

**Fort Pierce Utilities Authority  
A Component Unit of the City of Fort Pierce  
Fort Pierce, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
September 30, 2016**

[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, 2016

*Prepared by*  
*Department of Finance*

Nina B. Penick, CPA  
Director of Financial Services  
[npenick@fpu.com](mailto:npenick@fpu.com)

**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
Fiscal Year Ended September 30, 2016

**TABLE OF CONTENTS**

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Transmittal Letter.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	7
FPUA Leadership.....	8
Organization Chart.....	9
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report.....	11
Management’s Discussion and Analysis.....	14
Financial Statements:	
Statement of Net Position.....	22
Statement of Revenues, Expenses and Changes in Net Position.....	25
Statement of Cash Flows.....	26
Notes to Financial Statements.....	28
Required Supplemental Information:	
Schedule of Funding Progress – Retiree Health Plan.....	50
Schedule of Proportionate Share of Net Pension Liability.....	51
<u>STATISTICAL SECTION</u>	
Statistical Section Contents.....	53
Financial Trends:	
Statement of Net Position – Assets – Last Ten Years.....	56
Statement of Net Position – Liabilities and Net Assets – Last Ten Years.....	58
Statement of Revenues and Expenses and Changes in Net Position – Last Ten Years.....	60

**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
Fiscal Year Ended September 30, 2016

**TABLE OF CONTENTS**

<u>STATISTICAL SECTION (continued)</u>	<u>Page</u>
Revenue Capacity:	
Average Number of Services Billed by System – Last Ten Years.....	65
Operating Revenues by System – Last Ten Years.....	66
Unit Sales by System – Last Ten Years.....	68
Ten Year Rate Analysis – Residential Rates.....	70
Average Monthly Residential Bill (Chart) – Last Ten Years.....	71
System Rate Increases – Last Ten Years.....	72
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Years.....	74
Principal Payments Payable on All Debt Issues Through Fiscal Year 2030.....	75
Computation of Debt Service Coverage – Last Ten Years.....	76
Legal Debt Margin Information.....	77
Demographic and Economic Information:	
Demographic and Economic Information – Last Ten Years.....	80
Principal Employers.....	81
Operating Information:	
Expenses by System – Last Ten Years.....	84
Performance Indicators – Last Ten Years.....	86
Electric Energy Sources, Water and Wastewater Statistics – Last Ten Years.....	88
Authorized Full Time Positions by Department – Last Ten Years.....	90
Ten Largest Customers – Fiscal Year 2016.....	92
 <u>COMPLIANCE SECTION</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	93

# TeamUA - Over 2,700

MARY R ADAMS  
JAMES D ADAMS  
DALBERT LEE ALEXANDER  
CHARLES ALFORD  
KATHARINE ANNE ALFORD  
WILLIAM A ANDERSON  
TINA ATTEY  
ROBERT G AUSTIN  
ANDREW AVERS  
CHRISTOPHER A BACK  
MAURICE BACON  
JEFFREY W BAKER  
RAUL L BARRERA  
JAMES PATRICK BARRY  
RYAN D BASTINE  
LORI L BATTIPAGLIA  
MEREDITH L BENNETT  
KARYL RENEE BERTRAM  
LORI BIANCO  
JO-ANN BILYK  
QUINN RIELLY BINFORD  
MARCUS E BOECKEL  
S LANCE BRICK  
NOAH BENJAMIN BRODE  
DANIEL BROLMANN  
WILLIAM BROOKS  
ROGER CLAUDE BROWN  
MELISSA R BRUNO  
KIMBERLY BUCHHOLZ  
CANDACE HINZE BUCZINSKY  
VICTOR JOSEPH BURRIS  
ANDREW D BYRD  
JOSHUA CALANDRO  
JOHN C CANARD  
DADE CORY CAPPAR  
JAMES CARNES  
GLYNDA W CAVALCANTI  
MICHAEL CHATMAN  
MICHAEL PAUL CHIDGEY  
JAVIER CISNEROS  
LINDA CLARK  
ANDRE DENELL CLEVELAND  
LEE ROY COMBS  
WILLIAM CONAVAY

CHARLES D CONNELL  
BRETT D CORBETT  
FRANK COX  
CRAIG A CRAWFORD  
WILBURN L CRAWFORD  
JONATHAN D CRUMBLEY  
CHRISTOPHER CRUMBLEY  
JENNIFFER CUEVAS FERMIN  
ROBYN CURLEY  
MICHAEL W CURRID  
THOMAS M DAROZA  
ALDONIO DASILVA  
ROBERT P DAVIS  
JOEL DAVIS  
LUGEY DAWSON  
RAE LYNN DE BOER  
D WAYNE DEARMAN  
DANIEL DEIULIO  
JAMES SEAN DENMAN  
SCOTT DENNIS  
OWEN A DENNIS  
GARY DEPASTINO  
ANDREW J. DIGIACOMO  
SEDRICK LEVONE DIXON  
CHARLES A DONNON  
THOMAS A DRISKELL  
JASON D DROST  
PETER DUNCAN  
SCOTT DYKEMA  
JASON A ERWIN  
ROBERT R ESCHMANN  
STEVEN SCOTT FERGUSON  
JULIO V FIGUEROA  
DENISE E FOUNTAIN  
SHARI G FRANCO  
MARY C FRIER  
THOMAS A FRYAR  
NORIEL FUMERO  
JOSEPH MICHAEL FUORE  
SHERRY L FURGERSON  
FREDERICK C GADDIS  
STEVEN F GATINS  
BARBARA J GIBSON  
MICHAEL R GIFT

PATRICK E GILLESPIE  
GARY J GILLETTE  
KEVIN GILLETTE  
PATRICIA L GILSINAN  
JOSEPH T GILSON  
GARY K GLANCY  
MICHAEL GOLDSMITH  
SONIA V GOMEZ  
ANTONIO GONZALEZ  
WILLIAM GOODWIN  
MICHAEL GORDON  
CROSBY GORE  
RONALD L HAGWOOD  
GEORGE R HALL  
DIANE HARRIS  
MICHELE S HARRIS  
JAMES E HARRIS  
GORDON E HAYMAN  
STEVE HERDEMAN  
ADAM R HOFFER  
JASON VAN HOFFMAN  
ESTELA Q HOLMAN  
KYLE HOLMAN  
DEWEY W HUDMAN  
LINDA HUDSON  
TIMOTHY J HUGHES  
LESTER C HUMMEL  
BOWDOIN G HUTCHINSON  
MARCUS T JACKSON  
EDDIE LEWIS JACKSON  
PAUL A JAKUBCZAK  
SIDNEY L JERGER  
SIDNEY LEVON JERGER  
CAROL JOHNSON  
CHONTAE L JOHNSON  
CHRISTOPHER JOHNSON  
ANA MARIA JOHNSON  
TERRY RODNEY JOHNSON  
MICHAEL D JONES  
ROBERT JONES  
WILLIAM R KAEFF  
TERRY L KECK  
ADAM KEE  
MARTHA ANNE KERR

# Years of Dedicated Service

EUGENE D KNIGHT  
MARK KOBBE  
JENNIFER KRIP  
KUPER KRUEGER  
ALICE M LADOMIRAK  
PAUL LAGUERRE  
JOSEPH L LAMMERS  
DONALD T. E. LANDIN  
DOMINIC F LANE  
EDWARD S LEONGOMEZ  
JOHN RICHARD LILLY  
CLAYTON W LINDSTROM  
ERIN B LOMAX  
THELMA PATRICIA LOPEZ  
SCOTT LOVEN  
PAUL C LUGARA  
ALAN LUNA  
PAUL L MADSEN  
WANDA MAGNUSON  
WILLIAM H MAIN  
TAMMY R MALIN  
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FRED MANN  
LAURIE ANN MARTIN  
MICHAEL J MARTIN  
MELISSA MARTIN  
FLORINDA K MAZZARELLA  
TOMMIE V MC CARTHY  
NANCY L MC CONKEY  
TERRANCE MC MILLON  
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STONEY X MCPPEEK  
BARBARA A MIKA  
GEORGE E MILLER  
JOSHUA J MILLER  
JASON M MITTLER  
REGINA D MORRIS  
KENNETH JERROD MORRIS  
LARRY MIKEL MORRISON  
STEVEN MOSELY  
MICHAEL J MULVANEY  
STEVEN MURTO

CHRISTELLE MYRICK  
RUFUS NELSON  
DINO G NESSELRODE  
WILLIAM D NORTON  
KIMBERLY E OKUBO  
PAUL JOHN OLEKOSKI  
SHANNON ONDERLINDE  
JOHNNY ORTIZ  
SHANE OSTRANDER  
NANCY J PALKA  
THOMAS E PARKER  
SHELIA LAVERNE PARNELL  
KEVIN W PARRISH  
EDWARD L PATRICK  
DARIN PATTERSON  
ERIC PEARSON OLIVO  
NINA B PENICK  
MICHAEL A PERRI  
RICHARD G PETERSEN  
RONNIE PREBILSKY  
TONY TREAYMAN PRICE  
QUINCY ALLEN PRICE  
JOSHUA ORMOND PRINE  
DOUGLAS A PUPARD  
CHARLES D PUTNAM  
FRANCISCO RAMOS  
STEPHANIE RAULERSON  
J KEVIN RHODEN  
TIMOTHY W RICHARDS  
EDWIN RICHBERG  
HEATHER MARIE RICUCCI  
ROBERTO S RIGUAL  
TESSA KATHLEEN ROBERTS  
WILLIAM ROLLE  
DAVION LEON ROLLE  
SAMANTHA ROWLAND  
VALERIE A SCHULTE  
SAL ANTHONY SCIMECA  
JOHN M SHEPPARD  
HARRY SHERVA  
JOSHUA SHOLANDER  
JACK R SHONK  
DONNA SHURR  
CARMELO SIGNORELLI

STERLING R SIMMONS  
IRA SINGH  
VALENTIME C SIRMONS  
JULIE Z SIZEMORE  
SHAWN SMITH  
EILEEN SNOBERGER  
CIRO E SOTELO  
JOEL SPADES  
CHARLES J STANG  
ANGELA M STEPHENS  
BRIAN KEITH STEPHENS  
KURTIS D STRAND  
CHARLES S SWINDLE  
TONYA LYNN TARDIF  
WILLIAM TAYLOR  
KIMBERLY L TAYLOR  
DEBRA THERIAULT  
MARY E THOMAS  
DARRYL R THOMAS-BEY  
JOSEPH ROBERT TIETZ  
DANIEL D TILLMAN  
THELMA TIPTON  
NICOLE HONESTY TIPTON  
JOHN K TOMPECK  
LARRY W TYNDALL  
MASON TERRELL URSO  
OSVALDO VALDES  
LOUDWIN VASQUEZ  
ROBERT W VAUGHN  
CHRISTOPHER VELARDO  
EVELYN I WALKER  
KARISSA NASTASHIA WARE  
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

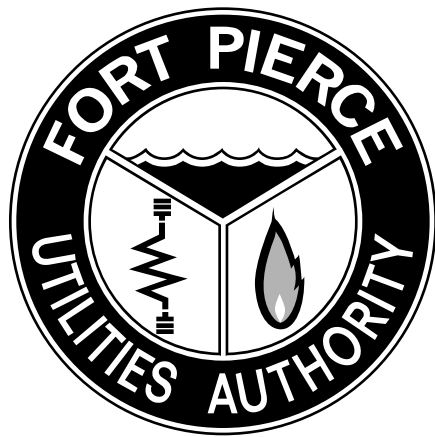
2-1-1 Treasure Coast	Early Learning Coalition
4-H St. Lucie County	Elks Little League Field
Agape Senior Citizen Recreational Center	Engineering Ministries International
Alzheimer's Community Care	Exchange Club
American Cancer Society	Family Fun Day Lawnwood Stadium
American Diabetes Association	Family Meals
American Legion	Florida Army National Guard
American Red Cross	Florida's Blood Centers
Angel Food Ministries	Florida Engineering Society
ARC of St. Lucie County	Florida March of Dimes Foundation
ASA Girls Fast Pitch Softball	Florida Water Environment Assoc. (FWEA)
Backus Gallery	Food for Families
Bat and Ball Club of St. Lucie County	Girl Scouts of the USA
Big Brothers/Big Sisters	Great American Cleanup
BlueBird Educational Foundation	Green Committee
Bowling for Kids Sake	Groovin' & Tastin'
Boys & Girls Club of St. Lucie County	H.A.N.D.S.
Boy Scouts of America	Habitat for Humanity
Calvary Chapel	Harvest Food & Outreach Center
C.A.S.T.L.E.	Healthy Start Coalition of St. Lucie County
Children Home Society's WaveCREST Shelter	Heathcote Botanical Gardens
Children's Miracle Network	Hibiscus Children's Center
Children's Services Council	Highwaymen
Christ Family Church	Hospice of the Treasure Coast
Club Utilitas, Inc. Teen Center	Jack and Jill of America
Common Ground Vineyard Church	Kids Crossing Playground Build
Conservation Alliance of SLC	Kids at Hope
Council On Aging of St. Lucie County	Kiwanis Clubs
Deaf & Hard of Hearing Services of the TC	Knights of Columbus
Dogs & Cats Forever	Leadership Saint Lucie
Downtown Business Association	Life Builders of the TC
Drug Abuse Treatment Association, Inc. (DATA)	Lincoln Park Main Street
	Main Street Fort Pierce
	Marine Corp League

# Mission Statement

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

community" by contributing their time and service to the following organizations:

Manatee Observation and Education Center (MOEC)	St. Lucie County Chamber
Moore's Creek Clean Up	St. Lucie County School Board
Multicultural Resource Center	St. Lucie County Economic Development Council
Muscular Dystrophy Association	St. Lucie County Fair Association
Mustard Seed Ministries	St. Lucie County Harbor Advisory Committee
Nature Fest	St. Lucie County Harbor Advisory Committee
Navy UDT-SEAL Museum	St. Lucie County Human Resources Association
Northside Bat and Ball Club	St. Lucie County Schools
Oxbow Eco-Center	St. Lucie County Sheriff
Oyster Fest	St. Lucie County Toys for Tots
PACE Center for Girls, TC	St. Lucie Panthers Softball Organization
Parent Academy	Sea-Life Habitat Improvement Project
Pilot Club of Fort Pierce	Southwestern Port St. Lucie Little League
Police Athletic League (PAL)	Susan G Komen - Strides Against Breast Cancer
Port St. Lucie Athletic Association	The Parent Academy
Port St. Lucie American Little League	The Royal Palms of St. Lucie
Port St. Lucie National Little League	The Van Duzer Foundation
Port St. Lucie Police Department	The Worship Center International Ministries
Port St. Lucie Power Squadron	Toastmasters International
Pregnancy Resources	Treasure Coast Blood Bank
Relay for Life	Treasure Coast Education & Research Development
Restoring the Village	Treasure Coast Environmental Education Council
Rotary Clubs	Treasure Coast Food Bank
Roundtable of St. Lucie County	Treasure Coast Manatee Foundation
Safe Space of St Lucie	Treasure Coast Renegades Youth Football
SAFER SLC	Treasure Coast Waterway Clean Up
Saint James Christian Academy	Tri County Animal Hospital
Salvation Army Christmas Angels	United Way of St. Lucie County
Sandy Shoe Festival	Winners Walk Tall
Sarah's Kitchen	
Save Our Children	
Save the Chimps	
St. Jude Children's Research Hospital	





## Director of Financial Services

*"Committed to Quality"*

March 15, 2017

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, 2016, 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

DiBartolomeo, McBee, Hartley & Barnes, P.A., Certified Public Accountants, have issued an unqualified ("clean") opinion on FPUA's financial statements for the fiscal year ended September 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **FPUA PROFILE**

FPUA was established in accordance with provisions of the City Charter, confirmed by an election held on May 30, 1972. 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.

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 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 28,299 services billed during the fiscal year ended September 30, 2016. FPUA currently has 16 miles of 69kV and 7.5 miles of 138kV transmission lines. The 69kV lines interconnect six sub-transmission substations and the 138kV lines connect two transmission substations to FPL and the City of Vero Beach. FPUA and the City of Vero Beach jointly own the 138kV line from Emerson Substation to County Line Substation. FPUA primary distribution has approximately 266 miles of overhead and 151 miles of underground cable which operates at 13.2kV. 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 is one of 13 municipally owned utilities in the 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 the ARP and agreed to purchase its total power requirements from the 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 20,079 services billed during the fiscal year ended September 30, 2016. 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 an annual daily average 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 385 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 15,069 services billed during the fiscal year ended September 30, 2016. The wastewater collection system consists of 116 lift stations, 172 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 permit for the IWRf IW-1 well, a twenty-four inch domestic well, is currently being renewed for the next 5-year permit cycle through 2022. 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 St. Lucie County landfill leachate, and is permitted through August 4, 2020. 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 4,166 services billed during the fiscal year ended September 30, 2016. 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 and wireless communication services, including Dedicated Fiber Internet Access and Optical Fiber Links, such as Dark Fiber and Bandwidth Connections to businesses and institutions. Wireless Broadband Internet and Wireless Bandwidth Connections are offered at less cost than fiber services, for applications with less stringent requirements. As founder and leading member of the Research Coast Communications Technology Alliance, 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. Over 39,257 visitors from all over the world visited the Center during fiscal year 2016. A total of 438 manatees were sighted. Volunteers provided a substantial donation to the Center with a total of 12,199 hours of volunteer time.

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, 2016, have been approved according to the above procedures.

## **LOCAL ECONOMY**

Fort Pierce is located on Florida's east coast, 120 miles north of Miami and 220 miles south of Jacksonville. The estimated 2016 populations of the City of Fort Pierce and St. Lucie County were 42,489 and 292,826 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, Treasure Coast 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 81% of the system revenues are derived from services provided within the City of Fort Pierce, and 19% 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. There are several telemarketing service centers, commercial centers, research institutions, and a Walmart Distribution Center located in the area.

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

The real estate market has shown some signs of improvement during fiscal year 2016. Although current development activity in the area is limited, FPUA is optimistic about growth in the long term. Even though many properties remain vacant, sales activity has picked up and some properties are being renovated and subsequently occupied. 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 is expected to provide an economic boost to the downtown area.

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

### **Rate Planning**

Rate sufficiency has been projected for the upcoming five years. Rate adjustments will be made in future years to ensure FPUA's electric, water, wastewater, and natural gas utilities each generate sufficient revenue to cover their respective expenses, while maintaining a minimum 45 days of operating cash as defined by FPUA bond covenants. 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.

### **Capital Planning**

FPUA's capital renewal, expansion, and improvements continue. Capital plans are projected for the upcoming five years, and are primarily driven by replacement of aging infrastructure, as well as street and highway reconstruction projects. The multiplicity of requirements by regulatory agencies increases the amount FPUA budgets for 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 helps fund the infrastructure needed to support growth in the future. In an effort to strategically expend FPUA's limited resources, Department Heads meet periodically with other governmental agencies to discuss and update capital plans and coordinate implementation of those plans.

### **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.”**

Periodically, workshops are held to re-evaluate the key result areas (KRA's) for FPUA focus, as the organization moves forward. Participants in the workshop include the FPUA Board, key FPUA staff, and members of the Fort Pierce City Commission. KRA's and the corresponding goals and objectives most recently identified are 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 and implementation of economic development incentives.

**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.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FPUA for its CAFR for the fiscal year ended September 30, 2015. This was the 22<sup>nd</sup> consecutive year 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 that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

FPUA also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document dated July 25, 2016. To qualify for the Distinguished Budget Presentation Award, FPUA’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the skill, effort, and dedication of the entire staff of FPUA’s Department of Finance. 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.

Respectfully submitted,



Nina B. Penick, CPA  
Director of Financial Services



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, 2015**

Executive Director/CEO

# FPUA Leadership

## Board Members



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



**Glynda Cavalcanti, CPA**  
*Vice Chairman*



**Daniel M. Delulio, CPA**  
*Secretary*



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



**Linda Hudson**  
*Mayor*

## Management Team

Clayton W. Lindstrom, P.E., Director of Utilities  
Paul A. Jakubczak, P.E., Director of Electric & Gas Systems  
Valerie A. Schulte, P.E., Acting Director of Water/Wastewater Systems  
Evelyn I. Walker, Director of Shared Services  
Nina B. Penick, CPA, Director of Financial Services

## Counsel

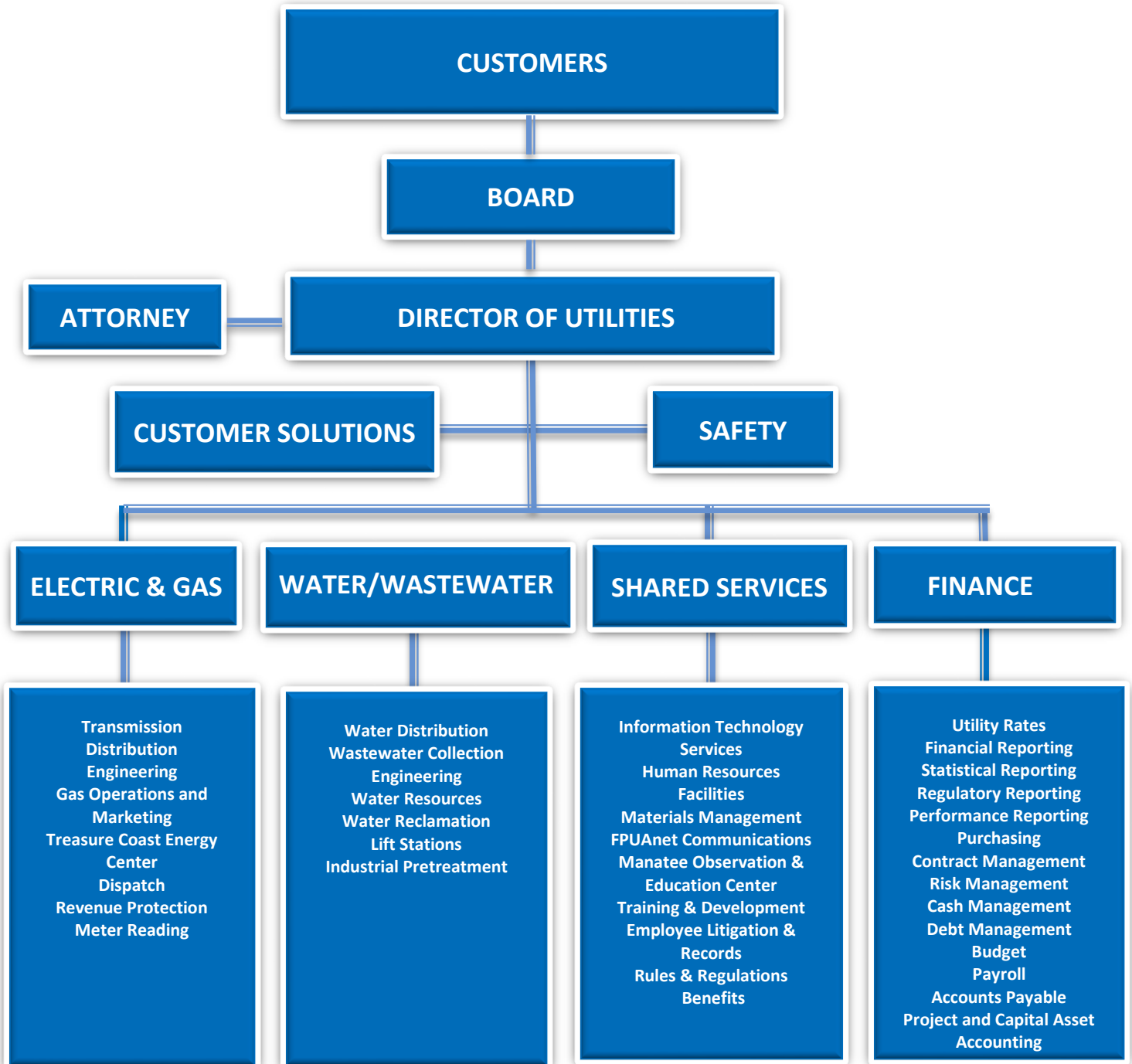
R.N. Koblegard, III, Esquire

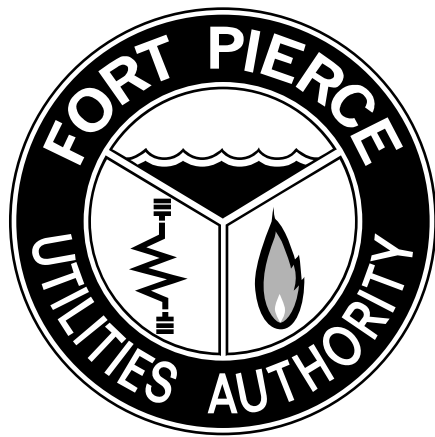
## Independent Certified Public Accountants

DiBartolomeo, McBee, Hartley & Barnes

# FORT PIERCE UTILITIES AUTHORITY

## Organizational Structure





**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 Fort Pierce Utilities Authority ("FPUA"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise 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 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 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 FPUA, as of September 30, 2016, 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 23, 2017, on our consideration of 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 FPUA's internal control over financial reporting and compliance.

*DiBartolomeo, McBee, Hartley & Barnes*

DiBartolomeo, McBee, Hartley & Barnes, P.A.

Fort Pierce, Florida

February 23, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fort Pierce Utilities Authority (FPUA), we offer readers of FPUA's financial statements this narrative overview and analysis of the financial activities of FPUA for the fiscal year ended September 30, 2016 (FY 2016). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on [pages 1-6](#) of this report.

### FINANCIAL HIGHLIGHTS

- Operating revenues increased \$2,863,000 over last year, and operating expenses increased \$3,719,000. Operating income of \$10,169,000 was down \$856,000 from \$11,025,000, 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. A water rate adjustment was implemented in June 2016. This adjustment is described in detail on [page 20](#). 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 each utility system.
- Natural gas prices remain at historically low levels. As a result, the cost of natural gas purchased for resale was down \$356,000 or 19.1% in FY 2016, but the cost of power purchased from FMPA increased \$1,836,000 or 4.6%.
- Water operating revenues were up 5.0% from FY 2015. Excluding the recovery of purchased power and gas costs, operating revenues from the electric system were up 2.7%, and down 3.1% in the gas system. Operating revenues from the wastewater system increased 1.7%. Consumption billed by the electric and water systems increased by 3.0% and 2.6% respectively. Gas unit sales decreased 3.2%. The number of wastewater gallons billed, as well as the average number of services billed in all utility systems, were flat.
- On March 4, 2016, FPUA issued Utilities Refunding Revenue Bond, Series 2016 at an interest rate of 2.14% to provide for the redemption of Utilities Revenue Bonds, Series 2002 with an interest rate of 5%. In conjunction with this refunding, FPUA has made the remaining transfers to its Debt Service Reserve account, which was prior to the previously agreed-upon completion date of January 2017. The net present value savings is calculated to be \$2,466,000. Additional information on FPUA's revenue bonds payable can be found in [Note F](#).
- The remediation of the former site of the H.D. King Power Plant is now complete. No future costs associated with testing and cleanup of the site are anticipated, and the Fort Pierce Redevelopment Agency continues to recover some of the cost through the sale of Voluntary Cleanup Tax Credits. See [Note P](#) for details.
- FPUA continues to be impacted by the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68). Net position for FY 2016 has been reduced by \$1,152,000 to reflect this accrued cost. See [Note I](#) for details.
- The Distribution to the City of Fort Pierce increased \$74,000 over last year. This was primarily a result of increased revenue being subject to the 6% distribution calculation multiplier.

## OVERVIEW OF THE FINANCIAL STATEMENTS

FPUA is a single enterprise fund even though it provides various utility services. FPUA's basic financial statements consist of fund financial statements and the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The financial statements are designed to provide readers with a broad overview of FPUA's finances, in a manner similar to a private-sector business. The **Statement of Net Position** presents financial information on all of FPUA's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of FPUA is improving or deteriorating.

The **Statement of Revenues, Expenses and Changes in Net Position** presents information showing how FPUA's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected utility billings and earned but unused vacation leave).

The enterprise fund activities of FPUA are intended to recover all or a significant portion of its costs through user fees and charges, and include providing electric, water, wastewater, natural gas, and communication services. FPUA also operates the Treasure Coast Energy Center (TCEC) for the Florida Municipal Power Agency (FMPA), as well as the Manatee Observation and Education Center (MOEC) for the City of Fort Pierce. FPUA's financial information is presented in the CAFR prepared by the City of Fort Pierce, as a component unit.

The **Notes to the Financial Statements** provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The notes can be found on [pages 28-49](#) of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning FPUA's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on [pages 50-51](#) of this report.

## FINANCIAL ANALYSIS OF FPUA AS A WHOLE

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. FPUA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$184,998,000 at the close of the most recent fiscal year.

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

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Current Assets	\$ 66,069	\$ 68,891	\$ (2,822)	(4.1%)
Capital Assets	215,744	216,840	(1,096)	(0.5%)
Other Noncurrent Assets	9,354	9,215	139	1.5%
Total Assets	<u>291,167</u>	<u>294,946</u>	<u>(3,779)</u>	<u>(1.3%)</u>
Total Deferred Outflows of Resources	5,042	4,940	102	2.1%
Current Liabilities	26,096	27,466	(1,370)	(5.0%)
Noncurrent Liabilities	<u>80,371</u>	<u>84,741</u>	<u>(4,370)</u>	<u>(5.2%)</u>
Total Liabilities	<u>106,467</u>	<u>112,207</u>	<u>(5,740)</u>	<u>(5.1%)</u>
Total Deferred Inflows of Resources	4,744	5,704	(960)	(16.8%)
Net Position:				
Net Investment in Capital Assets	137,337	132,680	4,657	3.5%
Restricted	12,070	12,734	(664)	(5.2%)
Unrestricted	<u>35,591</u>	<u>36,561</u>	<u>(970)</u>	<u>(2.7%)</u>
Total Net Position	<u>\$ 184,998</u>	<u>\$ 181,975</u>	<u>\$ 3,023</u>	<u>1.7%</u>

The largest portion of FPUA's net position (74.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. FPUA uses these capital assets to provide a variety of services to its customers. Accordingly, these assets are not available for future spending. Although FPUA's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of FPUA's net position (6.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$35,591,000 is unrestricted and may be used to meet FPUA's ongoing obligations to its customers and creditors.

Deferred outflows of resources have increased due to the deferred pension outflow recorded in accordance with GASB 68. Deferred inflows of resources have decreased due to the decrease in the purchased power and gas over-collections, over and above the amount recorded as deferred pension inflow this year. The value of FPUA's capital assets, net of depreciation, has remained flat this year. The increase in net investment in capital assets, as well as the decrease in liabilities, is primarily due to the annual repayment of principal on revenue bonds payable.

Table 2  
**Changes in Net Position**  
(Dollars in Thousands)

	FY 2016	FY 2015	Increase (Decrease)	
			\$	%
<b>Operating Revenues</b>				
Electric	\$ 65,156	\$ 62,844	\$ 2,312	3.7%
Water	15,537	14,804	733	5.0%
Wastewater	12,448	12,234	214	1.7%
Natural Gas	4,378	4,848	(470)	(9.7%)
MOEC	410	390	20	5.1%
FPUAnet Communications	492	438	54	12.3%
<b>Nonoperating Revenues</b>				
Investment and Other Income	2,136	2,171	(35)	(1.6%)
Grant Revenue	-	81	(81)	(100.0%)
Total Revenues	<u>100,557</u>	<u>97,810</u>	<u>2,747</u>	<u>2.8%</u>
<b>Operating Expenses</b>				
Purchases for Resale	43,783	42,304	1,479	3.5%
Plant Operations	5,313	5,325	(12)	(0.2%)
Field Operations	9,062	8,641	421	4.9%
General and Administrative	16,997	15,802	1,195	7.6%
Depreciation	13,097	12,461	636	5.1%
<b>Nonoperating Expenses</b>				
Distribution to the City of Fort Pierce	5,809	5,735	74	1.3%
Interest Expense	3,445	3,594	(149)	(4.1%)
TCEC Expenses	1,699	1,809	(110)	(6.1%)
Total Expenses	<u>99,205</u>	<u>95,671</u>	<u>3,534</u>	<u>3.7%</u>
<b>Income (Loss) before Capital Contributions and Extraordinary Expense</b>				
	1,352	2,139	(787)	(36.8%)
Capital Contributions	1,650	2,471	(821)	(33.2%)
Extraordinary Income (Expense)	21	(10)	31	(310.0%)
Increase (Decrease) in Net Position	<u>3,023</u>	<u>4,600</u>	<u>(1,577)</u>	<u>(34.3%)</u>
Net Position - Beginning of Year	<u>181,975</u>	<u>177,375</u>	<u>4,600</u>	<u>2.6%</u>
Net Position - End of Year	<u>\$ 184,998</u>	<u>\$ 181,975</u>	<u>\$ 3,023</u>	<u>1.7%</u>

In addition to the increases in operating revenues, purchased power, and pension expense discussed previously in the financial highlights, the increase in general and administrative expenses were a result of many factors. Depreciation expense is increasing as costly capital projects are closed and begin to depreciate. The acidization of the Mainland Deep Injection Well, as well as the low pressure incident experienced in the Gas system were unanticipated costs in FY 2016. The decrease in capital contributions as compared to FY 2015 actually reflects an increase when compared to fiscal years 2011 through 2014.

The distribution to the City of Fort Pierce, based on FY 2016 revenues, computes to \$5,969,000 and will be paid in April 2017 (see [Note E](#) for details). Last year’s distribution, based on FY 2015 revenues, totaled \$5,809,000, and was paid in April 2016. This increase is a result of higher sales revenues, as well as power cost in excess of the actual amount paid being included in the base electric rate, which are subject to the calculation at 6% of gross revenue.

## CAPITAL ASSETS

Major projects, and the costs associated with each during FY 2016, include:

• Repump #1 Rehabilitation – Jaycee Park	\$1,750,000
• Water Treatment Plant:	
• Sand Filter Rehabilitation	841,000
• High Service Pump #4	452,000
• Well S-8R Replacement	393,000
• Sunrise Boulevard – Water & Wastewater	493,000
• Electric Transmission and Distribution:	
• System Improvements	445,000
• New Construction	325,000
• Second Street – all systems	425,000
• Wastewater Collection:	
• Wastewater Main Lining	417,000
• Lift Station Rehabilitation	393,000
• Vac-Con Truck	317,000
• Water Distribution:	
• Parkland Boulevard MSBU	331,000
• Main, Service and Valve Replacements	322,000
• Water Meters & Backflows	306,000

Since many of the projects rehabilitate deteriorating lines in the older sections of the service territory, the impact on operating and maintenance expenses is expected to be favorable. However, over 110 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 2016, FPUA had \$215,744,000 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. The following tables summarize FPUA's capital assets, net of accumulated depreciation, and changes therein, for the year ended September 30, 2016.

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

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Electric	\$ 62,125	\$ 64,504	\$ (2,379)	(3.7%)
Water	80,164	77,329	2,835	3.7%
Wastewater	59,558	61,004	(1,446)	(2.4%)
Shared Services	7,292	7,630	(338)	(4.4%)
Gas	5,879	5,563	316	5.7%
FPUAnet	656	734	(78)	(10.6%)
MOEC	70	76	(6)	(7.9%)
<b>Total</b>	<u>\$ 215,744</u>	<u>\$ 216,840</u>	<u>\$ (1,096)</u>	<u>(0.5%)</u>

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

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Land	\$ 10,046	\$ 10,046	\$ -	0.0%
Transmission, distribution, and collection systems	155,675	158,077	(2,402)	(1.5%)
Equipment	13,895	10,018	3,877	38.7%
Structures and improvements	13,581	13,931	(350)	(2.5%)
Construction work in progress	22,547	24,768	(2,221)	(9.0%)
<b>Total</b>	<u>\$215,744</u>	<u>\$216,840</u>	<u>\$ (1,096)</u>	<u>(0.5%)</u>

Additional information on FPUA's capital assets can be found in [Note C on pages 34-35](#) of this report.

## **DEBT ADMINISTRATION**

At September 30, 2016, FPUA had outstanding revenue bonds in the amount of \$78,510,000. 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 \$7,367,000 was due and paid on October 1, 2016.

On June 10, 2016, the bond rating firm, Standard & Poor's, affirmed its 'A' rating on FPUA's revenue bonds. On June 26, 2015, the bond rating firm, Fitch Ratings Inc., affirmed FPUA's 'A+' rating. 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, 2016, compared to 2.55 times on September 30, 2015. This coverage ratio remains well above the 1.25 minimum requirement.

As previously described, FPUA issued Utilities Refunding Revenue Bond, Series 2016 at an interest rate of 2.14% to provide for the redemption of Utilities Revenue Bonds, Series 2002 with an interest rate of 5% in March 2016. FPUA continues to evaluate other refunding opportunities which may remain.

Additional information on FPUA's revenue bonds payable can be found in [Note F on pages 37-39](#) of this report.

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

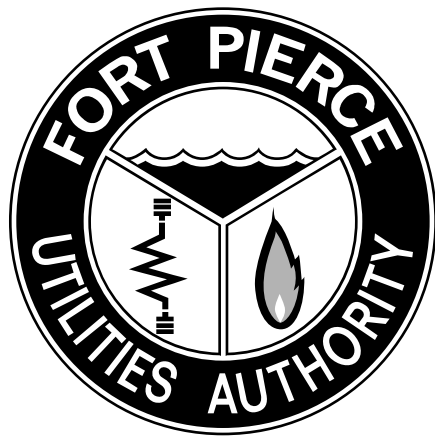
Local economic factors are discussed at length on [pages 4 and 5](#).

On June 1, 2016, an increase of 3% was applied to the water customer and volume charges. Current rate schedules and charges are available on FPUA's website, [www.fpua.com](http://www.fpua.com). 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.

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

This financial report is designed to provide a general overview of FPUA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to FPUA's Director of Financial Services at Fort Pierce Utilities Authority, PO Box 3191, Fort Pierce, FL 34948-3191, or e-mail [npenick@fpua.com](mailto:npenick@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, 2016  
(With comparative totals for September 30, 2015)  
(Dollars in Thousands)

	<b>2016</b>	<b>2015</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>ASSETS</b>		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 25,020	\$ 27,712
Accounts Receivable, Net of Allowance for Uncollectible		
Accounts of \$4,154 in 2016 and \$4,170 in 2015	9,072	8,149
Unbilled Receivables	5,432	5,534
Due from Other Governments	424	422
Inventories and Other Current Assets	4,546	5,009
Restricted Equity in Pooled Cash and Investments	20,492	20,757
Restricted Cash with Fiscal Agent	1,083	1,308
Total Current Assets	66,069	68,891
Noncurrent Assets:		
Capital Assets:		
Utility Plant in Service	434,848	423,324
Construction Work in Progress	22,547	24,768
Less Accumulated Depreciation	(241,651)	(231,252)
Total Capital Assets (net of Accumulated Depreciation)	215,744	216,840
Other Noncurrent Assets:		
Restricted Equity in Pooled Cash and Investments	6,857	6,703
FMPA Working Capital Receivable	1,919	1,919
Preliminary Surveys	41	6
Investment in Public Gas Partners Pool	537	587
Total Other Noncurrent Assets	9,354	9,215
Total Noncurrent Assets	225,098	226,055
Total Assets	291,167	294,946
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Advance Distribution to General Fund - City of Fort Pierce	-	1,251
Deferred Pension Outflow	4,891	3,689
Deferred Amount on Debt Refunding	151	-
Total Deferred Outflows of Resources	5,042	4,940
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 296,209</b>	<b>\$ 299,886</b>

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

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position**  
September 30, 2016  
(With comparative totals for September 30, 2015)  
(Dollars in Thousands)

	<b>2016</b>	<b>2015</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 7,900	\$ 9,577
Due to City of Fort Pierce	913	781
Customer Deposits - restricted assets	8,024	7,803
Revenue Bonds Payable - restricted assets	7,367	7,086
Accrued Interest Payable - restricted assets	971	1,145
Accrued Compensated Absences	24	170
Capital Leases Payable	38	31
Other Current Liabilities	859	873
Total Current Liabilities	26,096	27,466
Noncurrent Liabilities:		
Revenue Bonds Payable, Net of Unamortized Discounts	71,085	76,754
Accrued Compensated Absences	1,778	1,592
Other Post Employment Benefit Obligation	711	681
Net Pension Liability	6,655	5,528
Due to St. Lucie County	131	137
Capital Leases Payable	11	49
Total Noncurrent Liabilities	80,371	84,741
Total Liabilities	106,467	112,207
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Purchased Power and Gas Over-Recovery	3,516	5,694
Deferred Pension Inflow	1,228	-
Deferred Amount on Debt Refunding	-	10
Total Deferred Inflows of Resources	4,744	5,704
<b>NET POSITION</b>		
Net Investment in Capital Assets	137,337	132,680
Restricted Capital Improvement Charges	5,213	6,031
Restricted for Debt Service	5,457	4,930
Restricted for Emergencies	900	1,273
Restricted for Renewals and Replacements	500	500
Unrestricted	35,591	36,561
Total Net Position	184,998	181,975
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 296,209</b>	<b>\$ 299,886</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, 2016  
(With comparative totals for the year ended September 30, 2015)  
(Dollars in Thousands)

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Sales and charges for services	\$ 96,157	\$ 93,396
Other	2,264	2,162
	<hr/>	<hr/>
Total Operating Revenues	98,421	95,558
<b>OPERATING EXPENSES</b>		
Purchases for resale	43,783	42,304
Plant operations	5,313	5,325
Field operations	9,062	8,641
General and administrative	16,997	15,802
Depreciation	13,097	12,461
	<hr/>	<hr/>
Total Operating Expenses	88,252	84,533
<b>OPERATING INCOME</b>	10,169	11,025
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and other income	2,136	2,171
Grant revenue	-	81
TCEC expenses	(1,699)	(1,809)
Interest expense	(3,445)	(3,594)
Distribution to General Fund - City of Fort Pierce	(5,809)	(5,735)
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	(8,817)	(8,886)
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	1,352	2,139
Capital contributions	1,650	2,471
	<hr/>	<hr/>
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	3,002	4,610
Extraordinary Income (Expense)	21	(10)
	<hr/>	<hr/>
<b>CHANGE IN NET POSITION</b>	3,023	4,600
<b>Net Position - Beginning of Year</b>	181,975	177,375
	<hr/>	<hr/>
<b>Net Position - End of Year</b>	<u>\$ 184,998</u>	<u>\$ 181,975</u>

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

**FORT PIERCE UTILITIES AUTHORITY****Statement of Cash Flows**

Year Ended September 30, 2016

(With comparative totals for the year ended September 30, 2015)

(Dollars in Thousands)

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 94,755	\$ 95,927
Receipts from other sources	2,264	2,162
Payments to suppliers for goods and services	(54,939)	(53,069)
Payments to employees for services	(12,307)	(13,847)
Payments for benefits on behalf of employees	(8,019)	(6,523)
Net cash provided by operating activities	<u>21,754</u>	<u>24,650</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Increase in payable to City of Fort Pierce	5	15
Proceeds received for Grants & Storm damages	-	106
Payments for other non-operating activities	(1,699)	(1,809)
Distribution to General Fund - City of Fort Pierce	(5,809)	(5,735)
Net cash used by noncapital financing activities	<u>(7,503)</u>	<u>(7,423)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(12,001)	(12,180)
Proceeds from sale of assets	16	-
Capital contributions	1,515	784
Proceeds from issuance of debt	18,541	8,526
Bond and loan principal payments	(23,960)	(14,099)
Bond and loan interest payments	(3,445)	(3,594)
Proceeds from capital lease obligation	-	29
Payment on capital lease obligation	(31)	(27)
Net cash used by capital and related financing activities	<u>(19,365)</u>	<u>(20,561)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in value of PGP Investment	(50)	(37)
Interest on investments	2,136	2,171
Net cash provided by investing activities	<u>2,086</u>	<u>2,134</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (3,028)</u>	<u>\$ (1,200)</u>

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

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Cash Flows**  
Year Ended September 30, 2016  
(With comparative totals for the year ended September 30, 2015)  
(Dollars in Thousands)

	<b>2016</b>	<b>2015</b>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (3,028)	\$ (1,200)
Cash and Cash Equivalents at Beginning of Year	56,480	57,680
Cash and Cash Equivalents at End of Year	\$ 53,452	\$ 56,480
Current equity in pooled cash and investments	\$ 25,020	\$ 27,712
Restricted equity in pooled cash and investments	27,349	27,460
Restricted cash with fiscal agent	1,083	1,308
Total Cash and Cash Equivalents	\$ 53,452	\$ 56,480
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>		
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 10,169	\$ 11,025
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	13,097	12,461
Inventory adjustment / gain assets / pension expense	1,353	151
(Increase) decrease in accounts receivable	328	(893)
(Increase) decrease in unbilled revenue	102	425
(Increase) decrease in inventories and other current assets	462	(133)
Increase (decrease) in liabilities deferred & customer deposits	(1,957)	-
Increase (decrease) in accounts payable	(1,677)	(489)
Increase (decrease) in compensated absences	40	(171)
Increase (decrease) in other post employment benefits	30	59
Increase (decrease) in deferred revenues	(193)	2,215
	\$ 21,754	\$ 24,650
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>		
Contributions of capital assets	\$ 135	\$ 1,687

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

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(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, FPUA 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 appointed 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, 2016, 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.

Accounting Standards Adopted

GASB Statement No. 65 – During FY 2014, FPUA implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), that amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

The impact of the implementation of GASB 65 on FPUA's financial statements for all periods presented was that certain debt issuance costs are now expensed which were previously recorded as an asset and amortized over the life of the debt.

*GASB Statement No. 68* – Fort Pierce Utilities Authority implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68) for the fiscal year ended September 30, 2015. This statement establishes standards of accounting and financial reporting for pension plans that are administered through a trust that meet certain criteria. Implementation of GASB 68 replaces the requirements of Statements No. 27 and 50.

During fiscal year 2016, three new accounting standards were adopted as follows:

*GASB Statement No. 72 – The Fair Value Measurement and Application* The Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature.

*GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* The Statement identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.

*GASB Statement No. 79 – Certain External Investment Pools and Pool Participants* This Statement establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

*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.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

**NOTE A – continued**

Assets, Liabilities, Deferred outflows/inflows of resources, 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 (See Note B Investments). Florida PRIME has a current rating by Standard and Poor’s of AAAm. There is a risk of loss on these investments based upon the fluctuation of interest rates and lengths of maturity.

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

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 inflow of revenue. At the end of the fiscal year, FPUA has recorded deferred inflow of resources in the amount of \$3,516 for these adjustments.

## FORT PIERCE UTILITIES AUTHORITY

### Notes to Financial Statements

September 30, 2016

(Dollars in Thousands)

Long-Term Liabilities – Bonds payable are reported net of any applicable discounts. Bond discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs have been recognized as outflows of resources in accordance with GASB No. 65 (see GASB Statement No. 65 in this note).

Deferred outflows/inflows of resources - The financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until the period in which the expense belongs arrives. Similarly, *deferred inflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until FPUA reaches the period to which the resources belong.

FPUA has the following items that qualify for reporting under this section:

- Deferred Pension Outflows and Inflows in accordance with the implementation of GASB 68.
- Purchased Power and Gas Over-Recovery.
- Deferred Amount on the refunding of Revenue Bonds Series 2016.

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

- Net Investment in Capital Assets – Consists of capital assets, contributed capital assets and capital leases, net of accumulated depreciation and reduced by the outstanding balances of any bonds and related debt that is 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, 2016 are \$379, \$3,807, and \$1,027. 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.
- Restricted for Debt Service – Consists of \$5,457 in 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 \$900 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 \$500 in 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 “net investment in capital assets”.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

**NOTE A - continued**

Comparative data

Certain reclassifications have been made in order to provide a consistent and comparative 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, 2016, have been approved according to the above procedures.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2016 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2016. Management has performed their analysis through February 23, 2017.

**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, 2016, or with banks in which depository insurance was sufficient to cover the deposit balance. At year-end, FPUA's carrying amount of deposits was \$370 and the bank balance was \$89.

Investments – The following investments are considered cash equivalents for purposes of the Statement of Cash Flows (see Note A, Pooled Cash and Investments). FPUA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principals as noted in Note A, GASB No. 72, Fair Value Measurement and Application. FPUA's investments held throughout the year are principally the same as the investments held as of September 30, 2016. Due to fluctuations in cash flows, FPUA maintains investments in overnight repurchase agreements. The interest income generated on these investments including any gain on investment, for the year ended September 30, 2016, was \$74.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

As of September 30, 2016, FPUA had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Seacoast National Bank Sweep	\$ 37,968
PNC Money Market	7,062
Florida State Board of Administration - Florida PRIME Local Government Surplus Funds Trust Fund (AAAm)	5,236
Harbor Community Bank Certificate of Deposit	<u>1,724</u>
Total	<u><u>\$ 51,990</u></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.

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.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

**NOTE B – continued**

- (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 73% of FPUA's investments are in overnight repurchase agreements and the Florida PRIME Investment Pool.

**NOTE C – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 10,046	\$ -	\$ -	\$ 10,046
Construction Work In Progress	24,768	10,643	(12,864)	22,547
Total Utility Plant, not being depreciated	34,814	10,643	(12,864)	32,593
Capital Assets, being depreciated:				
Transmission, distribution and collection systems	330,814	7,784	(2,032)	336,566
Equipment	45,818	6,040	(666)	51,192
Structures and improvements	36,646	398	-	37,044
Total Utility Plant being depreciated	413,278	14,222	(2,698)	424,802
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(172,737)	(10,186)	2,032	(180,891)
Equipment	(35,800)	(2,163)	666	(37,297)
Structures and improvements	(22,715)	(748)	-	(23,463)
Total accumulated depreciation	(231,252)	(13,097)	2,698	(241,651)
Total Capital Assets, being depreciated, net	182,026	1,125	-	183,151
Total Capital Assets, net	\$ 216,840	\$ 11,768	\$ (12,864)	\$ 215,744

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

Depreciation expense was charged to the utility systems as follows:

Electric	\$ 4,508
Water	4,454
Wastewater	3,743
Gas	313
FPUAnet Communications	73
Manatee Observation and Education Center	<u>6</u>
	<u>\$13,097</u>

Construction work in progress at September 30, 2016, consists principally of expansions and upgrades to the electric transmission and distribution system, water supply and distribution system, wastewater collection and treatment system, and gas distribution system.

FPUA capitalizes interest costs on funds borrowed to finance the construction of utility plant in conformity with Governmental Accounting Standards Board Statement No. 62. Total interest costs for the year ended September 30, 2016, were \$3,445 of which \$181 has been capitalized as plant utility construction costs.

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

	<u>Project</u>	<u>Expended</u>	<u>Remaining</u>	<u>Required</u>
<u>Upgrade and</u>	<u>Authorization</u>	<u>to Date</u>	<u>Commitmen</u>	<u>Further</u>
<u>Expansion</u>				<u>Financing</u>
Water	\$ 2,875	\$ 2,018	\$ 857	None
Wastewater	820	577	243	None
Gas	190	37	153	None
Electric	7	3	4	None
FPUAnet	5	-	5	
	<u>\$ 3,897</u>	<u>\$ 2,635</u>	<u>\$ 1,262</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, 2016, there were no remaining unit price contract commitments for the construction or renovation of FPUA system assets.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

**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	\$ 8,338
Capital Improvement Charges	5,213
Customer security deposits	8,024
Debt Service	5,457
Emergency reserve	900
Renewal and replacement reserve	<u>500</u>
Total Restricted Assets	<u><u>\$28,432</u></u>

**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, 2017, based on the 6% distribution formula for the year ended September 30, 2016:

Gross Revenue	\$ 102,238
Plus:	
Power Cost and Purchased Gas Adjustments	1,736
Gas Piping and Appliance Costs	<u>41</u>
	104,015
Less:	
FMPA O&M Contract Income	1,699
Capital Contributions	1,650
FPUAnet Operating Revenue	492
Manatee Observation and Education Center Operating Revenue	410
Revenue for City Billing	187
Gas Piping and Appliance Revenue	67
Extraordinary Income	<u>30</u>
Adjusted Gross Revenue	<u><u>\$ 99,480</u></u>
Amount distributable to General Fund, City of Fort Pierce at 6% of gross revenues, as defined	<u><u>\$ 5,969</u></u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

**NOTE F – REVENUE BONDS PAYABLE**

Revenue Bonds Payable at September 30, 2016, consist of:

\$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, 2016 is \$27,245. 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.	\$27,245
\$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 principal amount of \$6,920 due on October 1, 2016.	6,920
\$9,545 Utilities Refunding Revenue Bonds, Series 2016, collateralized by pledge of and first lien on the net revenues of the combined systems, interest at 2.14%. Principal amounts ranging from \$172 to \$3,451 are due October 1, 2016 through October 1, 2026.	9,545
Total Revenue Bonds Payable at September 30, 2016	\$78,510
Less: Unamortized portion of revenue bond discounts	58
Current portion of revenue bonds payable	<u>7,367</u>
	<u>\$ 71,085</u>

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

September 30, 2016

(Dollars in Thousands)

**NOTE F – continued**

Requirements to amortize all revenue bonds outstanding as of September 30, 2016 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	7,367	1,816	9,183
2018	5,840	1,762	7,602
2019	5,897	1,706	7,603
2020	5,953	1,645	7,598
2021	6,015	1,584	7,599
2022-2024	18,424	4,345	22,769
2025-2027	19,224	3,225	22,449
2028-2030	17,515	1,052	18,567
	<u>86,235</u>	<u>17,135</u>	<u>103,370</u>
Future accretion on capital appreciation bonds	<u>(7,725)</u>	<u>7,725</u>	<u>-</u>
	<u>\$ 78,510</u>	<u>\$ 24,860</u>	<u>\$ 103,370</u>

**Significant Bond Covenants for Utilities Revenue Bonds**

The Series 1999, 2009, 2012 and 2016 bond issues provide that FPUA accumulate monthly 1/6 of the amount of all interest due on the next semi-annual interest payment date, and 1/12 of the amount of principal due and payable on the next principal maturity date. Additionally, FPUA's Master Bond Resolution requires renewal and replacement, emergency reserve and debt service reserve subaccount funds with minimum requirements of \$500, \$900 and \$5,457, respectively. These reserves are funded in the amounts of \$500, \$900 and \$5,457 respectively, at September 30, 2016.

**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, 2016, Utilities Revenue Bonds Series 1991, in the amount of \$7,500, are considered defeased.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

Redemption Options Prior to Maturity

The 2002 Bonds maturing on October 1, 2027 were 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. On March 4, 2016, FPUA issued Utilities Refunding Revenue Bond, Series 2016, in the amount of \$9,545 at a rate of 2.14%, in accordance with the above provision. These Utilities Refunding Bonds carry a deferred amount of \$161 at issue date and mature on October 1, 2026. This bond series presents a reduction in interest costs of approximately \$2,466 over the life of the bonds. These bonds are redeemable at any time at the option of FPUA. Any full or partial prepayment will carry a fee equal to the greater of (i) 1.00% of the principal balance multiplied by the number of years remaining or (ii) a 'Yield Maintenance Fee'.

The 2003 Bonds maturing on or after October 1, 2014 were 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, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 84,070	\$ 18,541	\$ (24,101)	\$ 78,510	\$ 7,367
Bond Discounts	(230)	(161)	333	(58)	-
Net Pension Liability	5,528	1,127	-	6,655	-
Due to St Lucie County	137	-	(6)	131	-
Capital Leases	80	-	(31)	49	38
Compensated Absences	1,762	1,442	(1,402)	1,802	24
Other Post Employment Benefits	681	61	(31)	711	-
Pollution Remediation	797	-	(776)	21	21
<b>Long Term Liabilities</b>	<b>\$ 92,825</b>	<b>\$ 21,010</b>	<b>\$ (26,014)</b>	<b>\$ 87,821</b>	<b>\$ 7,450</b>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(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, 2016, have been reflected in the accounts of FPUA for vested (not contingent on employee future service) vacation and sick leave benefits at September 30, 2016, as follows:

	<u>Total Liability</u>	<u>Due Within One Year</u>
Vacation leave	\$ 663	\$ 24
Sick leave	<u>1,139</u>	<u>-</u>
	<u>\$ 1,802</u>	<u>\$ 24</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, 2016, \$58 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, 2016, \$49 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, 2016, \$31 was paid to employees electing this option.

## FORT PIERCE UTILITIES AUTHORITY

### Notes to Financial Statements

September 30, 2016

(Dollars in Thousands)

#### 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 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.

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 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.

##### Actuarial Methods and Assumptions

GASB Statement No. 68 (GASB 68) identifies the methods and assumptions that should be used to project benefit payments, discount those payments to their present value, and attribute that present value to employee periods of service. The assumptions used in this valuation include the expected rate of return on pension investments to be 8.00%; the long-term municipal bond rate of 3.06%; and the resulting Single Discount Rate of 8.00%. The wage inflation rate assumed was 4.50%. Mortality tables used were the RP-2000 Combined Mortality Tables for males and females with no margin for future improvements. Cost-of-Living Adjustments (COLAs) are granted if the investment return exceeds the investment return assumption and the cumulative actuarial gains and losses since 1995. Based on these assumptions. The pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members.

##### Funding Status and Progress

Employer contributions to the System, based upon the annual covered payroll, made in accordance with actuarially determined requirements was \$4,211 (15.4%) for the fiscal year ended September 30, 2016. The two preceding years' contributions to the System and percent of covered payroll were \$4,356 (16.51%) for 2014 and \$4,093 (15.66%) for 2015.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

**NOTE I – continued**

At September 30, 2016, FPUA reported a liability of \$6,655 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015. FPUA’s proportionate share of the net pension liability was based on the FPUA’s present value of projected long-term contributions. At September 30, 2016, the FPUA's proportionate share was 44.83 %. There were no changes made to the plan benefits for the year ending September 30, 2016. GASB 68 establishes standards for measuring liabilities, deferred inflows and outflows of resources and pension expense. The Net Pension Liability (NPL) is measured by the Total Pension Liability (TPL), less the plan’s Fiduciary Net Position (market value of assets). The System was 92.51% funded by valuation assets as of September 30, 2016. For the fiscal year ended September 30, 2016, FPUA recognized pension expense of \$3,178. FPUA has recorded beginning and ending accruals which may differ from reporting by the System. At September 30, 2016, FPUA reported a payable in the amount of \$52, for outstanding contributions to the Pension Plan. In addition FPUA reported deferred outflows of resources related to pensions as the difference between projected and actual investment earnings of:

<u>Year</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense</u>
2014 and Prior	\$ -	\$ -	\$ 1,750
2015	3,689	-	89
2016	4,891	(1,228)	1,152

The net deferred outflows of resources related to the Pension Plan, totaling \$3,663 resulting from FPUA contributions to the Plan subsequent to the measurement date, will be recognized as an increase of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 1,218
2018	1,218
2019	1,218
2020	9
2021	-
Thereafter	-
Total	<u>\$ 3,663</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

*Sensitivity of the FPUA's Proportionate Share of the Net Position Liability to Changes in the Discount Rate*

The following represents the FPUA's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the FPUA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
FPUA's proportionate share of the Net Pension Liability	\$ 15,801	\$ 6,655	\$ (1,169)

**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 \$125 and \$4,919 in the aggregate for calendar year 2016.

As of September 30, 2016, FPUA had estimated incurred unpaid claims of \$567. Fiscal Year 2016 liability does not include Dental Claims liability or the Stop Loss premium adjustment. 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.

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>
2015	\$ 760	\$ 4,462	\$ 4,745	\$ 477
2016	477	5,316	5,226	567

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

**NOTE J – continued**

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 41 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 \$214 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, 2016

(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	\$ 72
Interest on Net OPEB Obligation	27
Adjustment on annual required contribution	<u>(38)</u>
Annual OPEB Cost	61
Contributions made	(30)
Interest on contributions	<u>(1)</u>
Increase in Net OPEB Obligation	30
Net OPEB Obligation - beginning of year	<u>681</u>
Net OPEB Obligation - end of year	<u>\$ 711</u>

FPUA's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, the net OPEB obligation for FY 2016, and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB (Asset)/ Obligation</u>
2014	\$83	30.1%	\$ 622
2015	84	29.8%	681
2016	61	49.2%	711

**Funded Status and Funding Progress** - The net OPEB obligation was not funded as of October 1, 2016, the most recent actuarial valuation date. As a result, the unfunded actuarial accrued liability (UAAL) for benefits was \$609. The covered payroll (annual payroll of active employees covered) was \$15,032. Therefore, the ratio of the UAAL to the covered payroll was 4.1%.

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, 2016

(Dollars in Thousands)

**NOTE K – continued**

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, 2016 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 entered into a lease with Pitney Bowes and committed to a new five-year capital lease for 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, 2016 the FMV less accumulated amortization was \$35. The effective interest/maintenance expense for the year ended September 30, 2016 was \$12. Future lease payments for this capital lease are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2017	38
2018	<u>11</u>
	<u>\$49</u>

**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, 2016, were \$1,600.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

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.

Current accounts receivable from the City at September 30, 2016, totaled \$207. Disbursements made to the City by FPUA, including payments of utility tax, sanitation charges collected and other routine charges for the year ended September 30, 2016, were \$9021. In addition, FPUA paid the September 30, 2015 General Fund distribution to the City in the amount of \$5,809. Amounts payable to the City at September 30, 2016, were \$794.

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.

Advance Distribution to the General Fund – FPUA entered into an agreement with the City to provide an advance on future distributions to the General Fund. FPUA disbursed \$1,250 during the year ending September 30, 2014. The City repaid this advance in December 2016 including interest accrued at the average interest rate earned by FPUA on its investments. Through September 30, 2016 interest in the amount of \$3 has been accrued and is included in the current accounts receivable balance.

**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, which 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, 2016

(Dollars in Thousands)

**NOTE N – continued**

*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 2015 and FY 2016 was \$8,020 and \$8,102 respectively. FPUA is committed under the agreements to payments of \$7,925 for the year ending September 30, 2016.

*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 2016, additional firm capacity was made available from FGT and FPUA exercised rights to obtain this capacity. An additional 96,800 MMbtu of capacity was obtained. With this additional capacity, the amount of Sunrise capacity was reduced by 45,300 MMbtu via a revised interlocal agreement with the City of Sunrise. In FY 2017, FPUA will be entitled to firm capacity of 566,412 MMbtu, and will be committed to purchase 150,000 MMbtu of natural gas at

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2016

(Dollars in Thousands)

an approximate cost of \$528. The amounts purchased under these contracts, for FY 2015 and FY 2016 were \$1,862 and \$1,506 respectively.

*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 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, 2016.

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 2015 and FY 2016 totaled \$1,809 and \$1,699 respectively.

**NOTE O – EXTRAORDINARY ITEMS**

FPUA transferred the ownership of the former site of the Henry D. King Power Plant to the Fort Pierce Redevelopment Agency (FPRA) on October 15, 2009. A grant awarded to the FPRA for the cleanup was not sufficient to cover the cost of remediation. The total actual cost to complete the remediation was slightly less than originally anticipated, as such FPUA has recorded income of \$31. Voluntary Cleanup Tax Credits have been estimated to cover \$2,285 of the project costs. The remaining amount expected to be paid by FPUA in FY 2017 is \$21. Amounts payable to the FPRA at September 30, 2016 were \$120. When the work on this project concludes, the final cost will be reevaluated as to the actual amounts received through tax credits.

**NOTE P – NONEXCHANGE FINANCIAL GUARANTEES**

At September 30, 2016 FPUA had irrevocable letters of credit with Harbor Community Bank, which serve as security for loans from the Treasure Coast Regional Planning Council (TCRPC) to the Fort Pierce Redevelopment Agency (FPRA) for cleanup of environmental contamination at the H.D. King Plant site (See [Note O](#)). The remaining balance of these loans as of September 30, 2016 is \$702 and will begin to come due on August 20, 2018. No additional loans have been taken as of this report date. The recovery of these funds began in FY 2016 with the sale of the initial Voluntary Cleanup Tax Credits applied for by the FPRA.

**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]
9/30/2008	\$ -	\$ 2,094	\$ 2,094	0.00%	\$ 14,591	14.35%
9/30/2009	-	2,094	2,094	0.00%	14,711	14.23%
9/30/2010	-	2,274	2,274	0.00%	14,700	15.47%
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	5.07%
9/30/2014	-	786	786	0.00%	14,269	5.51%
9/30/2015	-	786	786	0.00%	14,430	5.45%
9/30/2016	-	609	609	0.00%	15,032	4.05%

Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

**FORT PIERCE UTILITIES AUTHORITY**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**For the City of Fort Pierce Retirement and Benefit System**  
(Dollars in Thousands)

Fiscal Year Ending September 30,	FPUA Proportion of the *NPL	FPUA Proportionate Share of the *NPL	FPUA Covered Payroll	*NPL as a % of Covered Payroll	Plan Net Position as a % of Total Pension Liability
2014	41.74%	\$ 1,750	\$ 12,495	14.01%	98.20%
2015	41.74%	5,528	12,552	44.04%	92.95%
2016	44.83%	6,655	13,214	50.36%	92.51%

\* Net Pension Liability

Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.

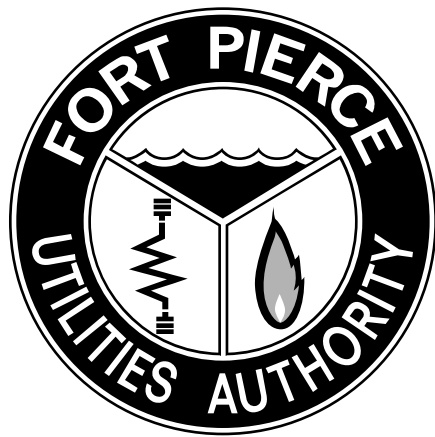


# Statistical Section

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><u>Financial Trends</u></b> These schedules contain trend information to help the reader understand how FPUA's financial performance and well being has changed over time.	55-61
<b><u>Revenue Capacity</u></b> These schedules contain information to help the reader assess FPUA's local revenue source.	63-72
<b><u>Debt Capacity</u></b> These schedules present information to help the reader assess FPUA's debt burden and its ability to issue additional debt in the future.	73-77
<b><u>Demographic and Economic Information</u></b> This schedule offers demographic and economic indicators to help the reader understand the environment in which FPUA's financial activities take place.	79-81
<b><u>Operating Information</u></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.	83-92

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 and Deferred Outflows**

Last Ten Fiscal Years  
(Dollars in Thousands)

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 25,020	\$ 27,712	\$ 29,371
Accounts Receivable, Net of Allowance for Uncollectible Accounts	9,072	8,149	7,256
Unbilled Receivables	5,432	5,534	5,959
Due from Other Governments	424	422	447
Inventories and Other Current Assets	4,546	5,009	4,877
Restricted Equity in Pooled Cash and Investments	20,492	20,757	20,306
Restricted Cash with Fiscal Agent	1,083	1,308	1,300
Restricted Accrued Interest Receivable	-	-	-
<b>Total Current Assets</b>	<b>66,069</b>	<b>68,891</b>	<b>69,516</b>
Noncurrent Assets:			
Capital Assets:			
Utility Plant in Service	434,848	423,324	414,941
Construction Work in Progress	22,547	24,768	20,472
Less Accumulated Depreciation	(241,651)	(231,252)	(219,917)
<b>Total Capital Assets (net of Accumulated Depreciation)</b>	<b>215,744</b>	<b>216,840</b>	<b>215,496</b>
Other Noncurrent Assets:			
Restricted Equity in Pooled Cash and Investments	6,857	6,703	6,703
FMPA Working Capital Receivable	1,919	1,919	1,919
Preliminary Survey	41	6	29
Investment in Public Gas Partners Pool	537	587	624
<b>Total Other Noncurrent Assets</b>	<b>9,354</b>	<b>9,215</b>	<b>9,275</b>
<b>Total Assets</b>	<b>291,167</b>	<b>294,946</b>	<b>294,287</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Advance Distribution to General Fund - City of Fort Pierce	-	1,251	1,250
Deferred Pension	4,891	3,689	-
Deferred Amount on Debt Refunding	151	-	-
Purchased Power and Gas Under-Collection	-	-	-
<b>Total Deferred Outflows</b>	<b>5,042</b>	<b>4,940</b>	<b>1,250</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 296,209</b>	<b>\$ 299,886</b>	<b>\$ 295,537</b>

*All reporting periods have been retroactively and comparably restated to implement the provisions of GASB 63 and GASB 65.*

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

<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 32,533	\$ 30,179	\$ 27,588	\$ 20,395	\$ 10,499	\$ 11,185	\$ 10,509
7,137	7,438	7,683	8,089	9,139	8,050	8,289
5,380	5,260	5,352	5,771	6,618	6,297	5,228
447	547	547	661	587	1,056	4,413
4,716	4,679	4,672	5,119	5,932	6,440	6,214
14,483	13,991	13,789	13,354	13,648	13,862	12,469
7,471	7,819	7,681	7,666	6,858	7,388	14,896
-	-	-	-	-	-	45
72,167	69,913	67,312	61,055	53,281	54,278	62,063
411,561	406,146	397,577	386,310	376,645	346,425	359,395
15,750	15,485	15,958	22,300	24,307	37,686	33,161
(210,951)	(199,294)	(184,610)	(171,752)	(157,277)	(146,325)	(179,231)
216,360	222,337	228,925	236,858	243,675	237,786	213,325
6,703	6,703	6,703	6,703	3,223	3,223	3,223
1,919	1,919	1,919	1,919	1,919	1,919	1,919
29	30	80	23	23	2,669	218
658	830	841	864	1,022	-	-
9,309	9,482	9,543	9,509	6,187	7,811	5,360
297,836	301,732	305,780	307,422	303,143	299,875	280,748
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	910	-
-	-	-	-	-	910	-
\$ 297,836	\$ 301,732	\$ 305,780	\$ 307,422	\$ 303,143	\$ 300,785	\$ 280,748

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 7,900	\$ 9,577	\$ 10,066
Due to City of Fort Pierce	913	781	766
Customer Deposits - restricted assets	8,024	7,803	7,445
Revenue Bonds Payable - restricted assets	7,367	7,086	6,987
Accrued Interest Payable - restricted assets	971	1,145	1,197
Accrued Compensated Absences	24	170	55
Capital leases Payable	38	31	26
Other Current Liabilities	859	873	831
Total Current Liabilities	<u>26,096</u>	<u>27,466</u>	<u>27,373</u>
Noncurrent Liabilities:			
Revenue Bonds Payable, Net of Unamortized Discounts	71,085	76,754	82,375
Accrued Compensated Absences	1,778	1,592	1,878
Other Post Employment Benefits	711	681	622
Net Pension Liability	6,655	5,528	1,750
Due to St. Lucie County	131	137	137
Capital Leases Payable	11	49	80
Other Noncurrent Liabilities	-	-	713
Total Noncurrent Liabilities	<u>80,371</u>	<u>84,741</u>	<u>87,555</u>
Total Liabilities	106,467	112,207	114,928
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Purchased Power and Gas Over-Recovery	3,516	5,694	3,204
Deferred Pension Inflow	1,228	-	-
Deferred Amount on Debt Refunding	-	10	30
Total Deferred Inflow of Resources	<u>4,744</u>	<u>5,704</u>	<u>3,234</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	137,337	132,680	125,879
Restricted Capital Improvement Charges	5,213	6,031	5,977
Restricted For Debt Service	5,457	4,930	4,535
Restricted For Emergencies	900	1,273	1,668
Restricted For Renewals & Replacements	500	500	500
Restricted For Capital Projects	-	-	-
Unrestricted	<u>35,591</u>	<u>36,561</u>	<u>38,816</u>
Total Net Position	<u>184,998</u>	<u>181,975</u>	<u>177,375</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 296,209</u>	<u>\$ 299,886</u>	<u>\$ 295,537</u>

All reporting periods have been retroactively and comparably restated to implement the provisions of GASB 63 and GASB 65.

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

	2013	2012	2011	2010	2009	2008	2007
\$	9,295	\$ 7,785	\$ 8,044	\$ 7,020	\$ 8,289	\$ 10,892	\$ 11,617
	732	699	689	756	718	810	1,287
	7,205	6,869	6,675	6,339	5,866	5,324	5,112
	6,653	5,955	5,675	5,655	5,797	5,350	5,138
	1,356	1,864	2,006	2,011	1,208	1,316	1,418
	-	82	80	64	1,294	1,284	1,312
	22	39	32	27	-	-	-
	1,312	1,351	1,419	1,276	540	458	779
	<u>26,575</u>	<u>24,644</u>	<u>24,620</u>	<u>23,148</u>	<u>23,712</u>	<u>25,434</u>	<u>26,663</u>
	87,978	92,493	97,460	102,291	102,371	106,694	110,607
	1,830	1,675	1,566	1,626	671	864	878
	564	509	456	148	13	-	-
	177	189	201	234	-	-	-
	105	-	39	71	-	-	-
	757	700	-	-	-	-	-
	<u>91,411</u>	<u>95,566</u>	<u>99,722</u>	<u>104,370</u>	<u>103,055</u>	<u>107,558</u>	<u>111,485</u>
	117,986	120,210	124,342	127,518	126,767	132,992	138,148
	2,255	3,147	2,934	1,541	609	-	589
	-	-	-	-	-	-	-
	60	-	-	-	-	-	-
	<u>2,315</u>	<u>3,147</u>	<u>2,934</u>	<u>1,541</u>	<u>609</u>	<u>-</u>	<u>589</u>
	121,450	123,713	125,837	129,259	136,360	127,468	107,203
	6,740	7,122	7,114	7,015	7,781	8,538	7,357
	4,139	3,744	3,480	3,480	-	-	-
	2,000	2,000	2,000	2,000	2,000	2,000	2,000
	564	959	1,223	1,223	1,223	1,223	1,223
	-	-	-	-	-	721	8,386
	<u>42,642</u>	<u>40,837</u>	<u>38,850</u>	<u>35,386</u>	<u>28,403</u>	<u>27,843</u>	<u>15,842</u>
	<u>177,535</u>	<u>178,375</u>	<u>178,504</u>	<u>178,363</u>	<u>175,767</u>	<u>167,793</u>	<u>142,011</u>
\$	<u>297,836</u>	<u>301,732</u>	<u>305,780</u>	<u>307,422</u>	<u>303,143</u>	<u>300,785</u>	<u>280,748</u>

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

	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>OPERATING REVENUES</b>				
Residential Sales	\$ 41,432	\$ 39,558	\$ 39,565	\$ 38,489
General Service Sales	53,811	52,964	55,899	55,518
Sales for Resale	914	874	799	854
Other Operating Revenues	2,264	2,162	2,272	2,172
Total Operating Revenues	<u>98,421</u>	<u>95,558</u>	<u>98,534</u>	<u>97,033</u>
<b>OPERATING EXPENSES</b>				
Generation	-	-	-	-
Purchases for Resale	43,783	42,304	45,347	44,800
Plant Operations	5,313	5,325	5,247	5,127
Field Operations	9,062	8,641	8,716	8,579
General and Administrative	16,997	15,802	15,078	14,546
Depreciation	13,097	12,461	14,991	15,300
Total Operating Expenses	<u>88,252</u>	<u>84,533</u>	<u>89,379</u>	<u>88,352</u>
<b>OPERATING INCOME</b>	10,169	11,025	9,155	8,681
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Other Income	2,136	2,171	2,232	1,961
Grant Revenue	-	81	6	12
TCEC Expenses	(1,699)	(1,809)	(1,667)	(1,654)
Storm Expenses	-	-	-	-
Interest Expense	(3,445)	(3,594)	(3,582)	(5,105)
Property Transfer to FPRA	-	-	-	-
Distribution to City of Fort Pierce	(5,809)	(5,735)	(5,605)	(5,366)
Total Nonoperating Revenues (Expenses)	<u>(8,817)</u>	<u>(8,886)</u>	<u>(8,616)</u>	<u>(10,152)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	1,352	2,139	539	(1,471)
Capital Contributions	1,650	2,471	1,478	1,392
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	3,002	4,610	2,017	(79)
Extraordinary Income (Expense)	21	(10)	(427)	(761)
<b>CHANGE IN NET POSITION</b>	3,023	4,600	1,590	(840)
Net Position - Beginning of Year*	<u>181,975</u>	<u>177,375</u>	<u>177,535</u>	<u>178,375</u>
Net Position - End of Year	<u>\$ 184,998</u>	<u>\$ 181,975</u>	<u>\$ 179,125</u>	<u>\$ 177,535</u>

All reporting periods have been retroactively and comparably restated to implement the provisions of GASB 63 and GASB 65.

\*FY 2015 Beginning of Year Net Position restated to reflect GASB 68 adjustment.

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

<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
\$ 38,275	\$ 40,220	\$ 44,528	\$ 43,422	\$ 42,876	\$ 38,861
55,162	55,736	60,431	61,908	62,219	53,624
882	465	747	711	580	631
2,171	1,663	2,552	2,832	2,602	2,388
<u>96,490</u>	<u>98,084</u>	<u>108,258</u>	<u>108,873</u>	<u>108,277</u>	<u>95,504</u>
-	-	-	1	939	1,602
44,356	45,695	53,893	54,812	54,797	44,679
5,336	5,275	5,724	5,657	5,756	5,030
8,236	8,124	8,827	9,148	8,889	8,579
14,645	15,260	14,949	15,482	15,858	15,846
<u>15,253</u>	<u>15,558</u>	<u>15,268</u>	<u>14,201</u>	<u>13,756</u>	<u>15,020</u>
<u>87,826</u>	<u>89,912</u>	<u>98,661</u>	<u>99,301</u>	<u>99,995</u>	<u>90,756</u>
8,664	8,172	9,597	9,572	8,282	4,748
2,211	2,277	2,407	2,271	2,404	3,125
8	-	230	626	5,234	3,541
(1,642)	(1,570)	(1,492)	(1,491)	(480)	-
-	-	-	(87)	(96)	(234)
(4,632)	(4,894)	(5,688)	(3,990)	(4,160)	(4,916)
-	-	(511)	-	-	-
<u>(4,767)</u>	<u>(5,125)</u>	<u>(4,853)</u>	<u>(5,046)</u>	<u>(4,952)</u>	<u>(4,209)</u>
<u>(8,822)</u>	<u>(9,312)</u>	<u>(9,907)</u>	<u>(7,717)</u>	<u>(2,050)</u>	<u>(2,693)</u>
(158)	(1,140)	(310)	1,855	6,232	2,055
<u>1,229</u>	<u>1,291</u>	<u>2,982</u>	<u>6,465</u>	<u>19,156</u>	<u>16,208</u>
1,071	151	2,672	8,320	25,388	18,263
<u>(1,200)</u>	<u>(10)</u>	<u>(76)</u>	<u>(346)</u>	<u>394</u>	<u>-</u>
(129)	141	2,596	7,974	25,782	18,263
<u>178,504</u>	<u>178,363</u>	<u>175,767</u>	<u>167,793</u>	<u>142,011</u>	<u>123,748</u>
<u>\$ 178,375</u>	<u>\$ 178,504</u>	<u>\$ 178,363</u>	<u>\$ 175,767</u>	<u>\$ 167,793</u>	<u>\$ 142,011</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 2016	28,299	20,079	4,166	15,069
FY 2015	28,221	19,929	4,189	15,038
FY 2014	28,096	19,756	4,223	14,987
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

**FORT PIERCE UTILITIES AUTHORITY**

**Operating Revenues By System**

Last Ten Fiscal Years

(Dollars in Thousands)

	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>ELECTRIC</b>				
Residential				
Inside the City	\$ 22,718	\$ 21,434	\$ 21,724	\$ 21,325
Outside the City	5,600	5,255	5,282	5,281
General Service				
Inside the City	29,077	28,423	30,507	31,515
Outside the City	5,039	4,958	5,235	5,254
Other Retail	1,680	1,750	1,979	2,012
Other Operating Revenues	1,042	1,024	1,074	1,115
<b>Total Electric Operating Revenues</b>	<b>65,156</b>	<b>62,844</b>	<b>65,801</b>	<b>66,502</b>
<b>WATER</b>				
Residential				
Inside the City	4,710	4,546	4,351	4,054
Outside the City	1,680	1,597	1,494	1,367
General Service				
Inside the City	5,498	5,305	5,169	4,813
Outside the City	2,625	2,381	2,519	2,249
Sales for Resale	914	874	799	854
Other Operating Revenues	110	101	156	119
<b>Total Water Operating Revenues</b>	<b>15,537</b>	<b>14,804</b>	<b>14,488</b>	<b>13,456</b>
<b>GAS</b>				
Sales Revenue				
Residential	1,192	1,240	1,293	1,251
Heat Only	11	12	13	13
General Service	3,106	3,511	3,813	3,331
Other Operating Revenues	69	85	82	53
<b>Total Gas Operating Revenues</b>	<b>4,378</b>	<b>4,848</b>	<b>5,201</b>	<b>4,648</b>
<b>WASTEWATER</b>				
Residential				
Inside the City	4,874	4,826	4,763	4,564
Outside the City	572	574	570	555
General Service				
Inside the City	5,547	5,280	5,305	4,973
Outside the City	1,314	1,428	1,446	1,449
Other Operating Revenues	141	126	180	143
<b>Total Wastewater Operating Revenues</b>	<b>12,448</b>	<b>12,234</b>	<b>12,264</b>	<b>11,684</b>
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>				
<b>Total MOEC Operating Revenues</b>	<b>410</b>	<b>390</b>	<b>350</b>	<b>348</b>
<b>FPUAnet COMMUNICATIONS</b>				
<b>Total FPUAnet Operating Revenues</b>	<b>492</b>	<b>438</b>	<b>430</b>	<b>395</b>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 98,421</b>	<b>\$ 95,558</b>	<b>\$ 98,534</b>	<b>\$ 97,033</b>

**FORT PIERCE UTILITIES AUTHORITY**

**Operating Revenues By System**

Last Ten Fiscal Years

(Dollars in Thousands)

<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
\$ 21,460	\$ 22,936	\$ 26,327	\$ 25,398	\$ 25,084	\$ 22,077
5,378	5,921	6,882	6,821	6,922	6,503
32,280	32,822	36,501	38,192	37,642	31,253
5,393	5,558	6,458	6,945	7,460	6,275
1,895	1,663	1,657	1,651	1,632	1,531
1,051	1,148	1,192	1,189	1,171	1,091
<u>67,457</u>	<u>70,048</u>	<u>79,017</u>	<u>80,196</u>	<u>79,911</u>	<u>68,730</u>
3,855	3,819	3,749	3,729	3,580	3,453
1,277	1,263	1,225	1,207	1,194	1,216
4,807	4,956	4,697	4,616	4,343	4,268
2,348	2,288	2,336	2,033	2,062	1,981
882	466	747	711	580	630
124	(45)	254	345	299	265
<u>13,293</u>	<u>12,747</u>	<u>13,008</u>	<u>12,641</u>	<u>12,058</u>	<u>11,813</u>
1,215	1,306	1,462	1,367	1,443	1,366
11	21	24	19	16	13
2,400	2,580	2,827	2,566	3,213	2,767
75	120	92	82	100	91
<u>3,701</u>	<u>4,027</u>	<u>4,405</u>	<u>4,034</u>	<u>4,772</u>	<u>4,237</u>
4,459	4,337	4,251	4,233	3,980	3,607
541	551	540	577	577	529
4,918	4,745	4,686	4,665	4,718	4,371
1,198	1,188	1,337	1,311	1,230	1,276
234	(245)	356	657	503	526
<u>11,350</u>	<u>10,576</u>	<u>11,170</u>	<u>11,443</u>	<u>11,008</u>	<u>10,309</u>
337	362	359	362	407	347
352	324	299	197	121	68
<u>\$ 96,490</u>	<u>\$ 98,084</u>	<u>\$ 108,258</u>	<u>\$ 108,873</u>	<u>\$ 108,277</u>	<u>\$ 95,504</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Unit Sales By System**

Last Ten Fiscal Years

	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>ELECTRIC SALES (MWh)</b>				
General Service				
Inside the City	272,166	267,525	265,950	264,278
Outside the City	44,243	43,850	42,305	41,000
Total General Service	316,409	311,375	308,255	305,278
Residential				
Inside the City	193,198	184,261	172,628	164,672
Outside the City	45,883	43,522	40,445	39,293
Total Residential	239,081	227,783	213,073	203,965
<b>Total Sales</b>	<b>555,490</b>	<b>539,158</b>	<b>521,328</b>	<b>509,243</b>
<b>WATER SALES - 1,000 GALLONS</b>				
General Service				
Inside the City	907,134	896,997	891,635	863,507
Outside the City	485,639	442,529	498,887	460,394
Total General Service	1,392,773	1,339,526	1,390,522	1,323,901
Residential				
Inside the City	665,354	664,402	644,116	636,431
Outside the City	181,754	179,748	169,702	164,871
Total Residential	847,108	844,150	813,818	801,302
Sales for Resale	327,819	320,144	302,486	340,834
<b>Total Sales</b>	<b>2,567,700</b>	<b>2,503,820</b>	<b>2,506,826</b>	<b>2,466,037</b>
<b>NATURAL GAS SALES (ccf)</b>				
General Service	2,024,641	2,091,516	2,006,259	2,254,172
Residential	436,048	453,139	450,403	480,393
Heat Only				
General Service	181	128	173	258
Residential Service	857	1,605	1,215	1,333
Compressed Natural Gas	-	-	-	-
Contract Natural Gas	1,593,130	1,642,320	1,670,980	1,259,670
<b>Total Sales</b>	<b>4,054,857</b>	<b>4,188,708</b>	<b>4,129,030</b>	<b>3,995,826</b>
<b>WASTEWATER BILLED - 1,000 GALLONS</b>				
General Service				
Inside the City	712,513	687,268	682,611	655,667
Outside the City	158,987	177,356	178,122	185,993
Total General Service	871,500	864,624	860,733	841,660
Residential				
Inside the City	567,945	568,243	552,000	545,418
Outside the City	46,633	49,849	47,286	47,361
Total Residential	614,578	618,092	599,286	592,779
<b>Total Sales</b>	<b>1,486,078</b>	<b>1,482,716</b>	<b>1,460,019</b>	<b>1,434,439</b>

**FORT PIERCE UTILITIES AUTHORITY**

**Unit Sales By System**

Last Ten Fiscal Years

<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
271,001	271,831	276,163	274,364	296,830	288,386
41,285	40,909	42,713	44,028	52,065	51,024
312,286	312,740	318,876	318,392	348,895	339,410
165,063	174,586	182,246	167,567	177,989	182,701
39,657	42,763	45,037	42,652	46,510	51,439
204,720	217,349	227,283	210,219	224,499	234,140
517,006	530,089	546,159	528,611	573,394	573,550
925,939	943,061	943,673	968,125	992,802	1,064,195
527,997	511,172	489,094	447,579	486,689	518,064
1,453,936	1,454,233	1,432,767	1,415,704	1,479,491	1,582,259
652,425	671,797	664,130	675,421	690,728	764,785
167,297	173,431	169,817	170,748	174,995	204,754
819,722	845,228	833,947	846,169	865,723	969,539
367,595	355,607	331,747	304,839	228,150	256,842
2,641,253	2,655,068	2,598,461	2,566,712	2,573,364	2,808,640
2,142,737	2,199,004	2,166,792	2,126,758	2,211,306	2,174,979
473,387	527,745	577,206	566,475	555,342	575,464
215	6,027	6,210	5,672	3,740	41
1,272	4,238	5,160	3,498	2,527	3,021
-	-	-	-	-	1,357
63,230	-	-	-	-	-
2,680,841	2,737,014	2,755,368	2,702,403	2,772,915	2,754,862
680,739	682,993	683,051	718,280	787,510	817,915
149,452	156,973	186,910	200,068	200,696	235,321
830,191	839,966	869,961	918,348	988,206	1,053,236
558,685	572,258	570,145	579,037	596,635	645,632
49,426	53,014	53,949	59,280	63,994	68,932
608,111	625,272	624,094	638,317	660,629	714,564
1,438,302	1,465,238	1,494,055	1,556,665	1,648,835	1,767,800

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

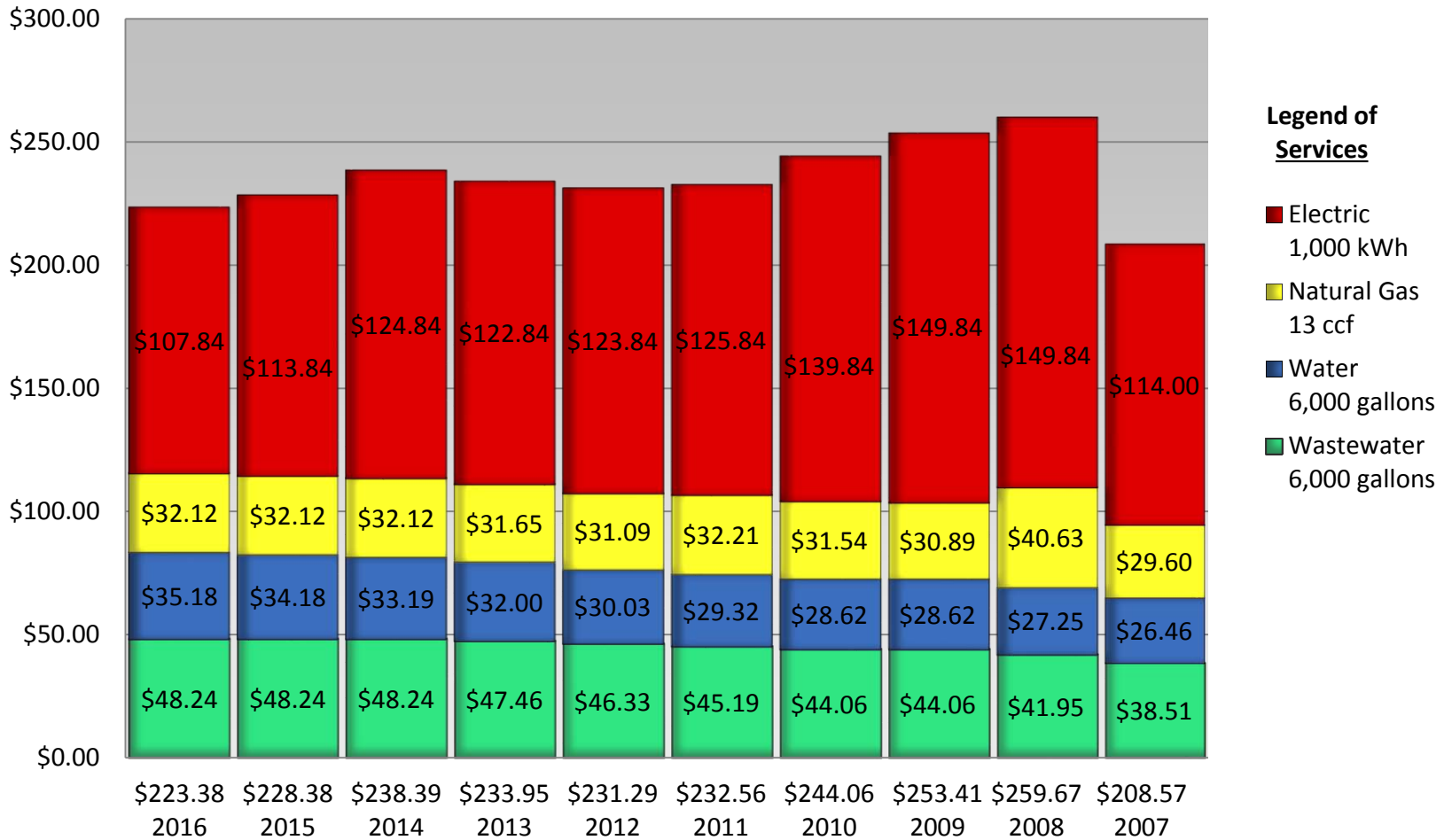
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>ELECTRIC</b>										
Customer Charge <sup>(1)</sup>	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 6.01	\$ 5.77
Rate Per kWh (up to 750 kWh)	0.10822	0.10822	0.10822	0.10922	0.11322	0.08322	0.08722	0.08722	0.08722	0.08373
PCA Per kWh <sup>(2)</sup>	(0.00900)	(0.00300)	0.00800	0.00500	0.00200	0.03400	0.04400	0.05400	0.05400	\$0.02200
<b>GAS</b>										
Customer Charge <sup>(1)</sup>	\$ 13.14	\$ 13.14	\$ 13.14	\$ 12.93	\$ 12.63	\$ 12.32	\$ 12.02	\$ 12.02	\$ 11.17	\$ 10.00
Rate Per CCF (up to 100 CCF)	1.46	1.46	1.46	1.44	1.42	1.23	1.20	1.20	1.12	1.00
PGA Per CCF <sup>(3)</sup>	(0.10000)	(0.05000)	0.10000	-	-	0.30000	0.30000	0.25000	1.15000	0.50800
<b>WATER</b>										
Customer Charge <sup>(1)</sup>	\$ 13.88	\$ 13.48	\$ 13.09	\$ 12.62	\$ 11.85	\$ 11.56	\$ 11.28	\$ 11.28	\$ 10.75	\$ 10.44
Rate Per 1,000 Gallons (up to 10,000 gallons)	3.55	3.45	3.35	3.23	3.03	2.96	2.89	2.89	2.75	2.67
<b>WASTEWATER</b>										
Customer Charge <sup>(1)</sup>	\$ 15.30	\$ 15.30	\$ 15.30	\$ 15.06	\$ 14.71	\$ 14.35	\$ 14.00	\$ 14.00	\$ 13.33	\$ 12.23
Rate Per 1,000 Gallons	5.49	5.49	5.49	5.40	5.27	5.14	5.01	5.01	4.77	4.38

(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>
2016	Water	3.0%
2015	Water	3.0%
2014	Electric	(0.9%)
	Water	3.7%
	Wastewater	1.6%
	Natural Gas	1.6%
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%

# **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		Leases	Revenue Bonds								
	FMPA	SLC	Capital Equip.	1991 Series	1999 Series	2002 Series	2009 Series	2012 Series	2016 Series			
<b>2007</b>	\$ 30,752	\$ -	\$ -	\$ 9,042	\$ 25,608	\$ 9,545	\$ -	\$ -	\$ -	\$ 74,947	78%	\$ 95,504
<b>2008</b>	30,619	-	-	9,751	22,740	9,545	-	-	-	72,655	67%	108,277
<b>2009</b>	30,479	-	121	10,504	19,754	9,545	-	-	-	70,403	65%	108,873
<b>2010</b>	-	234	98	5,445	20,644	9,545	34,800	-	-	70,766	65%	108,258
<b>2011</b>	-	201	71	-	21,588	9,545	34,800	-	-	66,205	67%	98,084
<b>2012</b>	-	189	39	-	22,590	9,545	34,800	-	-	67,163	70%	96,490
<b>2013</b>	-	177	127	-	23,654	9,545	34,800	20,896	-	89,199	92%	97,033
<b>2014</b>	-	137	106	-	24,774	9,545	34,800	20,498	-	89,860	91%	98,534
<b>2015</b>	-	137	80	-	25,974	9,545	34,800	13,751	-	84,287	88%	95,558
<b>2016</b>	-	131	49	-	27,245	-	34,800	6,920	9,545	78,690	80%	98,421

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 66 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	2009 Series	2012 Series	2016 Series
2017	\$ 7,367	\$ -	\$ 275	\$ -	\$ 6,920	\$ 172
2018	5,840	-	4,335	1,210	-	295
2019	6,028	131	4,340	1,255	-	302
2020	5,953	-	4,335	1,310	-	308
2021	6,015	-	4,340	1,360	-	315
2022	6,076	-	4,335	1,420	-	321
2023	6,138	-	4,340	1,470	-	328
2024	6,210	-	4,335	1,540	-	335
2025	6,283	-	4,335	1,605	-	343
2026	6,360	-	-	2,985	-	3,375
2027	6,581	-	-	3,130	-	3,451
2028	3,285	-	-	3,285	-	-
2029	6,945	-	-	6,945	-	-
2030	7,285	-	-	7,285	-	-
	<u>\$ 86,366</u>	<u>\$ 131</u>	<u>\$ 34,970</u>	<u>\$ 34,800</u>	<u>\$ 6,920</u>	<u>\$ 9,545</u>

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

	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<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>OPERATING INCOME *</b>	\$ 10,218	\$ 11,027	\$ 9,236	\$ 8,746	\$ 8,700	\$ 8,175	\$ 9,614	\$ 9,616	\$ 8,276	\$ 4,757
<b>ADD:</b>										
Depreciation Expense	13,092	12,453	14,982	15,290	15,243	15,547	15,259	14,193	13,747	15,008
Investment & Other Income	388	356	484	304	535	703	910	740	1,943	3,117
Extraordinary Income (Expense)	21	(10)	(427)	(761)	(1,200)	(9)	(76)	(346)	394	-
Net OPEB Expense	30	58	57	54	53	305	134	13	-	-
<b>LESS:</b>										
Interest on Construction Funds	-	-	-	-	-	-	-	-	238	944
<b>NET AVAILABLE INCOME</b>	<u>\$ 23,749</u>	<u>\$ 23,884</u>	<u>\$ 24,332</u>	<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>
<b>DEBT SERVICE - Bonds &amp; Pooled Loans</b>										
Principal	\$ 7,367	\$ 7,086	\$ 6,987	\$ 6,653	\$ 5,955	\$ 5,675	\$ 5,655	\$ 5,797	\$ 5,350	\$ 5,138
Interest	2,079	2,291	2,394	2,762	3,728	4,012	3,573	3,033	3,539	4,197
<b>NET CASH DEBT SERVICE</b>	<u>\$ 9,446</u>	<u>\$ 9,377</u>	<u>\$ 9,381</u>	<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>
<b>DEBT SERVICE COVERAGE (TIMES)</b>	<u>2.51</u>	<u>2.55</u>	<u>2.59</u>	<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>

\* 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>2016</b>	42,489 *	292,826 *	133,166	7,957	6.0	39,390	***	***
<b>2015</b>	42,119	287,749	129,727	8,238	6.4	41,374	\$35,625	\$10,636,320
<b>2014</b>	41,188	282,821	129,004	10,198	7.9	41,158	\$34,129	\$9,932,383
<b>2013</b>	41,729	281,151	128,813	12,227	9.5	41,136	31,182	8,943,912
<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

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> U.S. Department of Commerce, Bureau of Economic Analysis

\* Total Estimated

\*\*\* Data unavailable

**FORT PIERCE UTILITIES AUTHORITY**  
**Principal Employers**  
Current Year and Eight Years Prior

<b>Employer</b>	<b>Business Sector</b>	<b>2016 <sup>(1)</sup></b>			<b>2008</b>		
		<b>Number of Employees</b>	<b>Rank</b>	<b>% of City Population</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>% of City Population</b>
St. Lucie County School Board	Public	5,465	1	12.86%	4,685	1	10.59%
Indian River State College	Public	2,338	2	5.50%	2,476	2	5.60%
Lawnwood Regional Medical Center	Private	1,339	3	3.15%	1,200	4	2.71%
Convey Health Solutuions	Private	950	4	2.24%	-	-	-
Wal-Mart	Private	890	5	2.09%	1,235	3	2.79%
St. Lucie County	Public	763	6	1.80%	898	6	2.03%
St. Lucie County Fire District	Public	434	7	1.02%	-	-	-
Treasure Coast Hospice	Private	425	8	1.00%	-	-	-
Blue Goose Growers/Construction	Private	400	9	0.94%	-	-	-
New Horizons of the Treasure Coast	Private	360	10	0.85%	398	10	0.90%
City of Fort Pierce	Public	-	-	-	412	8	0.93%
The Home Depot <sup>(2)</sup>	Private	-	-	-	425	7	0.96%
Riverside National Bank of Florida	Private	-	-	-	404	9	0.91%
Publix Super Markets Inc	Private	-	-	-	1,148	5	2.60%
<b>TOTALS</b>		<b>13,364</b>		<b>31.45%</b>	<b>13,281</b>		<b>30.03%</b>

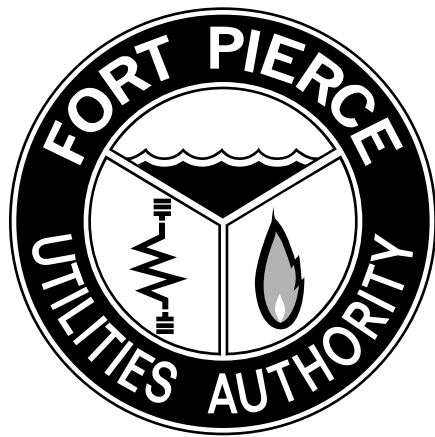
Source:

Indian River State College, Institutional Advancement

<sup>(1)</sup> Data is as of February 25, 2017

<sup>(2)</sup> 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 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>ELECTRIC</b>				
Generation and				
Purchases for Resale	\$ 42,179	\$ 40,343	\$ 43,006	\$ 42,947
Transmission and Distribution	4,091	3,927	4,017	4,037
General and Administrative	7,460	6,964	6,696	6,738
Depreciation	4,508	4,463	4,721	4,668
<b>Total Electric Operating Expenses</b>	<b>58,238</b>	<b>55,697</b>	<b>58,440</b>	<b>58,390</b>
<b>WATER</b>				
Purchases for Resale	-	7	24	9
Plant Operations	3,304	3,320	3,185	3,199
Transmission and Distribution	1,743	1,789	1,767	1,732
General and Administrative	4,726	4,426	4,207	4,158
Depreciation	4,454	3,872	4,246	4,044
<b>Total Water Operating Expenses</b>	<b>14,227</b>	<b>13,414</b>	<b>13,429</b>	<b>13,142</b>
<b>NATURAL GAS</b>				
Purchases for Resale	1,556	1,900	2,274	1,816
Supply and Distribution	1,251	1,016	1,018	961
General and Administrative	1,046	978	892	596
Depreciation	313	274	1,088	304
<b>Total Natural Gas Operating Expenses</b>	<b>4,166</b>	<b>4,168</b>	<b>5,272</b>	<b>3,677</b>
<b>WASTEWATER</b>				
Plant Operations	1,742	1,766	1,776	1,696
Pumping and Collection	1,977	1,909	1,913	1,849
General and Administrative	3,385	3,113	2,975	2,769
Depreciation	3,743	3,779	4,836	6,194
<b>Total Wastewater Operating Expenses</b>	<b>10,847</b>	<b>10,567</b>	<b>11,500</b>	<b>12,508</b>
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>				
Plant Operations	267	238	286	232
General and Administrative	186	145	136	114
Depreciation	6	8	9	11
<b>Total MOEC Operating Expenses</b>	<b>459</b>	<b>391</b>	<b>431</b>	<b>357</b>
<b>FPUAnet COMMUNICATIONS</b>				
Purchases for Resale	48	55	43	28
General and Administrative	194	175	173	171
Depreciation	73	66	91	79
<b>Total FPUAnet Communications Operating Expenses</b>	<b>315</b>	<b>296</b>	<b>307</b>	<b>278</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 88,252</b>	<b>\$ 84,533</b>	<b>\$ 89,379</b>	<b>\$ 88,352</b>
<b>OTHER REVENUE (EXPENSES) *</b>	<b>\$ (3,008)</b>	<b>\$ (3,511)</b>	<b>\$ (3,012)</b>	<b>\$ (4,786)</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 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
\$ 42,933	\$ 43,976	\$ 51,832	\$ 52,851	\$ 52,959	\$ 43,958
3,783	3,814	4,299	4,445	4,423	4,259
6,885	7,423	7,217	7,605	8,051	8,263
6,477	6,420	4,761	4,984	6,960	8,862
<u>60,078</u>	<u>61,633</u>	<u>68,109</u>	<u>69,885</u>	<u>72,393</u>	<u>65,342</u>
-	6	-	2	18	-
3,309	3,331	3,557	3,348	3,223	2,917
1,743	1,567	1,722	1,816	1,575	1,533
4,183	4,268	4,144	4,159	4,116	4,014
3,726	3,825	6,105	4,953	3,617	3,344
<u>12,961</u>	<u>12,997</u>	<u>15,528</u>	<u>14,278</u>	<u>12,549</u>	<u>11,808</u>
1,398	1,676	2,038	1,942	2,744	2,295
875	968	981	983	1,056	939
570	650	607	564	525	558
507	303	351	308	288	323
<u>3,350</u>	<u>3,597</u>	<u>3,977</u>	<u>3,797</u>	<u>4,613</u>	<u>4,115</u>
1,779	1,697	1,906	2,010	2,222	1,885
1,834	1,776	1,825	1,903	1,836	1,847
2,755	2,685	2,747	2,941	2,994	2,883
4,446	4,939	3,985	3,936	2,875	2,481
<u>10,814</u>	<u>11,097</u>	<u>10,463</u>	<u>10,790</u>	<u>9,927</u>	<u>9,096</u>
249	246	261	299	310	228
115	109	106	99	97	115
11	11	9	8	9	12
<u>375</u>	<u>366</u>	<u>376</u>	<u>406</u>	<u>416</u>	<u>355</u>
25	37	23	18	15	27
137	125	129	115	74	13
86	60	56	12	8	-
<u>248</u>	<u>222</u>	<u>208</u>	<u>145</u>	<u>97</u>	<u>40</u>
<u>\$ 87,826</u>	<u>\$ 89,912</u>	<u>\$ 98,661</u>	<u>\$ 99,301</u>	<u>\$ 99,995</u>	<u>\$ 90,756</u>
<u>\$ (4,147)</u>	<u>\$ (4,277)</u>	<u>\$ (4,366)</u>	<u>\$ (2,702)</u>	<u>\$ 2,850</u>	<u>\$ 1,464</u>

# FORT PIERCE UTILITIES AUTHORITY

## Performance Indicators

### Last Ten Fiscal Years

	FY 2016	FY 2015	FY 2014	FY 2013
<b>SAFETY</b>				
Frequency Rate (calendar year)	4.11	3.96	4.10	4.10
Severity Rate (calendar year)	5.75	51.00	80.00	48.00
Workers' Compensation Experience Modification Factor	0.97	0.79	0.87	0.92
<b>FINANCIAL</b>				
Debt Service Ratio (12 months ended)	2.51	2.55	2.59	2.51
Operating Ratio	0.90	0.88	0.91	0.91
<b>COMPONENT COSTS</b>				
Water Treatment Plant				
\$/ 1,000 gallons raw water	\$2.02	\$1.88	\$1.94	\$1.90
Water Reclamation Facility				
\$/ 1,000 gallons effluent	\$1.46	\$2.46	\$2.70	\$1.93
Electric T&D				
\$/ mile of T & D lines	\$21,636.69	\$20,112.83	\$20,633.15	\$20,516.14
\$/ number of services	\$27.27	\$26.13	\$27.11	\$27.41
Water Distribution				
\$/ 1,000 gallons billed	\$1.88	\$1.88	\$1.89	\$1.82
\$/ number of services	\$20.01	\$19.69	\$20.04	\$19.44
Wastewater Collection				
\$/ 1,000 gallons billed	\$2.39	\$2.36	\$2.68	\$3.87
\$/ number of services	\$19.61	\$19.41	\$21.77	\$31.61
Natural Gas Distribution				
\$/ 1,000 ccf billed	\$0.49	\$0.40	\$0.59	\$0.40
\$/ number of services	\$39.54	\$33.16	\$47.71	\$31.89
Lift Stations				
\$/ 1,000 gallons billed	\$0.75	\$0.71	\$0.79	\$0.80
\$/ number of services	\$6.14	\$5.80	\$6.38	\$6.53
Industrial Pre-Treatment				
\$/ Customers	\$927.50	\$985.46	\$903.78	\$698.46
FPUAnet Communications				
\$/ Customers	\$345.35	\$348.35	\$328.03	\$306.83
Administration				
\$/ number of services	\$14.51	\$14.59	\$14.60	\$15.74
<b>HUMAN RESOURCES</b>				
Overtime Ratio	0.050	0.046	0.046	0.042
Sick Leave Ratio	0.038	0.038	0.034	0.034
Overtime vs. Annual Overtime Budget	114.22%	120.48%	114.96%	107.47%
Training Hours vs. Regular Hours Worked	2.87%	2.93%	2.53%	2.48%
Training Dollars vs. Budgeted Salary Dollars	2.00%	1.92%	1.69%	1.80%
*Annual Turnover Rate	12.40%	8.60%	12.08%	13.25%
<b>CUSTOMER SOLUTIONS</b>				
Number of connections	14,109	15,663	16,238	16,001
Number of disconnections	13,316	14,800	15,338	15,206
Number of accounts to collection agency	1,622	1,890	1,852	1,584
Amount of accounts written off				
Electric	\$200,966	\$99,489	\$256,860	\$182,006
Water	\$36,032	\$17,826	\$46,081	\$32,638
Natural Gas	\$2,639	\$1,366	\$3,302	\$2,374
Wastewater	\$32,324	\$16,050	\$41,325	\$29,294
Customer Charges	\$12,371	\$6,141	\$15,770	\$11,181
Communications	\$257	\$42	\$371	\$231
Number of service orders				
Started	45,028	44,505	49,837	44,205
Completed	44,937	44,389	49,740	44,224

\* Annual Turnover Rate indicators are presented on a fiscal year basis (except for years 2007-2009 which were calendar year basis).

**FORT PIERCE UTILITIES AUTHORITY**

**Performance Indicators**

Last Ten Fiscal Years

<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
4.90	3.60	1.20	1.50	3.70	4.10
24.00	122.00	61.00	21.00	126.00	18.00
1.25	1.11	1.28	0.95	1.00	1.00
2.41	2.55	2.80	2.74	2.71	2.35
0.91	0.92	0.91	0.91	0.92	0.95
\$1.80	\$1.79	\$1.92	\$1.79	\$1.85	\$1.40
\$2.07	\$2.45	\$2.56	\$2.40	\$1.99	\$1.94
\$23,742.33	\$24,841.57	\$20,585.55	\$21,579.20	\$27,765.81	\$24,430.86
\$31.57	\$30.95	\$25.99	\$26.71	\$28.17	\$26.35
\$1.59	\$1.54	\$2.46	\$2.20	\$1.67	\$1.44
\$18.14	\$17.79	\$27.92	\$24.24	\$18.58	\$19.08
\$2.65	\$2.86	\$2.11	\$1.78	\$1.32	\$1.13
\$21.98	\$24.34	\$18.20	\$15.55	\$12.29	\$12.53
\$0.62	\$0.57	\$0.57	\$0.58	\$0.64	\$0.92
\$32.90	\$33.36	\$32.89	\$32.21	\$35.51	\$48.96
\$0.74	\$0.76	\$0.71	\$0.69	\$0.62	\$0.52
\$6.17	\$5.97	\$6.14	\$6.02	\$5.80	\$5.74
\$793.71	\$1,246.28	\$793.86	\$614.11	\$779.74	\$840.66
\$275.98	\$325.26	\$320.54	\$185.64	\$238.43	\$175.00
\$16.01	\$17.15	\$18.17	\$16.31	\$16.46	\$17.09
0.040	0.036	0.040	0.039	0.050	0.040
0.034	0.039	0.042	0.034	0.036	0.035
100.48%	89.65%	80.00%	84.32%	101.53%	99.50%
1.52%	1.62%	2.32%	2.78%	3.14%	5.02%
1.23%	1.31%	1.16%	1.59%	1.45%	1.27%
6.77%	9.09%	6.34%	8.66%	4.76%	10.10%
16,360	16,077	17,441	17,956	14,820	9,823
15,419	15,038	16,300	16,137	11,734	4,744
1,535	1,888	2,240	2,233	1,880	2,876
\$253,362	\$197,638	\$390,702	\$360,046	\$340,472	\$226,878
\$45,434	\$35,433	\$70,061	\$64,559	\$61,069	\$40,744
\$3,308	\$2,582	\$5,104	\$4,697	\$4,435	\$2,944
\$40,780	\$31,805	\$62,886	\$57,951	\$54,816	\$36,587
\$15,563	\$12,136	\$23,993	\$16,354	\$17,292	\$15,434
\$321	\$249	\$495	\$454	\$428	\$318
50,182	56,278	59,489	64,640	61,974	55,217
44,991	48,149	56,799	65,166	61,907	55,706

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

	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>ELECTRIC STATISTICS</b>				
<b>Sources of Energy (MWh)</b>				
Total Energy Purchased	583,207	559,061	544,751	532,038
<b>Gross Peak Demand (MW)</b>	112	107	106	104
<b>WATER STATISTICS</b>				
<b>Water Production - 1,000 Gallons</b>				
Raw Water Treated	3,015,157	2,911,231	2,880,512	2,889,435
Water from Distribution System	34,250	2,034	14,718	8,657
Less Deep Well Concentrate	(155,230)	(142,482)	(142,399)	(144,156)
Water Used in Plant	(20,986)	(19,710)	(19,710)	(19,710)
Water from or (left-in) Storage	890	(1,678)	(308)	61
<b>FINISHED WATER FROM PLANT</b>	<u>2,874,081</u>	<u>2,749,395</u>	<u>2,732,813</u>	<u>2,734,287</u>
Purchased for Resale (Interconnects)	130	2,021	10,100	3,943
<b>Water Pumped to City</b>	<u><u>2,874,211</u></u>	<u><u>2,751,416</u></u>	<u><u>2,742,913</u></u>	<u><u>2,738,230</u></u>
Water Used in System	195,953	169,338	193,590	170,788
Water Sales	2,567,700	2,503,820	2,506,826	2,466,037
Losses and Unaccounted for Gallonage	110,558	78,258	42,497	101,405
<b>Unaccounted For</b>	0.0385	0.0284	0.0155	0.0370
Average Daily Consumption	7,853	7,535	7,489	7,496
Highest Daily Consumption Date	9,477 3/8/16	9,285 2/18/15	9,258 5/19/14	8,950 3/13/13
Peak Maximum Demand (MG) Date	15,634 3/28/16	13,355 5/27/15	14,329 5/5/14	13,932 4/13/13
Rainfall (inches)	69.65	40.08	56.11	51.91
<b>WATER RECLAMATION FACILITY</b>				
(In Millions of Gallons per Day)				
Average Daily Flow	6.40	3.79	4.00	4.72
Peak Flow	13.83	8.75	12.25	8.14

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

<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2007</b>
537,115	552,427	568,637	553,487	593,686	608,967
103	115	124	115	113	124
3,088,102	3,101,048	3,023,434	2,993,150	3,013,208	3,455,908
17,644	16,648	16,118	N/A	N/A	N/A
(174,731)	(165,498)	(137,432)	(137,645)	(142,365)	(186,608)
(19,764)	(19,710)	(19,966)	(8,519)	(17,873)	(36,559)
4,218	6,968	1,100	N/A	N/A	N/A
<u>2,915,469</u>	<u>2,939,456</u>	<u>2,883,254</u>	<u>2,846,986</u>	<u>2,852,970</u>	<u>3,232,741</u>
-	-	-	-	-	-
<u><u>2,915,469</u></u>	<u><u>2,939,456</u></u>	<u><u>2,883,254</u></u>	<u><u>2,846,986</u></u>	<u><u>2,852,970</u></u>	<u><u>3,232,741</u></u>
193,707	171,870	175,255	170,369	160,987	132,325
2,641,253	2,655,068	2,598,461	2,566,712	2,573,364	2,808,640
80,509	112,518	109,538	109,905	117,619	291,776
0.0276	0.0383	0.0380	0.0386	0.0412	0.0903
7,990	8,053	7,926	7,827	7,798	8,927
10,524	9,741	9,511	10,403	10,336	11,054
4/18/12	5/30/11	7/1/10	5/8/09	5/18/08	10/23/06
17,437	17,765	17,150	13,304	13,508	17,271
7/22/12	9/14/11	5/7/10	5/7/09	12/2/07	2/1/07
67.10	30.24	40.54	39.89	71.72	42.47
4.86	3.93	4.05	4.95	6.14	5.24
13.03	4.75	5.05	9.57	20.23	7.70

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

Department	9/30/2016	9/30/2015	9/30/2014	9/30/2013
01 Manatee Observation & Education Center	3 P	3 P	2 P	2 P
02 Treasure Coast Energy Center	13	13 D	14 D	14 D
10 Board	5	5	5	5
11 Director of Utilities	2	2	2	2
12 Attorney	1	1	1	1
15 Human Resources	3	3	3	4
18 Safety	2	4 D	4 D	6 D
21 Finance	13	13	12	11 D
22 Materials Management	6 P	4 P	4 P	3 P
31 Shared Services	1	1	1	1
32 Information Technology Services	17 D	17 D	16 D	16
35 Facilities	5 D	5 D	5	5
41 Communications	-	1	1	1
43 Customer Solutions	26 D	26 D	26 D,P	26 D,P
51 Director of Electric & Gas Systems	1	1	1 D	1 D
52 Power Generation	-	-	-	-
54 Electric Transmission and Distribution	23 D	21 D	46 D	49 D
55 Electric Operations	24 D	25 D		
56 Electric & Gas Engineering	9	9	9 D	10 D
61 Director of Water/Wastewater Systems	1	1 D	1 D	1 D
62 Water Resources	24 D	23 D	23 D	23 D
64 Water Distribution	28 D	29 D	28 D	28 D
66 Water/Wastewater Engineering	11	11 P	11 D	11 D
74 Gas Operations	15 D	15 D	15 D	16 D
82 Water Reclamation	16 D	16 D	16 D	14 D
84 Wastewater Collection	19 D	19 D	20 D	21 D
93 FPUAnet Communications	2 D	2 D	2 D	2
<b>TOTAL</b>	<u>270</u>	<u>270</u>	<u>268</u>	<u>273</u>

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

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

<u>9/30/2012</u>	<u>9/30/2011</u>	<u>9/30/2010</u>	<u>9/30/2009</u>	<u>9/30/2008</u>	<u>9/30/2007</u>
2 P	2 P	2 P	2 P	2 P	2 P
15 D	15 D	15 D	15 D	15 D	-
5	5	5	5	5	5
2	2	2	2	2 C	2 C
1	1	1	1	1	1
4	4	4	4	4	4
5 D	5	5	5	5	5
11 D	10 D	12 D	12 D	13	12
3 P	5 P	5 P	5 P	5 P	5 P
1	1 H	1 H	1 H	2	7
16	16	16	16	14 P	13 P
5	5	5	5	5	-
1	1	1	1	1	3
26 D,P	28	29	29	29	29
1 D	1 D	2 D	2 D	3	3
-	-	-	-	1 D	20
51 D	52 D,H	53 D,H	55 C,D,H	58 C,D	56 C
9	9 H	11 H	11 H,P	13 P	14 P
1 D	1	1	1	2	2
23 D	23 D,H	24 H	24 C,H	24 C	24 C
25	25 H	28 H	32	32	30
11 D	11 D,H	11 D,H	13 H	14	14
15 D	14 D,H	14 H	16	16	15
13 D	13 D,H	14 D	12 D,H	25	24
21 D	21 D,H	22 D	22 D,H	13	13
2	1	1	1	1	-
<u>269</u>	<u>271</u>	<u>284</u>	<u>292</u>	<u>305</u>	<u>303</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Ten Largest Customers**  
**Fiscal Year 2016**

Ranking	Customer Name	Utility Service	Unit Sales	Revenues	Total
1	St. Lucie County Board of County Commissioners	Electric (kWh)	14,505,410	\$1,597,522	\$3,931,059
		Water (kgal.)	394,047	1,295,420	
		Wastewater	118,676	1,013,577	
		Natural Gas (ccf)	16,704	24,540	
2	St. Lucie County School Board	Electric (kWh)	20,742,683	\$2,433,957	\$2,965,558
		Water (kgal.)	31,660	207,898	
		Wastewater	31,533	259,898	
		Natural Gas (ccf)	38,964	63,804	
3	Indian River State College	Electric (kWh)	20,346,986	\$2,118,136	\$2,557,741
		Water (kgal.)	28,702	160,769	
		Wastewater	24,277	180,835	
		Natural Gas (ccf)	97,174	98,001	
4	Lawnwood Regional Medical Center	Electric (kWh)	18,640,248	\$1,702,764	\$2,180,638
		Water (kgal.)	27,097	117,389	
		Wastewater	17,147	109,037	
		Natural Gas (ccf)	312,241	251,447	
5	Fort Pierce Utilities Authority	Electric (kWh)	15,576,249	\$1,609,622	\$1,690,042
		Water (kgal.)	3,924	39,657	
		Wastewater	1,589	29,123	
		Natural Gas (ccf)	6,578	11,640	
6	City of Fort Pierce	Electric (kWh)	9,548,902	\$1,102,821	\$1,600,311
		Water (kgal.)	44,591	415,781	
		Wastewater	7,040	75,730	
		Natural Gas (ccf)	1,370	5,979	
7	Fort Pierce Housing Authority	Electric (kWh)	5,759,799	\$625,829	\$1,214,096
		Water (kgal.)	28,150	199,002	
		Wastewater	28,244	249,281	
		Natural Gas (ccf)	62,180	139,984	
8	Florida Atlantic University	Electric (kWh)	11,931,579	\$1,206,510	\$1,206,510
		Water (kgal.)			
		Wastewater			
		Natural Gas (ccf)			
9	Florida Power & Light Company	Electric (kWh)	4,320	\$1,680	\$733,016
		Water (kgal.)	175,064	726,625	
		Wastewater	224	4,710	
		Natural Gas (ccf)			
10	Walmart	Electric (kWh)	5,538,344	\$511,986	\$634,184
		Water (kgal.)	8,236	39,891	
		Wastewater	8,236	56,069	
		Natural Gas (ccf)	25,504	26,238	

TOTAL REVENUES BY UTILITY	Electric	\$12,910,827
	Water	3,202,433
	Wastewater	1,978,260
	Natural Gas	621,635
TOTAL COMBINED REVENUES		\$18,713,155

***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 Fort Pierce Utilities Authority ("FPUA"), as of and for the year ended September 30, 2016, which collectively comprise of FPUA's basic financial statements and have issued our report thereon dated February 23, 2017. 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 FPUA'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 FPUA's internal control. Accordingly, we do not express an opinion on the effectiveness of FPUA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or 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 FPUA'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 23, 2017