monitoring of the former H.D. King Power Plant site. The cost for this action has been estimated, at September 30, 2013, to be \$1,948, which is expected to be paid out over the next two fiscal years (See Note O).



## FORT PIERCE UTILITIES AUTHORITY

### Notes to Financial Statements

September 30, 2013

(Dollars in Thousands)

Operating Revenues and Expenses – Operating revenues and expenses generally result from providing services in connection with FPUA’s principal ongoing operations. The principal operating revenues of FPUA consists of charges to customers for sales of electricity, water and natural gas and services including wastewater collection, operation of the Manatee Observation and Education Center (MOEC) and FPUAnet communications services. Operating expenses 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.

#### Assets, Liabilities and Net Position

Pooled Cash and Investments - FPUA, for accounting and investment purposes, pools certain cash and investments. Cash and cash equivalents are considered to be cash on hand, certificates of deposit, Local Government Surplus Funds Trust Fund, Overnight Repurchase Agreements, and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB 31 investments are stated at fair value based on per share prices. The Florida PRIME Investment Pool (LGIP) is considered to be a “2a-7 like” investment, and is accounted for at fair value for financial reporting. The Fund B however, is accounted for and reported with a fluctuating Net Asset Value (NAV). The unrecognized gain on this investment, at September 30, 2013, is \$20. Florida PRIME has a current rating by Standard and Poor’s of AAAM while Fund B is not currently rated by any nationally recognized rating agency. There is a risk of loss on these investments based upon the fluctuation of interest rates and lengths of maturity.

Florida PRIME Fund B is governed by Chapters 215 and 218 of the Florida Statutes and Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration (SBA). These rules provide guidance and establish the general operating procedures for the administration of the fund. The Board of Trustees of the SBA, delegate the administrative and investment authority to the Executive Director of the SBA. An Investment Advisory Council and a Participant Local Government Advisory Council are appointed to review this policy annually and propose any changes. All actions are subject to Applicable Florida Law.

Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

Unbilled Service Receivables - These receivables represent the estimated amount of accounts receivable for services that have not been billed as of the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period).

Inventories - Inventories of fuel, chemicals, supplies, construction materials, and utility plant replacement parts are recorded at lower of weighted average cost or market.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

Utility Plant - Utility plant is stated at historical cost for items constructed or acquired by purchase and at estimated fair market value on the date received for contributed capital. Utility plant assets are defined by FPUA as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of one year or more. (See Note C for interest capitalization.)

Depreciation of all exhaustible utility plant assets, including those acquired through intergovernmental grants externally restricted to capital acquisitions, is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet.

Depreciation is calculated using the straight line method over the following estimated useful lives:

Structures and improvements	3-55 years
Equipment	3-40 years
Transmission, distribution, and collection plants	5-60 years

Purchased Power and Gas Adjustments - The rate schedules of the Electric and Gas Systems provide that fuel cost increases, decreases, and credits, as computed under formulas adopted by FPUA, will be passed on to the customers. These charges or credits are recorded as a deferred charge or deferred revenue.

Long-Term Liabilities – Bonds payable are reported net of any applicable bond premium or discount. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Net Position – FPUA’s equity is presented as net position and displayed in six components:

- Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Capital Improvement Charges – Consists of the unspent Capital Improvement Charges (CIC's) collected in the Electric, Water and Wastewater Systems. The respective balances as of September 30, 2013 are \$380, \$5,703, and \$657. Electric CIC’s are used to fund the cash outlay or debt service associated with the expansion of Electric Substations and Electric Transmission & Distribution Systems. In the Water and Wastewater Systems, CIC’s are used to fund the cash outlay or debt service associated with specific expansion and growth related projects.

## FORT PIERCE UTILITIES AUTHORITY

### Notes to Financial Statements

September 30, 2013

(Dollars in Thousands)

- Restricted for Debt Service – Consists of net position set aside for payment of principal and interest on the 2009 Utilities Revenue Refunding Bonds and additional amounts in accordance with FPUA’s Master Bond Resolution, as revised in 2012.
- Restricted for Emergencies – Consists of \$2,000 in net position, set aside for emergencies which is limited to paying for repairs or replacements of FPUA capital assets damaged or destroyed by a disaster.
- Restricted for Renewals and Replacements – Consists of net position which is limited to paying for the cost of extensions, enlargements or additions to or the replacement of FPUA capital assets.
- Unrestricted – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

#### Comparative data

Comparative total data for the prior year has been presented in order to provide an understanding of the changes in the financial position and the results of operations of FPUA.

#### Budget Process

FPUA is required to prepare, adopt, and furnish a copy to the City Commission of the City of Fort Pierce an annual budget at least 45 days prior to the beginning of the next fiscal year. The annual budget and any amendments thereto shall be in effect when approved by FPUA and when any line item expense has not been disapproved by four-fifths (4/5) vote of the City Commission within 30 days of submission. The budget is prepared on the accrual basis. The budget and amendments thereto for the year ended September 30, 2013, have been approved according to the above procedures.

#### Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2013 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2013. Management has performed their analysis through February 28, 2014.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**NOTE B – CASH AND INVESTMENTS**

Cash Deposits - Florida Statutes require state and local governmental units to deposit monies with a financial institution classified as a "Qualified Public Depository," which is a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. FPUA had deposits only with qualifying institutions as of September 30, 2013, or with banks in which depository insurance was sufficient to cover the deposit balance. At year end, FPUA's carrying amount of deposits was \$646 and the bank balance was \$217.

Investments – The following investments are considered cash equivalents for purposes of the Statement of Cash Flows and are shown net of any unrecognized loss (see Note A, Pooled Cash and Investments). FPUA's investments held throughout the year are principally the same as the investments held as of September 30, 2013. Due to fluctuations in cash flows, FPUA maintains investments in overnight repurchase agreements. The interest income generated on these investments, for the year ended September 30, 2013, was \$101.

As of September 30, 2013, FPUA had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Florida State Board of Administration - Florida PRIME Investment Pool LGIP (Standard and Poors rated AAAM)	\$ 5,008
Florida PRIME Investment Pool Fund B (This fund is not currently rated)	148
Seacoast National Bank Sweep	40,136
PNC Money Market	7,052
Harbor Community Bank Certificate of Deposit	700
Total	<u>\$ 53,044</u>

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, FPUA's investment policy states that when interest rates are at historically low levels, funds will be placed in short maturities and that when interest rates are at historically high levels, funds may be placed into longer maturities to lock into these yields. As noted above, FPUA was required to become a participant in the SBA's Fund B. The weighted average life (WAL) of Fund B at September 30, 2013 is estimated at 4.04 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

Credit Risk - FPUA is authorized by Resolution to invest in:

- (1) Local Government Surplus Funds Trust Funds.
- (2) Negotiable direct obligations of the United States Government, or obligations, the principal and interest of which are unconditionally guaranteed by the United States Government.
- (3) Obligations of the federal farm credit banks, the Federal Home Loan Mortgage Corporation, including Federal Home Loan Corporation participation certificates, or the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association, U.S. Treasury, agencies, and instrumentalities.
- (4) Repurchase agreements secured by the types of investments listed above, restricted as to acquisition, term, and market value.
- (5) Interest-bearing time deposits or savings accounts in banks organized under the laws of this state, in national banks organized under the laws of the United States and doing business and situated in this state, in savings and loan associations which are under state supervision, or in federal savings and loan associations located in this state and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law.
- (6) Deposits and certificates of deposit in out-of-state banks, savings and loan associations, and other regulated financial institutions insured by the FDIC.
- (7) Full faith and credit direct general obligations of any state, or unlimited tax direct obligations of any political subdivision thereof, to the payment of which the full faith and credit of such political subdivision is pledged, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized rating agency.

Concentration of Credit Risk - FPUA places no limit on the amount that may be invested with any one issuer. A combined 85% of FPUA's investments are in overnight repurchase agreements and the Florida PRIME Investment Pool.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**NOTE C – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 10,207	\$ 12	\$ -	\$ 10,219
Construction Work In Progress	15,485	8,684	(8,419)	15,750
Total Utility Plant, not being depreciated	25,692	8,696	(8,419)	25,969
Capital Assets, being depreciated:				
Transmission, distribution and collection systems	315,221	7,554	(3,450)	319,325
Equipment	43,612	476	(211)	43,877
Structures and improvements	37,106	1,038	(4)	38,140
Total Utility Plant being depreciated	395,939	9,068	(3,665)	401,342
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(146,661)	(12,312)	3,450	(155,523)
Equipment	(32,689)	(1,258)	189	(33,758)
Structures and improvements	(19,944)	(1,730)	4	(21,670)
Total accumulated depreciation	(199,294)	(15,300)	3,643	(210,951)
Total Capital Assets, being depreciated, net	196,645	(6,232)	(22)	190,391
Total Capital Assets, net	<u>\$222,337</u>	<u>\$ 2,464</u>	<u>\$ (8,441)</u>	<u>\$216,360</u>

Depreciation expense was charged to the utility systems as follows:

Electric	\$ 4,668
Water	4,044
Wastewater	6,194
Gas	304
FPUAnet Communications	79
Manatee Observation and Education Center	<u>11</u>
	<u>\$15,300</u>

Construction work in progress at September 30, 2013, consists principally of expansions and upgrades to the electric transmission and distribution system, water supply and distribution system, wastewater collection system, and gas distribution system.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

FPUA capitalizes interest costs on funds borrowed to finance the construction of utility plant in conformity with Statements of Financial Accounting Standards 34, 42, and 62 as applicable. Total interest costs for the year ended September 30, 2013, were \$4,613 including \$189 of capitalized interest reversed on plant utility construction costs.

FPUA has entered into contracts for the construction or renovation of various system assets as follows:

<u>Upgrade and Expansion</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>	<u>Required Further Financing</u>
Water	\$ 5,437	\$ 1,839	\$ 3,597	None
Wastewater	154	110	44	None
Gas	14	6	9	None
Electric	7	1	6	None
	<u>\$ 5,612</u>	<u>\$ 1,956</u>	<u>\$ 3,656</u>	

In addition, FPUA enters into unit price contracts for the construction or renovation of system assets. These contracts are not firm commitments, and the contractors are utilized as needed. As of September 30, 2013, costs of \$2,330 were authorized under these contracts, \$245 had been spent, and authorized amounts of \$2,085 remained.

**NOTE D – RESTRICTED ASSETS**

Certain assets are restricted by bond resolution; additionally, some assets have been classified as restricted in accordance with governmental accounting standards for enterprise funds and utility industry accounting practices.

FPUA's restricted assets consist of equity in pooled cash and investments and cash with fiscal agent in the following accounts:

Principal and interest accounts	\$ 8,009
Capital Improvement Charges	6,740
Customer security deposits	7,205
Debt Service	4,139
Emergency reserve	2,000
Renewal and replacement reserve	<u>564</u>
Total Restricted Assets	<u>\$28,657</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**NOTE E – DISTRIBUTION TO THE GENERAL FUND, CITY OF FORT PIERCE**

As provided by an amendment to the Charter of the City of Fort Pierce, Florida, a percentage of FPUA's utility systems revenue is distributed to the City's General Fund on an annual basis. The distribution calculation is based on the preceding fiscal year audited financial statements. The following is the computation of the amounts distributable to the General Fund during the year ending September 30, 2014, based on the 6% distribution formula for the year ended September 30, 2013:

Gross Revenue	\$ 100,399
Plus:	
Gas Piping and Appliance Costs	<u>36</u>
	100,435
Less:	
Power Cost and Purchased Gas Adjustments	2,969
FMPA O&M Contract Income	1,654
Capital Contributions	1,392
FPUA net Operating Revenue	395
Manatee Observation and Education Center Operating Revenue	348
Revenue for City Billing	187
Gas Piping and Appliance Revenue	58
Grant Revenue	<u>12</u>
Adjusted Gross Revenue	<u>\$ 93,420</u>
Amount distributable to General Fund, City of Fort Pierce at 6% of gross revenues, as defined	<u>\$ 5,605</u>



**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**NOTE F – REVENUE BONDS PAYABLE**

*Bonds Payable at September 30, 2013, consist of:*

\$22,445 Utilities Refunding Revenue Bonds, Series 1999A, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 5.250% to 5.375% on the remaining annual principal amounts ranging from \$240 to \$255 through October 1, 2015.	\$735
\$10,223 Utilities Revenue Capital Appreciation Bonds, Series 1999B, collateralized by pledge of and first lien on the net revenues of the combined systems, yield varying from 5.70% to 5.90%. The accreted value at September 30, 2013 is \$22,919. The bonds mature October 1, 2016 through October 1, 2024, with principal amounts totaling \$34,970 due in those years in annual amounts ranging from \$275 to \$4,340.	22,919
\$9,545 Utilities Revenue Bonds, Series 2002, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 5.0%. The bonds mature October 1, 2025 through October 1, 2027, with principal amounts ranging from \$3,025 to \$3,340.	9,545
\$42,965 Utilities Refunding Revenue Bonds, Series 2003, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 5.0% on the remaining annual principal amount of \$6,015 payable on October 1, 2013.	6,015
\$34,800 Utilities Refunding Revenue Bonds, Series 2009, collateralized by pledge of and first lien on the net revenues of the combined systems, interest varying from 3.90% to 5.00% on the remaining annual principal amounts ranging from \$1,210 to \$7,285 through October 1, 2029.	34,800
\$20,896 Taxable Utilities Refunding Bond, Series 2012, collateralized by a pledge of and first lien on the net revenues of the combined systems, interest at 1.34% on the remaining annual principal amounts ranging from \$398 to \$6,920 through on October 1, 2016.	20,896
On October 6, 2009 FPUA entered into an interlocal agreement with St. Lucie County (SLC). SLC performed a construction project which required relocation of utilities, and provided an advance to FPUA for a portion of the cost of the relocation work. FPUA intends to repay the advance by means of in-kind services, the value of which are subject to acceptance by SLC.	177
 Total Revenue Bonds Payable at September 30, 2013	 \$95,087
Less: Unamortized portion of revenue bond discounts	279
Unamortized deferred charges	662
Current portion of revenue bonds payable	<u>6,653</u>
	<u>\$ 87,493</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

Requirements to amortize all revenue bonds outstanding as of September 30, 2013 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	6,653	2,762	9,415
2015	6,987	2,394	9,381
2016	7,086	2,291	9,377
2017	7,195	2,185	9,380
2018	5,545	2,093	7,638
2019-2022	22,872	7,868	30,740
2023-2026	23,635	6,926	30,561
2027-2030	27,165	3,397	30,562
	<u>107,138</u>	<u>29,916</u>	<u>137,054</u>
Future accretion on capital appreciation bonds	<u>(12,051)</u>	<u>12,051</u>	<u>-</u>
	<u>\$ 95,087</u>	<u>\$ 41,967</u>	<u>\$ 137,054</u>

Significant Bond Covenants for Utilities Revenue Bonds

The Series 1999, 2002, 2003 and 2009 bond issues provide that FPUA accumulate monthly 1/6 of the amount of all interest becoming due on the next semi-annual interest payment date, and 1/12 of the amount of principal which will become due and payable on the next principal maturity date. Additionally, FPUA's Master Bond Resolution require renewal and replacement, emergency reserve and debt service reserve subaccount funds with minimum requirements of \$500, \$900 and \$4,139, respectively. These reserves are funded in the amounts of \$564, \$2,000 and \$4,139 respectively, at September 30, 2013.

Defeasance of Revenue Bonds Payable

In prior years, FPUA defeased certain outstanding utilities revenue bonds issued for the systems payable out of revenues derived from the operation of the utility systems. These defeasances were achieved by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities (including bond discounts and financing costs) for the defeased bonds are not included in FPUA's financial statements. At September 30, 2013, Utilities Revenue Bonds Series 1991 in the amount of \$27,355, and Utilities Revenue Bonds Series 2003 in the amount of \$19,940, are considered defeased.

**FORT PIERCE UTILITIES AUTHORITY****Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**Redemption Options Prior to Maturity**

Series 1999A Bonds maturing on or after October 1, 2010 are redeemable prior to their stated dates of maturity, at the option of FPUA, at par plus accrued interest to the redemption date.

The 2002 Bonds maturing on October 1, 2027 are redeemable prior to their stated date of maturity, at the option of FPUA, beginning April 1, 2012 at par plus accrued interest to the redemption date.

The 2003 Bonds maturing on or after October 1, 2014 are redeemable prior to their stated date of maturity, at the option of FPUA, beginning October 1, 2013 at par. On November 14, 2012, FPUA issued Taxable Utilities Refunding Revenue Bonds, Series 2012 in the amount of \$20,896, in order to provide funds for the redemption of \$19,940 of the 2003 Bonds, in accordance with the above provisions.

The Series 2009 Bonds maturing on October 1, 2029 with an interest rate of 4.70% are redeemable prior to their stated date of maturity, at the option of FPUA, on or after October 1, 2014 at par plus accrued interest to the redemption date. The Series 2009 Bonds maturing on or after October 1, 2020 (excluding those maturing on October 1, 2029 with an interest rate of 4.70%) are redeemable prior to their stated date of maturity, at the option of FPUA, on or after October 1, 2019 at par plus accrued interest to the redemption date.

**NOTE G – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 98,814	\$ 28,436	\$ (32,163)	\$ 95,087	\$ 6,653
Deferred Amounts	(177)	(1,910)	1,146	(941)	-
Capital Leases	39	144	(56)	127	22
Compensated Absences	1,757	1,425	(1,352)	1,830	-
Other Post Employment Benefits	509	55	-	564	-
Pollution Remediation	1,200	761	(13)	1,948	1,191
Long Term Liabilities	<u>\$ 102,142</u>	<u>\$ 28,911</u>	<u>\$ (32,438)</u>	<u>\$ 98,615</u>	<u>\$ 7,866</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**NOTE H – COMPENSATED ABSENCES**

Current policy allows each employee eligible for vacation leave, to accumulate a maximum of 30 days of vacation at the close of the last pay period of the fiscal year. Employees are paid up to 45 days of unused vacation leave at current hourly rates upon separation from the company. Employees who are eligible for sick leave are allowed unlimited accumulation. Upon termination, employees having at least 3 and less than 10 years of continuous service with FPUA will receive pay for 1/2 of their accumulated sick leave balance up to a maximum of 45 days. Those employees having at least 10 years of continuous service with FPUA will receive pay for their accumulated sick leave balance up to a maximum of 90 days.

Accrued liabilities, based on hourly rates at September 30, 2013, have been reflected in the accounts of FPUA for vested (not contingent on employee future service) vacation and sick leave benefits at September 30, 2013, as follows:

Vacation leave	\$ 779
Sick leave	<u>1,051</u>
	<u>\$1,830</u>

Annually, FPUA offers its employees the opportunity to receive payment for up to 6 days of unused sick leave, calculated at current hourly rates, providing certain established criteria have been met. This sick leave conversion plan is intended to provide incentive for sick leave to be used only when necessary. During the year ended September 30, 2013, \$73 was paid to employees electing this option.

FPUA also offers its employees the opportunity to sell back a portion of their accumulated sick leave, calculated at current hourly rates, providing certain established criteria have been met. Employees may elect to convert up to a maximum of 90 days of sick leave which will reduce their amount payable upon separation. During the year ended September 30, 2013, \$61 was paid to employees electing this option.

In addition, all employees have two opportunities per fiscal year to convert up to one half of their annual vacation accrual to cash and will reduce their amount payable upon separation. During the year ended September 30, 2013, \$27 was paid to employees electing this option.

**NOTE I – RETIREMENT AND BENEFIT SYSTEM**

Plan Description

The City of Fort Pierce Retirement and Benefit System (the System) is a cost-sharing multiple employer Public Employees Retirement System (PERS) defined benefit plan administered by the City of Fort Pierce, covering all municipal employees, including employees of FPUA. The System does not issue a stand-alone financial report; however the financial information is included in

## FORT PIERCE UTILITIES AUTHORITY

### Notes to Financial Statements

September 30, 2013

(Dollars in Thousands)

the financial statements of the City of Fort Pierce, which can be obtained by submitting a request to 100 North U.S. Highway 1, Fort Pierce, Florida 34950. Except for the Director of Utilities, participation in the System is compulsory for all employees of FPUA. Employees working more than 25 hours per week are required to participate upon employment.

As of September 30, 2013, benefits vest 100% after 5 years of service for members hired prior to October 1, 2012 and benefits vest 100% after 10 years of service for members hired on or after October 1, 2012. Upon retirement, members hired prior to October 1, 2012 are entitled to an annual retirement benefit of, payable for life, total service (years and months) times 3% of final average salary, based upon the highest 5 years out of the last 10 years. The annual retirement benefit for members hired on or after October 1, 2012 shall not exceed 75% of the member's final average salary. Other benefit options are also available on an actuarial equivalent basis. The System also provides death and disability benefits and is governed by state statute and city ordinance. Changes to benefits may be made with the approval of the Fort Pierce City Commission.

#### Funding Status and Progress

Per the City of Fort Pierce Code of Ordinances, Ch. 13, Art. II, Div. 1, Sec. 13-40, FPUA employees are required to contribute 6.16% of their annual salary to the System. FPUA is required to contribute amounts actuarially determined annually which, together with member contributions, are sufficient to fund the System. The System was 88.5% funded by valuation assets as of September 30, 2013.

For the three years ended 2011, 2012, and 2013 employer contributions to the System, based on the annual covered payroll, all made in accordance with actuarially determined requirements, were \$3,181 (12.36%), \$3,567 (13.80%) and \$4,267 (16.93%) respectively.

#### **NOTE J – RISK MANAGEMENT**

##### Fort Pierce Utilities Authority Employee Health Plan (the Plan)

FPUA has been a self-insurer for health and accident claims of their employees, retirees and their families since January 1, 2000. Payments of claims under the Plan are administered by Blue Cross Blue Shield of Florida (Florida Blue). Employee contributions to the Plan are made biweekly. Any benefit claims, up to the stop loss amounts, are paid by FPUA. Claims in excess of the stop loss amounts are underwritten by an insurer. The individual stop loss amount is \$100 and \$3,514 in the aggregate for calendar year 2013.

As of September 30, 2013, FPUA had estimated incurred unpaid claims of \$673. This amount has been calculated based on the results of an actuarial analysis of the Plan, plus claims paid by Florida Blue prior to year end and paid by FPUA subsequent to year end.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

Changes in FPUA's claim liability balance during the past two fiscal years were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2012	\$ 198	\$ 4,200	\$ 3,708	\$ 690
2013	690	4,104	4,121	673

Other Risks of Loss

FPUA is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which FPUA carries commercial insurance. Settled claims resulting from these risks have not exceeded the commercial insurance coverage plus FEMA and State reimbursements in any of the past three fiscal years.

**NOTE K – POSTEMPLOYMENT HEALTH CARE BENEFITS**

Benefit Description - FPUA provides certain health care benefits for retired employees and their families, as a single-employer (see Note J). Substantially all FPUA employees may become eligible for those benefits if they reach normal retirement age while working for FPUA. FPUA establishes the benefits provided to its employees and retirees and may amend the benefits as business conditions and statutory requirements change. In accordance with Florida Statutes, FPUA allows their retirees to participate in the same Plan offered to their active employees.

Funding Policy - Contributions to the Plan are made by the 39 participating retirees. The amount of contributions made by retirees is established annually and is an amount equivalent to the contribution made by active employees plus FPUA's cost, based on a four-tiered benefit structure. During the fiscal year, retirees paid required contributions of \$153 for the year then ended. Claims in excess of the aforementioned rates are funded by FPUA on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - FPUA's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that would cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) using a level-dollar payment method over a 30-year open period. A separate actuarial valuation report for postemployment benefits is available on FPUA's website at [www.fpu.com](http://www.fpu.com).

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

The following table shows the components of FPUA’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in FPUA’s net OPEB obligation:

Annual required contribution	\$ 85
Interest on Net OPEB Obligation	20
Adjustment on annual required contribution	<u>(28)</u>
Annual OPEB Cost	77
Contributions made	(22)
Interest on contributions	<u>-</u>
Increase in Net OPEB Obligation	55
Net OPEB Obligation - beginning of year	<u>509</u>
Net OPEB Obligation - end of year	<u><u>\$ 564</u></u>

FPUA’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, the net OPEB obligation for FY 2013, and the two preceding years were as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>(Asset)/</u> <u>Obligation</u>
2011	\$364	15.1%	\$ 456
2012	75	29.3%	509
2013	77	28.6%	564

*Funded Status and Funding Progress* - The net OPEB obligation was not funded as of October 1, 2012, the most recent actuarial valuation date. As a result, the unfunded actuarial accrued liability (UAAL) for benefits was \$709. The covered payroll (annual payroll of active employees covered) was \$13,977. Therefore, the ratio of the UAAL to the covered payroll was 5.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the 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. The actuarial 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, consistent with the long-term perspective of the calculations.

In the October 1, 2012 actuarial valuation, the projected unit credit cost method was used. Under this method, past service liability is determined on an individual basis by applying the ratio of each individual's past service to his total projected service. The actuarial assumptions included a 4.0% investment rate of return, with 2.75% of this amount being attributed to inflation, based on the expected long-term return on FPUA's surplus funds. The cost of covered medical services has been assumed to increase at the rate of 5.0% per year, compounded annually. The UAAL is being amortized using a 30-year open level-dollar amortization method.

**NOTE L – CAPITAL LEASES**

On January 4, 2013, FPUA terminated their lease with Pitney Bowes prior to the lease end date and committed to a new five-year capital lease for upgraded equipment and software used for billing and mailing. The equipment has been capitalized at its fair market value (FMV) of \$142. As of September 30, 2013 the FMV less accumulated amortization was \$120. The effective interest/maintenance expense for the year ended September 30, 2013 was \$19. Future lease payments for this capital lease are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2014	\$22
2015	26
2016	31
2017	38
2018	<u>10</u>
	<u>\$127</u>



**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

**NOTE M – TRANSACTIONS WITH THE CITY OF FORT PIERCE**

As an enterprise fund of the City of Fort Pierce, transactions occur between FPUA and the City throughout the year in the ordinary course of operations. Below is a summary of significant transactions:

Metered and Non-metered Service Charges - FPUA bills the City on a monthly basis for all non-metered and metered services in the ordinary course of business. Total amounts charged to the City for the year ended September 30, 2013, were \$1,974.

Sanitation and Utility Tax Billings - Charges to City residents for sanitation and utility tax are included on FPUA's monthly billing statements to customers as a service to the City. FPUA acts only as an agent, with all cash collections relating to these charges forwarded monthly to the City. The City is charged \$187 annually by FPUA to bill, collect and remit payment for sanitation services.

Accounts receivable from the City at September 30, 2013, totaled \$375. Disbursements made to the City by FPUA, including payments of utility tax and sanitation charges collected for the year ended September 30, 2013, were \$9,160. In addition, FPUA paid the September 30, 2012 General Fund distribution to the City in the amount of \$5,366. Amounts payable to the City at September 30, 2013, were \$770.

Vehicle Fuel - The City charges FPUA on a monthly basis for fuel used by FPUA vehicles. FPUA's fueling system reciprocates and can fuel City vehicles at their convenience.

**NOTE N – CONTRACT COMMITMENTS**

FMPA All-Requirements Power Supply Project

As of January 1, 1998, FPUA became a participant in the Florida Municipal Power Agency's (FMPA) All-Requirements Power Supply Project (hereinafter referred to as ARP). FPUA has agreed to purchase its total bulk power requirements, in excess of certain excluded resources, from the ARP through October 1, 2033.

Prior to being involved in the ARP, FPUA had Project Support Contracts and Power Sales Contracts with FMPA regarding Stanton Unit No. 1 (Stanton and Tri-City Projects) and Stanton Unit No. 2, coal-fired plants constructed by the Orlando Utilities Commission. FPUA's resources have been assigned include the contracts with FMPA related to Stanton Unit No. 1 and Stanton Unit No. 2, and to part of the contract with Florida Gas Transmission for the purchase of firm capacity natural gas (See below). The contracts related to the St. Lucie Project, also detailed below, have not been assigned; however, as of January 1, 1998, FPUA's share of transmission costs related to the St. Lucie Project has been assigned to the ARP.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

*FMPA St. Lucie Project*

FPUA has entered into agreements with FMPA, of which it is a member, and with certain other members of FMPA, for entitlement to capacity, energy, and transmission services from Florida Power & Light's (FP&L) St. Lucie Unit No. 2 (the Unit) which is located on South Hutchinson Island near Fort Pierce, and through a reliability exchange agreement related to St. Lucie Unit No. 1, located at the same site. Pursuant to a Power Sales Contract and a Project Support Contract, FPUA has acquired an entitlement share of FMPA's allocation of these services. The Power Sales Contract requires payments for each month in which capacity, energy, or transmission services are available from the St. Lucie Project. Payments due each month are based upon an annual budget. Once each year, the excess or deficiency of payments related to actual cost is calculated and applied to the next year's monthly statements from FMPA to FPUA.

The Power Sales Contract will remain in effect until the latest of (i) the date that the principal, premium, if any, and interest on all bonds have been paid, or funds are set aside for the payment thereof; (ii) the date the Unit is decommissioned or finally disposed of as an electric generating unit pursuant to the Participation Agreement, or FMPA's interest in the Unit is terminated pursuant to the Participating Agreement or otherwise disposed of; or (iii) the date all obligations of FMPA under the Participation Agreement have been paid, performed, or provided for.

In any month when electric capacity, energy, or transmission services are not made available to FPUA, payment is made to FMPA under a Project Support Contract in a like amount as would have been due under the Power Sales Contract.

Purchases under these contracts are accounted for as operating expenses by FPUA. Total cost included in operating expenses for FY 2012 and FY 2013 was \$6,986 and \$6,662 respectively. FPUA is committed under the agreements to payments of \$7,608 for the year ending September 30, 2014.

*Florida Gas Transmission*

FPUA executed an All Requirements Gas Services Agreement with Florida Gas Utility (FGU) on January 15, 2002. As a member of the All Requirements project, FPUA is required to purchase natural gas and the firm capacity needed for its delivery through FGU. The firm capacity of natural gas is the availability of the pipeline required to transport the natural gas to FPUA. This agreement will remain in effect until cancelled by FPUA.

On July 3, 2012, FPUA acquired additional firm capacity from the City of Sunrise, Florida in order to meet the needs of new industrial customers. This agreement will remain in effect until July 2, 2017 or until cancelled by FPUA. In FY 2014, FPUA will be entitled to firm capacity of 514,912 MMBtu, and will be committed to purchase 146,400 MMBtu of natural gas at a cost of \$574. The amounts purchased under these contracts, for FY 2012 and FY 2013 were \$1,325 and \$1,257 respectively.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2013

(Dollars in Thousands)

*FMPA Treasure Coast Energy Center*

FPUA has entered into an agreement with FMPA to manage and operate their facility located in St Lucie County near Fort Pierce. The Treasure Coast Energy Center (TCEC) is a natural gas fueled power generation site. The initial terms of this agreement(s) commenced on July 24, 2007 and expired on September 30, 2011, after which the agreement became a one-year evergreen. The agreement has been extended for the year ended September 30, 2013.

FPUA has been engaged to manage, operate and maintain the TCEC. TCEC employees are on the payroll of FPUA and all costs associated with them are reimbursed bi-weekly by FMPA. TCEC employee costs and revenue for FY 2012 and FY 2013 totaled \$1,642 and \$1,654 respectively.

**NOTE O – EXTRAORDINARY ITEMS**

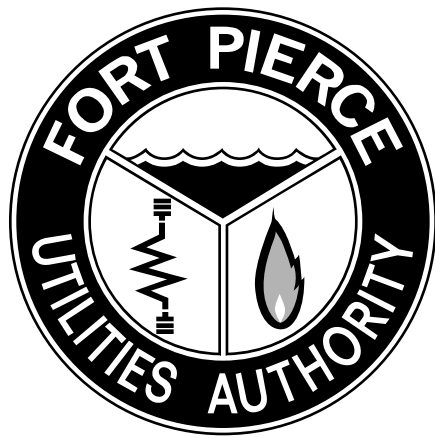
FPUA transferred the ownership of the former site of the Henry D. King Power Plant to the FPRA on October 15, 2009. A grant awarded to the FPRA for the cleanup was not sufficient to cover the remaining cost of remediation. Based upon current estimates, the FPRA consultant has estimated the cost over the next two years to be \$3,698. Voluntary Cleanup Tax Credits and grant funds have been estimated to cover costs of \$1,750. Based on these assumptions, FPUA will be responsible for the remaining \$1,948. The amount expected to be paid in FY 2014 is \$1,191. The remainder has been recorded as Other Noncurrent Liabilities in the accompanying financial statements. As this project progresses, estimates and the anticipated cost of completion will be reevaluated.



**REQUIRED SUPPLEMENTARY INFORMATION**

**FORT PIERCE UTILITIES AUTHORITY  
Schedule of Funding Progress  
For the Retiree Health Plan  
(Dollars in Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
9/30/2011	\$ -	\$ 2,274	\$ 2,274	0.00%	\$ 14,028	16.21%
9/30/2012	-	709	709	0.00%	13,637	5.20
9/30/2013	-	709	709	0.00%	13,977	5.10



## Statistical Section

This part of the Fort Pierce Utilities Authority's (FPUA) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about FPUA's overall financial health. Statistical information for the current period, as well as nine years prior, is presented in this section. Historical data that is unavailable for the full nine years prior has been presented to include the earliest periods for which that information is readily accessible.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how FPUA's financial performance and well being has changed over time.	56-61
<b>Revenue Capacity</b> These schedules contain information to help the reader assess FPUA's local revenue source.	65-72
<b>Debt Capacity</b> These schedules present information to help the reader assess FPUA's debt burden and its ability to issue additional debt in the future.	74-77
<b>Demographic and Economic Information</b> This schedule offers demographic and economic indicators to help the reader understand the environment in which FPUA's financial activities take place.	80-81
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in FPUA's financial report relates to the services FPUA provides and the activities it performs.	84-92

Sources: Unless otherwise noted, the information in these schedules was obtained from the Comprehensive Annual Financial Reports for the relevant year.





# Financial Trends

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position - Assets**

Last Ten Fiscal Years  
(Dollars in Thousands)

	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Equity in Pooled Cash and Investments	\$ 32,533	\$ 30,179	\$ 27,588
Accounts Receivable, Net of Allowance for Uncollectible Accounts	7,137	7,438	7,683
Unbilled Receivables	5,380	5,260	5,352
Due from Other Governments	447	547	547
Land Held for Resale	-	-	-
Inventories and Other Current Assets	4,716	4,679	4,672
Total Unrestricted Current Assets	<u>50,213</u>	<u>48,103</u>	<u>45,842</u>
Restricted Cash, Cash Equivalents, and Investments:			
Restricted Equity in Pooled Cash and Investments	14,483	13,991	13,789
Restricted Accrued Interest Receivable	-	-	-
Restricted Cash with Fiscal Agent	7,471	7,819	7,681
Total Restricted Current Assets	<u>21,954</u>	<u>21,810</u>	<u>21,470</u>
Total Current Assets	72,167	69,913	67,312
<b>NONCURRENT ASSETS</b>			
FMPA Working Capital Receivable	1,919	1,919	1,919
Deferred Charges	930	1,103	1,244
Investment in Public Gas Partners	658	830	841
Total Unrestricted Noncurrent Assets	<u>3,507</u>	<u>3,852</u>	<u>4,004</u>
Restricted Equity in Pooled Cash and Investments	6,703	6,703	6,703
Capital Assets:			
Utility Plant in Service	411,561	406,146	397,577
Construction Work in Progress	15,750	15,485	15,958
Less Accumulated Depreciation	<u>(210,951)</u>	<u>(199,294)</u>	<u>(184,610)</u>
Total Capital Assets (net of Accumulated Depreciation)	<u>216,360</u>	<u>222,337</u>	<u>228,925</u>
Total Noncurrent Assets	<u>226,570</u>	<u>232,892</u>	<u>239,632</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 298,737</u></u>	<u><u>\$ 302,805</u></u>	<u><u>\$ 306,944</u></u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position - Assets**

Last Ten Fiscal Years  
(Dollars in Thousands)

2010	2009	2008	2007	2006	2005	2004
\$ 20,395	\$ 10,499	\$ 11,185	\$ 10,509	\$ 8,586	\$ 10,840	\$ 14,287
8,089	9,139	9,001	8,289	8,066	7,082	6,899
5,771	6,618	6,297	5,228	4,387	4,617	5,108
661	587	1,056	4,413	2,442	8,084	4,800
-	-	-	-	-	-	5,029
5,119	5,932	6,440	6,214	5,907	4,241	4,134
<u>40,035</u>	<u>32,775</u>	<u>33,979</u>	<u>34,653</u>	<u>29,388</u>	<u>34,864</u>	<u>40,257</u>
13,354	13,648	13,862	12,469	10,704	4,432	4,660
-	-	-	45	24	-	-
7,666	6,858	7,388	14,896	6,669	6,520	9,890
<u>21,020</u>	<u>20,506</u>	<u>21,250</u>	<u>27,410</u>	<u>17,397</u>	<u>10,952</u>	<u>14,550</u>
61,055	53,281	55,229	62,063	46,785	45,816	54,807
1,919	1,919	1,919	1,919	2,745	2,745	2,745
1,277	589	3,266	867	919	965	1,028
864	1,022	-	-	-	-	-
<u>4,060</u>	<u>3,530</u>	<u>5,185</u>	<u>2,786</u>	<u>3,664</u>	<u>3,710</u>	<u>3,773</u>
6,703	3,223	3,223	3,223	3,223	3,223	3,223
386,310	376,645	346,425	359,395	330,603	316,439	308,298
22,300	24,307	37,686	33,161	27,089	14,764	9,309
<u>(171,752)</u>	<u>(157,277)</u>	<u>(146,325)</u>	<u>(179,231)</u>	<u>(164,518)</u>	<u>(151,045)</u>	<u>(140,406)</u>
<u>236,858</u>	<u>243,675</u>	<u>237,786</u>	<u>213,325</u>	<u>193,174</u>	<u>180,158</u>	<u>177,201</u>
<u>247,621</u>	<u>250,428</u>	<u>246,194</u>	<u>219,334</u>	<u>200,061</u>	<u>187,091</u>	<u>184,197</u>
<u>\$ 308,676</u>	<u>\$ 303,709</u>	<u>\$ 301,423</u>	<u>\$ 281,397</u>	<u>\$ 246,846</u>	<u>\$ 232,907</u>	<u>\$ 239,004</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position - Liabilities and Net Position**  
Last Ten Fiscal Years  
(Dollars in Thousands)

	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 9,295	\$ 7,785	\$ 8,044
Deferred Revenues	3,567	4,498	4,353
Accrued Compensated Absences	-	82	80
Due to City of Fort Pierce	732	699	689
Revenue Bonds Payable - Current	6,653	5,955	5,675
Accrued Interest Payable Revenue Bonds	1,356	1,864	2,006
Customer Deposits	7,205	6,869	6,675
Loans Payable	-	-	-
Capital Leases Payable	22	39	32
Total Current Liabilities	<u>28,830</u>	<u>27,791</u>	<u>27,554</u>
<b>NONCURRENT LIABILITIES</b>			
Revenue Bonds Payable, Net of Current Amounts			
Payable from Restricted Assets and Unamortized Discounts	87,492	92,682	97,661
Other Post Employment Benefits	564	509	456
Accrued Compensated Absences	1,830	1,675	1,566
Other Noncurrent Liabilities	863	700	39
Total Noncurrent Liabilities	<u>90,749</u>	<u>95,566</u>	<u>99,722</u>
Total Liabilities	<u>119,579</u>	<u>123,357</u>	<u>127,276</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	121,450	123,713	125,837
Restricted Capital Improvement Charges	6,740	7,122	7,114
Restricted For Debt Service	4,139	3,744	3,480
Restricted For Emergencies	2,000	2,000	2,000
Restricted For Renewals & Replacements	564	959	1,223
Restricted For Capital Projects	-	-	-
Unrestricted	44,265	41,910	40,014
Total Net Position	<u>179,158</u>	<u>179,448</u>	<u>179,668</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 298,737</u></u>	<u><u>\$ 302,805</u></u>	<u><u>\$ 306,944</u></u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position - Liabilities and Net Position**  
Last Ten Fiscal Years  
(Dollars in Thousands)

	2010	2009	2008	2007	2006	2005	2004
\$	7,020	\$ 8,289	\$ 10,892	\$ 11,617	\$ 8,765	\$ 6,246	\$ 9,642
	2,817	1,149	499	1,368	5,005	1,572	1,787
	64	1,294	1,284	1,312	1,264	1,137	1,137
	756	718	810	1,287	1,147	740	850
	5,655	5,797	5,350	5,138	4,942	4,902	8,174
	2,011	1,208	1,316	1,418	1,514	1,618	1,716
	6,339	5,866	5,324	5,112	4,635	4,432	4,660
	-	-	-	-	-	4,849	6,257
	27	-	-	-	-	-	-
	<u>24,689</u>	<u>24,321</u>	<u>25,475</u>	<u>27,252</u>	<u>27,272</u>	<u>25,496</u>	<u>34,223</u>
	102,525	102,371	106,694	110,607	94,383	88,028	91,478
	148	13	-	-	-	-	-
	1,626	671	864	878	742	836	650
	71	-	-	-	-	-	-
	<u>104,370</u>	<u>103,055</u>	<u>107,558</u>	<u>111,485</u>	<u>95,125</u>	<u>88,864</u>	<u>92,128</u>
	129,059	127,376	133,033	138,737	122,397	114,360	126,351
	129,259	136,360	127,468	107,203	95,537	89,139	83,031
	7,015	7,781	8,538	7,357	6,069	-	-
	3,480	-	-	-	-	-	-
	2,000	2,000	2,000	2,000	2,000	2,000	2,000
	1,223	1,223	1,223	1,223	1,223	1,223	1,223
	-	-	721	8,386	237	-	-
	36,640	28,969	28,440	16,491	19,383	26,185	26,399
	<u>179,617</u>	<u>176,333</u>	<u>168,390</u>	<u>142,660</u>	<u>124,449</u>	<u>118,547</u>	<u>112,653</u>
\$	<u>308,676</u>	<u>303,709</u>	<u>301,423</u>	<u>281,397</u>	<u>246,846</u>	<u>232,907</u>	<u>239,004</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
Last Ten Fiscal Years  
(Dollars in Thousands)

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
<b>OPERATING REVENUES</b>			
Residential Sales	\$ 38,489	\$ 38,275	\$ 40,220
General Service Sales	55,518	55,162	55,736
Sales for Resale	854	882	465
Other Operating Revenues	<u>2,172</u>	<u>2,171</u>	<u>1,663</u>
Total Operating Revenues	97,033	96,490	98,084
<b>OPERATING EXPENSES</b>			
Generation			-
Purchases for Resale	44,800	44,356	45,695
Plant Operations	5,127	5,336	5,275
Field Operations	8,579	8,236	8,124
General and Administrative	14,489	14,645	15,260
Depreciation	<u>15,300</u>	<u>15,253</u>	<u>15,558</u>
Total Operating Expenses	<u>88,295</u>	<u>87,826</u>	<u>89,912</u>
<b>OPERATING INCOME</b>	8,738	8,664	8,172
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment and Other Income	1,961	2,211	2,277
Grant Revenue	12	8	-
TCEC Expenses	(1,654)	(1,642)	(1,570)
Storm Expenses	-	-	-
Interest Expense	(4,612)	(4,723)	(4,984)
Property Transfer to FPRA	-	-	-
Distribution to City of Fort Pierce	<u>(5,366)</u>	<u>(4,767)</u>	<u>(5,125)</u>
Total Nonoperating Revenues (Expenses)	<u>(9,659)</u>	<u>(8,913)</u>	<u>(9,402)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	(921)	(249)	(1,230)
Capital Contributions	<u>1,392</u>	<u>1,229</u>	<u>1,291</u>
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	471	980	61
Extraordinary Income	<u>(761)</u>	<u>(1,200)</u>	<u>(10)</u>
<b>CHANGE IN NET POSITION</b>	(290)	(220)	51
Net Position - Beginning of Year	<u>179,448</u>	<u>179,668</u>	<u>179,617</u>
Net Position - End of Year	<u><u>\$ 179,158</u></u>	<u><u>\$ 179,448</u></u>	<u><u>\$ 179,668</u></u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
Last Ten Fiscal Years  
(Dollars in Thousands)

<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>
\$ 44,528	\$ 43,422	\$ 42,876	\$ 38,861	\$ 39,326	\$ 36,026	\$ 33,650
60,431	61,908	62,219	53,624	52,613	46,838	45,620
747	711	580	631	627	650	658
<u>2,552</u>	<u>2,832</u>	<u>2,602</u>	<u>2,388</u>	<u>2,212</u>	<u>1,604</u>	<u>1,646</u>
108,258	108,873	108,277	95,504	94,778	85,118	81,574
-	1	939	1,602	1,649	1,731	1,896
53,893	54,812	54,797	44,679	47,916	39,683	35,858
5,724	5,657	5,756	5,030	5,069	4,361	4,164
8,827	9,148	8,889	8,579	7,643	7,165	6,555
14,949	15,482	15,858	15,846	15,308	12,906	10,569
<u>15,268</u>	<u>14,201</u>	<u>13,756</u>	<u>15,020</u>	<u>13,892</u>	<u>11,456</u>	<u>11,668</u>
98,661	99,301	99,995	90,756	91,477	77,302	70,710
9,597	9,572	8,282	4,748	3,301	7,816	10,864
2,407	2,271	2,404	3,125	1,639	1,159	741
230	626	5,234	3,541	2,260	5,330	4,800
(1,492)	(1,491)	(480)	-	-	-	-
-	(87)	(96)	(234)	(1,888)	(4,839)	(5,487)
(5,000)	(4,021)	(4,212)	(4,968)	(4,288)	(4,636)	(4,571)
(511)	-	-	-	-	-	-
<u>(4,853)</u>	<u>(5,046)</u>	<u>(4,952)</u>	<u>(4,209)</u>	<u>(4,652)</u>	<u>(4,585)</u>	<u>(4,647)</u>
<u>(9,219)</u>	<u>(7,748)</u>	<u>(2,102)</u>	<u>(2,745)</u>	<u>(6,929)</u>	<u>(7,571)</u>	<u>(9,164)</u>
378	1,824	6,180	2,003	(3,628)	245	1,700
<u>2,982</u>	<u>6,465</u>	<u>19,156</u>	<u>16,208</u>	<u>9,530</u>	<u>5,649</u>	<u>4,415</u>
3,360	8,289	25,336	18,211	5,902	5,894	6,115
(76)	(346)	394	-	-	-	-
3,284	7,943	25,730	18,211	5,902	5,894	6,115
<u>176,333</u>	<u>168,390</u>	<u>142,660</u>	<u>124,449</u>	<u>118,547</u>	<u>112,653</u>	<u>106,538</u>
<u>\$ 179,617</u>	<u>\$ 176,333</u>	<u>\$ 168,390</u>	<u>\$ 142,660</u>	<u>\$ 124,449</u>	<u>\$ 118,547</u>	<u>\$ 112,653</u>





# Revenue Capacity



**FORT PIERCE UTILITIES AUTHORITY**  
**Average Number of Services Billed By System**  
 Last Ten Fiscal Years

<b>FISCAL YEAR</b>	<b>ELECTRIC</b>	<b>WATER</b>	<b>NATURAL GAS</b>	<b>WASTEWATER</b>
FY 2013	27,630	19,248	4,179	14,635
FY 2012	27,765	19,276	4,189	14,450
FY 2011	27,752	19,162	3,904	14,372
FY 2010	27,859	19,048	3,982	14,460
FY 2009	28,413	19,394	4,039	14,842
FY 2008	28,584	19,278	4,171	14,737
FY 2007	26,883	17,711	4,304	13,428
FY 2006	26,662	16,952	4,431	13,099
FY 2005	25,594	16,638	4,503	12,917
FY 2004	25,872	16,497	4,597	12,938

**FORT PIERCE UTILITIES AUTHORITY**

**Operating Revenues By System**

Last Ten Fiscal Years

(Dollars in Thousands)

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
<b>ELECTRIC</b>				
Residential				
Inside the City	\$ 21,325	\$ 21,460	\$ 22,936	\$ 26,327
Outside the City	5,281	5,378	5,921	6,882
General Service				
Inside the City	31,515	32,280	32,822	36,501
Outside the City	5,254	5,393	5,558	6,458
Other Retail	2,012	1,895	1,663	1,657
Other Operating Revenues	1,115	1,051	1,148	1,192
<b>Total Electric Operating Revenues</b>	<b>66,502</b>	<b>67,457</b>	<b>70,048</b>	<b>79,017</b>
<b>WATER</b>				
Residential				
Inside the City	4,054	3,855	3,819	3,749
Outside the City	1,367	1,277	1,263	1,225
General Service				
Inside the City	4,813	4,807	4,956	4,697
Outside the City	2,249	2,348	2,288	2,336
Sales for Resale	854	882	466	747
Other Operating Revenues	119	124	(45)	254
<b>Total Water Operating Revenues</b>	<b>13,456</b>	<b>13,293</b>	<b>12,747</b>	<b>13,008</b>
<b>GAS</b>				
Sales Revenue				
Residential	1,251	1,215	1,306	1,462
Heat Only	13	11	21	24
General Service	3,331	2,400	2,580	2,827
Other Operating Revenues	53	75	120	92
<b>Total Gas Operating Revenues</b>	<b>4,648</b>	<b>3,701</b>	<b>4,027</b>	<b>4,405</b>
<b>WASTEWATER</b>				
Residential				
Inside the City	4,564	4,459	4,337	4,251
Outside the City	555	541	551	540
General Service				
Inside the City	4,973	4,918	4,745	4,686
Outside the City	1,449	1,198	1,188	1,337
Other Operating Revenues	143	234	(245)	356
<b>Total Wastewater Operating Revenues</b>	<b>11,684</b>	<b>11,350</b>	<b>10,576</b>	<b>11,170</b>
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>				
<b>Total MOEC Operating Revenues</b>	<b>348</b>	<b>337</b>	<b>362</b>	<b>359</b>
<b>FPUAnet COMMUNICATIONS</b>				
<b>Total FPUAnet Operating Revenues</b>	<b>395</b>	<b>352</b>	<b>324</b>	<b>299</b>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 97,033</b>	<b>\$ 96,490</b>	<b>\$ 98,084</b>	<b>\$ 108,258</b>

**FORT PIERCE UTILITIES AUTHORITY**

**Operating Revenues By System**

Last Ten Fiscal Years

(Dollars in Thousands)

<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>
\$ 25,398	\$ 25,084	\$ 22,077	\$ 22,058	\$ 19,215	\$ 17,787
6,821	6,922	6,503	6,958	6,379	5,963
38,192	37,642	31,253	29,992	25,695	23,628
6,945	7,460	6,275	5,957	5,518	6,860
1,651	1,632	1,531	1,394	1,214	1,296
1,189	1,171	1,091	1,093	894	975
<u>80,196</u>	<u>79,911</u>	<u>68,730</u>	<u>67,452</u>	<u>58,915</u>	<u>56,509</u>
3,729	3,580	3,453	3,427	3,404	3,297
1,207	1,194	1,216	1,203	1,137	1,063
4,616	4,343	4,268	4,220	3,802	3,995
2,033	2,062	1,981	2,144	2,068	2,309
711	580	630	627	651	657
345	299	265	212	135	75
<u>12,641</u>	<u>12,058</u>	<u>11,813</u>	<u>11,833</u>	<u>11,197</u>	<u>11,396</u>
1,367	1,443	1,366	1,566	1,617	1,150
19	16	13	14	17	16
2,566	3,213	2,767	3,204	3,256	2,524
82	100	91	102	123	161
<u>4,034</u>	<u>4,772</u>	<u>4,237</u>	<u>4,886</u>	<u>5,013</u>	<u>3,851</u>
4,233	3,980	3,607	3,490	3,680	3,774
577	577	529	507	484	473
4,665	4,718	4,371	4,434	4,098	3,875
1,311	1,230	1,276	1,372	1,281	1,217
657	503	526	341	156	92
<u>11,443</u>	<u>11,008</u>	<u>10,309</u>	<u>10,144</u>	<u>9,699</u>	<u>9,431</u>
362	407	347	409	254	343
197	121	68	54	41	44
<u>\$ 108,873</u>	<u>\$ 108,277</u>	<u>\$ 95,504</u>	<u>\$ 94,778</u>	<u>\$ 85,119</u>	<u>\$ 81,574</u>

## FORT PIERCE UTILITIES AUTHORITY

### Unit Sales By System

Last Ten Fiscal Years

	FY 2013	FY 2012	FY 2011	FY 2010
<b>ELECTRIC SALES (MWh)</b>				
General Service				
Inside the City	264,278	271,001	271,831	276,163
Outside the City	41,000	41,285	40,909	42,713
Total General Service	305,278	312,286	312,740	318,876
Residential				
Inside the City	164,672	165,063	174,586	182,246
Outside the City	39,293	39,657	42,763	45,037
Total Residential	203,965	204,720	217,349	227,283
<b>Total Sales</b>	<b>509,243</b>	<b>517,006</b>	<b>530,089</b>	<b>546,159</b>
<b>WATER SALES - 1,000 GALLONS</b>				
General Service				
Inside the City	863,507	925,939	943,061	943,673
Outside the City	460,394	527,997	511,172	489,094
Total General Service	1,323,901	1,453,936	1,454,233	1,432,767
Residential				
Inside the City	636,431	652,425	671,797	664,130
Outside the City	164,871	167,297	173,431	169,817
Total Residential	801,302	819,722	845,228	833,947
Sales for Resale	340,834	367,595	355,607	331,747
<b>Total Sales</b>	<b>2,466,037</b>	<b>2,641,253</b>	<b>2,655,068</b>	<b>2,598,461</b>
<b>NATURAL GAS SALES (ccf)</b>				
General Service	2,254,172	2,142,737	2,199,004	2,166,792
Residential	480,393	473,387	527,745	577,206
Heat Only				
General Service	258	215	6,027	6,210
Residential Service	1,333	1,272	4,238	5,160
Compressed Natural Gas		-	-	-
Contract Natural Gas	1,259,670	63,230	-	-
<b>Total Sales</b>	<b>3,995,826</b>	<b>2,680,841</b>	<b>2,737,014</b>	<b>2,755,368</b>
<b>WASTEWATER BILLED - 1,000 GALLONS</b>				
General Service				
Inside the City	655,667	680,739	682,993	683,051
Outside the City	185,993	149,452	156,973	186,910
Total General Service	841,660	830,191	839,966	869,961
Residential				
Inside the City	545,418	558,685	572,258	570,145
Outside the City	47,361	49,426	53,014	53,949
Total Residential	592,779	608,111	625,272	624,094
<b>Total Sales</b>	<b>1,434,439</b>	<b>1,438,302</b>	<b>1,465,238</b>	<b>1,494,055</b>

**FORT PIERCE UTILITIES AUTHORITY**

**Unit Sales By System**

Last Ten Fiscal Years

<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>
274,364	296,830	288,386	294,615	289,091	275,312
<u>44,028</u>	<u>52,065</u>	<u>51,024</u>	<u>51,692</u>	<u>55,555</u>	<u>73,569</u>
318,392	348,895	339,410	346,307	344,646	348,881
167,567	177,989	182,701	193,428	191,024	182,594
<u>42,652</u>	<u>46,510</u>	<u>51,439</u>	<u>58,757</u>	<u>61,006</u>	<u>58,844</u>
<u>210,219</u>	<u>224,499</u>	<u>234,140</u>	<u>252,185</u>	<u>252,030</u>	<u>241,438</u>
<u><u>528,611</u></u>	<u><u>573,394</u></u>	<u><u>573,550</u></u>	<u><u>598,492</u></u>	<u><u>596,676</u></u>	<u><u>590,319</u></u>
968,125	992,802	1,064,195	1,147,146	1,081,480	1,084,480
<u>447,579</u>	<u>486,689</u>	<u>518,064</u>	<u>616,027</u>	<u>649,826</u>	<u>651,349</u>
1,415,704	1,479,491	1,582,259	1,763,173	1,731,306	1,735,829
675,421	690,728	764,785	821,552	835,532	793,334
<u>170,748</u>	<u>174,995</u>	<u>204,754</u>	<u>221,092</u>	<u>211,433</u>	<u>196,669</u>
846,169	865,723	969,539	1,042,644	1,046,965	990,003
<u>304,839</u>	<u>228,150</u>	<u>256,842</u>	<u>247,998</u>	<u>197,557</u>	<u>234,963</u>
<u><u>2,566,712</u></u>	<u><u>2,573,364</u></u>	<u><u>2,808,640</u></u>	<u><u>3,053,815</u></u>	<u><u>2,975,828</u></u>	<u><u>2,960,795</u></u>
2,126,758	2,211,306	2,174,979	2,307,075	2,625,092	2,515,034
<u>566,475</u>	<u>555,342</u>	<u>575,464</u>	<u>619,787</u>	<u>698,933</u>	<u>727,473</u>
5,672	3,740	41	178	81	118
<u>3,498</u>	<u>2,527</u>	<u>3,021</u>	<u>4,020</u>	<u>5,310</u>	<u>6,341</u>
-	-	1,357	2,211	3,380	-
-	-	-	-	-	-
<u><u>2,702,403</u></u>	<u><u>2,772,915</u></u>	<u><u>2,754,862</u></u>	<u><u>2,933,271</u></u>	<u><u>3,332,796</u></u>	<u><u>3,248,966</u></u>
718,280	787,510	817,915	906,109	827,037	775,874
<u>200,068</u>	<u>200,696</u>	<u>235,321</u>	<u>256,254</u>	<u>231,228</u>	<u>213,354</u>
918,348	988,206	1,053,236	1,162,363	1,058,265	989,228
579,037	596,635	645,632	689,035	735,459	737,438
<u>59,280</u>	<u>63,994</u>	<u>68,932</u>	<u>74,685</u>	<u>72,098</u>	<u>66,181</u>
<u>638,317</u>	<u>660,629</u>	<u>714,564</u>	<u>763,720</u>	<u>807,557</u>	<u>803,619</u>
<u><u>1,556,665</u></u>	<u><u>1,648,835</u></u>	<u><u>1,767,800</u></u>	<u><u>1,926,083</u></u>	<u><u>1,865,822</u></u>	<u><u>1,792,847</u></u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Ten Year Rate Analysis**  
**Residential Rates**  
(Month of September)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>ELECTRIC</b>										
Customer Charge <sup>(1)</sup>	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 5.77	\$ 5.35	\$ 5.35	\$ 5.35
Rate Per kWh (up to 750 kWh)	0.10922	0.11322	0.08322	0.08722	0.08722	0.08722	0.08373	0.08277	0.08277	0.08277
PCA Per kWh <sup>(2)</sup>	0.00500	0.00200	0.03400	0.04400	0.05400	0.05400	\$0.02200	0.03088	0.00978	0.00683
<b>GAS</b>										
Customer Charge <sup>(1)</sup>	\$ 12.93	\$ 12.63	\$ 12.32	\$ 12.02	\$ 12.02	\$ 11.17	\$ 10.00	\$ 10.00	\$ 10.00	\$ 5.50
Rate Per CCF (up to 100 CCF)	1.44	1.42	1.23	1.20	1.20	1.12	1.00	1.00	1.00	0.85
PGA Per CCF <sup>(3)</sup>	-	-	0.30000	0.30000	0.25000	1.15000	0.50800	0.19500	0.67600	0.37110
<b>WATER</b>										
Customer Charge <sup>(1)</sup>	\$ 12.62	\$ 11.85	\$ 11.56	\$ 11.28	\$ 11.28	\$ 10.75	\$ 10.44	\$ 16.40	\$ 16.40	\$ 16.40
Rate Per 1,000 Gallons (up to 10,000 gallons)	3.23	3.03	2.96	2.89	2.89	2.75	2.67	2.37	2.37	2.37
<b>WASTEWATER</b>										
Customer Charge <sup>(1)</sup>	\$ 15.06	\$ 14.71	\$ 14.35	\$ 14.00	\$ 14.00	\$ 13.33	\$ 12.23	\$ 11.09	\$ 11.09	\$ 11.09
Rate Per 1,000 Gallons	5.40	5.27	5.14	5.01	5.01	4.77	4.38	3.97	3.97	3.97

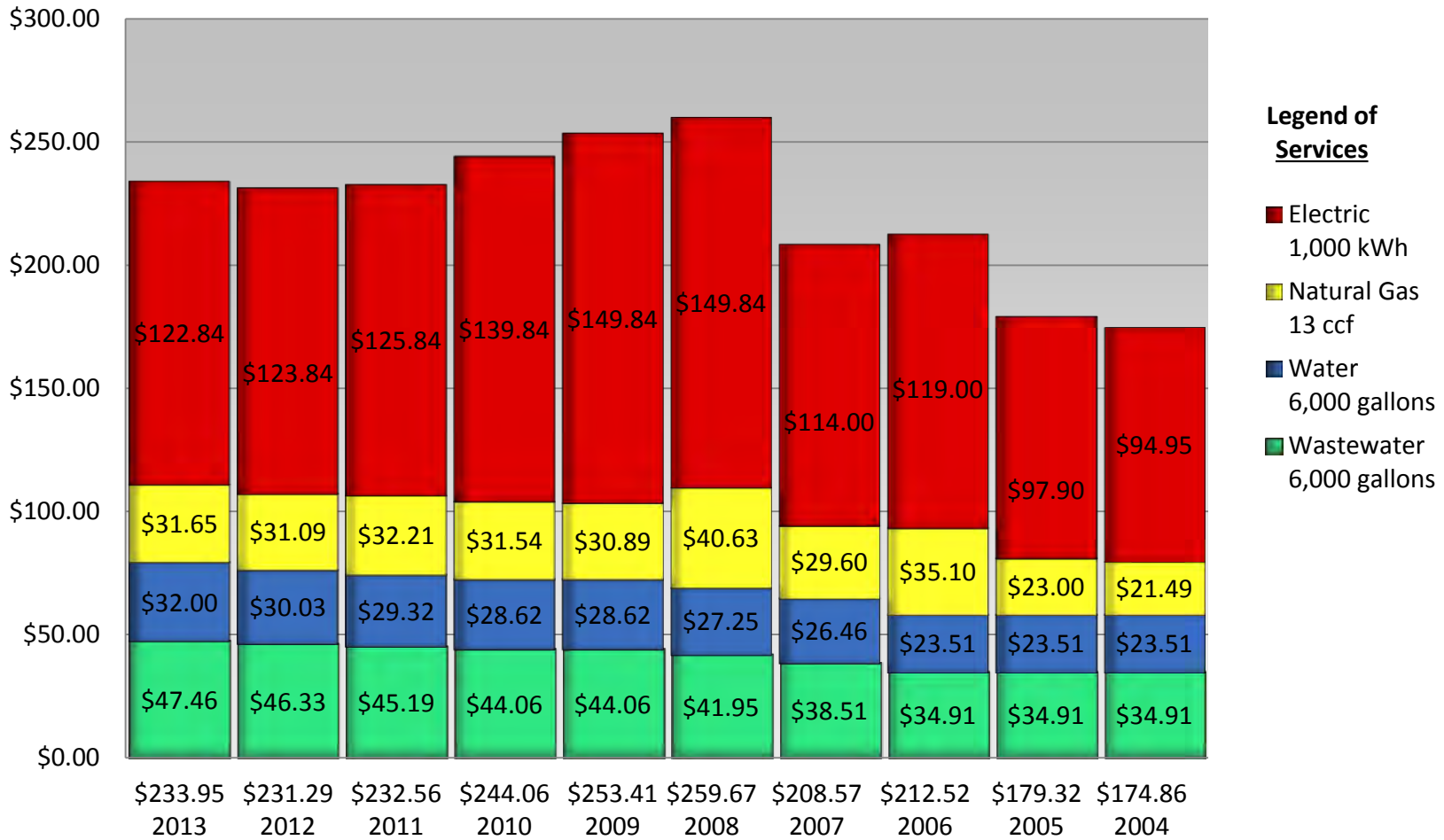
(1) Customer Charge reflects the Readiness-to-Serve charge.

(2) "PCA" means Power Cost Adjustment.

(3) "PGA" means Purchased Gas Adjustment.



**FORT PIERCE UTILITIES AUTHORITY**  
**Average Monthly Residential Bill**  
 Last Ten Years  
 (Month of September)



**FORT PIERCE UTILITIES AUTHORITY**

**System Rate Increases**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>System</b>	<b>Increase (Decrease)</b>
2013	Electric	(3.3%)
	Water	6.5%
	Wastewater	2.4%
	Natural Gas	2.4%
2012	Water	2.5%
	Wastewater	2.5%
	Natural Gas	2.5%
2011	Electric	(4.2%)
	Water	2.5%
	Wastewater	2.5%
	Natural Gas	2.5%
2010	-	-
2009	Water	5%
	Wastewater	5%
	Natural Gas	5%
2008	Electric	3%
	Water	3%
	Wastewater	9%
	Natural Gas	9%
2007	Electric	6%
	Water	12%
	Wastewater	10%
2006	-	-
2005	Natural Gas	9%
2004	-	-

# Debt Capacity

**FORT PIERCE UTILITIES AUTHORITY**  
**Ratios of Outstanding Debt by Type**  
Last Ten Fiscal Years  
(Dollars in Thousands)

As of September 30	BUSINESS-TYPE ACTIVITIES									Total All Debt Issues	Ratio to Operating Revenue	Operating <sup>1</sup> Revenue
	Loans		Revenue Bonds									
	FMPA	SLC	1991 Series	1994 Series	1999 Series	2002 Series	2003 Series	2009 Series	2012 Series			
<b>2004</b>	\$ 11,000	\$ -	\$ 7,157	\$ 6,080	\$ 27,423	\$ 9,545	\$ 42,965	\$ -	\$ -	\$ 104,170	128%	\$ 81,574
<b>2005</b>	6,000	-	7,748	3,295	27,697	9,545	41,855	-	-	96,140	113%	85,119
<b>2006</b>	10,879	-	8,376	-	28,354	9,545	40,720	-	-	97,874	103%	94,778
<b>2007</b>	30,752	-	9,042	-	25,608	9,545	39,560	-	-	114,507	120%	95,504
<b>2008</b>	30,619	-	9,751	-	22,740	9,545	38,385	-	-	111,040	103%	108,277
<b>2009</b>	30,479	-	10,504	-	19,754	9,545	37,180	-	-	107,462	99%	108,873
<b>2010</b>	-	234	5,445	-	20,644	9,545	37,165	34,800	-	107,833	100%	108,258
<b>2011</b>	-	201	-	-	36,135	9,545	37,155	34,800	-	117,836	120%	98,084
<b>2012</b>	-	189	-	-	35,925	9,545	31,690	34,800	-	112,149	116%	96,490
<b>2013</b>	-	177	-	-	35,705	9,545	6,015	34,800	20,896	107,138	110%	97,033

Note: Details regarding Fort Pierce Utilities Authority's outstanding debt can be found in the notes to the financial statements

<sup>1</sup> See the schedule of Operating Revenues By System on page 64 for more detailed data.

**FORT PIERCE UTILITIES AUTHORITY**  
**Principal Payments Payable on All Debt Issues**  
Through Fiscal Year 2030  
(Dollars in Thousands)

Payments Due for FY	Total for All Debt Issues	St. Lucie County	Revenue Bonds				
			1999 Series	2002 Series	2003 Series	2009 Series	2012 Series
2014	\$ 6,653	\$ -	\$ 240	\$ -	\$ 6,015	\$ -	\$ 398
2015	6,987	-	240	-	-	-	6,747
2016	7,086	-	255	-	-	-	6,831
2017	7,195	-	275	-	-	-	6,920
2018	5,545	-	4,335	-	-	1,210	-
2019	5,772	177	4,340	-	-	1,255	-
2020	5,645	-	4,335	-	-	1,310	-
2021	5,700	-	4,340	-	-	1,360	-
2022	5,755	-	4,335	-	-	1,420	-
2023	5,810	-	4,340	-	-	1,470	-
2024	5,875	-	4,335	-	-	1,540	-
2025	5,940	-	4,335	-	-	1,605	-
2026	6,010	-	-	3,025	-	2,985	-
2027	6,310	-	-	3,180	-	3,130	-
2028	6,625	-	-	3,340	-	3,285	-
2029	6,945	-	-	-	-	6,945	-
2030	7,285	-	-	-	-	7,285	-
	<u>\$ 107,138</u>	<u>\$ 177</u>	<u>\$ 35,705</u>	<u>\$ 9,545</u>	<u>\$ 6,015</u>	<u>\$ 34,800</u>	<u>\$ 20,896</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Computation of Debt Service Coverage**  
Last Ten Years  
(Dollars in Thousands)

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>
<b>OPERATING INCOME *</b>	\$ 8,746	\$ 8,700	\$ 8,175	\$ 9,614	\$ 9,616	\$ 8,276	\$ 4,757	\$ 3,307	\$ 7,922	\$ 10,866
<b>ADD:</b>										
Depreciation Expense	15,290	15,243	15,547	15,259	14,193	13,747	15,008	13,874	11,444	11,652
Investment & Other Income	304	535	703	910	740	1,943	3,117	1,636	1,157	740
Extraordinary Income (Expense)	(761)	(1,200)	(9)	(76)	(346)	394	-	-	-	-
Net OPEB Expense	54	53	305	134	13	-	-	-	-	-
<b>LESS:</b>										
Interest on Construction Funds	-	-	-	-	-	238	944	92	4	5
<b>NET AVAILABLE INCOME</b>	<u>\$ 23,633</u>	<u>\$ 23,331</u>	<u>\$ 24,721</u>	<u>\$ 25,841</u>	<u>\$ 24,216</u>	<u>\$ 24,122</u>	<u>\$ 21,938</u>	<u>\$ 18,725</u>	<u>\$ 20,519</u>	<u>\$ 23,253</u>
<b>DEBT SERVICE - Bonds &amp; Pooled Loans</b>										
Principal	\$ 6,653	\$ 5,955	\$ 5,675	\$ 5,655	\$ 5,797	\$ 5,350	\$ 5,138	\$ 4,942	\$ 4,902	\$ 4,430
Interest	2,762	3,728	4,012	3,573	3,033	3,539	4,197	3,225	3,432	3,446
<b>NET CASH DEBT SERVICE</b>	<u>\$ 9,415</u>	<u>\$ 9,683</u>	<u>\$ 9,687</u>	<u>\$ 9,228</u>	<u>\$ 8,830</u>	<u>\$ 8,889</u>	<u>\$ 9,335</u>	<u>\$ 8,167</u>	<u>\$ 8,334</u>	<u>\$ 7,876</u>
<b>DEBT SERVICE COVERAGE (TIMES)</b>	<u>2.51</u>	<u>2.41</u>	<u>2.55</u>	<u>2.80</u>	<u>2.74</u>	<u>2.71</u>	<u>2.35</u>	<u>2.29</u>	<u>2.46</u>	<u>2.95</u>

\* Excludes the Manatee Observation and Education Center

### **LEGAL DEBT MARGIN INFORMATION**

Neither the City of Fort Pierce Charter or Code, nor the Florida Statutes limit the amount of debt the Fort Pierce Utilities Authority can issue.





# **Demographic and Economic Information**

**FORT PIERCE UTILITIES AUTHORITY**  
**Demographic and Economic Information**  
 Last Ten Years

<b>Year</b>	<b>City of Fort Pierce Population<sup>1</sup></b>	<b>St. Lucie County Population<sup>1</sup></b>	<b>St. Lucie County Labor Force<sup>2</sup></b>	<b>Total Unemployment<sup>2</sup></b>	<b>Percentage Rate of Unemployment<sup>2</sup></b>	<b>St. Lucie County School Enrollment<sup>3</sup></b>	<b>St. Lucie County Per Capita Income<sup>4</sup></b>	<b>St. Lucie County Personal Income<sup>4</sup></b>
<b>2013</b>	41,729 *	281,151 *	128,813	12,227	9.5	41,136	***	***
<b>2012</b>	41,646	280,355	123,588	14,519	11.7	40,844	\$31,742	\$9,010,473
<b>2011</b>	41,789	279,696	124,115	16,622	13.4	40,433	30,768	8,626,570
<b>2010</b>	41,590	277,789	123,738	17,482	14.1	40,453	29,574	8,243,330
<b>2009</b>	44,251	272,864	123,659	17,619	14.2	41,678	29,526	7,868,831
<b>2008</b>	44,227	276,585	124,155	10,343	8.6	39,346	29,115	7,734,345
<b>2007</b>	41,972	271,961	120,090	8,260	6.9	37,380	28,056	7,297,176
<b>2006</b>	41,102	259,315	115,819	5,706	4.9	38,902	27,540	6,892,505
<b>2005</b>	38,569	240,039	108,323	3,678	3.4	36,077	26,575	6,320,969
<b>2004</b>	39,044	226,216	96,126	12,282	12.8	34,782	25,744	5,804,946

Sources:

<sup>1</sup> University of Florida, Bureau of Economic & Business Research

<sup>2</sup> Florida Department of Labor & Employment Security

<sup>3</sup> St. Lucie County School Board

<sup>4</sup> 2004 - 2006 - Florida Legislature, Office of Economic and Demographic Research, and  
 2007 - Present - U.S. Department of Commerce, Bureau of Economic Analysis

\* Total Estimated

\*\*\* Data unavailable

**FORT PIERCE UTILITIES AUTHORITY**

**Principal Employers**

**2013**

<b>Employer</b>	<b>Business Sector</b>	<b>2012 *</b>	<b>Rank</b>	<b>% of City</b>		<b>2008</b>	<b>Rank</b>	<b>% of City</b>	
				<b>Population</b>				<b>Population</b>	
St. Lucie County School Board	Public	4,478	1	10.75%		4,685	1	10.59%	
Indian River State College	Private	1,884	2	4.52%		2,476	2	5.60%	
St. Lucie County	Public	1,594	3	3.83%		n/a	n/a	n/a	
Wal-Mart	Private	1,382	4	3.32%		1,235	3	2.79%	
Lawnwood Regional Medical Center	Private	1,350	5	3.24%		1,200	4	2.71%	
Publix Super Markets Inc	Private	1,327	6	3.19%		1,148	5	2.60%	
St. Lucie County Fire District	Private	434	7	1.04%		n/a	n/a	n/a	
City of Fort Pierce	Public	350	8	0.84%		412	8	0.93%	
New Horizons of the Treasure Coast	Private	340	9	0.82%		398	10	0.90%	
Tropicana Products	Private	330	10	0.79%		n/a	n/a	n/a	
SLC Board of County Commissioners	Public	n/a	n/a	n/a		898	6	2.03%	
The Home Depot **	Private	n/a	n/a	n/a		425	7	0.96%	
Riverside National Bank of Florida	Private	<u>n/a</u>	n/a	n/a		<u>404</u>	9	0.91%	
<b>TOTALS</b>		<b><u>13,469</u></b>		32.34%		<b><u>13,281</u></b>		30.03%	

Source:

Economic Development Council of St. Lucie County, St. Lucie County Profile 2012

Indian River State College, Institutional Advancement

\* Data is as of March 15, 2013

\*\* 2008 data not available, previous year total shown

Historical data not available for years prior to 2008



# **Operating Information**

**FORT PIERCE UTILITIES AUTHORITY**

**Expenses By System**

Last Ten Fiscal Years

(Dollars in Thousands)

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
<b>ELECTRIC</b>				
Generation and				
Purchases for Resale	\$ 42,948	\$ 42,933	\$ 43,976	\$ 51,832
Transmission and Distribution	4,036	3,783	3,814	4,299
General and Administrative	6,709	6,885	7,423	7,217
Depreciation	4,668	6,477	6,420	4,761
<b>Total Electric Operating Expenses</b>	<b>58,361</b>	<b>60,078</b>	<b>61,633</b>	<b>68,109</b>
<b>WATER</b>				
Purchases for Resale	9	-	6	-
Plant Operations	3,199	3,309	3,331	3,557
Transmission and Distribution	1,732	1,743	1,567	1,722
General and Administrative	4,145	4,183	4,268	4,144
Depreciation	4,044	3,726	3,825	6,105
<b>Total Water Operating Expenses</b>	<b>13,129</b>	<b>12,961</b>	<b>12,997</b>	<b>15,528</b>
<b>NATURAL GAS</b>				
Supply and Distribution	2,777	2,273	2,644	3,019
General and Administrative	593	570	650	607
Depreciation	304	507	303	351
<b>Total Natural Gas Operating Expenses</b>	<b>3,674</b>	<b>3,350</b>	<b>3,597</b>	<b>3,977</b>
<b>WASTEWATER</b>				
Plant Operations	1,695	1,779	1,697	1,906
Pumping and Collection	1,849	1,834	1,776	1,825
General and Administrative	2,758	2,755	2,685	2,747
Depreciation	6,194	4,446	4,939	3,985
<b>Total Wastewater Operating Expenses</b>	<b>12,496</b>	<b>10,814</b>	<b>11,097</b>	<b>10,463</b>
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>				
Plant Operations	232	249	246	261
General and Administrative	114	115	109	106
Depreciation	10	11	11	9
<b>Total MOEC Operating Expenses</b>	<b>356</b>	<b>375</b>	<b>366</b>	<b>376</b>
<b>FPUAnet COMMUNICATIONS</b>				
Purchases for Resale	28	25	37	23
General and Administrative	172	137	125	129
Depreciation	79	86	60	56
<b>Total FPUAnet Communications Operating Expenses</b>	<b>279</b>	<b>248</b>	<b>222</b>	<b>208</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 88,295</b>	<b>\$ 87,826</b>	<b>\$ 89,912</b>	<b>\$ 98,661</b>
<b>OTHER REVENUE (EXPENSES) *</b>	<b>\$ (4,293)</b>	<b>\$ (4,147)</b>	<b>\$ (4,277)</b>	<b>\$ (4,366)</b>

\* Excludes Distribution to the City of Fort Pierce.

**FORT PIERCE UTILITIES AUTHORITY**

**Expenses By System**

Last Ten Fiscal Years

(Dollars in Thousands)

<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>
\$ 52,851	\$ 52,959	\$ 43,958	\$ 46,525	\$ 38,475	\$ 35,558
4,445	4,423	4,259	3,469	3,192	3,192
7,605	8,051	8,263	8,073	6,747	5,597
4,984	6,960	8,862	8,028	5,697	5,766
<u>69,885</u>	<u>72,393</u>	<u>65,342</u>	<u>66,095</u>	<u>54,111</u>	<u>50,113</u>
2	18	-	-	-	-
3,348	3,223	2,917	2,854	2,576	2,552
1,816	1,575	1,533	1,374	1,310	1,138
4,159	4,116	4,014	3,733	3,202	2,528
4,953	3,617	3,344	3,203	3,208	3,349
<u>14,278</u>	<u>12,549</u>	<u>11,808</u>	<u>11,164</u>	<u>10,296</u>	<u>9,567</u>
2,925	3,800	3,234	3,894	3,792	2,886
564	525	558	591	467	391
308	288	323	337	376	419
<u>3,797</u>	<u>4,613</u>	<u>4,115</u>	<u>4,822</u>	<u>4,635</u>	<u>3,696</u>
2,010	2,222	1,885	1,935	1,535	1,394
1,903	1,836	1,847	1,920	1,784	1,503
2,941	2,994	2,883	2,782	2,386	1,936
3,936	2,875	2,481	2,306	2,155	2,102
<u>10,790</u>	<u>9,927</u>	<u>9,096</u>	<u>8,943</u>	<u>7,860</u>	<u>6,935</u>
299	310	228	280	250	218
99	97	115	116	98	111
8	9	12	18	12	16
<u>406</u>	<u>416</u>	<u>355</u>	<u>414</u>	<u>360</u>	<u>345</u>
18	15	27	27	28	32
115	74	13	12	12	22
12	8	-	-	-	-
<u>145</u>	<u>97</u>	<u>40</u>	<u>39</u>	<u>40</u>	<u>54</u>
<u>\$ 99,301</u>	<u>\$ 99,995</u>	<u>\$ 90,756</u>	<u>\$ 91,477</u>	<u>\$ 77,302</u>	<u>\$ 70,710</u>
<u>\$ (2,702)</u>	<u>\$ 2,850</u>	<u>\$ 1,464</u>	<u>\$ (2,277)</u>	<u>\$ (2,986)</u>	<u>\$ (4,517)</u>

# FORT PIERCE UTILITIES AUTHORITY

## Performance Indicators

Last Ten Fiscal Years

	FY 2013	FY 2012	FY 2011	FY 2010
<b>SAFETY</b>				
* Frequency Rate (calendar year)	4.10	4.90	3.60	1.20
* Severity Rate (calendar year)	48.00	24.00	122.00	61.00
Workers' Compensation Experience Modification Factor	0.92	1.25	1.11	1.28
<b>FINANCIAL</b>				
Debt Service Ratio (12 months ended)	2.51	2.41	2.55	2.80
Operating Ratio	0.91	0.91	0.92	0.91
<b>COMPONENT COSTS</b>				
Water Treatment Plant				
\$ / 1,000 gallons raw water	\$1.90	\$1.80	\$1.79	\$1.92
Water Reclamation Facility				
\$ / 1,000 gallons effluent	\$1.93	\$2.07	\$2.45	\$2.56
Electric T&D				
\$ / mile of T & D lines	\$20,516.14	\$23,742.33	\$24,841.57	\$20,585.55
\$ / number of services	\$27.41	\$31.57	\$30.95	\$25.99
Water Distribution				
\$ / 1,000 gallons billed	\$1.82	\$1.59	\$1.54	\$2.46
\$ / number of services	\$19.44	\$18.14	\$17.79	\$27.92
Wastewater Collection				
\$ / 1,000 gallons billed	\$3.87	\$2.65	\$2.86	\$2.11
\$ / number of services	\$31.61	\$21.98	\$24.34	\$18.20
Natural Gas Distribution				
\$ / 1,000 ccf billed	\$0.40	\$0.62	\$0.57	\$0.57
\$ / number of services	\$31.89	\$32.90	\$33.36	\$32.89
Lift Stations				
\$ / 1,000 gallons billed	\$0.80	\$0.74	\$0.76	\$0.71
\$ / number of services	\$6.53	\$6.17	\$5.97	\$6.14
Industrial Pre-Treatment				
\$ / Customers	\$698.46	\$793.71	\$1,246.28	\$793.86
FPUAnet Communications				
\$ / Customers	\$306.83	\$275.98	\$325.26	\$320.54
Administration				
\$ / number of services	\$15.74	\$16.01	\$17.15	\$18.17
<b>HUMAN RESOURCES</b>				
Overtime Ratio	0.042	0.040	0.036	0.040
Sick Leave Ratio	0.034	0.034	0.039	0.042
Overtime vs. Annual Overtime Budget	107.47%	100.48%	89.65%	80.00%
Training Hours vs. Regular Hours Worked	2.48%	1.52%	1.62%	2.32%
Training Dollars vs. Budgeted Salary Dollars	1.80%	1.23%	1.31%	1.16%
*Annual Turnover Rate	13.25%	6.77%	9.09%	6.34%
<b>CUSTOMER SERVICE</b>				
Number of connections	16,001	16,360	16,077	17,441
Number of disconnections	15,206	15,419	15,038	16,300
Number of accounts to collection agency	1,584	1,535	1,888	2,240
Amount of accounts written off				
Electric	\$182,006	\$253,362	\$197,638	\$390,702
Water	\$32,638	\$45,434	\$35,433	\$70,061
Natural Gas	\$2,374	\$3,308	\$2,582	\$5,104
Wastewater	\$29,294	\$40,780	\$31,805	\$62,886
Customer Charges	\$11,181	\$15,563	\$12,136	\$23,993
Communications	\$231	\$321	\$249	\$495
Number of service orders				
Started	44,205	50,182	56,278	59,489
Completed	44,224	44,991	48,149	56,799

\* Frequency Rate, Severity Rate and Annual Turnover Rate (2004-2009) indicators are presented on a calendar year basis.



# FORT PIERCE UTILITIES AUTHORITY

## Performance Indicators

Last Ten Fiscal Years

FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
1.50	3.70	4.10	4.40	3.60	7.20
21.00	126.00	18.00	26.00	27.00	6.00
0.95	1.00	1.00	0.89	0.92	0.83
2.74	2.71	2.35	2.29	2.46	2.95
0.91	0.92	0.95	0.97	0.91	0.87
\$1.79	\$1.85	\$1.40	\$1.40	\$1.32	\$1.27
\$2.40	\$1.99	\$1.94	\$1.71	\$1.34	\$1.72
\$21,579.20	\$27,765.81	\$24,430.86	\$31,929.00	\$29,473.00	\$28,912.00
\$26.71	\$28.17	\$26.35	\$22.91	\$21.91	\$21.33
\$2.20	\$1.67	\$1.44	\$1.17	\$1.16	\$1.12
\$24.24	\$18.58	\$19.08	\$17.60	\$17.23	\$16.75
\$1.78	\$1.32	\$1.13	\$0.96	\$0.85	\$0.84
\$15.55	\$12.29	\$12.53	\$11.73	\$10.23	\$9.70
\$0.58	\$0.64	\$0.92	\$1.54	\$1.32	\$1.08
\$32.21	\$35.51	\$48.96	\$84.86	\$81.38	\$63.44
\$0.69	\$0.62	\$0.52	\$0.51	\$0.45	\$0.45
\$6.02	\$5.80	\$5.74	\$6.30	\$5.38	\$5.16
\$614.11	\$779.74	\$840.66	\$1,107.30	\$1,902.05	\$767.92
\$185.64	\$238.43	\$175.00	N/A	N/A	N/A
\$16.31	\$16.46	\$17.09	\$18.13	\$23.75	\$17.16
0.039	0.050	0.040	0.061	0.073	0.080
0.034	0.036	0.035	0.033	0.045	0.044
84.32%	101.53%	99.50%	172.29%	111.88%	122.05%
2.78%	3.14%	5.02%	3.47%	2.10%	1.60%
1.59%	1.45%	1.27%	3.03%	2.08%	1.90%
8.66%	4.76%	10.10%	15.61%	13.81%	11.65%
17,956	14,820	9,823	12,312	10,496	8,760
16,137	11,734	4,744	1,288	7,346	7,239
2,233	1,880	2,876	1,453	2,236	1,191
\$360,046	\$340,472	\$226,878	\$391,046	\$255,275	\$118,769
\$64,559	\$61,069	\$40,744	\$46,835	\$59,498	\$21,402
\$4,697	\$4,435	\$2,944	(\$1,954)	\$10,362	\$7,184
\$57,951	\$54,816	\$36,587	\$33,327	\$46,817	\$24,967
\$16,354	\$17,292	\$15,434	\$12,674	\$11,964	\$10,720
\$454	\$428	\$318	\$757	\$299	\$203
64,640	61,974	55,217	49,775	45,574	34,186
65,166	61,907	55,706	50,413	45,133	34,063

**FORT PIERCE UTILITIES AUTHORITY**  
**Electric Energy Sources, Water and Wastewater Statistics**  
 Last Ten Fiscal Years

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
<b>ELECTRIC STATISTICS</b>				
<b>Sources of Energy (MWh)</b>				
Total Energy Purchased	532,038	537,115	552,427	568,637
<b>Gross Peak Demand (MW)</b>	104	103	115	124
<b>WATER STATISTICS</b>				
<b>Water Production - 1,000 Gallons</b>				
Raw Water Treated	2,889,439	3,088,102	3,101,048	3,023,434
Water from Distribution System	8,657	17,644	16,648	16,118
Less Deep Well Concentrate	(144,156)	(174,731)	(165,498)	(137,432)
Water Used in Plant	(19,710)	(19,764)	(19,710)	(19,966)
Water from or (left-in) Storage	61	4,218	6,968	1,100
<b>FINISHED WATER FROM PLANT</b>	<u>2,734,291</u>	<u>2,915,469</u>	<u>2,939,456</u>	<u>2,883,254</u>
Purchased for Resale (Interconnects)	3,943	-	-	-
<b>Water Pumped to City</b>	<u><u>2,738,234</u></u>	<u><u>5,830,938</u></u>	<u><u>5,878,912</u></u>	<u><u>5,766,508</u></u>
Water Used in System	170,788	193,707	171,870	175,255
Water Sales	2,466,037	2,641,253	2,655,068	2,598,461
Losses and Unaccounted for Gallonage	101,405	80,509	112,518	109,538
<b>Unaccounted For</b>	0.0370	0.0138	0.0191	0.0190
Average Daily Consumption	7,496	7,990	8,053	7,926
Highest Daily Consumption Date	8,950	10,524 4/18/12	9,741 5/30/11	9,511 7/1/10
Peak Maximum Demand (MG) Date	13,932 4/13/13	17,437 7/22/12	17,765 9/14/11	17,150 5/7/10
Duration	60 minutes	60 minutes	60 minutes	60 minutes
Rainfall (inches)	51.91	67.10	30.24	40.54
<b>WATER RECLAMATION FACILITY</b>				
(In Millions of Gallons per Day)				
Average Daily Flow	4.72	4.86	3.93	4.05
Peak Flow	8.14	13.03	4.75	5.05

**FORT PIERCE UTILITIES AUTHORITY**  
**Electric Energy Sources, Water and Wastewater Statistics**  
Last Ten Fiscal Years

<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>FY 2004</b>
553,487	593,686	608,967	616,408	624,083	626,840
115	113	124	124	131	124
2,993,150	3,013,208	3,455,908	3,566,341	3,145,417	3,278,990
N/A	N/A	N/A	N/A	N/A	N/A
(137,645)	(142,365)	(186,608)	(182,829)	N/A	N/A
(8,519)	(17,873)	(36,559)	17,988	(6,884)	5,788
N/A	N/A	N/A	N/A	N/A	N/A
<u>2,846,986</u>	<u>2,852,970</u>	<u>3,232,741</u>	<u>3,401,500</u>	<u>3,138,533</u>	<u>3,284,778</u>
-	-	-	-	-	-
<u><u>5,693,972</u></u>	<u><u>5,705,940</u></u>	<u><u>6,465,482</u></u>	<u><u>6,803,000</u></u>	<u><u>6,277,066</u></u>	<u><u>6,569,556</u></u>
170,369	160,987	132,325	131,791	138,372	157,049
2,566,712	2,573,364	2,808,640	3,053,815	2,960,794	2,960,795
109,905	117,619	291,776	215,894	27,333	166,934
0.0193	0.0206	0.0451	0.0635	0.0870	0.0507
7,827	7,798	8,927	9,357	8,598	8,951
10,403	10,336	11,054	11,885	11,105	11,504
5/8/09	5/18/08	10/23/06	8/11/06	8/18/05	5/26/04
13,304	13,508	17,271	16,702	15,273	14,200
5/7/09	12/2/07	2/1/07	8/11/06	8/22/05	3/12/04
60 minutes	60 minutes	60 minutes	60 minutes	60 minutes	45 minutes
39.89	71.72	42.47	46.47	53.85	67.50
4.95	6.14	5.24	5.91	6.51	5.90
9.57	20.23	7.70	11.19	15.41	18.29

**FORT PIERCE UTILITIES AUTHORITY**  
**Authorized Full Time Positions By Department**  
Last Ten Fiscal Years

Department	9/30/2013	9/30/2012	9/30/2011
01 Manatee Observation & Education Center	2 P	2 P	2 P
02 Treasure Coast Energy Center	14 D	15 D	15 D
10 Board	5	5	5
11 Director of Utilities	2	2	2
12 Attorney	1	1	1
15 Human Resources	4	4	4
18 Risk Management	5 D	5 D	5
21 Finance	11 D	11 D	10 D
22 Materials Management	3 P	3 P	5 P
31 Shared Services	1	1	1 H
32 Information Technology Services	16	16	16
35 Facilities	5	5	5
41 Communications	1	1	1
43 Customer Service	26 D,P	26 D,P	28
51 Director of Electric & Gas Systems	1 D	1 D	1 D
52 Power Generation	-	-	-
54 Electric Transmission and Distribution	49 D	51 D	52 D,H
56 Electric & Gas Engineering	10 D	9	9 H
61 Director of Water/Wastewater Systems	1 D	1 D	1
62 Water Resources	23 D	23 D	23 D,H
64 Water Distribution	28 D	25	25 H
66 Water/Wastewater Engineering	11 D	11 D	11 D,H
74 Gas Operations	16 D	15 D	14 D,H
82 Water Reclamation	14 D	13 D	13 D,H
84 Wastewater Collection	21 D	21 D	21 D,H
93 FPUAnet Communications	2	2	1
<b>TOTAL</b>	<u>272</u>	<u>269</u>	<u>271</u>

- C - Includes contract employees
- D - Includes D.R.O.P. Participant employees
- H - Excludes positions held vacant
- P - Excludes part-time employees

Information regarding P and C unavailable prior to FY 2005

**FORT PIERCE UTILITIES AUTHORITY**  
**Authorized Full Time Positions By Department**  
Last Ten Fiscal Years

<u>9/30/2010</u>	<u>9/30/2009</u>	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>9/30/2006</u>	<u>9/30/2005</u>	<u>9/30/2004</u>
2 P	2 P	2 P	2 P	2 P	3 P	2
15 D	15 D	15 D	-	-	-	-
5	5	5	5	5	5	5
2	2	2 C	2 C	1	2	2
1	1	1	1	1	1	1
4	4	4	4	4	4	5
5	5	5	5	4	3	3
12 D	12 D	13	12	11	11	12
5 P	5 P	5 P	5 P	5	5 P	5
1 H	1 H	2	7	7	7	7
16	16	14 P	13 P	12 P	12 P	13
5	5	5	-	-	-	-
1	1	1	3	3	3	3
29	29	29	29	29 P	26 P	21
2 D	2 D	3	3	3	2	2
-	-	1 D	20	21	23	26
53 D,H	55 C,D,H	58 C,D	56 C	50 P	49 P	46
11 H	11 H,P	13 P	14 P	14 P	13 P	11
1	1	2	2	2	2	2
24 H	24 C,H	24 C	24 C	24	23	23
28 H	32	32	30	29	28	26
11 D,H	13 H	14	14	13	12	9
14 H	16	16	15	15	15	15
14 D	12 D,H	25	24	24	23	23
22 D	22 D,H	13	13	13	10	10
1	1	1	-	-	-	-
<u>284</u>	<u>292</u>	<u>305</u>	<u>303</u>	<u>292</u>	<u>282</u>	<u>272</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Ten Largest Customers**  
Fiscal Year 2013

Ranking	Customer Name	Utility Service	Unit Sales	Revenues	Total
1	St. Lucie County Board of County Commissioners	Electric (kWh)	13,865,889	1,725,955	\$3,884,658
		Water (kgal.)	406,584	1,202,774	
		Wastewater	130,021	937,106	
		Natural Gas (ccf)	12,744	18,823	
2	St. Lucie County School Board	Electric (kWh)	20,353,184	2,722,031	\$3,235,061
		Water (kgal.)	29,675	186,521	
		Wastewater	29,043	243,591	
		Natural Gas (ccf)	51,445	82,918	
3	Indian River State College	Electric (kWh)	21,198,284	\$2,498,921	\$2,928,524
		Water (kgal.)	27,030	141,866	
		Wastewater	22,065	164,020	
		Natural Gas (ccf)	125,213	123,717	
4	Lawnwood Regional Medical Center	Electric (kWh)	16,451,875	\$1,716,814	\$2,154,002
		Water (kgal.)	20,659	84,989	
		Wastewater	10,968	72,840	
		Natural Gas (ccf)	314,309	279,359	
5	City of Fort Pierce	Electric (kWh)	11,199,171	\$1,498,424	\$1,975,219
		Water (kgal.)	49,876	390,127	
		Wastewater	9,244	84,853	
		Natural Gas (ccf)	689	1,815	
6	Fort Pierce Utilities Authority	Electric (kWh)	16,556,321	\$1,872,898	\$1,941,485
		Water (kgal.)	1,484	28,134	
		Wastewater	1,124	27,715	
		Natural Gas (ccf)	6,756	12,737	
7	Florida Atlantic University	Electric (kWh)	11,254,555	\$1,299,827	\$1,299,827
		Water (kgal.)	-	-	
		Wastewater	-	-	
		Natural Gas (ccf)	-	-	
8	Fort Pierce Housing Authority	Electric (kWh)	4,980,454	\$628,993	\$1,215,065
		Water (kgal.)	25,325	168,641	
		Wastewater	25,483	226,380	
		Natural Gas (ccf)	86,688	191,052	
9	Orchid Island Juice Company	Electric (kWh)	4,280,621	\$522,451	\$678,900
		Water (kgal.)	8,944	31,617	
		Wastewater	8,870	50,205	
		Natural Gas (ccf)	85,777	74,627	
10	Walmart	Electric (kWh)	5,279,219	\$553,947	\$663,134
		Water (kgal.)	7,993	35,624	
		Wastewater	7,993	53,208	
		Natural Gas (ccf)	16,765	20,355	
TOTAL REVENUES BY UTILITY		Electric		\$15,040,262	
		Water		2,270,293	
		Wastewater		1,859,918	
		Natural Gas		805,402	
TOTAL COMBINED REVENUES				\$19,975,875	

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

To the Board Members  
Fort Pierce Utilities Authority  
Fort Pierce, Florida

We have audited the financial statements of the Fort Pierce Utilities Authority, as of and for the year ended September 30, 2013, which collectively comprise of the Fort Pierce Utilities Authority's basic financial statements and have issued our report thereon dated February 28, 2014. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fort Pierce Utilities Authority's internal control over financial reporting 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 Fort Pierce Utilities Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fort Pierce Utilities Authority's internal control over financial reporting.

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of 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.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.  
Fort Pierce, Florida  
February 28, 2014