



**Director of Financial Services**  
*"Committed to Quality"*

**MEMORANDUM**

TO: Fort Pierce City Commission

FROM: Nina B. Penick, CPA  
FPUA Director of Financial Services *NBP*

THROUGH: John K. Tompeck, P.E. *JKT*  
FPUA Director of Utilities

DATE: March 22, 2018

SUBJECT: City Commission Agenda Request for April 2, 2018 Meeting  
FY 2017 Comprehensive Annual Financial Report

In accordance with the provisions of the City of Fort Pierce Charter, Article XII, Section 178 (c), I am requesting that the City Commission approve the audit as being the unqualified opinion of the auditors that FPUA's financial statements for the fiscal year ending September 30, 2017 are fairly presented in accordance with accounting principles generally accepted in the United States of America, and accept the filing of such audit with the City of Fort Pierce, the same to be kept together with the FPUA CAFR, on file with the City Clerk's office pursuant to the City Charter.

The amount of this year's Distribution to the City of Fort Pierce will be \$6,138,645 and will be paid via EFT after approval and acceptance of the audit.

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

Attachments: FY 2017 Comprehensive Annual Financial Report

cc: City Manager  
City Clerk

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

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017



Fort Pierce Utilities Authority  
206 South Sixth Street  
Fort Pierce, FL 34950

[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, 2017

*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, 2017

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**FORT PIERCE UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
Fiscal Year Ended September 30, 2017

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# TeamUA - Over 2,600

JAMES D ADAMS  
MARY R ADAMS  
CHARLES ALFORD  
KATHARINE A ALFORD  
WILLIAM A ANDERSON  
TINA ATTEY  
ANDREW AVERS  
CHRISTOPHER A BACK  
MAURICE BACON  
JEFFREY W BAKER  
RAUL L BARRERA  
JAMES P BARRY  
RYAN D BASTINE  
MEREDITH L BENNETT  
KARYL R BERTRAM  
LORI BIANCO  
JO-ANN BILYK  
MARCUS E BOECKEL  
S LANCE BRICK  
DANIEL BROLMANN  
WILLIAM BROOKS  
ROGER C BROWN  
MELISSA R BRUNO  
KIMBERLY BUCHHOLZ  
CANDACE H BUCZINSKY  
VICTOR JOSEPH BURRIS  
ANDREW D BYRD  
JOSHUA CALANDRO  
JOHN C CANARD  
DADE C CAPPAR  
JAMES CARNES  
GLYNDA W CAVALCANTI  
MICHAEL P CHIDGEY  
JAVIER CISNEROS  
LINDA CLARK  
ANDRE D CLEVELAND  
RICK CLEVINGER  
CHARLES D CONNELL  
BRETT D CORBETT  
FRANK COX  
CRAIG A CRAWFORD  
WILBURN L CRAWFORD  
CLAYTON B CROUCH

CHRISTOPHER CRUMBLEY  
JONATHAN D CRUMBLEY  
JENNIFFER CUEVAS FERMIN  
ROBYN CURLEY  
MICHAEL W CURRID  
THOMAS M DAROZA  
ALDONIO DASILVA  
JOEL DAVIS  
ROBERT P DAVIS  
LUGEY DAWSON  
RAE LYNN DE BOER  
D WAYNE DEARMAN  
DANIEL DEIULIO  
JAMES S DENMAN  
OWEN A DENNIS  
SCOTT DENNIS  
GARY DEPASTINO  
ANDREW J. DIGIACOMO  
SEDDRICK L DIXON  
THOMAS A DRISKELL  
JASON D DROST  
PETER DUNCAN  
SCOTT DYKEMA  
JASON A ERWIN  
ROBERT R ESCHMANN  
TRENT A EURY  
STEVEN S FERGUSON  
JULIO V FIGUEROA  
DENISE E FOUNTAIN  
SHARI G FRANCO  
MARY C FRIER  
THOMAS A FRYAR  
NORIEL FUMERO  
JOSEPH M FUORE  
SHERRY L FURGERSON  
FREDERICK C GADDIS  
TAMERA C GALLUCCI  
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  
JAMES E HARRIS  
MICHELE S HARRIS  
MATTHEW D HARWARD  
GORDON E HAYMAN  
STEVE HERDEMAN  
ADAM R HOFFER  
ESTELA Q HOLMAN  
KYLE HOLMAN  
BRANDON R HOULE  
DEWEY W HUDMAN  
LINDA HUDSON  
TIMOTHY J HUGHES  
LESTER C HUMMEL  
BOWDOIN G HUTCHINSON  
DAVID S INGRAM  
MARCUS T JACKSON  
PAUL A JAKUBCZAK  
SIDNEY L JERGER  
SIDNEY L JERGER JR  
ANA MARIA JOHNSON  
CHONTAE L JOHNSON  
CHRISTOPHER JOHNSON  
TERRY R JOHNSON  
MICHAEL D JONES  
ROBERT JONES  
WILLIAM R KAEFF  
ADAM KEE  
MARTHA A KERR  
EUGENE D KNIGHT  
MARK KOBBE  
JENNIFER KRIP

# Years of Dedicated Service

KUPER KRUEGER  
ALICE M LADOMIRAK  
PAUL LAGUERRE  
JOSEPH L LAMMERS  
DONALD T. E. LANDIN  
DOMINIC F LANE  
EDWARD S LEONGOMEZ  
ERIN B LOMAX  
SCOTT LOVEN  
PAUL C LUGARA  
ALAN LUNA  
PAUL L MADSEN  
WANDA MAGNUSON  
WILLIAM H MAIN  
TAMMY R MALIN  
GLEN P MANCHESTER  
FRED MANN  
LAURIE A MARTIN  
MELISSA MARTIN  
MICHAEL J MARTIN  
KENNETH H MAXWELL  
FLORINDA K MAZZARELLA  
TOMMIE V MCCARTHY  
NANCY L MCCONKEY  
TERRANCE MCMILLON  
KEVIN S MCDONALD  
DANIEL MCKINLEY  
JOHN W MCMILLIAN  
STONEY X MCPEEK  
BARBARA A MIKA  
GEORGE E MILLER  
JOSHUA J MILLER  
JASON M MITTLER  
KENNETH J MORRIS  
REGINA D MORRIS  
LARRY M MORRISON  
STEVEN MOSELY  
MICHAEL J MULVANEY  
STEVEN MURTO  
RICHARD W MUTTERBACK  
KYLE R MYERS  
CHRISTELLE MYRICK  
RUFUS NELSON

DINO G NESSELRODE  
WILLIAM D NORTON  
KIMBERLY E OKUBO  
PAUL J OLEKOSKI  
SHANNON ONDERLINDE  
JOHNNY ORTIZ  
SHANE OSTRANDER  
NANCY J PALKA  
PATRICIA C PARKER  
THOMAS E PARKER  
SHELIA L PARNELL  
KEVIN W PARRISH  
EDWARD L PATRICK  
DARIN PATTERSON  
ERIC PEARSON OLIVO  
NINA B PENICK  
MICHAEL A PERRI  
RICHARD G PETERSEN  
RONNIE PREBILSKY  
QUINCY A PRICE  
TONY T PRICE  
JOSHUA O PRINE  
DOUGLAS A PUPARD  
CHARLES D PUTNAM  
FRANCISCO RAMOS  
STEPHANIE RAULERSON  
SERITTA S REEVES  
J KEVIN RHODEN  
TIMOTHY W RICHARDS  
EDWIN RICHBERG  
HEATHER M RICUCCI  
ROBERTO S RIGUAL  
DAVION L ROLLE  
WILLIAM ROLLE  
LINDA L ROSADO  
SAMANTHA ROWLAND  
SAL A SCIMECA  
HARRY SHERVA  
JOSHUA SHOLANDER  
SHILOH V SHOLANDER  
CARMELO SIGNORELLI  
STERLING R SIMMONS  
VALENTIME C SIRMONS

JULIE Z SIZEMORE  
SHAWN SMITH  
EILEEN SNOBERGER  
CIRO E SOTELO  
JOEL SPADES  
CHARLES J STANG  
NANCY L STANG  
KENNETH F STEPHAN  
ANGELA M STEPHENS  
B KEITH STEPHENS  
KURTIS D STRAND  
CHARLES S SWINDLE  
TONYA L TARDIF  
KIMBERLY L TAYLOR  
WILLIAM TAYLOR  
RACHEL R TENNANT  
DEBRA THERIAULT  
MARY E THOMAS  
DARRYL R THOMAS-BEY  
JOSEPH R TIETZ  
DANIEL D TILLMAN  
NICOLE H TIPTON  
JOHN K TOMPECK  
LARRY W TYNDALL  
MASON T URSO  
OSVALDO VALDES  
LOUDWIN VASQUEZ  
ROBERT W VAUGHN  
CHRISTOPHER J VELARDO  
KARISSA N WARE  
JABAREY D WARREN  
PETER WICINSKI  
JUDITH A WIDMAYER  
EDMOND WILLIAMS  
STACEY WILLIAMS  
CAROL WILSON  
OLIVER C WINT  
ERIC R WINTERSTEIN  
LOIS A WOLFE  
SHARON WOLKOWICZ  
TERRANCE A YEARBY

# 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	FPUA Sponsored Events
Alzheimer's Community Care	Girl Scouts of Southeast Florida
American Cancer Society	Give Back to Kids
American Red Cross	Grace Emmanuel Church
ARC of St. Lucie County	Great American Cleanup
Bat and Ball Club of St. Lucie County	Gulfstream Council COPE
Big Brothers/Big Sisters	H.A.N.D.S.
BlueBird Educational Foundation	Habitat for Humanity
Boys & Girls Club of St. Lucie County	Healthy Start Coalition of St. Lucie County
Boy Scouts of America	Heathcote Botanical Gardens
C.A.S.T.L.E.	Hibiscus Children's Center
Children's Services Council	Hibiscus Park Crime Watch & Neighborhood Association
Christ Family Church	Highwaymen
Conservation Alliance of SLC	Hospice of the Treasure Coast
Council On Aging of St. Lucie County	In the Image of Christ, Inc.
Deaf & Hard of Hearing Services of the TC	Jack and Jill of America
Dogs & Cats Forever	Kids Crossing Playground Build
Dr. MLK, Jr. Commemorative Committee	Kids at Hope
Drug Abuse Treatment Association, Inc. (DATA)	Kiwanis Clubs
Early Learning Coalition	Leadership Saint Lucie
Family Fun Day Lawnwood Stadium	Life Builders of the TC
Family Meals	Lincoln Park Main Street
First United Methodist Church	Living Faith Church Music Director
Florida Army National Guard	Main Street Fort Pierce
Florida's Blood Centers	Manatee Observation & Education Center (MOEC)
Florida Engineering Society	Marine Cleanup Initiative
Floridians Fighting Falls	Marine Corp League
Food for Families	Moore's Creek Clean Up
Fort Pierce Police Dept. Chaplain	

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# Mission Statement

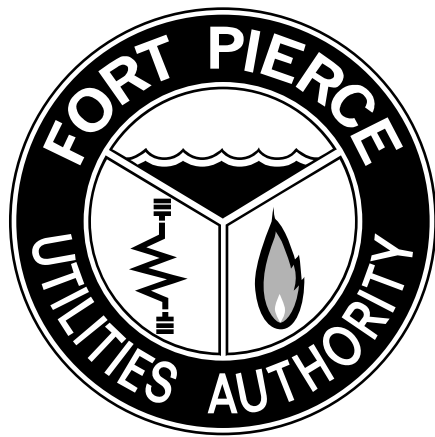
*in a continuous effort to enhance the quality of life in our community"*

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

Multicultural Resource Center	St. Lucie County Economic
Mustard Seed Ministries	Development Council
Navy UDT-SEAL Museum	St. Lucie County Friends of Public Health
Northside Bat and Ball Club	St. Lucie County Harbor Advisory Committee
Oxbow Eco-Center	St. Lucie County Schools
Oyster Fest	St. Lucie County Sheriff
PACE Center for Girls, TC	Sea-Life Habitat Improvement Project
Parkview Baptist Church	Solar & Energy Load Fund
Parent Academy	Stephens Ministry
Pilot Club of Fort Pierce	Somerset College Preparatory Academy
Police Athletic League (PAL)	Stuff the Bus
Pregnancy Resources	Susan G Komen - Strides Against Breast Cancer
Relay for Life	Tabernacle Christian School
Restoring the Village Initiative	The Crossing Community Church
Rotary Clubs	The Parent Academy
Roundtable of St. Lucie County	The Van Duzer Foundation
Royal Palms of St. Lucie	The Worship Center International Ministries
Safe Space of St Lucie	Treasure Coast Blood Bank
SAFER SLC	Treasure Coast Education &
Saint James Christian Academy	Research Development
Salvation Army Christmas Angels	Treasure Coast Environmental Ed. Council
Sandy Shoe Festival	Treasure Coast Food Bank
Sarah's Kitchen	Treasure Coast High School
Save Our Children	Treasure Coast Manatee Foundation
St. Andrews Episcopal Church	Treasure Coast Renegades Youth Football
St. Helen's Catholic Church	Treasure Coast Waterway Clean Up
St. Lucie County Chamber	United Against Poverty Center of St. Lucie Cty
St. Lucie County Critical Incident &	United Way of St. Lucie County
Stress Management	Venturing Crew 24700
St. Lucie Education Foundation	Winners Walk Tall





## Director of Financial Services

*"Committed to Quality"*

March 14, 2018

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, 2017, 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, 2017. 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. Accordingly, FPUA manages and operates the Manatee Observation and Education Center (MOEC) and FPUAnet Communications for the City, and also operates the Treasure Coast Energy Center (TCEC) for the Florida Municipal Power Agency (FMPPA) on a contract basis, utilizing FPUA employees. 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 information on the financial activities of the City of Fort Pierce, which is instead contained in the City's CAFR, 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 System** serves the City of Fort Pierce and the immediately surrounding area, encompassing approximately 35 square miles, with an average of 28,287 services billed during the fiscal year ended September 30, 2017. 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. Although FPUA and the City of Vero Beach currently jointly own the 138kV line from Emerson Substation to County Line Substation, FPUA plans to sell its interest to Florida Power & Light Company (FPL) in 2018, contingent upon the consummation of the Vero Beach Utility Sale to FPL. 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 20,221 services billed during the fiscal year ended September 30, 2017. 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 15,084 services billed during the fiscal year ended September 30, 2017. 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. The Florida Department of Environmental Protection has issued an operating permit, which will be adequate through December 10, 2022.

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, has been renewed and will be adequate 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 4,128 services billed during the fiscal year ended September 30, 2017. 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 such as Dedicated Fiber Internet Access, Bandwidth Connections, and Dark Fiber to businesses and institutions. FPUAnet services also include point to point Wireless Broadband Internet and Wireless Bandwidth Connections, for applications with less stringent requirements, which extend FPUA's fiber through wireless communications.

FPUA manages 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. The Manatee Center accomplishes environmental education and community involvement through an active education outreach program and a volunteer corps of nearly 80 volunteers who staff the Exhibit Hall, Vanishing Mermaid Gift Shop, and community events. The Manatee Center Exhibit Hall, a museum of aquatic tanks and environmental information, provides a clean and safe facility for viewing manatees and other inhabitants of the Indian River Lagoon. Over 41,300 visitors from all over the world visited the Center during fiscal year 2017. A total of 308 manatees were sighted. Volunteers provided a substantial donation to the Center with a total of 10,639 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, 2017, 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 2017 populations of the City of Fort Pierce and St. Lucie County were 43,409 and 297,634 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. Four Water/Wastewater Supply Agreement Amendments have been executed in calendar year 2017, in order to take advantage of FPUA's Capacity Reduction Option. Customers exercising this option can apply payments previously made for Capital Improvement Charges (for water and wastewater capacity) toward payment of Guaranteed Revenue Charges (GRCs, for capacity reserved for unconstructed units) incurred since the original agreements were signed. The Capacity Reduction Option is beneficial to the Developer because although future capacity is reduced, they can pay outstanding GRCs and resume construction with little or no out of pocket cost. FPUA continues to be optimistic about growth in the long term. Sales activity has picked up. Improvements such as major roadwork, continued beautification of the downtown area, and private investment make the area attractive to new residents.

## **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** – FPUA is continuously making beneficial changes to achieve goals that are in alignment with its mission to improve the quality of life in our community. It is important that FPUA effectively promote the positive impact these actions have within the community and for the customers it serves. Improving customer education, outreach, and community involvement may be accomplished through diverse 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, 2016. This was the 23rd 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 26, 2017. 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, 2016**

*Christopher P. Morill*

Executive Director/CEO

# FPUA Leadership

## Board Members



**Glynda Cavalcanti, CPA**  
*Chairman*



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



**Darryl Thomas-Bey**  
*Secretary*



**Michael A. Perri, Jr.**  
*Deputy Secretary*



**Linda Hudson**  
*Mayor*

## Management Team

John K. Tompeck, P.E. Director of Utilities

Paul A. Jakubczak, P.E., Director of Electric & Gas Systems

Bowdoin G Hutchinson, P.E., Director of Water/Wastewater Systems

Vacant, Director of Utility Support Services

Nina B. Penick, CPA, Director of Financial Services

## Counsel

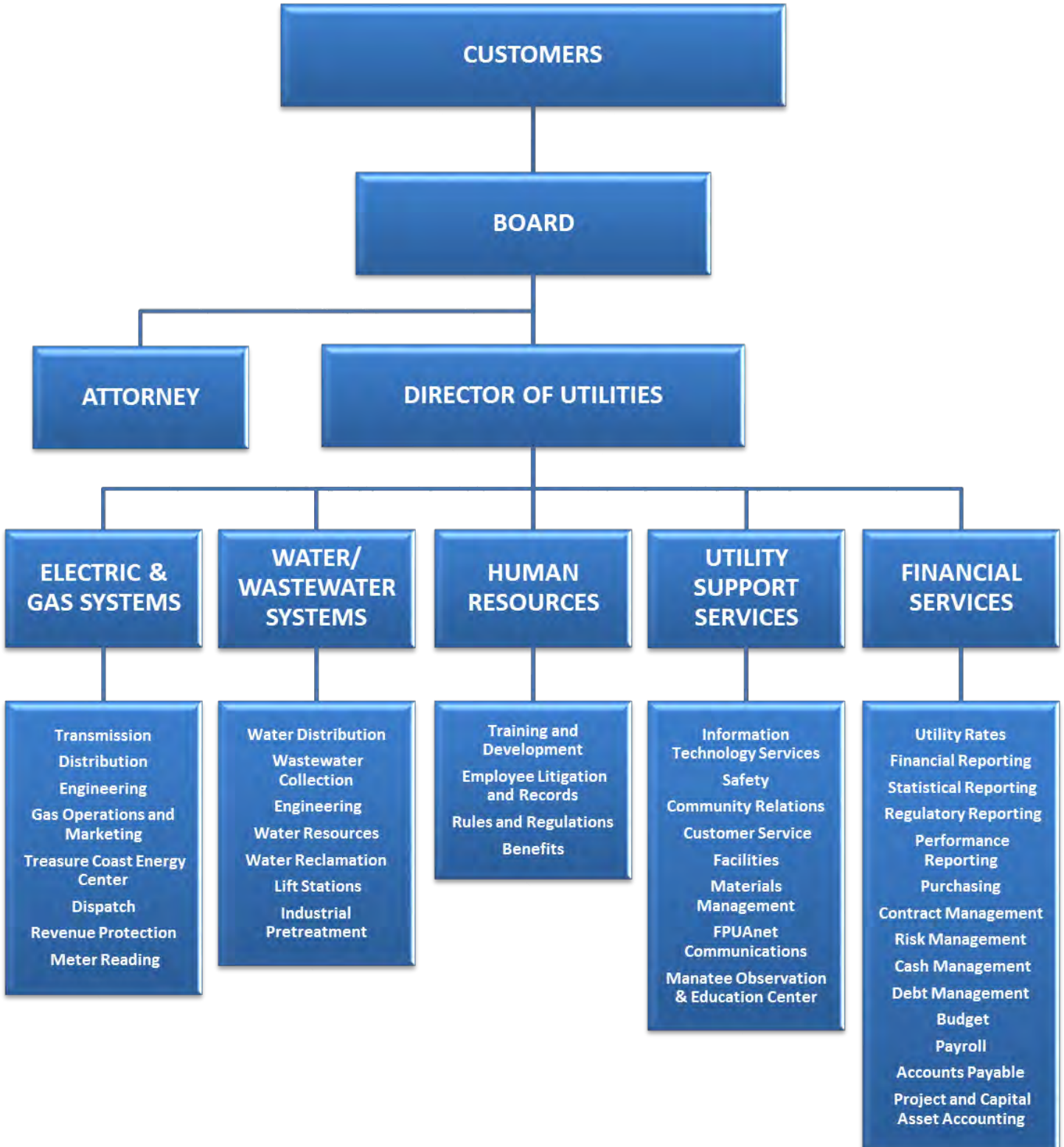
R.N. Koblegard, III, Esquire

## 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, 2017, 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, 2017, 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.

## **Emphasis of Matter**

As described in Note Q, FPUA has restated its 2016 financial statements to reflect a prior period adjustment which resulted in a reclassification in the statement of net position.

## **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*

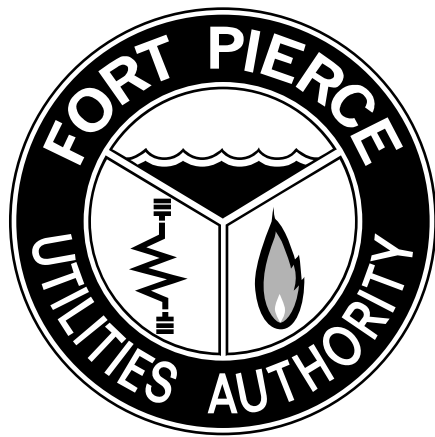
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018, 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  
March 1, 2018



## 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, 2017 (FY 2017). 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 \$4,229,000 over last year, and operating expenses increased \$2,722,000. Operating income of \$11,676,000 was up \$1,507,000 from \$10,169,000, 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. The most recent rate adjustment was a water rate increase in June 2016. 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.
- Although natural gas prices remain at historically low levels, the cost of power purchased from FMPA increased \$1,511,000 or 3.6% and the cost of natural gas purchased for resale was up \$216,000 or 14.4% in FY 2017.
- Operating revenues from the wastewater system increased 9.2%, and water operating revenues increased 8.2% from FY 2016. Excluding the recovery of purchased power and gas costs, operating revenues from the electric system were up 0.2%, and up 1.5% in the gas system.
- Increases in water and wastewater operating revenues, as well as corresponding decreases in Capital Improvement Charge revenues, is primarily due to recovery of Guaranteed Revenue Charges from Developers who have exercised FPUA's Capacity Reduction Option. See [Note A](#) for details.
- The number of wastewater gallons billed increased 4.5% this year. Consumption billed by the water and gas systems increased by 3.8% and 2.8% respectively. Electric unit sales, as well as the average number of services billed in all utility systems, were flat.
- 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 O](#) 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 2017 has been reduced by \$2,045,000 to reflect this accrued cost. See [Note I](#) for details.
- The Distribution to the City of Fort Pierce increased \$160,000 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 28-50](#) 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 52-54](#) 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 \$187,687,000 at the close of the most recent fiscal year.

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

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Current Assets	\$ 67,674	\$ 66,069	\$ 1,605	2.4%
Capital Assets	213,057	215,744	(2,687)	(1.2%)
Other Noncurrent Assets	9,303	9,354	(51)	(0.5%)
Total Assets	290,034	291,167	(1,133)	(0.4%)
Total Deferred Outflows of Resources	8,111	5,042	3,069	60.9%
Current Liabilities	25,342	26,096	(754)	(2.9%)
Noncurrent Liabilities	79,775	80,371	(596)	(0.7%)
Total Liabilities	105,117	106,467	(1,350)	(1.3%)
Total Deferred Inflows of Resources	5,341	4,744	597	12.6%
Net Position:				
Net Investment in Capital Assets	140,472	137,377	3,095	2.3%
Restricted	12,379	13,927	(1,548)	(11.1%)
Unrestricted	34,836	33,694	1,142	3.4%
Total Net Position	<u>\$ 187,687</u>	<u>\$ 184,998</u>	<u>\$ 2,689</u>	1.5%

The largest portion of FPUA's net position (74.8%) 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 (6.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$34,836,000 is unrestricted and may be used to meet FPUA's ongoing obligations to its customers and creditors.

Deferred Pension Outflow, Deferred Pension Inflow, and Net Pension Liability have all increased this year as a result of the entries required by GASB 68. The value of FPUA's capital assets, net of depreciation, has declined slightly 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)

	<b>FY 2017</b>	<b>FY 2016</b>	<b>Increase (Decrease)</b>	
			<b>\$</b>	<b>%</b>
<b>Operating Revenues</b>				
Electric	\$ 66,688	\$ 65,156	\$ 1,532	2.4%
Water	16,814	15,537	1,277	8.2%
Wastewater	13,594	12,448	1,146	9.2%
Natural Gas	4,645	4,378	267	6.1%
MOEC	444	410	34	8.3%
FPUAnet Communications	465	492	(27)	(5.5%)
<b>Nonoperating Revenues</b>				
Investment and Other Income	2,235	2,136	99	4.6%
Grant Revenue	421	-	421	∞
<b>Total Revenues</b>	<b>105,306</b>	<b>100,557</b>	<b>4,749</b>	<b>4.7%</b>
<b>Operating Expenses</b>				
Purchases for Resale	45,523	43,783	1,740	4.0%
Plant Operations	5,577	5,313	264	5.0%
Field Operations	9,360	9,062	298	3.3%
General and Administrative	17,740	16,997	743	4.4%
Depreciation	12,774	13,097	(323)	(2.5%)
<b>Nonoperating Expenses</b>				
Distribution to the City of Fort Pierce	5,969	5,809	160	2.8%
Interest Expense	3,325	3,445	(120)	(3.5%)
TCEC Expenses	1,794	1,699	95	5.6%
Storm Expenses	297	-	297	∞
<b>Total Expenses</b>	<b>102,359</b>	<b>99,205</b>	<b>3,154</b>	<b>3.2%</b>
<b>Income (Loss) before Capital Contributions and Extraordinary Expense</b>	<b>2,947</b>	<b>1,352</b>	<b>1,595</b>	<b>118.0%</b>
Capital Contributions	1,060	1,663	(603)	(36.3%)
Capacity Reductions	(1,316)	(13)	(1,303)	10023.1%
Extraordinary Income (Expense)	(2)	21	(23)	(109.5%)
<b>Increase (Decrease) in Net Position</b>	<b>2,689</b>	<b>3,023</b>	<b>(334)</b>	<b>(11.0%)</b>
<b>Net Position - Beginning of Year</b>	<b>184,998</b>	<b>181,975</b>	<b>3,023</b>	<b>1.7%</b>
<b>Net Position - End of Year</b>	<b>\$ 187,687</b>	<b>\$ 184,998</b>	<b>\$ 2,689</b>	<b>1.5%</b>

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. In FY 2017, Capacity Reductions have been split out from other Capital Contributions due to the significance and timing of the transactions.

The distribution to the City of Fort Pierce, based on FY 2017 revenues, computes to \$6,139,000 and will be paid in April 2018 (see [Note E](#) for details). Last year’s distribution, based on FY 2016 revenues, totaled \$5,969,000, and was paid in April 2017. 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. Additionally, FPUAnet Operating Revenue has been included in the definition of gross revenue for distribution purposes.

**CAPITAL ASSETS**

Major projects, and the costs associated with each during FY 2017, include:

- IWRF Clarifier Rehabilitation \$843,000
- Second Street – all systems 770,000
- Water Treatment Plant:
  - Well W-1R Replacement 388,000
  - Gravity Thickener 316,000
  - Bulk Chemical Containments 303,000
  - PLC Conversion 188,000
- Water & Wastewater:
  - Main, Service and Valve Replacements 774,000
  - Sunrise Boulevard 579,000
  - 13<sup>th</sup> Street 486,000
- Electric Transmission and Distribution:
  - System Improvements 458,000
  - New Construction 204,000
  - Distribution Pole Replacement 164,000
- Wastewater Collection:
  - Wastewater Main Lining 408,000
  - Lift Station Rehabilitation 337,000
- Water Distribution:
  - Water Meters & Backflows 251,000

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 2017, FPUA had \$213,057,000 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, 2017.

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

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Electric	\$ 59,774	\$ 62,125	\$ (2,351)	(3.8%)
Water	80,343	80,164	179	0.2%
Wastewater	59,033	59,558	(525)	(0.9%)
Shared Services	7,142	7,292	(150)	(2.1%)
Gas	6,032	5,879	153	2.6%
FPUAnet	669	656	13	2.0%
MOEC	64	70	(6)	(8.6%)
<b>Total</b>	<u>\$ 213,057</u>	<u>\$ 215,744</u>	<u>\$ (2,687)</u>	(1.2%)

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

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Land	\$ 10,065	\$ 10,046	\$ 19	0.2%
Transmission, distribution, and collection systems	150,925	155,675	(4,750)	(3.1%)
Equipment	18,909	13,895	5,014	36.1%
Structures and improvements	13,034	13,581	(547)	(4.0%)
Construction work in progress	20,124	22,547	(2,423)	(10.7%)
<b>Total</b>	<u>\$213,057</u>	<u>\$215,744</u>	<u>\$(2,687)</u>	(1.2%)

Additional information on FPUA's capital assets can be found in [Note C on pages 35-36](#) of this report.

## **DEBT ADMINISTRATION**

At September 30, 2017, FPUA had outstanding revenue bonds in the amount of \$72,744,000. Debt service schedules extend to October 1, 2029. Interest rates range from 2.14% to 5.90% on the bonds. Principal payments are due October 1 of each year. Principal on the bonds of \$5,840,000 was due and paid on October 1, 2017. FPUA continues to evaluate other refunding opportunities which may remain.

On June 23, 2017, the bond rating firm, Fitch Ratings Inc., affirmed FPUA's 'A+' rating. On June 10, 2016, the bond rating firm, Standard & Poor's, affirmed its 'A' rating on FPUA's revenue bonds. Both firms also stated that FPUA's rating outlook is stable.

FPUA's debt service coverage ratio was 3.25 times for the twelve months ended September 30, 2017, compared to 2.51 times on September 30, 2016. This coverage ratio remains well above the 1.25 minimum requirement.

Additional information on FPUA's revenue bonds payable can be found in [Note F on pages 38-39](#) of this report.

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

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

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, 2017  
(With comparative totals for September 30, 2016)  
(Dollars in Thousands)

	<b>2017</b>	<b>2016</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>ASSETS</b>		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 26,661	\$ 23,163
Accounts Receivable, Net of Allowance for Uncollectible		
Accounts of \$3,342 in 2017 and \$4,154 in 2016	8,489	9,072
Unbilled Receivables	5,626	5,432
Due from Other Governments	2,085	424
Inventories and Other Current Assets	4,514	4,546
Restricted Equity in Pooled Cash and Investments	13,946	22,349
Restricted Cash with Fiscal Agent	6,353	1,083
Total Current Assets	67,674	66,069
Noncurrent Assets:		
Capital Assets:		
Utility Plant in Service	446,447	434,848
Construction Work in Progress	20,124	22,547
Less Accumulated Depreciation	(253,514)	(241,651)
Total Capital Assets (net of Accumulated Depreciation)	213,057	215,744
Other Noncurrent Assets:		
Restricted Equity in Pooled Cash and Investments	6,857	6,857
FMPA Working Capital Receivable	1,919	1,919
Preliminary Surveys	41	41
Investment in Public Gas Partners Pool	486	537
Total Other Noncurrent Assets	9,303	9,354
Total Noncurrent Assets	222,360	225,098
Total Assets	290,034	291,167
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Outflow	7,979	4,891
Deferred Amount on Debt Refunding	132	151
Total Deferred Outflows of Resources	8,111	5,042
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 298,145</b>	<b>\$ 296,209</b>

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

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Net Position**  
September 30, 2017  
(With comparative totals for September 30, 2016)  
(Dollars in Thousands)

	<b>2017</b>	<b>2016</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 8,973	\$ 7,900
Due to City of Fort Pierce	746	913
Customer Deposits - restricted assets	8,029	8,024
Revenue Bonds Payable - restricted assets	5,840	7,367
Accrued Interest Payable - restricted assets	908	971
Accrued Compensated Absences	-	24
Capital Leases Payable	11	38
Other Current Liabilities	835	859
Total Current Liabilities	25,342	26,096
Noncurrent Liabilities:		
Revenue Bonds Payable, Net of Unamortized Discounts	66,851	71,085
Accrued Compensated Absences	1,968	1,778
Other Post Employment Benefit Obligation	742	711
Net Pension Liability	10,090	6,655
Due to St. Lucie County	124	131
Capital Leases Payable	-	11
Total Noncurrent Liabilities	79,775	80,371
Total Liabilities	105,117	106,467
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Purchased Power and Gas Over-Recovery	2,416	3,516
Deferred Pension Inflow	2,925	1,228
Total Deferred Inflows of Resources	5,341	4,744
<b>NET POSITION</b>		
Net Investment in Capital Assets	140,472	137,377
Restricted Capital Improvement Charges	5,522	7,070
Restricted for Debt Service	5,457	5,457
Restricted for Emergencies	900	900
Restricted for Renewals and Replacements	500	500
Unrestricted	34,836	33,694
Total Net Position	187,687	184,998
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 298,145</b>	<b>\$ 296,209</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, 2017  
(With comparative totals for the year ended September 30, 2016)  
(Dollars in Thousands)

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Sales and charges for services	\$ 99,029	\$ 96,157
Other	3,621	2,264
Total Operating Revenues	<u>102,650</u>	<u>98,421</u>
<b>OPERATING EXPENSES</b>		
Purchases for resale	45,523	43,783
Plant operations	5,577	5,313
Field operations	9,360	9,062
General and administrative	17,740	16,997
Depreciation	12,774	13,097
Total Operating Expenses	<u>90,974</u>	<u>88,252</u>
<b>OPERATING INCOME</b>	11,676	10,169
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and other income	2,235	2,136
Grant revenue	421	-
Distribution to General Fund - City of Fort Pierce	(5,969)	(5,809)
Interest expense	(3,325)	(3,445)
TCEC expenses	(1,794)	(1,699)
Storm expenses	(297)	-
Total Nonoperating Revenues (Expenses)	<u>(8,729)</u>	<u>(8,817)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	2,947	1,352
Capital contributions	1,060	1,663
Capacity reductions	(1,316)	(13)
Total Contributed Capital	<u>(256)</u>	<u>1,650</u>
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	2,691	3,002
Extraordinary Income (Expense)	(2)	21
<b>CHANGE IN NET POSITION</b>	2,689	3,023
<b>Net Position - Beginning of Year</b>	<u>184,998</u>	<u>181,975</u>
<b>Net Position - End of Year</b>	<u><u>\$ 187,687</u></u>	<u><u>\$ 184,998</u></u>

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

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Cash Flows**  
Year Ended September 30, 2017  
(With comparative totals for the year ended September 30, 2016)  
(Dollars in Thousands)

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 99,984	\$ 94,755
Receipts from other sources	3,621	2,264
Payments to suppliers for goods and services	(55,598)	(54,939)
Payments to employees for services	(13,356)	(12,307)
Payments for benefits on behalf of employees	(8,876)	(8,019)
Net cash provided by operating activities	25,775	21,754
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Increase (decrease) in payable to City of Fort Pierce	(167)	5
Proceeds received for Grants & Storm damages	171	-
Payments for other non-operating activities	(1,794)	(1,699)
Distribution to General Fund - City of Fort Pierce	(5,969)	(5,809)
Net cash used by noncapital financing activities	(7,759)	(7,503)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(10,093)	(12,001)
Proceeds from sale of assets	6	16
Capital contributions	692	1,515
Capacity reductions	(1,316)	-
Proceeds from issuance of debt	11,776	18,541
Bond and loan principal payments	(17,537)	(23,960)
Bond and loan interest payments	(3,325)	(3,445)
Payment on capital lease obligation	(38)	(31)
Net cash used by capital and related financing activities	(19,835)	(19,365)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in value of PGP Investment	(51)	(50)
Interest on investments	2,235	2,136
Net cash provided by investing activities	2,184	2,086
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 365	\$ (3,028)

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

**FORT PIERCE UTILITIES AUTHORITY**  
**Statement of Cash Flows**  
Year Ended September 30, 2017  
(With comparative totals for the year ended September 30, 2016)  
(Dollars in Thousands)

	<b>2017</b>	<b>2016</b>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 365	\$ (3,028)
Cash and Cash Equivalents at Beginning of Year	53,452	56,480
Cash and Cash Equivalents at End of Year	\$ 53,817	\$ 53,452
Current equity in pooled cash and investments	\$ 26,661	\$ 25,020
Restricted equity in pooled cash and investments	20,803	27,349
Restricted cash with fiscal agent	6,353	1,083
Total Cash and Cash Equivalents	\$ 53,817	\$ 53,452
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 11,676	\$ 10,169
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	12,774	13,097
Inventory adjustment / gain assets / pension expense	2,047	1,353
(Increase) decrease in accounts receivable	(583)	328
(Increase) decrease in unbilled revenue	194	102
(Increase) decrease in inventories and other current assets	1,630	462
Increase (decrease) in liabilities deferred & customer deposits	(3,139)	(1,957)
Increase (decrease) in accounts payable	1,073	(1,677)
Increase (decrease) in compensated absences	166	40
Increase (decrease) in other post employment benefits	31	30
Increase (decrease) in deferred revenues	(94)	(193)
	\$ 25,775	\$ 21,754
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>		
Contributions of capital assets	\$ 176	\$ 135

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

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

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

*Reporting Entity*

The voters of the City of Fort Pierce, Florida authorized the organization of the Fort Pierce Utilities Authority (FPUA) at a special election held May 30, 1972. FPUA commenced operations as of June 30, 1972, and is responsible for management and operation of the combined Electric, Water, Wastewater, and Gas Systems, FPUAnet and the Manatee Observation and Education Center. The City Charter, Article XII, defines the powers, duties, and responsibilities of FPUA. The members of FPUA's governing board are 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, 2017, 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*

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

*GASB Statement No. 72 – The Fair Value Measurement and Application* This 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.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

*GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* This 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.

During fiscal year 2017, new accounting standards were adopted as follows:

*GASB Statement No. 74 – Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the financial report of this local government and used for decision making and assessing accountability.

*GASB Statement No. 75 – Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions* This Statement establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. It also establishes requirements for reporting information about financial support provided by certain nonemployer entities for OPEB that is provided to the employees of other entities.

*GASB Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meets the criteria set in Statement 68.

*GASB Statement No. 82 – Pension Issues* This Statement improves consistency in the application of pension accounting and financial reporting requirements by addressing certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, and No. 73, *Accounting and Financial reporting for Pensions and Related Assets that are not in the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68.*

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

**NOTE A – continued**

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.

Capacity Reductions – Water and wastewater service capacity is obtained through payment of Capital Improvement Charges. In FY 2017, property developers in the FPUA service territory began to see improvement in the local economy. Several of these developers have executed amended supply agreements in order to take advantage of FPUA’s Capacity Reduction Option. Customers exercising this option can apply payments previously made for Capital Improvement Charges toward payment of Guaranteed Revenue Charges (GRCs, for capacity reserved for unconstructed units) incurred since the original agreements were signed. The Capacity Reduction Option is beneficial to the Developer because although future capacity is reduced, they can pay outstanding GRCs and resume construction with little or no out of pocket cost, while bringing customer growth to FPUA. Any future need for additional capacity must be obtained through payment of Capital Improvement Charges at current rates.

These transactions are recorded in the accompanying financial statements as an increase in operating revenue along with the corresponding reduction in capital contributions in the amount of \$1,316.

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 State Board of Administration (SBA) Florida PRIME Local Government Surplus Fund 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.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

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. Donated or contributed capital assets are recorded at the value of acquisition on the date received as 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 purchased power and gas 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 \$2,416 for these overrecoveries.

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 deferred outflows of resources in accordance with GASB No. 65.

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 an accumulation 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.

## FORT PIERCE UTILITIES AUTHORITY

### Notes to Financial Statements

September 30, 2017

(Dollars in Thousands)

#### NOTE A - continued

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 2002.

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, bond discounts, 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, 2017 are \$379, \$3,162, and \$1,981. 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”.

#### 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

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

thereto, for the year ended September 30, 2017, have been approved according to the above procedures.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2017 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2017. Management has performed their analysis through March 1, 2018.

**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, 2017, or with banks in which depository insurance was sufficient to cover the deposit balance. At year-end, FPUA's carrying amount of deposits was \$754 and the bank balance was \$73.

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, 2017. 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, 2017, was \$188.

As of September 30, 2017, FPUA had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Seacoast National Bank Sweep	\$ 32,598
PNC Money Market	7,071
Florida State Board of Administration - Florida PRIME Local Government Surplus Funds Trust Fund (AAAm)	5,293
Harbor Community Bank Certificate of Deposit	<u>1,739</u>
Total	<u>\$ 46,701</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

**NOTE B – continued**

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.
- (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 70% of FPUA's investments are in overnight repurchase agreements and the Florida PRIME Investment Pool.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

**NOTE C – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 10,046	\$ 19	\$ -	\$ 10,065
Construction Work In Progress	22,547	9,280	(11,703)	20,124
Total Utility Plant, not being depreciated	<u>32,593</u>	<u>9,299</u>	<u>(11,703)</u>	<u>30,189</u>
Capital Assets, being depreciated:				
Transmission, distribution and collection systems	336,566	5,033	(858)	340,741
Equipment	51,192	7,310	(31)	58,471
Structures and improvements	37,044	155	(29)	37,170
Total Utility Plant being depreciated	<u>424,802</u>	<u>12,498</u>	<u>(918)</u>	<u>436,382</u>
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(180,891)	(9,776)	851	(189,816)
Equipment	(37,297)	(2,296)	31	(39,562)
Structures and improvements	(23,463)	(702)	29	(24,136)
Total accumulated depreciation	<u>(241,651)</u>	<u>(12,774)</u>	<u>911</u>	<u>(253,514)</u>
Total Capital Assets, being depreciated, net	<u>183,151</u>	<u>(276)</u>	<u>(7)</u>	<u>182,868</u>
Total Capital Assets, net	<u>\$ 215,744</u>	<u>\$ 9,023</u>	<u>\$ (11,710)</u>	<u>\$ 213,057</u>

Depreciation expense was charged to the utility systems as follows:

Electric	\$ 4,401
Water	4,417
Wastewater	3,587
Gas	297
FPUAnet Communications	66
Manatee Observation and Education Center	<u>6</u>
	<u>\$12,774</u>

Construction work in progress at September 30, 2017, 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.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

**NOTE C – continued**

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, 2017, were \$3,325 of which \$126 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>Upgrade and Expansion</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>	<u>Required Further Financing</u>
Water	\$ 5,040	\$ 1,730	\$ 3,310	None
Wastewater	2,796	1,699	1,097	None
Gas	185	5	180	None
Electric	7	5	2	None
	<u>\$ 8,028</u>	<u>\$ 3,439</u>	<u>\$ 4,589</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, 2017, costs of \$1,262 were authorized under these contracts, \$1,042 had been spent, and authorized amounts of \$220 remained.

**NOTE D – RESTRICTED ASSETS**

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

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

Principal and interest accounts	\$ 6,748
Capital Improvement Charges	5,522
Customer security deposits	8,029
Debt Service	5,457
Emergency reserve	900
Renewal and replacement reserve	<u>500</u>
Total Restricted Assets	<u>\$27,156</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

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

As provided by Article XII, Section 178 of 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, 2018, based on the 6% distribution formula for the year ended September 30, 2017:

Gross Revenue	\$ 105,049
Plus:	
Capacity Reductions	1,316
Gas Piping and Appliance Costs	45
	<u>106,410</u>
Less:	
FMPA O&M Contract Income	1,794
Capital Contributions	1,060
Manatee Observation and Education Center Operating Revenue	444
Grant Revenue	421
Revenue for City Billing	187
Power Cost and Purchased Gas Adjustments	134
Gas Piping and Appliance Revenue	59
Adjusted Gross Revenue	<u>\$ 102,311</u>
Amount distributable to General Fund, City of Fort Pierce at 6% of gross revenues, as defined	<u>\$ 6,139</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

**NOTE F – REVENUE BONDS PAYABLE**

*Revenue Bonds Payable at September 30, 2017, 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, 2017 is \$28,571. The bonds mature October 1, 2017 through October 1, 2024, with principal amounts totaling \$34,695 due in those years in annual amounts ranging from \$4,335 to \$4,340.	\$28,571
\$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
\$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 \$295 to \$3,451 are due October 1, 2017 through October 1, 2026.	9,373
Total Revenue Bonds Payable at September 30, 2017	\$72,744
Less: Unamortized portion of revenue bond discounts	53
Current portion of revenue bonds payable	<u>5,840</u>
	<u>\$ 66,851</u>

Requirements to amortize all revenue bonds outstanding as of September 30, 2017 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	78,868	15,319	94,187
Future accretion on capital appreciation bonds	<u>(6,124)</u>	<u>6,124</u>	<u>-</u>
	\$ 72,744	\$ 21,443	\$ 94,187

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

Significant Bond Covenants for Utilities Revenue Bonds

The Series 1999, 2009 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, 2017.

Redemption Options Prior to Maturity

The Series 2016 Utilities Refunding Revenue Bonds maturing on October 1, 2026 with an interest rate of 2.14% are redeemable anytime 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 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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 78,510	\$ 11,776	\$ (17,542)	\$ 72,744	\$ 5,840
Bond Discounts	(58)	-	5	(53)	-
Net Pension Liability	6,655	3,435	-	10,090	-
Due to St Lucie County	131	-	(7)	124	-
Capital Leases	49	-	(38)	11	11
Compensated Absences	1,802	1,490	(1,324)	1,968	-
Other Post Employment Benefits	711	62	(31)	742	-
Pollution Remediation	21	-	(21)	-	-
Long Term Liabilities	<u>\$ 87,821</u>	<u>\$ 16,763</u>	<u>\$ (18,958)</u>	<u>\$ 85,626</u>	<u>\$ 5,851</u>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(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, 2017, have been reflected in the accounts of FPUA for vested (not contingent on employee future service) vacation and sick leave benefits. The amount considered payable within one year is determined based upon five-year averages of the amount accrued for use by employees, and the amount actually used. FPUA assumes that leave earned last is used first or LIFO (last in first out). If employees are using, on average, less than they are earning, then the entire liability is considered long-term. Conversely, if the averages indicate that employees are taking more leave than they are earning, then a portion of the liability is considered current.

At September 30, 2017 the liability was:

	<u>Total Liability</u>	<u>Due Within One Year</u>
Vacation leave	\$ 701	\$ -
Sick leave	<u>1,267</u>	<u>-</u>
	<u>\$ 1,968</u>	<u>\$ -</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, 2017, \$65 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, 2017, \$44 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, 2017, \$30 was paid to employees electing this option.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(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 3.50%; and the resulting Single Discount Rate of 7.75%. The wage inflation rate assumed was 4.50%. Mortality tables used were the RP-2000 Combined Mortality Tables for males and females. A 2.5% load was used as a 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 1999. 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 \$4,566 (15.3%) for the fiscal year ended September 30, 2017. The two preceding years' contributions to the System and percent of covered payroll were \$4,093 (15.66%) for 2015 and \$4,211 (15.4%) for 2016.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

**NOTE I – continued**

At September 30, 2017, FPUA reported a liability of \$10,090 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending September 30, 2017. 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, 2017, the FPUA's proportionate share was 50.74%. There were no changes made to the plan benefits for the year ending September 30, 2017. 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 90.74% funded by valuation assets as of September 30, 2017. For the fiscal year ended September 30, 2017, FPUA recognized pension expense of \$4,183. FPUA has recorded beginning and ending accruals which may differ from reporting by the System. At September 30, 2017, FPUA reported a payable in the amount of \$44, 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
2017	7,979	(2,925)	2,045

The net deferred outflows of resources related to the Pension Plan, totaling \$5,054 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, 2017. 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>
2018	\$ 2,223
2019	2,223
2020	784
2021	(176)
2022	-
Thereafter	-
<b>Total</b>	<b>\$ 5,054</b>

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(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 7.75%, 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 (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current Single Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
FPUA's proportionate share of the Net Pension Liability	\$ 22,381	\$ 10,090	\$ (260)

**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 \$4,722 in the aggregate for calendar year 2017.

As of September 30, 2017, FPUA had estimated incurred unpaid claims of \$495. Fiscal Year 2017 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:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2016	\$ 477	\$ 5,316	\$ 5,226	\$ 567
2017	567	4,724	4,796	495

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(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 for health and dental are made by the 37 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 \$241 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 with amendments for Statements 74 and 75. 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).

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:

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

Annual required contribution	\$ 74
Interest on Net OPEB Obligation	28
Adjustment on annual required contribution	(40)
Annual OPEB Cost	<u>62</u>
Contributions made	(30)
Interest on contributions	(1)
Increase in Net OPEB Obligation	<u>31</u>
Net OPEB Obligation - beginning of year	<u>711</u>
Net OPEB Obligation - end of year	<u><u>\$742</u></u>

FPUA's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, the net OPEB obligation for FY 2017, 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>
2015	\$84	29.8%	\$ 681
2016	61	49.2%	711
2017	62	48.4%	742

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 \$15,096. Therefore, the ratio of the UAAL to the covered payroll was 4.0%.

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, 2017

(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, 2017 the FMV less accumulated amortization was \$7. The effective interest/maintenance expense for the year ended September 30, 2017 was \$6. Future lease payments for this capital lease are as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2018	<u>\$11</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, 2017, were \$1,694.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(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, 2017, totaled \$298. 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, 2017, were \$9,656. In addition, FPUA paid the September 30, 2016 General Fund distribution to the City in the amount of \$5,969. Amounts payable to the City at September 30, 2017, were \$758.

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 of \$3.5, accrued at the average interest rate earned by FPUA on its investments.

**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, 2017

(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 2016 and FY 2017 was \$8,102 and \$7,979 respectively. FPUA is committed under the agreements to payments of \$7,850 for the year ending September 30, 2018.

*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.

## FORT PIERCE UTILITIES AUTHORITY

### Notes to Financial Statements

September 30, 2017

(Dollars in Thousands)

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 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 2018, FPUA will be entitled to firm capacity of 566,412 MMbtu, and will be committed to purchase 173,800 MMbtu of natural gas at an approximate cost of \$573. The amounts purchased under these contracts, for FY 2016 and FY 2017 were \$1,506 and \$1,724 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 is extended annually and for the year ended September 30, 2017.

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 2016 and FY 2017 totaled \$1,699 and \$1,794 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. Voluntary Cleanup Tax Credits have been estimated to cover \$2,285 of the project costs. The extraordinary expense paid by FPUA in FY 2017 was \$2 in interest expense for loans taken by the FPRA to cover the remediation. There were no amounts payable to the FPRA at September 30, 2017. When the work on this project concludes, the final cost will be reevaluated based on the actual amounts received through tax credits.

#### **NOTE P – NONEXCHANGE FINANCIAL GUARANTEES**

At September 30, 2017, 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, 2017 is \$262 and will come due on February 1, 2021. 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.

**FORT PIERCE UTILITIES AUTHORITY**

**Notes to Financial Statements**

September 30, 2017

(Dollars in Thousands)

**NOTE Q - PRIOR PERIOD ADJUSTMENT**

In Fiscal Year 2008, developers installed and contributed certain on-site and off-site Water and Wastewater facilities to FPUA. As per the agreement, the developer received credits toward Wastewater Capital Improvement Charges (CICs) and Water CICs in the amounts of \$1,650 and \$207 respectively. FPUA's financial statements erroneously reported the CIC credits as Noncash Contributed Capital in FY 2008. The error was discovered during FY 2017, when the developer exercised the Capacity Reduction Option.

The accompanying financial statements for 2016 have been restated to reflect a prior period adjustment resulting in increases in Restricted Equity in Pooled Cash and Investments and Restricted CICs and corresponding decreases in Equity in Pooled Cash and Investments and Unrestricted Net Position in the amount of \$1,857. This resulted in reclassifications in the Statement of Net Position, there was no change or impact to the Statement of Revenues, Expenses and Change in Net Position.



**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%
9/30/2017	-	609	609	0.00%	15,096	4.03%

**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%
2017	50.74%	10,090	13,532	74.56%	90.74%

Net Pension Liability (NPL)

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

**FORT PIERCE UTILITIES AUTHORITY**  
**Schedule of Employer Contributions**  
**For the City of Fort Pierce Retirement and Benefit System**  
(Dollars in Thousands)

Fiscal Year Ending September 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 4,356	\$ 4,356	\$ -	\$ 26,381	16.51%
2015	4,093	4,093	-	26,139	15.66%
2016	4,211	4,211	-	27,295	15.43%
2017	4,566	4,566	-	29,789	15.33%

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.

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<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.	58-63
<b><u>Revenue Capacity</u></b>	
These schedules contain information to help the reader assess FPUA's local revenue source.	67-74
<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.	76-79
<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.	82-83
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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>2017</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 26,661	\$ 23,163	\$ 27,712
Accounts Receivable, Net of Allowance for Uncollectible Accounts	8,489	9,072	8,149
Unbilled Receivables	5,626	5,432	5,534
Due from Other Governments	2,085	424	422
Inventories and Other Current Assets	4,514	4,546	5,009
Restricted Equity in Pooled Cash and Investments	13,946	22,349	20,757
Restricted Cash with Fiscal Agent	6,353	1,083	1,308
Total Current Assets	<u>67,674</u>	<u>66,069</u>	<u>68,891</u>
Noncurrent Assets:			
Capital Assets:			
Utility Plant in Service	446,447	434,848	423,324
Construction Work in Progress	20,124	22,547	24,768
Less Accumulated Depreciation	(253,514)	(241,651)	(231,252)
Total Capital Assets (net of Accumulated Depreciation)	<u>213,057</u>	<u>215,744</u>	<u>216,840</u>
Other Noncurrent Assets:			
Restricted Equity in Pooled Cash and Investments	6,857	6,857	6,703
FMPA Working Capital Receivable	1,919	1,919	1,919
Preliminary Survey	41	41	6
Investment in Public Gas Partners Pool	486	537	587
Total Other Noncurrent Assets	<u>9,303</u>	<u>9,354</u>	<u>9,215</u>
Total Assets	<u>290,034</u>	<u>291,167</u>	<u>294,946</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Advance Distribution to General Fund - City of Fort Pierce	-	-	1,251
Deferred Pension	7,979	4,891	3,689
Deferred Amount on Debt Refunding	132	151	-
Purchased Power and Gas Under-Collection	-	-	-
Total Deferred Outflows	<u>8,111</u>	<u>5,042</u>	<u>4,940</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 298,145</u>	<u>\$ 296,209</u>	<u>\$ 299,886</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 - Assets and Deferred Outflows**  
Last Ten Fiscal Years  
(Dollars in Thousands)

2014	2013	2012	2011	2010	2009	2008
\$ 29,371	\$ 32,533	\$ 30,179	\$ 27,588	\$ 20,395	\$ 10,499	\$ 11,185
7,256	7,137	7,438	7,683	8,089	9,139	8,050
5,959	5,380	5,260	5,352	5,771	6,618	6,297
447	447	547	547	661	587	1,056
4,877	4,716	4,679	4,672	5,119	5,932	6,440
20,306	14,483	13,991	13,789	13,354	13,648	13,862
1,300	7,471	7,819	7,681	7,666	6,858	7,388
<u>69,516</u>	<u>72,167</u>	<u>69,913</u>	<u>67,312</u>	<u>61,055</u>	<u>53,281</u>	<u>54,278</u>
414,941	411,561	406,146	397,577	386,310	376,645	346,425
20,472	15,750	15,485	15,958	22,300	24,307	37,686
(219,917)	(210,951)	(199,294)	(184,610)	(171,752)	(157,277)	(146,325)
<u>215,496</u>	<u>216,360</u>	<u>222,337</u>	<u>228,925</u>	<u>236,858</u>	<u>243,675</u>	<u>237,786</u>
6,703	6,703	6,703	6,703	6,703	3,223	3,223
1,919	1,919	1,919	1,919	1,919	1,919	1,919
29	29	30	80	23	23	2,669
624	658	830	841	864	1,022	-
<u>9,275</u>	<u>9,309</u>	<u>9,482</u>	<u>9,543</u>	<u>9,509</u>	<u>6,187</u>	<u>7,811</u>
<u>294,287</u>	<u>297,836</u>	<u>301,732</u>	<u>305,780</u>	<u>307,422</u>	<u>303,143</u>	<u>299,875</u>
1,250	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	910
<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910</u>
<u>\$ 295,537</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>

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 8,973	\$ 7,900	\$ 9,577
Due to City of Fort Pierce	746	913	781
Customer Deposits - restricted assets	8,029	8,024	7,803
Revenue Bonds Payable - restricted assets	5,840	7,367	7,086
Accrued Interest Payable - restricted assets	908	971	1,145
Accrued Compensated Absences	-	24	170
Capital leases Payable	11	38	31
Other Current Liabilities	835	859	873
Total Current Liabilities	<u>25,342</u>	<u>26,096</u>	<u>27,466</u>
Noncurrent Liabilities:			
Revenue Bonds Payable, Net of Unamortized Discounts	66,851	71,085	76,754
Accrued Compensated Absences	1,968	1,778	1,592
Other Post Employment Benefits	742	711	681
Net Pension Liability	10,090	6,655	5,528
Due to St. Lucie County	124	131	137
Capital Leases Payable	-	11	49
Other Noncurrent Liabilities	-	-	-
Total Noncurrent Liabilities	<u>79,775</u>	<u>80,371</u>	<u>84,741</u>
Total Liabilities	105,117	106,467	112,207
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Purchased Power and Gas Over-Recovery	2,416	3,516	5,694
Deferred Pension Inflow	2,925	1,228	-
Deferred Amount on Debt Refunding	-	-	10
Total Deferred Inflow of Resources	<u>5,341</u>	<u>4,744</u>	<u>5,704</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	140,472	137,377	132,890
Restricted Capital Improvement Charges	5,522	7,070	6,031
Restricted For Debt Service	5,457	5,457	4,930
Restricted For Emergencies	900	900	1,273
Restricted For Renewals & Replacements	500	500	500
Restricted For Capital Projects	-	-	-
Unrestricted	34,836	33,694	36,351
Total Net Position	<u>187,687</u>	<u>184,998</u>	<u>181,975</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 298,145</u>	<u>\$ 296,209</u>	<u>\$ 299,886</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)

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$	10,066	\$ 9,295	\$ 7,785	\$ 8,044	\$ 7,020	\$ 8,289	\$ 10,892
	766	732	699	689	756	718	810
	7,445	7,205	6,869	6,675	6,339	5,866	5,324
	6,987	6,653	5,955	5,675	5,655	5,797	5,350
	1,197	1,356	1,864	2,006	2,011	1,208	1,316
	55	-	82	80	64	1,294	1,284
	26	22	39	32	27	-	-
	831	1,312	1,351	1,419	1,276	540	458
	<u>27,373</u>	<u>26,575</u>	<u>24,644</u>	<u>24,620</u>	<u>23,148</u>	<u>23,712</u>	<u>25,434</u>
	82,375	87,978	92,493	97,460	102,291	102,371	106,694
	1,878	1,830	1,675	1,566	1,626	671	864
	622	564	509	456	148	13	-
	1,750						
	137	177	189	201	234	-	-
	80	105	-	39	71	-	-
	713	757	700	-	-	-	-
	<u>87,555</u>	<u>91,411</u>	<u>95,566</u>	<u>99,722</u>	<u>104,370</u>	<u>103,055</u>	<u>107,558</u>
	114,928	117,986	120,210	124,342	127,518	126,767	132,992
	3,204	2,255	3,147	2,934	1,541	609	-
	-	-	-	-	-	-	-
	30	60	-	-	-	-	-
	<u>3,234</u>	<u>2,315</u>	<u>3,147</u>	<u>2,934</u>	<u>1,541</u>	<u>609</u>	<u>-</u>
	126,108	121,697	123,978	126,120	129,561	136,623	127,751
	5,977	6,740	7,122	7,114	7,015	7,781	8,538
	4,535	4,139	3,744	3,480	3,480	-	-
	1,668	2,000	2,000	2,000	2,000	2,000	2,000
	500	564	959	1,223	1,223	1,223	1,223
	-	-	-	-	-	-	721
	<u>38,587</u>	<u>42,395</u>	<u>40,572</u>	<u>38,567</u>	<u>35,084</u>	<u>28,140</u>	<u>27,560</u>
	<u>177,375</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>295,537</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>

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

	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>OPERATING REVENUES</b>				
Residential Sales	\$ 42,237	\$ 41,432	\$ 39,558	\$ 39,565
General Service Sales	55,839	53,811	52,964	55,899
Sales for Resale	953	914	874	799
Other Operating Revenues	3,621	2,264	2,162	2,272
Total Operating Revenues	<u>102,650</u>	<u>98,421</u>	<u>95,558</u>	<u>98,534</u>
<b>OPERATING EXPENSES</b>				
Generation	-	-	-	-
Purchases for Resale	45,523	43,783	42,304	45,347
Plant Operations	5,577	5,313	5,325	5,247
Field Operations	9,360	9,062	8,641	8,716
General and Administrative	17,740	16,997	15,802	15,078
Depreciation	12,774	13,097	12,461	14,991
Total Operating Expenses	<u>90,974</u>	<u>88,252</u>	<u>84,533</u>	<u>89,379</u>
<b>OPERATING INCOME</b>	11,676	10,169	11,025	9,155
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Other Income	2,235	2,136	2,171	2,232
Grant Revenue	421	-	81	6
TCEC Expenses	(1,794)	(1,699)	(1,809)	(1,667)
Storm Expenses	(297)	-	-	-
Interest Expense	(3,325)	(3,445)	(3,594)	(3,582)
Property Transfer to FPRA	-	-	-	-
Distribution to City of Fort Pierce	(5,969)	(5,809)	(5,735)	(5,605)
Total Nonoperating Revenues (Expenses)	<u>(8,729)</u>	<u>(8,817)</u>	<u>(8,886)</u>	<u>(8,616)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	2,947	1,352	2,139	539
Capital Contributions	(256)	1,650	2,471	1,478
<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>	2,691	3,002	4,610	2,017
Extraordinary Income (Expense)	(2)	21	(10)	(427)
<b>CHANGE IN NET POSITION</b>	2,689	3,023	4,600	1,590
Net Position - Beginning of Year*	<u>184,998</u>	<u>181,975</u>	<u>177,375</u>	<u>177,535</u>
Net Position - End of Year	<u>\$ 187,687</u>	<u>\$ 184,998</u>	<u>\$ 181,975</u>	<u>\$ 179,125</u>

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

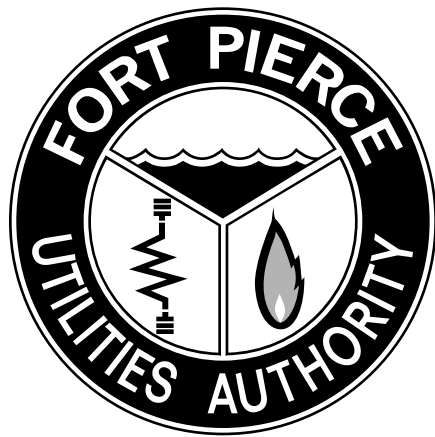
\*FY 2015 Beginning of Year Net Position restated to reflect GASB 68 adjustment.

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

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$	38,489	\$ 38,275	\$ 40,220	\$ 44,528	\$ 43,422	\$ 42,876
	55,518	55,162	55,736	60,431	61,908	62,219
	854	882	465	747	711	580
	2,172	2,171	1,663	2,552	2,832	2,602
	<u>97,033</u>	<u>96,490</u>	<u>98,084</u>	<u>108,258</u>	<u>108,873</u>	<u>108,277</u>
	-	-	-	-	1	939
	44,800	44,356	45,695	53,893	54,812	54,797
	5,127	5,336	5,275	5,724	5,657	5,756
	8,579	8,236	8,124	8,827	9,148	8,889
	14,546	14,645	15,260	14,949	15,482	15,858
	15,300	15,253	15,558	15,268	14,201	13,756
	<u>88,352</u>	<u>87,826</u>	<u>89,912</u>	<u>98,661</u>	<u>99,301</u>	<u>99,995</u>
	8,681	8,664	8,172	9,597	9,572	8,282
	1,961	2,211	2,277	2,407	2,271	2,404
	12	8	-	230	626	5,234
	(1,654)	(1,642)	(1,570)	(1,492)	(1,491)	(480)
	-	-	-	-	(87)	(96)
	(5,105)	(4,632)	(4,894)	(5,688)	(3,990)	(4,160)
	-	-	-	(511)	-	-
	<u>(5,366)</u>	<u>(4,767)</u>	<u>(5,125)</u>	<u>(4,853)</u>	<u>(5,046)</u>	<u>(4,952)</u>
	<u>(10,152)</u>	<u>(8,822)</u>	<u>(9,312)</u>	<u>(9,907)</u>	<u>(7,717)</u>	<u>(2,050)</u>
	(1,471)	(158)	(1,140)	(310)	1,855	6,232
	1,392	1,229	1,291	2,982	6,465	19,156
	(79)	1,071	151	2,672	8,320	25,388
	<u>(761)</u>	<u>(1,200)</u>	<u>(10)</u>	<u>(76)</u>	<u>(346)</u>	<u>394</u>
	(840)	(129)	141	2,596	7,974	25,782
	<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>177,535</u>	<u>178,375</u>	<u>178,504</u>	<u>178,363</u>	<u>175,767</u>	<u>167,793</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 2017	28,287	20,221	4,128	15,084
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

**FORT PIERCE UTILITIES AUTHORITY**

**Operating Revenues By System**

Last Ten Fiscal Years

(Dollars in Thousands)

	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>ELECTRIC</b>				
Residential				
Inside the City	\$ 23,105	\$ 22,718	\$ 21,434	\$ 21,724
Outside the City	5,641	5,600	5,255	5,282
General Service				
Inside the City	30,038	29,077	28,423	30,507
Outside the City	5,171	5,039	4,958	5,235
Other Retail	1,711	1,680	1,750	1,979
Other Operating Revenues	1,022	1,042	1,024	1,074
<b>Total Electric Operating Revenues</b>	<b>66,688</b>	<b>65,156</b>	<b>62,844</b>	<b>65,801</b>
<b>WATER</b>				
Residential				
Inside the City	4,876	4,710	4,546	4,351
Outside the City	1,790	1,680	1,597	1,494
General Service				
Inside the City	5,868	5,498	5,305	5,169
Outside the City	2,638	2,625	2,381	2,519
Sales for Resale	953	914	874	799
Other Operating Revenues	689	110	101	156
<b>Total Water Operating Revenues</b>	<b>16,814</b>	<b>15,537</b>	<b>14,804</b>	<b>14,488</b>
<b>GAS</b>				
Sales Revenue				
Residential	1,196	1,192	1,240	1,293
Heat Only	9	11	12	13
General Service	3,367	3,106	3,511	3,813
Other Operating Revenues	73	69	85	82
<b>Total Gas Operating Revenues</b>	<b>4,645</b>	<b>4,378</b>	<b>4,848</b>	<b>5,201</b>
<b>WASTEWATER</b>				
Residential				
Inside the City	4,963	4,874	4,826	4,763
Outside the City	582	572	574	570
General Service				
Inside the City	5,688	5,547	5,280	5,305
Outside the City	1,433	1,314	1,428	1,446
Other Operating Revenues	928	141	126	180
<b>Total Wastewater Operating Revenues</b>	<b>13,594</b>	<b>12,448</b>	<b>12,234</b>	<b>12,264</b>
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>				
<b>Total MOEC Operating Revenues</b>	<b>444</b>	<b>410</b>	<b>390</b>	<b>350</b>
<b>FPUAnet COMMUNICATIONS</b>				
<b>Total FPUAnet Operating Revenues</b>	<b>465</b>	<b>492</b>	<b>438</b>	<b>430</b>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 102,650</b>	<b>\$ 98,421</b>	<b>\$ 95,558</b>	<b>\$ 98,534</b>

**FORT PIERCE UTILITIES AUTHORITY**

**Operating Revenues By System**

Last Ten Fiscal Years

(Dollars in Thousands)

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ 21,325	\$ 21,460	\$ 22,936	\$ 26,327	\$ 25,398	\$ 25,084
5,281	5,378	5,921	6,882	6,821	6,922
31,515	32,280	32,822	36,501	38,192	37,642
5,254	5,393	5,558	6,458	6,945	7,460
2,012	1,895	1,663	1,657	1,651	1,632
1,115	1,051	1,148	1,192	1,189	1,171
<u>66,502</u>	<u>67,457</u>	<u>70,048</u>	<u>79,017</u>	<u>80,196</u>	<u>79,911</u>
4,054	3,855	3,819	3,749	3,729	3,580
1,367	1,277	1,263	1,225	1,207	1,194
4,813	4,807	4,956	4,697	4,616	4,343
2,249	2,348	2,288	2,336	2,033	2,062
854	882	466	747	711	580
119	124	(45)	254	345	299
<u>13,456</u>	<u>13,293</u>	<u>12,747</u>	<u>13,008</u>	<u>12,641</u>	<u>12,058</u>
1,251	1,215	1,306	1,462	1,367	1,443
13	11	21	24	19	16
3,331	2,400	2,580	2,827	2,566	3,213
53	75	120	92	82	100
<u>4,648</u>	<u>3,701</u>	<u>4,027</u>	<u>4,405</u>	<u>4,034</u>	<u>4,772</u>
4,564	4,459	4,337	4,251	4,233	3,980
555	541	551	540	577	577
4,973	4,918	4,745	4,686	4,665	4,718
1,449	1,198	1,188	1,337	1,311	1,230
143	234	(245)	356	657	503
<u>11,684</u>	<u>11,350</u>	<u>10,576</u>	<u>11,170</u>	<u>11,443</u>	<u>11,008</u>
348	337	362	359	362	407
395	352	324	299	197	121
<u>\$ 97,033</u>	<u>\$ 96,490</u>	<u>\$ 98,084</u>	<u>\$ 108,258</u>	<u>\$ 108,873</u>	<u>\$ 108,277</u>

## FORT PIERCE UTILITIES AUTHORITY

### Unit Sales By System

Last Ten Fiscal Years

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
<b>ELECTRIC SALES (MWh)</b>					
General Service					
Inside the City	273,618	272,166	267,525	265,950	264,278
Outside the City	43,915	44,243	43,850	42,305	41,000
Total General Service	317,533	316,409	311,375	308,255	305,278
Residential					
Inside the City	190,973	193,198	184,261	172,628	164,672
Outside the City	44,912	45,883	43,522	40,445	39,293
Total Residential	235,885	239,081	227,783	213,073	203,965
<b>Total Sales</b>	<b>553,418</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	961,850	907,134	896,997	891,635	863,507
Outside the City	478,576	485,639	442,529	498,887	460,394
Total General Service	1,440,426	1,392,773	1,339,526	1,390,522	1,323,901
Residential					
Inside the City	694,146	665,354	664,402	644,116	636,431
Outside the City	195,685	181,754	179,748	169,702	164,871
Total Residential	889,831	847,108	844,150	813,818	801,302
Sales for Resale	335,494	327,819	320,144	302,486	340,834
<b>Total Sales</b>	<b>2,665,751</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	2,114,141	2,024,641	2,091,516	2,006,259	2,254,172
Residential	427,855	436,048	453,139	450,403	480,393
Heat Only					
General Service	104	181	128	173	258
Residential Service	494	857	1,605	1,215	1,333
Contract Natural Gas	1,624,410	1,593,130	1,642,320	1,670,980	1,259,670
<b>Total Sales</b>	<b>4,167,004</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	740,121	712,513	687,268	682,611	655,667
Outside the City	170,391	158,987	177,356	178,122	185,993
Total General Service	910,512	871,500	864,624	860,733	841,660
Residential					
Inside the City	592,358	567,945	568,243	552,000	545,418
Outside the City	49,491	46,633	49,849	47,286	47,361
Total Residential	641,849	614,578	618,092	599,286	592,779
<b>Total Sales</b>	<b>1,552,361</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

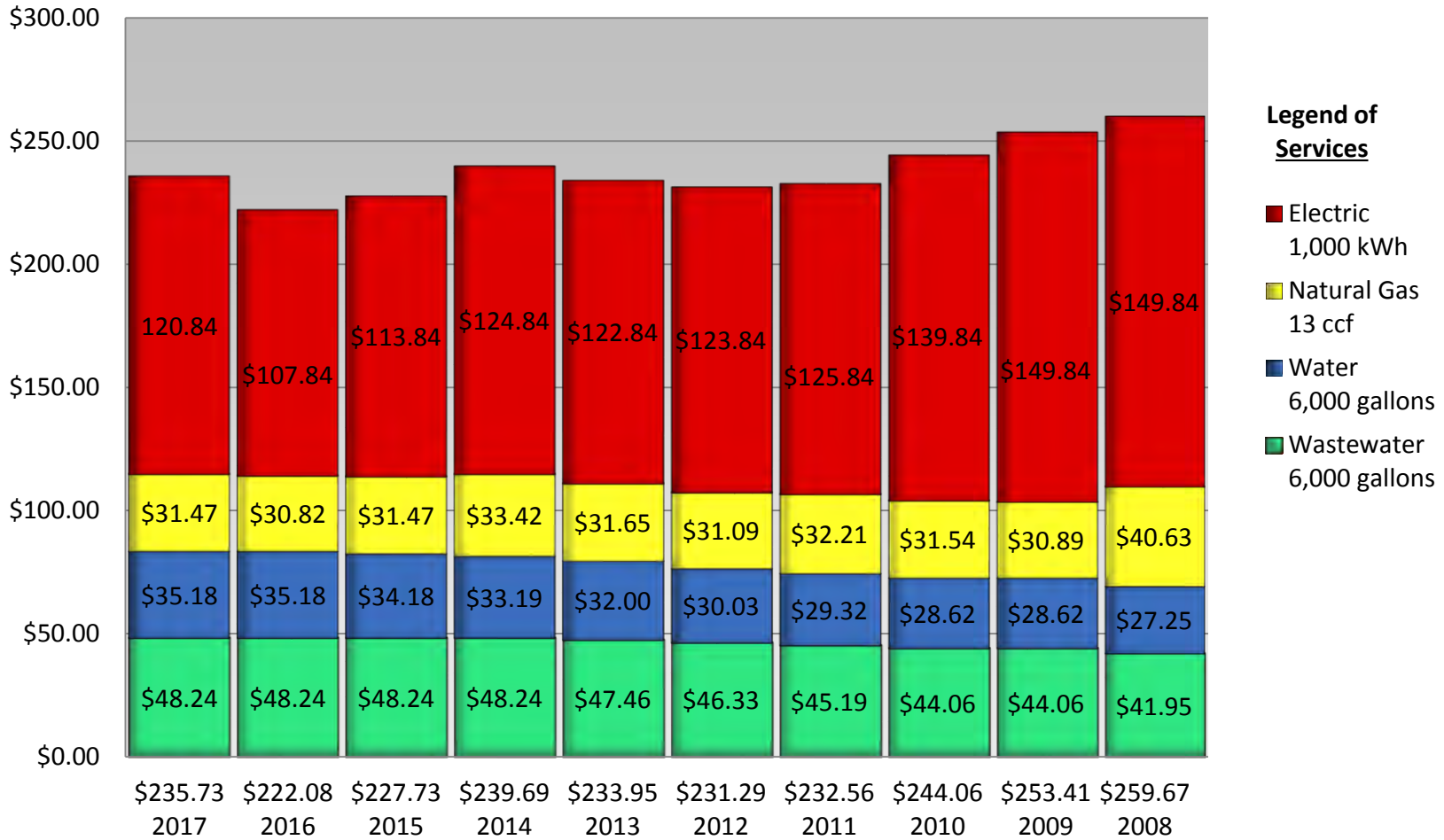
<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
271,001	271,831	276,163	274,364	296,830
<u>41,285</u>	<u>40,909</u>	<u>42,713</u>	<u>44,028</u>	<u>52,065</u>
312,286	312,740	318,876	318,392	348,895
165,063	174,586	182,246	167,567	177,989
<u>39,657</u>	<u>42,763</u>	<u>45,037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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<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	\$ 6.01
Rate Per kWh (up to 750 kWh)	0.10822	0.10822	0.10822	0.10822	0.10922	0.11322	0.08322	0.08722	0.08722	0.08722
PCA Per kWh <sup>(2)</sup>	0.00400	(0.00900)	(0.00300)	0.00800	0.00500	0.00200	0.03400	0.04400	0.05400	0.05400
<b>GAS</b>										
Customer Charge <sup>(1)</sup>	\$ 13.14	\$ 13.14	\$ 13.14	\$ 13.14	\$ 12.93	\$ 12.63	\$ 12.32	\$ 12.02	\$ 12.02	\$ 11.17
Rate Per CCF (up to 100 CCF)	1.46	1.46	1.46	1.46	1.44	1.42	1.23	1.20	1.20	1.12
PGA Per CCF <sup>(3)</sup>	(0.05000)	(0.10000)	(0.05000)	0.10000	-	-	0.30000	0.30000	0.25000	1.15000
<b>WATER</b>										
Customer Charge <sup>(1)</sup>	\$ 13.88	\$ 13.88	\$ 13.48	\$ 13.09	\$ 12.62	\$ 11.85	\$ 11.56	\$ 11.28	\$ 11.28	\$ 10.75
Rate Per 1,000 Gallons (up to 10,000 gallons)	3.55	3.55	3.45	3.35	3.23	3.03	2.96	2.89	2.89	2.75
<b>WASTEWATER</b>										
Customer Charge <sup>(1)</sup>	\$ 15.30	\$ 15.30	\$ 15.30	\$ 15.30	\$ 15.06	\$ 14.71	\$ 14.35	\$ 14.00	\$ 14.00	\$ 13.33
Rate Per 1,000 Gallons	5.49	5.49	5.49	5.49	5.40	5.27	5.14	5.01	5.01	4.77

- (1) Customer Charge reflects the Readiness-to-Serve charge.  
(2) PCA - Power Cost Adjustment.  
(3) PGA - 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>
2017	-	-
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%

# **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	2003 Series	2009 Series	2012 Series	2016 Series	Bond Discounts			
<b>2008</b>	\$ 30,619	\$ -	\$ -	\$ 9,751	\$ 22,740	\$ 9,545	\$ 38,385	\$ -	\$ -	\$ -	\$ (345)	\$ 110,695	102%	\$ 108,277
<b>2009</b>	30,479	-	121	10,504	19,754	9,545	37,180	-	-	-	(319)	107,264	99%	108,873
<b>2010</b>	-	234	98	5,445	20,644	9,545	37,165	34,800	-	-	(351)	107,580	99%	108,258
<b>2011</b>	-	201	71	-	21,588	9,545	37,155	34,800	-	-	(327)	103,033	105%	98,084
<b>2012</b>	-	189	39	-	22,590	9,545	31,690	34,800	-	-	(303)	98,550	102%	96,490
<b>2013</b>	-	177	127	-	23,654	9,545	6,015	34,800	20,896	-	(279)	94,935	98%	97,033
<b>2014</b>	-	137	106	-	24,774	9,545	-	34,800	20,498	-	(255)	89,605	91%	98,534
<b>2015</b>	-	137	80	-	25,974	9,545	-	34,800	13,751	-	(230)	84,057	88%	95,558
<b>2016</b>	-	131	49	-	27,245	-	-	34,800	6,920	9,545	(58)	78,632	80%	98,421
<b>2017</b>	-	124	11	-	28,571	-	-	34,800	-	9,373	(53)	72,826	71%	102,650

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 68 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	2016 Series
2018	\$ 5,840.00	\$ -	\$ 4,335.00	\$ 1,210.00	\$ 295.00
2019	6,021	124	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>\$ 78,992</u>	<u>\$ 124</u>	<u>\$ 34,695</u>	<u>\$ 34,800</u>	<u>\$ 9,373</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Computation of Debt Service Coverage**

Last Ten Years  
(Dollars in Thousands)

	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>
<b>OPERATING INCOME *</b>	\$ 11,681.00	\$ 10,218.00	\$ 11,027.00	\$ 9,236.00	\$ 8,746	\$ 8,700	\$ 8,175	\$ 9,614	\$ 9,616	\$ 8,276
<b>ADD:</b>										
Depreciation Expense	12,769	13,092	12,453	14,982	15,290	15,243	15,547	15,259	14,193	13,747
Investment & Other Income	438	388	356	484	304	535	703	910	740	1,943
Extraordinary Income (Expense)	(2)	21	(10)	(427)	(761)	(1,200)	(9)	(76)	(346)	394
Net OPEB Expense	31	30	58	57	54	53	305	134	13	-
<b>LESS:</b>										
Interest on Construction Funds	-	-	-	-	-	-	-	-	-	238
<b>NET AVAILABLE INCOME</b>	<u>\$ 24,917</u>	<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>
<b>DEBT SERVICE - Bonds &amp; Pooled Loans</b>										
Principal	\$ 5,840	\$ 7,367	\$ 7,086	\$ 6,987	\$ 6,653	\$ 5,955	\$ 5,675	\$ 5,655	\$ 5,797	\$ 5,350
Interest	<u>1,816</u>	<u>2,079</u>	<u>2,291</u>	<u>2,394</u>	<u>2,762</u>	<u>3,728</u>	<u>4,012</u>	<u>3,573</u>	<u>3,033</u>	<u>3,539</u>
<b>NET CASH DEBT SERVICE</b>	<u>\$ 7,656</u>	<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>
<b>DEBT SERVICE COVERAGE (TIMES)</b>	<u>3.25</u>	<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>

\* 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>2017</b>	43,409 *	297,634 *	136,063	6,046	4.4	40,678	***	***
<b>2016</b>	42,489	292,826	135,719	7,322	5.4	39,390	\$36,196	\$11,094,354
<b>2015</b>	42,119	287,749	129,727	8,238	6.4	41,374	35,829	10,688,079
<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

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> 2008 - Present - U.S. Department of Commerce, Bureau of Economic Analysis

\* Total Estimated

\*\*\* Data unavailable

**FORT PIERCE UTILITIES AUTHORITY**  
**Principal Employers**  
Last Ten Years

<b>Employer</b>	<b>Business Sector</b>	<b>2017 <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	5,471	1	12.60%	4,685	1	10.59%
Indian River State College	Private	2,338	2	5.39%	2,476	2	5.60%
Lawnwood Regional Medical Center	Private	1,615	3	3.72%	1,200	4	2.71%
Wal-Mart	Private	890	4	2.05%	1,235	3	2.79%
St. Lucie County	Public	778	5	1.79%	898	6	2.03%
Convey Health Solutuions	Private	450	6	1.04%	-	-	-
St. Lucie County Fire District	Private	434	7	1.00%	-	-	-
Treasure Coast Hospice	Private	425	8	0.98%	-	-	-
New Horizons of the Treasure Coast	Private	408	9	0.94%	398	10	0.90%
Blue Goose Growers/Construction	Private	400	10	0.92%	-	-	-
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>13,209</b>		<b>30.43%</b>	<b>13,281</b>		<b>30.03%</b>

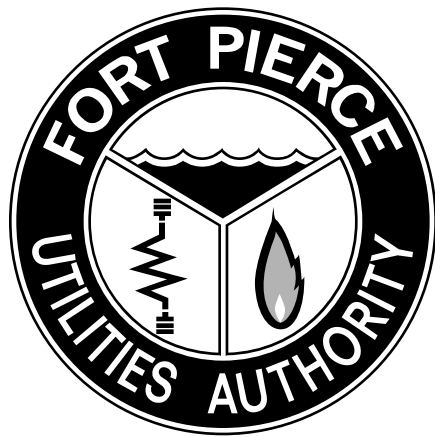
Source:

Economic Development Council of St. Lucie County, St. Lucie County Profile 2017

Indian River State College, Institutional Advancement

<sup>(1)</sup> Data is as of February 22,2018

<sup>(2)</sup> 2008 Data not available, previous year total shown



# **Operating Information**

**FORT PIERCE UTILITIES AUTHORITY**

**Expenses By System**

Last Ten Fiscal Years

(Dollars in Thousands)

	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>ELECTRIC</b>				
Generation and				
Purchases for Resale	\$ 43,689	\$ 42,179	\$ 40,343	\$ 43,006
Transmission and Distribution	4,122	4,091	3,927	4,017
General and Administrative	7,863	7,460	6,964	6,696
Depreciation	4,401	4,508	4,463	4,721
<b>Total Electric Operating Expenses</b>	<b>60,075</b>	<b>58,238</b>	<b>55,697</b>	<b>58,440</b>
<b>WATER</b>				
Purchases for Resale	2	-	7	24
Plant Operations	3,481	3,304	3,320	3,185
Transmission and Distribution	1,898	1,743	1,789	1,767
General and Administrative	4,930	4,726	4,426	4,207
Depreciation	4,417	4,454	3,872	4,246
<b>Total Water Operating Expenses</b>	<b>14,728</b>	<b>14,227</b>	<b>13,414</b>	<b>13,429</b>
<b>NATURAL GAS</b>				
Purchases for Resale	1,773	1,556	1,900	2,274
Supply and Distribution	1,024	1,251	1,016	1,018
General and Administrative	1,016	1,046	978	892
Depreciation	298	313	274	1,088
<b>Total Natural Gas Operating Expenses</b>	<b>4,111</b>	<b>4,166</b>	<b>4,168</b>	<b>5,272</b>
<b>WASTEWATER</b>				
Plant Operations	1,823	1,742	1,766	1,776
Pumping and Collection	2,316	1,977	1,909	1,913
General and Administrative	3,530	3,385	3,113	2,975
Depreciation	3,587	3,743	3,779	4,836
<b>Total Wastewater Operating Expenses</b>	<b>11,256</b>	<b>10,847</b>	<b>10,567</b>	<b>11,500</b>
<b>MANATEE OBSERVATION AND EDUCATION CENTER</b>				
Plant Operations	272	267	238	286
General and Administrative	171	186	145	136
Depreciation	6	6	8	9
<b>Total MOEC Operating Expenses</b>	<b>449</b>	<b>459</b>	<b>391</b>	<b>431</b>
<b>FPUAnet COMMUNICATIONS</b>				
Purchases for Resale	58	48	55	43
General and Administrative	230	194	175	173
Depreciation	66	73	66	91
<b>Total FPUAnet Communications Operating Expenses</b>	<b>355</b>	<b>315</b>	<b>296</b>	<b>307</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 90,974</b>	<b>\$ 88,252</b>	<b>\$ 84,533</b>	<b>\$ 89,379</b>
<b>OTHER REVENUE (EXPENSES) *</b>	<b>\$ (2,760)</b>	<b>\$ (3,008)</b>	<b>\$ (3,511)</b>	<b>\$ (3,012)</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 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
\$ 42,947	\$ 42,933	\$ 43,976	\$ 51,832	\$ 52,851	\$ 52,959
4,037	3,783	3,814	4,299	4,445	4,423
6,738	6,885	7,423	7,217	7,605	8,051
4,668	6,477	6,420	4,761	4,984	6,960
<u>58,390</u>	<u>60,078</u>	<u>61,633</u>	<u>68,109</u>	<u>69,885</u>	<u>72,393</u>
9	-	6	-	2	18
3,199	3,309	3,331	3,557	3,348	3,223
1,732	1,743	1,567	1,722	1,816	1,575
4,158	4,183	4,268	4,144	4,159	4,116
4,044	3,726	3,825	6,105	4,953	3,617
<u>13,142</u>	<u>12,961</u>	<u>12,997</u>	<u>15,528</u>	<u>14,278</u>	<u>12,549</u>
1,816	1,398	1,676	2,038	1,942	2,744
961	875	968	981	983	1,056
596	570	650	607	564	525
304	507	303	351	308	288
<u>3,677</u>	<u>3,350</u>	<u>3,597</u>	<u>3,977</u>	<u>3,797</u>	<u>4,613</u>
1,696	1,779	1,697	1,906	2,010	2,222
1,849	1,834	1,776	1,825	1,903	1,836
2,769	2,755	2,685	2,747	2,941	2,994
6,194	4,446	4,939	3,985	3,936	2,875
<u>12,508</u>	<u>10,814</u>	<u>11,097</u>	<u>10,463</u>	<u>10,790</u>	<u>9,927</u>
232	249	246	261	299	310
114	115	109	106	99	97
11	11	11	9	8	9
<u>357</u>	<u>375</u>	<u>366</u>	<u>376</u>	<u>406</u>	<u>416</u>
28	25	37	23	18	15
171	137	125	129	115	74
79	86	60	56	12	8
<u>278</u>	<u>248</u>	<u>222</u>	<u>208</u>	<u>145</u>	<u>97</u>
<u>\$ 88,352</u>	<u>\$ 87,826</u>	<u>\$ 89,912</u>	<u>\$ 98,661</u>	<u>\$ 99,301</u>	<u>\$ 99,995</u>
<u>\$ (4,786)</u>	<u>\$ (4,147)</u>	<u>\$ (4,277)</u>	<u>\$ (4,366)</u>	<u>\$ (2,702)</u>	<u>\$ 2,850</u>

# FORT PIERCE UTILITIES AUTHORITY

## Performance Indicators

Last Ten Fiscal Years

	FY 2017	FY 2016	FY 2015	FY 2014
<b>SAFETY</b>				
Frequency Rate	5.30	4.11	5.30	4.10
DART/Severity Rate *	213.40	89.00	79.00	80.00
Workers' Compensation Experience Modification Factor	0.97	0.97	0.79	0.87
<b>FINANCIAL</b>				
Debt Service Ratio (12 months ended)	3.25	2.51	2.55	2.59
Operating Ratio	0.89	0.90	0.88	0.91
<b>COMPONENT COSTS</b>				
Water Treatment Plant				
\$ / 1,000 gallons raw water	\$1.99	\$2.02	\$1.88	\$1.94
Water Reclamation Facility				
\$ / 1,000 gallons effluent	\$1.78	\$1.46	\$2.46	\$2.70
Electric T&D				
\$ / mile of T & D lines	\$21,860.34	\$21,636.69	\$20,112.83	\$20,633.15
\$ / number of services	\$27.56	\$27.27	\$26.13	\$27.11
Water Distribution				
\$ / 1,000 gallons billed	\$1.92	\$1.88	\$1.88	\$1.89
\$ / number of services	\$21.05	\$20.01	\$19.69	\$20.04
Wastewater Collection				
\$ / 1,000 gallons billed	\$2.60	\$2.39	\$2.36	\$2.68
\$ / number of services	\$22.31	\$19.61	\$19.41	\$21.77
Natural Gas Distribution				
\$ / 1,000 ccf billed	\$0.41	\$0.49	\$0.40	\$0.59
\$ / number of services	\$34.36	\$39.54	\$33.16	\$47.71
Lift Stations				
\$ / 1,000 gallons billed	\$0.66	\$0.75	\$0.71	\$0.79
\$ / number of services	\$5.62	\$6.14	\$5.80	\$6.38
Industrial Pre-Treatment				
\$ / Customers	\$919.02	\$927.50	\$985.46	\$903.78
FPUAnet Communications				
\$ / Customers	\$414.79	\$345.35	\$348.35	\$328.03
Administration				
\$ / number of services	\$14.96	\$14.51	\$14.59	\$14.60
<b>HUMAN RESOURCES</b>				
Overtime Ratio	0.073	0.050	0.046	0.046
Sick Leave Ratio	0.037	0.038	0.038	0.034
Overtime vs. Annual Overtime Budget	176.47%	114.22%	120.48%	114.96%
Training Hours vs. Regular Hours Worked	2.10%	2.87%	2.93%	2.53%
Training Dollars vs. Budgeted Salary Dollars	1.51%	2.00%	1.92%	1.69%
Annual Turnover Rate	10.64%	12.40%	8.60%	12.08%
<b>CUSTOMER SOLUTIONS</b>				
Number of connections	13,534	14,109	15,663	16,238
Number of disconnections	12,795	13,316	14,800	15,338
Number of accounts to collection agency	1,353	1,622	1,890	1,852
Amount of accounts written off				
Electric	\$184,794	\$200,966	\$99,489	\$256,860
Water	\$33,140	\$36,032	\$17,826	\$46,081
Natural Gas	\$2,415	\$2,639	\$1,366	\$3,302
Wastewater	\$29,744	\$32,324	\$16,050	\$41,325
Customer Charges	\$11,371	\$12,371	\$6,141	\$15,770
Communications	\$232	\$257	\$42	\$371
Number of service orders				
Started	41,243	45,028	44,505	49,837
Completed	41,014	44,937	44,389	49,740

\* Calculations FY 2015 - current are based on DART rate; Previous years are based on Severity rate.

## FORT PIERCE UTILITIES AUTHORITY

### Performance Indicators

Last Ten Fiscal Years

FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
4.10	4.90	3.60	1.20	1.50	3.70
48.00	24.00	122.00	61.00	21.00	126.00
0.92	1.25	1.11	1.28	0.95	1.00
2.51	2.41	2.55	2.80	2.74	2.71
0.91	0.91	0.92	0.91	0.91	0.92
\$1.90	\$1.80	\$1.79	\$1.92	\$1.79	\$1.85
\$1.93	\$2.07	\$2.45	\$2.56	\$2.40	\$1.99
\$20,516.14	\$23,742.33	\$24,841.57	\$20,585.55	\$21,579.20	\$27,765.81
\$27.41	\$31.57	\$30.95	\$25.99	\$26.71	\$28.17
\$1.82	\$1.59	\$1.54	\$2.46	\$2.20	\$1.67
\$19.44	\$18.14	\$17.79	\$27.92	\$24.24	\$18.58
\$3.87	\$2.65	\$2.86	\$2.11	\$1.78	\$1.32
\$31.61	\$21.98	\$24.34	\$18.20	\$15.55	\$12.29
\$0.40	\$0.62	\$0.57	\$0.57	\$0.58	\$0.64
\$31.89	\$32.90	\$33.36	\$32.89	\$32.21	\$35.51
\$0.80	\$0.74	\$0.76	\$0.71	\$0.69	\$0.62
\$6.53	\$6.17	\$5.97	\$6.14	\$6.02	\$5.80
\$698.46	\$793.71	\$1,246.28	\$793.86	\$614.11	\$779.74
\$306.83	\$275.98	\$325.26	\$320.54	\$185.64	\$238.43
\$15.74	\$16.01	\$17.15	\$18.17	\$16.31	\$16.46
0.042	0.040	0.036	0.040	0.039	0.050
0.034	0.034	0.039	0.042	0.034	0.036
107.47%	100.48%	89.65%	80.00%	84.32%	101.53%
2.48%	1.52%	1.62%	2.32%	2.78%	3.14%
1.80%	1.23%	1.31%	1.16%	1.59%	1.45%
13.25%	6.77%	9.09%	6.34%	8.66%	4.76%
16,001	16,360	16,077	17,441	17,956	14,820
15,206	15,419	15,038	16,300	16,137	11,734
1,584	1,535	1,888	2,240	2,233	1,880
\$182,006	\$253,362	\$197,638	\$390,702	\$360,046	\$340,472
\$32,638	\$45,434	\$35,433	\$70,061	\$64,559	\$61,069
\$2,374	\$3,308	\$2,582	\$5,104	\$4,697	\$4,435
\$29,294	\$40,780	\$31,805	\$62,886	\$57,951	\$54,816
\$11,181	\$15,563	\$12,136	\$23,993	\$16,354	\$17,292
\$231	\$321	\$249	\$495	\$454	\$428
44,205	50,182	56,278	59,489	64,640	61,974
44,224	44,991	48,149	56,799	65,166	61,907

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

	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
<b>ELECTRIC STATISTICS</b>				
<b>Sources of Energy (MWh)</b>				
Total Energy Purchased	569,684	583,207	559,061	544,751
<b>Gross Peak Demand (MW)</b>	112	112	107	106
<b>WATER STATISTICS</b>				
<b>Water Production - 1,000 Gallons</b>				
Raw Water Treated	3,142,178	3,015,157	2,911,231	2,880,512
Water from Distribution System	75,158	34,250	2,034	14,718
Less Deep Well Concentrate	(174,491)	(155,230)	(142,482)	(142,399)
Water Used in Plant	(23,007)	(20,986)	(19,710)	(19,710)
Water from or (left-in) Storage	(2,867)	890	(1,678)	(308)
<b>FINISHED WATER FROM PLANT</b>	<u>3,016,971</u>	<u>2,874,081</u>	<u>2,749,395</u>	<u>2,732,813</u>
Purchased for Resale (Interconnects)	1,105	130	2,021	10,100
<b>Water Pumped to City</b>	<u><u>3,018,076</u></u>	<u><u>2,874,211</u></u>	<u><u>2,751,416</u></u>	<u><u>2,742,913</u></u>
Water Used in System	237,965	195,953	169,338	193,590
Water Sales	2,665,751	2,567,700	2,503,820	2,506,826
Losses and Unaccounted for Gallonage	114,360	110,558	78,258	42,497
<b>Unaccounted For</b>	0.0379	0.0385	0.0284	0.0155
Average Daily Consumption	8,269	7,853	7,535	7,489
Highest Daily Consumption	9,992	9,477	9,285	9,258
Date	3/30/17	3/8/16	2/18/15	5/19/14
Peak Maximum Demand (MG)	13,668	15,634	13,355	14,329
Date	9/28/17	3/28/16	5/27/15	5/5/14
Rainfall (inches)	58.03	69.65	40.08	56.11
<b>WATER RECLAMATION FACILITY</b>				
(In Millions of Gallons per Day)				
Average Daily Flow	5.33	6.40	3.79	4.00
Peak Flow	13.30	13.83	8.75	12.25

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

<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
532,038	537,115	552,427	568,637	553,487	593,686
104	103	115	124	115	113
2,889,435	3,088,102	3,101,048	3,023,434	2,993,150	3,013,208
8,657	17,644	16,648	16,118	N/A	N/A
(144,156)	(174,731)	(165,498)	(137,432)	(137,645)	(142,365)
(19,710)	(19,764)	(19,710)	(19,966)	(8,519)	(17,873)
61	4,218	6,968	1,100	N/A	N/A
<u>2,734,287</u>	<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>
3,943	-	-	-	-	-
<u>2,738,230</u>	<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>
170,788	193,707	171,870	175,255	170,369	160,987
2,466,037	2,641,253	2,655,068	2,598,461	2,566,712	2,573,364
101,405	80,509	112,518	109,538	109,905	117,619
0.0370	0.0276	0.0383	0.0380	0.0386	0.0412
7,496	7,990	8,053	7,926	7,827	7,798
8,950	10,524	9,741	9,511	10,403	10,336
3/13/13	4/18/12	5/30/11	7/1/10	5/8/09	5/18/08
13,932	17,437	17,765	17,150	13,304	13,508
4/13/13	7/22/12	9/14/11	5/7/10	5/7/09	12/2/07
51.91	67.10	30.24	40.54	39.89	71.72
4.72	4.86	3.93	4.05	4.95	6.14
8.14	13.03	4.75	5.05	9.57	20.23

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

Department	9/30/2017		9/30/2016		9/30/2015		9/30/2014	
01 Manatee Observation & Education Center	3	P	3	P	3	P	2	P
02 Treasure Coast Energy Center	13		13		13	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		3	
18 Safety	1	P	1	P	4	D	4	D
21 Finance	13		13		13		12	
22 Materials Management	6	P	6	P	4	P	4	P
31 Shared Services	1		1		1		1	
32 Information Technology Services	17	D	17	D	17	D	16	D
35 Facilities	5		5	D	5	D	5	
41 Communications	-		-		1		1	
43 Customer Solutions	26	D	26	D	26	D	26	D,P
51 Director of Electric & Gas Systems	1		1		1		1	D
52 Power Generation	-		-		-		-	
54 Electric Transmission and Distribution	23	D	23	D	21	D	46	D
55 Electric Operations	24	D	24	D	25	D		
56 Electric & Gas Engineering	9	P	9		9		9	D
61 Director of Water/Wastewater Systems	1		1		1	D	1	D
62 Water Resources	24	D	24	D	23	D	23	D
64 Water Distribution	28	D	28	D	29	D	28	D
66 Water/Wastewater Engineering	11	P	11		11	P	11	D
74 Gas Operations	15	D	15	D	15	D	15	D
82 Water Reclamation	16	D	16	D	16	D	16	D
84 Wastewater Collection	19	D	19	D	19	D	20	D
93 FPUAnet Communications	3	D	2	D	2	D	2	D
<b>TOTAL</b>	<u>270</u>		<u>269</u>		<u>270</u>		<u>268</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>9/30/2013</u>	<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>
2 P	2 P	2 P	2 P	2 P	2 P
14 D	15 D	15 D	15 D	15 D	15 D
5	5	5	5	5	5
2	2	2	2	2	2 C
1	1	1	1	1	1
4	4	4	4	4	4
6 D	5 D	5	5	5	5
11 D	11 D	10 D	12 D	12 D	13
3 P	3 P	5 P	5 P	5 P	5 P
1	1	1 H	1 H	1 H	2
16	16	16	16	16	14 P
5	5	5	5	5	5
1	1	1	1	1	1
26 D,P	26 D,P	28	29	29	29
1 D	1 D	1 D	2 D	2 D	3
-	-	-	-	-	1 D
49 D	51 D	52 D,H	53 D,H	55 C,D,H	58 C,D
10 D	9	9 H	11 H	11 H,P	13 P
1 D	1 D	1	1	1	2
23 D	23 D	23 D,H	24 H	24 C,H	24 C
28 D	25	25 H	28 H	32	32
11 D	11 D	11 D,H	11 D,H	13 H	14
16 D	15 D	14 D,H	14 H	16	16
14 D	13 D	13 D,H	14 D	12 D,H	25
21 D	21 D	21 D,H	22 D	22 D,H	13
2	2	1	1	1	1
<u>273</u>	<u>269</u>	<u>271</u>	<u>284</u>	<u>292</u>	<u>305</u>

**FORT PIERCE UTILITIES AUTHORITY**  
**Ten Largest Customers**  
**Fiscal Year 2017**

Ranking	Customer Name	Utility Service	Unit Sales	Revenues	Total
1	St. Lucie County Board of County Commissioners	Electric (kWh)	13,945,092	\$1,613,020	\$3,985,054
		Water (kgal.)	399,168	1,321,186	
		Wastewater	113,887	1,014,682	
		Natural Gas (ccf)	26,296	36,166	
2	St. Lucie County School Board	Electric (kWh)	20,336,913	\$2,460,874	\$2,996,444
		Water (kgal.)	31,046	208,699	
		Wastewater	31,081	257,271	
		Natural Gas (ccf)	41,458	69,600	
3	Indian River State College	Electric (kWh)	20,184,332	\$2,182,623	\$2,621,895
		Water (kgal.)	27,526	161,157	
		Wastewater	22,444	170,772	
		Natural Gas (ccf)	101,706	107,343	
4	Lawnwood Regional Medical Center	Electric (kWh)	20,094,817	\$1,826,349	\$2,314,948
		Water (kgal.)	25,909	115,752	
		Wastewater	16,042	102,971	
		Natural Gas (ccf)	315,728	269,876	
5	Fort Pierce Utilities Authority	Electric (kWh)	15,847,035	\$1,694,777	\$1,788,357
		Water (kgal.)	5,541	48,891	
		Wastewater	2,163	31,162	
		Natural Gas (ccf)	8,213	13,527	
6	City of Fort Pierce	Electric (kWh)	9,636,385	\$1,137,891	\$1,694,029
		Water (kgal.)	52,913	464,407	
		Wastewater	8,697	84,272	
		Natural Gas (ccf)	2,363	7,459	
7	Florida Atlantic University	Electric (kWh)	11,453,942	\$1,218,758	\$1,218,758
		Water (kgal.)			
		Wastewater			
		Natural Gas (ccf)			
8	Fort Pierce Housing Authority	Electric (kWh)	5,221,231	\$605,975	\$1,195,516
		Water (kgal.)	29,255	207,108	
		Wastewater	29,326	255,317	
		Natural Gas (ccf)	55,373	127,116	
9	Orchid Island Juice Company	Electric (kWh)	4,627,256	\$522,681	\$729,178
		Water (kgal.)	11,523	44,990	
		Wastewater	11,440	65,749	
		Natural Gas (ccf)	115,781	95,758	
10	Florida Power & Light Company	Electric (kWh)	4,320	\$1,699	\$703,331
		Water (kgal.)	163,397	696,845	
		Wastewater	236	4,787	
		Natural Gas (ccf)			

TOTAL REVENUES BY UTILITY	Electric	\$13,264,646
	Water	3,269,034
	Wastewater	1,986,985
	Natural Gas	726,844
TOTAL COMBINED REVENUES		\$19,247,509

***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, 2017, which collectively comprise of FPUA’s basic financial statements and have issued our report thereon dated March 1, 2018. 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  
March 1, 2018