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**FORT PIERCE
UTILITIES AUTHORITY
206 S. 6TH STREET
FORT PIERCE, FL 34950**



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



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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, 2018

Prepared by
Department of Finance

Nina B. Penick, CPA
Director of Financial Services
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FORT PIERCE UTILITIES AUTHORITY
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2018

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TeamUA - Over 2,600

JAMES D ADAMS
JOHN N ADAMS
CHARLES ALFORD
KATHARINE ANNE ALFORD
WILLIAM A ANDERSON
TINA ATTEY
ANDREW AVERS
CHRISTOPHER A BACK
MAURICE BACON
JEFFREY W BAKER
RAUL L BARRERA
JAMES PATRICK BARRY
RYAN D BASTINE
MEREDITH L BENNETT
KARYL RENEE BERTRAM
LORI BIANCO
JOHN WAYNE BIGGS
JO-ANN BILYK
DONALD W BLACK
S LANCE BRICK
DANIEL BROLMANN
WILLIAM BROOKS
ROGER CLAUDE BROWN
CANDACE HINZE BUCZINSKY
VICTOR JOSEPH BURRIS
ANDREW D BYRD
JOSHUA CALANDRO
JOHN C CANARD
DADE CORY CAPPAR
JAMES CARNES
GLYNDA W CAVALCANTI
MICHAEL PAUL CHIDGEY
JAVIER CISNEROS
LINDA CLARK
ANDRE DENELL CLEVELAND
RICK CLEVINGER
CHARLES D CONNELL
BRETT D CORBETT
TYLER MORGAN COX
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WILBURN L CRAWFORD
BRANDY CRAWFORD
CLAYTON BRIAN CROUCH
JONATHAN D CRUMBLEY

CHRISTOPHER CRUMBLEY
JOSEPH E CRUTCHFIELD
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JENNIFFER CUEVAS FERMIN
MICHAEL W CURRID
THOMAS M DAROZA
TYRUS RENARD DARVILLE
ALDONIO DASILVA
ROBERT P DAVIS
JOEL DAVIS
LUGEY DAWSON
RAE LYNN DE BOER
DANIEL DEIULIO
JAMES SEAN DENMAN
SCOTT DENNIS
OWEN A DENNIS
GARY DEPASTINO
ANDREW J DIGIACOMO
SEDDRICK LEVONE DIXON
THOMAS A DRISKELL
JASON D DROST
PETER DUNCAN
SCOTT DYKEMA
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ROBERT R ESCHMANN
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STEVEN SCOTT FERGUSON
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PATRICIA L GILSINAN

MONIQUE NICOLE GILSINAN
JOSEPH T GILSON
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SIDNEY L JERGER
SIDNEY LEVON JERGER
CHONTAE L JOHNSON
CHRISTOPHER JOHNSON
ANA MARIA JOHNSON
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KERVANS JOSEPH
WILLIAM R KAEFF
ADAM KEE
MARTHA ANNE KERR
MARK KOBBE
RUPERT N KOBLEGARD III
JENNIFER KRIP
KUPER KRUEGER
ALICE M LADOMIRAK

Years of Dedicated Service

PAUL LAGUERRE
JOSEPH L LAMMERS
DOMINIC F LANE
MICHAEL JOSEPH LEDOUX
EDWARD S LEONGOMEZ
GLEN DARRYL LEPESKA
KAREN S LLANAS
SCOTT LOVEN
PAUL C LUGARA
ALAN LUNA
PAUL L MADSEN
WANDA MAGNUSON
WILLIAM H MAIN
TAMMY R MALIN
GLEN P MANCHESTER
FRED MANN
LAURIE ANN MARTIN
MICHAEL J MARTIN
MELISSA MARTIN
STEPHEN E MASTELLER
KENNETH HENRY MAXWELL
FLORINDA K MAZZARELLA
TOMMIE V MC CARTHY
NANCY L MC CONKEY
TERRANCE MC MILLON
KEVIN SERON MCDONALD
KEENA LAREE MCINTYRE
DANIEL MCKINLEY
JOHN W MCMILLIAN
STONEY X MCPEEK
ERIC D MEYER
ROSALINE MICHEL
BARBARA A MIKA
GEORGE E MILLER
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MICHAEL J MULVANEY
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RICHARD WADE MUTTERBACK
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CHRISTELLE MYRICK
CHRISTOPHER NASSO
DINO G NESSELRODE
ADAM ROBERT NICHOLSON
TINA LYNN O'CONNELL
KIMBERLY E OKUBO
PAUL JOHN OLEKOSKI
SHANNON ONDERLINDE
JOHNNY ORTIZ
SHANE OSTRANDER
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SHELIA LAVERNE PARNELL
KEVIN W PARRISH
EDWARD L PATRICK
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RONNIE PREBILSKY
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CHARLES D PUTNAM
FRANCISCO RAMOS
STEPHANIE RAULERSON
SERITTA SADE REEVES
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TIMOTHY W RICHARDS
EDWIN RICHBERG
HEATHER MARIE RICUCCI
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WILLIAM ROLLE
DAVION LEON ROLLE
HORACE NATHANIEL ROLLE
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SAMANTHA ROWLAND
JAMES R SCHMITT
SAL ANTHONY SCIMECA
HARRY SHERVA
JOSHUA SHOLANDER
SHILOH VICTORY SHOLANDER
CARMELO SIGNORELLI

STERLING R SIMMONS
VALENTIME C SIRMONS
JULIE Z SIZEMORE
SHAWN SMITH
JOEL SPADES
RYAN J SPENCE
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KENNETH FRANKLIN STEPHAN
ANGELA M STEPHENS
BRIAN KEITH STEPHENS
KURTIS D STRAND
CHARLES S SWINDLE
TONYA LYNN TARDIF
WILLIAM TAYLOR
RACHEL REBECCA TENNANT
DEBRA THERIAULT
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NICOLE HONESTY TIPTON
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ANDREA L TRASFERINI-SLOWN
MASON TERRELL URSO
OSVALDO VALDES
LOUDWIN VASQUEZ
ROBERT W VAUGHN
CHRISTOPHER JAMES VELARDO
KARISSA NASTASHIA WARE
ANDREW JASON WARE
JABAREY DEMOND WARREN
JUDITH ANN WIDMAYER
EDMOND WILLIAMS
STACEY WILLIAMS
CAROL ANN 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 Red Cross	Graceway Village
Big Brothers/Big Sisters	Great American Cleanup
Blue Hope Circles	Guy Harvey Youth Foundation
BlueBird Educational Foundation	Habitat for Humanity
Boy Scouts of America	Hibiscus Park Crime Watch &
Boys & Girls Club of St. Lucie County	Neighborhood Association
Christ Family Church	Highwaymen Festival
City of Fort Pierce	IRL Science Festival
Conservation Club	Keep Fort Pierce Beautiful
Conservation Foundation	Kids Crossing Playground Build
Conservation Kidz	Kiwanis Clubs
Coral Restoration Foundation	Lawnwood Elementary School
Council On Aging of St. Lucie County	Leadership Saint Lucie
Deaf & Hard of Hearing Services	Lincoln Park Main Street
of the Treasure Coast	Living Faith Church
Dogs & Cats Forever	Main Street Fort Pierce
Dr. Martin Luther King, Jr.	Manatee Observation & Education
Commemorative Committee	Center (MOEC)
Early Learning Coalition	Marine Cleanup Initiative
Eco Divers Foundation	Marine Corps Toys for Tots
Family Meals	Momentum Academy
Florida Engineering Society	Moore's Creek Clean Up
Florida State Christian Academy	Mustard Seed Ministries
Fort Pierce Westwood High School	Nala's New Life Rescue

Mission Statement

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

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

Northside Bat and Ball Little League

One Florida Foundation

Operation Christmas Child

Oxbow Eco-Center

Oyster Fest

Pilot Club of Fort Pierce

Police Athletic League (PAL)

Port St. Lucie Police Department

Reef Rangers

Renaissance Charter School

Restoring the Village Initiative

Rotary Club

Roundtable of St. Lucie County

Royal Palms of St. Lucie

S.O.S. Ocean Lovers

Salvation Army Christmas Angels

Sandy Shoes Festival

Save Our Seas

Sea World Youth Summit

Sea-Life Habitat Improvement Project

Seventh Day Adventist Church

Shark Whisperer

Southeast Regional

Little League Baseball

Sponsor Me, Inc., Indian Hills

St. Andrews Episcopal Academy

St. Andrews Episcopal Church

St. Lucie County Chamber of Commerce

St. Lucie County Economic

St. Lucie County Fair

St. Lucie County Friends of Public Health

St. Lucie County Schools

St. Lucie Education Foundation

Stuff the Bus

Sunrise Tabernacle Church

Susan G Komen -

Strides Against Breast Cancer

The Crossing Community Church

Treasure Coast Education & Dev Council

Treasure Coast Environmental

Education Council

Treasure Coast Food Bank

Treasure Coast High School

Treasure Coast Manatee Foundation

Treasure Coast Renegades Youth Football

Treasure Coast Waterway Clean Up

Turtle Girl

United Against Poverty Center

of St. Lucie County

United Way of St. Lucie County

Wild Over Wildlife



Introductory

Introductory



Fort Pierce Utilities Authority
Director of Finance
500 Boston Avenue (PO Box 3191)
Fort Pierce, FL 34950 (34948)

March 13, 2019

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, 2018, 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 unmodified ("clean") opinion on FPUA's financial statements for the fiscal year ended September 30, 2018. 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.



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

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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 28,265 services billed during the fiscal year ended September 30, 2018. 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 Florida Power & Light Company (FPL) and the City of Vero Beach. On December 21, 2018, FPUA sold its joint interest in the 138kV line from Emerson Substation to County Line Substation to FPL. FPUA primary distribution has approximately 265 miles of overhead and 140 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 20,356 services billed during the fiscal year ended September 30, 2018. 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 390 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 15,107 services billed during the fiscal year ended September 30, 2018. The wastewater collection system consists of 117 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 30 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 4,099 services billed during the fiscal year ended September 30, 2018. The system consists of 171 miles of gas main and 81 miles of service lines. 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 services 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 provides environmental education and community involvement through an active education outreach program and a group 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

46,537 visitors from all over the world visited the Center during fiscal year 2018. A total of 382 manatees were sighted. Volunteers provided a substantial donation to the Center with a total of 11,618 hours of service.

FPUA is required to prepare, adopt, and furnish a copy of a budget to the City Commission of the City of Fort Pierce at least 45 days prior to the beginning of the next fiscal year. The 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, 2018, 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 2018 populations of the City of Fort Pierce and St. Lucie County were 43,326 and 302,432 respectively. Fort Pierce is the county seat, 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 80% of the system revenues are derived from services provided within the City of Fort Pierce, and 20% 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.

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

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.

The real estate market continues to show signs of improvement. Three Water/Wastewater Supply Agreement Amendments were executed during fiscal year 2018, 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 are costly 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 interdepartmental communication and cooperation, as well as encouraging increased employee involvement in achieving company goals that support FPUA's Mission Statement. The Strategic Planning Public Workshop held April 30, 2018 was focused on six key result areas.

Building the Utility/Building the City – FPUA’s top goal over the next six years will be to implement an Advanced Metering Infrastructure (AMI) system for the Electric, Water and Gas systems. The cost is expected to be financed. Expansion opportunities will be pursued for the Water, Wastewater, FPUAnet and Gas systems. FPUA will continue to gradually invest in the infrastructure needed to redirect the flow of wastewater toward a future Mainland Water Reclamation Facility.

Reliability – Wastewater pipe lining will be expanded as funding is available. Lining will reduce inflow, infiltration and exfiltration, and therefore reduce washouts, street repairs, and costs associated with treating storm water. Gas reliability will be improved through the replacement or installation of valves, replacing corroded steel mains with polyethylene, looping dead-end mains, and implementation of a SCADA monitoring system which will detect pressure fluctuations and avoid service interruptions. Electric reliability will be improved with more aggressive tree trimming, increased animal deterrent measures, and installation of devices which will reduce the frequency and length of service interruptions.

Employee Development and Satisfaction - FPUA provides opportunities for advancement within the organization and is honest with employees as to expectations and possibilities. On average, more than 2% of employees’ time is spent in training. Apprenticeship and internship programs have helped develop the specialized skills needed. As the job market improves, FPUA is enhancing efforts to attract and retain the best qualified employees for each job. A Pay for Performance plan has been implemented to reward superior job performance.

Competitive Rates – FPUA will continue to work on electric rate reduction with our wholesale power supplier (FMPA) as well as reducing FPUA’s costs of electric transmission and distribution. FPUA will work to stabilize Water and Wastewater rates to the extent possible by reviewing costs and adjusting bulk water rates charged to St. Lucie County.

FPUA Image – FPUA will continue to enhance our image in the community by expanding our involvement in community events, increasing our activity on social media and improving the appearance of our physical facilities.

Customer Service - A Business Development Officer has been hired to concentrate on potential, new and other commercial customers seeking to expand their existing facilities, along with offering streamlined economic incentives.

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, 2017. This was the 24th 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 June 27, 2018. 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

FPUA Leadership

Board Members



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

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

Javier Cisneros, P.E., Director of Utility Support Services

Nina B. Penick, CPA, Director of Financial Services

Counsel

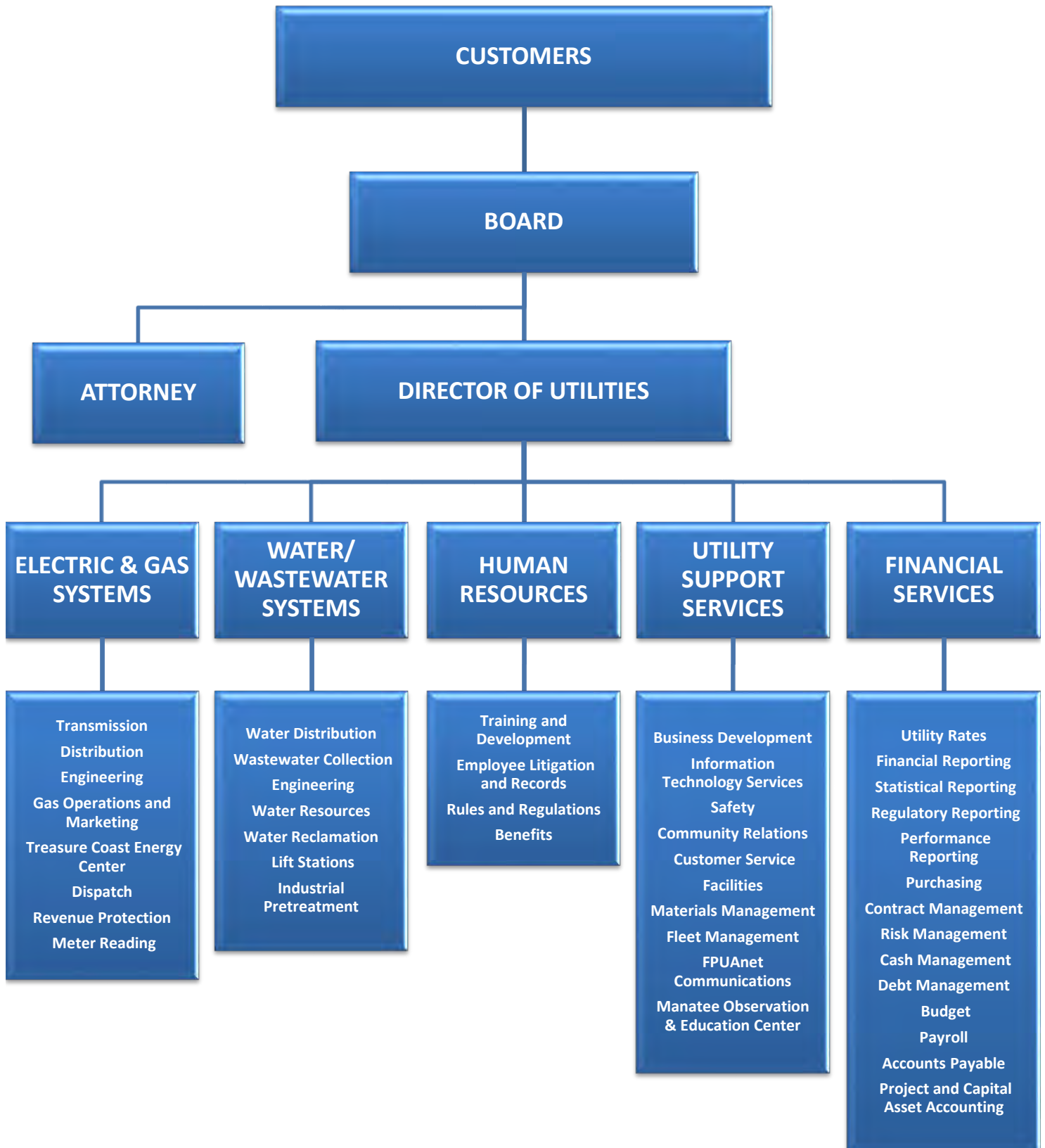
R.N. Koblegard, III, Esquire

Independent Certified Public Accountants

DiBartolomeo, McBee, Hartley & Barnes

FORT PIERCE UTILITIES AUTHORITY

Organizational Structure





Government Finance Officers Association

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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

Financial

Financial

Financial

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, 2018, 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, 2018, and the respective changes in financial position and the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the FPUA's basic financial statements. The introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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, 2019, 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, 2019



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, 2018 (FY 2018). 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 1-7](#) of this report.

FINANCIAL HIGHLIGHTS

- Operating revenues decreased \$2,440,000 compared to last year, and operating expenses decreased \$694,000. Operating income of \$9,930,000 was down \$1,746,000 from \$11,676,000, 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 adjustments were to gas rates and the addition of LED streetlights and outdoor lights, effective September 2018, and water and wastewater rate increases effective October 2018. Rates will continue to be reviewed on an annual basis to ensure that FPUA's rate structure properly reflects the recovery of the cost of operating and maintaining each utility system.
- Natural gas prices remain at historically low levels. The cost of power purchased from FMPA decreased \$2,287,000 or 5.2% and the cost of natural gas purchased for resale was up \$44,000 or 2.5% in FY 2018.
- Operating revenues from the wastewater system increased 2.7%, and water operating revenues decreased 2.8% from FY 2017. Excluding the recovery of purchased power and gas costs, operating revenues from the electric system were down 0.9%, and up 2.3% in the gas system.
- Additional water and wastewater operating revenues, as well as corresponding decreases in Capital Improvement Charge revenues, is attributable to recovery of Guaranteed Revenue Charges from Developers who have exercised FPUA's Capacity Reduction Option. See [Note A](#) for details.
- Consumption billed by the gas system increased 3.2%, with contract sales experiencing a 0.7% increase as compared to FY 2017. Consumption billed by the water and electric systems decreased by 2.8% and 1.1% respectively. The number of wastewater gallons billed also decreased, 1.2% this year. The average number of services billed in all utility systems were flat.
- 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, and the loans obtained by the Fort Pierce Redevelopment Agency (FPRA) to fund some of the costs have been repaid. No future costs associated with testing and cleanup of the site are anticipated, and the FPRA 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 2018 has been reduced by \$1,473,000 to reflect this accrued cost. See [Note I](#) for details.

- The Distribution to the City of Fort Pierce paid in April 2018 increased \$170,000 over the amount paid in April 2017. This was primarily a result of increased revenue being subject to the 6% distribution calculation multiplier.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning FPUA's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on [pages 51-53](#) 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 \$189,834,000 at the close of the most recent fiscal year.

Table 1
Net Position
(Dollars in Thousands)

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Current Assets	\$ 68,637	\$ 67,674	\$ 963	1.4%
Capital Assets	213,828	213,057	771	0.4%
Other Noncurrent Assets	<u>9,272</u>	<u>9,303</u>	<u>(31)</u>	<u>(0.3%)</u>
Total Assets	291,737	290,034	1,703	0.6%
Total Deferred Outflows of Resources	4,887	8,111	(3,224)	(39.7%)
Current Liabilities	25,519	25,342	177	0.7%
Noncurrent Liabilities	<u>72,872</u>	<u>79,775</u>	<u>(6,903)</u>	<u>(8.7%)</u>
Total Liabilities	98,391	105,117	(6,726)	(6.4%)
Total Deferred Inflows of Resources	8,399	5,341	3,058	57.3%
Net Position:				
Net Investment in Capital Assets	145,492	140,472	5,020	3.6%
Restricted	11,009	12,379	(1,370)	(11.1%)
Unrestricted	<u>33,333</u>	<u>34,836</u>	<u>(1,503)</u>	<u>(4.3%)</u>
Total Net Position	<u>\$ 189,834</u>	<u>\$ 187,687</u>	<u>\$ 2,147</u>	<u>1.1%</u>

The largest portion of FPUA's net position (76.6%) 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 (5.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$33,333,000 is unrestricted and may be used to meet FPUA's ongoing obligations to its customers and creditors.

The value of FPUA's capital assets, net of depreciation, has increased 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)

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Operating Revenues				
Electric	\$ 64,286	\$ 66,688	\$ (2,402)	(3.6%)
Water	16,347	16,814	(467)	(2.8%)
Wastewater	13,961	13,594	367	2.7%
Natural Gas	4,711	4,645	66	1.4%
MOEC	435	444	(9)	(2.0%)
FPUAnet Communications	470	465	5	1.1%
Nonoperating Revenues				
Investment and Other Income	2,669	2,235	434	19.4%
Grant Revenue	457	421	36	8.6%
Total Revenues	<u>103,336</u>	<u>105,306</u>	<u>(1,970)</u>	<u>(1.9%)</u>
Operating Expenses				
Purchases for Resale	43,289	45,523	(2,234)	(4.9%)
Plant Operations	5,771	5,577	194	3.5%
Field Operations	9,647	9,360	287	3.1%
General and Administrative	18,580	17,740	840	4.7%
Depreciation	12,993	12,774	219	1.7%
Nonoperating Expenses				
Distribution to the City of Fort Pierce	6,139	5,969	170	2.8%
Interest Expense	3,077	3,325	(248)	(7.5%)
TCEC Expenses	1,828	1,794	34	1.9%
Loss on Disposal of Capital Assets	137	-	137	∞
Storm Expenses	19	297	(278)	(93.6%)
Total Expenses	<u>101,480</u>	<u>102,359</u>	<u>(879)</u>	<u>(0.9%)</u>
Income (Loss) before Capital Contributions and Extraordinary Expense				
	1,856	2,947	(1,091)	(37.0%)
Capital Contributions	1,666	1,060	606	57.2%
Capacity Reductions	(1,374)	(1,316)	(58)	4.4%
Extraordinary Income (Expense)	<u>(1)</u>	<u>(2)</u>	<u>1</u>	<u>(50.0%)</u>
Increase (Decrease) in Net Position	2,147	2,689	(542)	(20.2%)
Net Position - Beginning of Year	<u>187,687</u>	<u>184,998</u>	<u>2,689</u>	1.5%
Net Position - End of Year	<u>\$ 189,834</u>	<u>\$ 187,687</u>	<u>\$ 2,147</u>	1.1%

In addition to the decreases in operating revenues and purchased power, as well as the increase in pension expense discussed previously in the financial highlights, the increase in general and administrative expenses were a result of many factors.

The distribution to the City of Fort Pierce, based on FY 2018 revenues, computes to \$6,125,000 and will be paid in April 2019 (see [Note E](#) for details). Last year’s distribution, based on FY 2017 revenues, totaled \$6,139,000, and was paid in April 2018. This decrease is a result of lower sales revenues.

CAPITAL ASSETS

Major projects, and the costs associated with each during FY 2018, include:

• Midway Road – Water, Wastewater and Gas	\$1,070,000
• Island Water Reclamation Facility:	
• Clarifier Rehabilitation	901,000
• Emergency Standby Generator	629,000
• Water Treatment Plant:	
• Bulk Chemical Containments	877,000
• Gravity Thickener Replacement	811,000
• US Highway 1 – Midway Road to Edwards Road – all systems	637,000
• Electric Transmission and Distribution:	
• Lawnwood Hospital Upgrade	495,000
• System Improvements	397,000
• Distribution Pole Replacement	270,000
• Wastewater Collection:	
• Wastewater Main Lining	460,000
• Lift Station 23 Replacement	413,000
• Mains and Laterals – Renewal and Replacements	381,000
• Avenue M – 25 th Street to 13 th Street – Water & Wastewater	340,000
• Main, Service and Valve Replacements – Water Distribution	234,000
• Compressed Natural Gas Filling Station	209,000

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 2018, FPUA had \$213,828,000 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, 2018.

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

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Electric	\$ 59,065	\$ 59,774	\$ (709)	(1.2%)
Water	81,040	80,343	697	0.9%
Wastewater	59,139	59,033	106	0.2%
Shared Services	7,168	7,142	26	0.4%
Gas	6,591	6,032	559	9.3%
FPUAnet	743	669	74	11.1%
MOEC	82	64	18	28.1%
Total	<u><u>\$ 213,828</u></u>	<u><u>\$ 213,057</u></u>	<u><u>\$ 771</u></u>	0.4%

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

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Land	\$ 9,947	\$ 10,065	\$ (118)	(1.2%)
Transmission, distribution, and collection systems	152,909	150,925	1,984	1.3%
Equipment	19,092	18,909	183	1.0%
Structures and improvements	13,828	13,034	794	6.1%
Construction work in progress	18,052	20,124	(2,072)	(10.3%)
Total	<u><u>\$213,828</u></u>	<u><u>\$213,057</u></u>	<u><u>\$ 771</u></u>	0.4%

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

DEBT ADMINISTRATION

At September 30, 2018, FPUA had outstanding revenue bonds in the amount of \$68,347,000. 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, 2018. FPUA continues to evaluate other refunding opportunities which may remain.

On June 23, 2018, 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 3.12 times for the twelve months ended September 30, 2018, compared to 3.25 times on September 30, 2017. 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 37-38](#) 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. 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@fpu.com.

This report and bond disclosure information is available on FPUA's website – www.fpu.com.



FORT PIERCE UTILITIES AUTHORITY
Statement of Net Position
September 30, 2018
(With comparative totals for September 30, 2017)
(Dollars in Thousands)

	2018	2017
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 28,616	\$ 26,661
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$3,777 in 2018 and \$3,342 in 2017	7,820	8,489
Unbilled Receivables	6,306	5,626
Due from Other Governments	1,962	2,085
Inventories and Other Current Assets	4,723	4,514
Restricted Equity in Pooled Cash and Investments	12,831	13,946
Restricted Cash with Fiscal Agent	6,379	6,353
Total Current Assets	68,637	67,674
Noncurrent Assets:		
Capital Assets:		
Utility Plant in Service	455,645	446,447
Construction Work in Progress	18,052	20,124
Less Accumulated Depreciation	(259,869)	(253,514)
Total Capital Assets (net of Accumulated Depreciation)	213,828	213,057
Other Noncurrent Assets:		
Restricted Equity in Pooled Cash and Investments	6,857	6,857
FMPA Working Capital Receivable	1,919	1,919
Preliminary Surveys	68	41
Investment in Public Gas Partners Pool	428	486
Total Other Noncurrent Assets	9,272	9,303
Total Noncurrent Assets	223,100	222,360
Total Assets	291,737	290,034
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflow	4,772	7,979
Deferred Amount on Debt Refunding	115	132
Total Deferred Outflows of Resources	4,887	8,111
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 296,624	\$ 298,145

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

FORT PIERCE UTILITIES AUTHORITY
Statement of Net Position
September 30, 2018
(With comparative totals for September 30, 2017)
(Dollars in Thousands)

	2018	2017
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 8,977	\$ 8,973
Due to City of Fort Pierce	802	746
Customer Deposits - restricted assets	8,280	8,029
Revenue Bonds Payable - restricted assets	5,897	5,840
Accrued Interest Payable - restricted assets	881	908
Capital Leases Payable	24	11
Other Current Liabilities	658	835
Total Current Liabilities	25,519	25,342
Noncurrent Liabilities:		
Revenue Bonds Payable, Net of Unamortized Discounts	62,402	66,851
Accrued Compensated Absences	2,015	1,968
Other Postemployment Benefit Obligation	856	742
Net Pension Liability	7,408	10,090
Due to St. Lucie County	77	124
Capital Leases Payable	114	-
Total Noncurrent Liabilities	72,872	79,775
Total Liabilities	98,391	105,117
DEFERRED INFLOWS OF RESOURCES		
Purchased Power and Gas Over-Recovery	4,482	2,416
Deferred Pension Inflow	3,874	2,925
Deferred OPEB Inflow	43	-
Total Deferred Inflows of Resources	8,399	5,341
NET POSITION		
Net Investment in Capital Assets	145,492	140,472
Restricted Capital Improvement Charges	4,152	5,522
Restricted for Debt Service	5,457	5,457
Restricted for Emergencies	900	900
Restricted for Renewals and Replacements	500	500
Unrestricted	33,333	34,836
Total Net Position	189,834	187,687
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 296,624	\$ 298,145

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, 2018
(With comparative totals for the year ended September 30, 2017)
(Dollars in Thousands)

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Sales and charges for services	\$ 96,605	\$ 99,029
Other	3,605	3,621
Total Operating Revenues	<u>100,210</u>	<u>102,650</u>
OPERATING EXPENSES		
Purchases for resale	43,289	45,523
Plant operations	5,771	5,577
Field operations	9,647	9,360
General and administrative	18,580	17,740
Depreciation	12,993	12,774
Total Operating Expenses	<u>90,280</u>	<u>90,974</u>
OPERATING INCOME	9,930	11,676
NONOPERATING REVENUES (EXPENSES)		
Investment and other income	2,669	2,235
Grant revenue	457	421
Distribution to General Fund - City of Fort Pierce	(6,139)	(5,969)
Interest expense	(3,077)	(3,325)
TCEC expenses	(1,828)	(1,794)
Loss on Disposal of Capital Assets	(137)	-
Storm expenses	(19)	(297)
Total Nonoperating Revenues (Expenses)	<u>(8,074)</u>	<u>(8,729)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,856	2,947
Capital contributions	1,666	1,060
Capacity reductions	(1,374)	(1,316)
Total Contributed Capital	<u>292</u>	<u>(256)</u>
INCOME BEFORE EXTRAORDINARY ITEMS	2,148	2,691
Extraordinary Income (Expense)	(1)	(2)
CHANGE IN NET POSITION	2,147	2,689
Net Position - Beginning of Year	<u>187,687</u>	<u>184,998</u>
Net Position - End of Year	<u>\$ 189,834</u>	<u>\$ 187,687</u>

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

FORT PIERCE UTILITIES AUTHORITY
Statement of Cash Flows
Year Ended September 30, 2018
(With comparative totals for the year ended September 30, 2017)
(Dollars in Thousands)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 97,537	\$ 98,668
Receipts from other sources	3,605	3,621
Payments to suppliers for goods and services	(55,319)	(55,598)
Payments to employees for services	(12,998)	(13,356)
Payments for benefits on behalf of employees	(7,440)	(8,876)
Net cash provided by operating activities	25,385	24,459
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Increase (decrease) in payable to City of Fort Pierce	56	(167)
Proceeds received for Grants & Storm damages	561	171
Payments for other non-operating activities	(1,828)	(1,794)
Distribution to General Fund - City of Fort Pierce	(6,139)	(5,969)
Net cash used by noncapital financing activities	(7,350)	(7,759)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(13,795)	(10,093)
Proceeds from sale of assets	-	6
Capital contributions	1,203	692
Proceeds from issuance of debt	138	-
Bond principal payments	(5,846)	(7,367)
Bond interest payments	(1,607)	(1,719)
Payment on capital lease obligation	127	(38)
Net cash used by capital and related financing activities	(19,780)	(18,519)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in value of PGP Investment	(58)	(51)
Interest on investments	2,669	2,235
Net cash provided by investing activities	2,611	2,184
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 866	\$ 365

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

FORT PIERCE UTILITIES AUTHORITY
Statement of Cash Flows
Year Ended September 30, 2018
(With comparative totals for the year ended September 30, 2017)
(Dollars in Thousands)

	2018	2017
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 866	\$ 365
Cash and Cash Equivalents at Beginning of Year	53,817	53,452
Cash and Cash Equivalents at End of Year	\$ 54,683	\$ 53,817
Current equity in pooled cash and investments	\$ 28,616	\$ 26,661
Restricted equity in pooled cash and investments	19,688	20,803
Restricted cash with fiscal agent	6,379	6,353
Total Cash and Cash Equivalents	\$ 54,683	\$ 53,817
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 9,930	\$ 11,676
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	12,993	12,774
Inventory adjustment / gain assets / pension expense	1,771	2,047
Capacity reductions	(1,374)	(1,316)
(Increase) decrease in accounts receivable	669	(583)
(Increase) decrease in unbilled revenue	(680)	194
(Increase) decrease in inventories and other current assets	(182)	1,630
Increase (decrease) in liabilities deferred & customer deposits	2,317	(3,139)
Increase (decrease) in accounts payable	4	1,073
Increase (decrease) in compensated absences	47	166
Increase (decrease) in other post employment benefits	114	31
Increase (decrease) in deferred revenues	(224)	(94)
	\$ 25,385	\$ 24,459
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Contributions of capital assets	\$ 463	\$ 176

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

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(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 Communications 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, 2018, 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 2017, new accounting standards were implemented as follows:

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.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

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*.

During fiscal year 2018, the following new accounting standard was implemented:

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.

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, FPUAnet Communications services, and operation of the Manatee Observation and Education Center (MOEC). 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. Property developers in the FPUA service territory are seeing 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 prevailing 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 \$1,374.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE A – continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

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

In accordance with GASB 31, investments are stated at fair value based on per share prices. The 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.

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 weighted average cost. The cost of such inventories is recorded as expenses or additions to Construction Work in Progress when used rather than when purchased.

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

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

Long-Term Liabilities – Bonds payable are reported net of any applicable discounts. Bond discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs have been recognized as 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. 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.

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

- Deferred Pension Outflows and Inflows in accordance with GASB 68.
- Deferred Amount on the refunding of Revenue Bonds Series 2002.
- Purchased Power and Gas Over-Recovery. 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 \$4,482 for these over-recoveries.
- Deferred Inflows for Other Post Employment Benefits in accordance with the implementation of GASB 75.

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, 2018 are \$380, \$2,714, and \$1,058. 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.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE A – continued

- 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 does 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 thereto, for the year ended September 30, 2018, have been approved according to the above procedures.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to September 30, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2018. Management has performed their analysis through March 1, 2019.

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". A Qualified Public Depository is defined as a bank or savings association that has a branch office authorized to receive deposits in Florida, is FDIC insured, meets the requirements of Chapter 280 of the Florida Statutes, and has been so designated by the office of Florida's Chief Financial Officer. FPUA had deposits only with qualifying institutions as of September 30, 2018, or with banks in which depository insurance was sufficient to cover the deposit balance. At year-end, FPUA's carrying amount of deposits was \$515 and the bank balance was \$102.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

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, 2018. 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, 2018, was \$327.

As of September 30, 2018, FPUA had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Seacoast National Bank Sweep	\$ 32,003
PNC Money Market	7,114
Florida State Board of Administration - Florida PRIME Local Government Surplus Funds Trust Fund (AAAm)	5,394
Centerstate Community Bank Certificates of Deposit	1,756
Seacoast National Bank Certificate of Deposit	<u>1,512</u>
Total	<u>\$ 47,779</u>

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, FPUA’s investment policy permits a shifting in the maturity of debt obligations based upon the historical trend in interest rates.

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.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE B – continued

- (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 67% of FPUA's investments are in overnight repurchase agreements and the Florida PRIME Investment Pool.

NOTE C – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 10,065	\$ 19	\$ (137)	\$ 9,947
Construction Work In Progress	20,124	14,259	(16,331)	18,052
Total Utility Plant, not being depreciated	30,189	14,278	(16,468)	27,999
Capital Assets, being depreciated:				
Transmission, distribution and collection systems	340,741	11,302	(2,433)	349,610
Equipment	58,471	2,394	(3,228)	57,637
Structures and improvements	37,170	2,258	(977)	38,451
Total Utility Plant being depreciated	436,382	15,954	(6,638)	445,698
Less accumulated depreciation for:				
Transmission, distribution and collection systems	(189,816)	(9,318)	2,433	(196,701)
Equipment	(39,562)	(2,211)	3,228	(38,545)
Structures and improvements	(24,136)	(1,464)	977	(24,623)
Total accumulated depreciation	(253,514)	(12,993)	6,638	(259,869)
Total Capital Assets, being depreciated, net	182,868	2,961	-	185,829
Total Capital Assets, net	\$ 213,057	\$ 17,239	\$ (16,468)	\$ 213,828

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

Depreciation expense was charged to the utility systems as follows:

Electric	\$ 3,538
Water	5,407
Wastewater	3,613
Gas	362
FPUAnet Communications	65
Manatee Observation and Education Center	<u>8</u>
	<u>\$12,993</u>

Construction work in progress at September 30, 2018, consists principally of expansions and upgrades to the electric transmission and distribution system, water supply and distribution system, wastewater collection and treatment system, and gas distribution system.

FPUA capitalizes interest costs on funds borrowed to finance the construction of utility plant in conformity with Governmental Accounting Standards Board Statement No. 62. Total interest costs for the year ended September 30, 2018, were \$3,077 of which \$175 has been capitalized as plant utility construction costs.

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

	<u>Project</u>	<u>Expended</u>	<u>Remaining</u>	<u>Required</u>
<u>Upgrade and</u>	<u>Authorization</u>	<u>to Date</u>	<u>Commitment</u>	<u>Further</u>
<u>Expansion</u>				<u>Financing</u>
Wastewater	\$ 4,911	\$ 1,020	\$ 3,891	None
Water	2,532	1,204	1,328	None
Gas	344	202	142	None
	<u>\$ 7,787</u>	<u>\$ 2,426</u>	<u>\$ 5,361</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, 2018, costs of \$287 were authorized under these contracts, \$126 had been spent, and authorized amounts of \$161 remained.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE D – RESTRICTED ASSETS

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

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

Principal and interest accounts	\$ 6,778
Capital Improvement Charges	4,152
Customer security deposits	8,280
Debt Service	5,457
Emergency reserve	900
Renewal and replacement reserve	<u>500</u>
Total Restricted Assets	<u>\$26,067</u>

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, six percent of FPUA's utility systems gross revenues, as defined therein, is distributed to the City's General Fund on an annual basis. The distribution calculation is based on the preceding fiscal year's audited financial statements. The following is the computation of the amounts distributable to the General Fund during the year ending September 30, 2019:

Gross Revenue	\$ 103,491
Plus:	
Power Cost Adjustment	2,177
Capacity Reductions	1,374
Loss on Disposals	137
Gas Piping and Appliance Costs	<u>45</u>
	107,224
Less:	
FMPA O&M Contract Income	1,828
Capital Contributions	1,666
Purchased Gas Adjustment	488
Grant Revenue	457
Manatee Observation and Education Center Operating Revenue	435
Revenue for City Billing	187
Gas Piping and Appliance Revenue	<u>73</u>
Adjusted Gross Revenue	<u>\$ 102,090</u>
Amount distributable to General Fund, City of Fort Pierce	<u>\$ 6,125</u>

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE F – REVENUE BONDS PAYABLE

Revenue Bonds Payable at September 30, 2018, 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 5.80% to 5.90%. The accreted value at September 30, 2018 is \$25,679. The bonds mature October 1, 2018 through October 1, 2024, with principal amounts totaling \$30,360 due in those years in annual amounts ranging from \$4,335 to \$4,340.	\$25,679
\$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 4.00% to 5.00% on the remaining annual principal amounts ranging from \$1,255 to \$7,285 through October 1, 2029.	33,590
\$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 \$302 to \$3,451 are due October 1, 2018 through October 1, 2026.	9,078
Total Revenue Bonds Payable at September 30, 2018	\$68,347
Less: Unamortized portion of revenue bond discounts	47
Current portion of revenue bonds payable	<u>5,897</u>
	<u><u>\$ 62,403</u></u>

Requirements to amortize all revenue bonds outstanding as of September 30, 2018 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	5,897	1,706	7,603
2020	5,953	1,645	7,598
2021	6,015	1,584	7,599
2022	6,076	1,519	7,595
2023	6,138	1,449	7,587
2024-2028	28,719	5,297	34,016
2029-2030	14,230	357	14,587
	<u>73,028</u>	<u>13,557</u>	<u>86,585</u>
Future accretion on capital appreciation bonds	<u>(4,681)</u>	<u>4,681</u>	<u>-</u>
	<u><u>\$ 68,347</u></u>	<u><u>\$ 18,238</u></u>	<u><u>\$ 86,585</u></u>

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE F – continued

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, 2018.

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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 72,744	\$ 1,443	\$ (5,840)	\$ 68,347	\$ 5,897
Bond Discounts	(53)	-	5	(48)	-
Net Pension Liability	10,090	-	(2,682)	7,408	-
Due to St Lucie County	124	-	(47)	77	-
Capital Leases	11	138	(11)	138	24
Compensated Absences	1,968	1,502	(1,455)	2,015	-
Other Postemployment Benefits	742	114	-	856	-
Long Term Liabilities	<u>\$ 85,626</u>	<u>\$ 3,197</u>	<u>\$ (10,030)</u>	<u>\$ 78,793</u>	<u>\$ 5,921</u>

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(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, 2018, 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, 2018 the liability was:

	<u>Total Liability</u>	<u>Due Within One Year</u>
Vacation leave	\$ 713	\$ -
Sick leave	<u>1,302</u>	<u>-</u>
	<u>\$ 2,015</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, 2018, \$67 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, 2018, \$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, 2018, \$35 was paid to employees electing this option.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(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 found on the city's website, www.cityoffortpierce.com. 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 7.75%; the long-term municipal bond rate of 3.83%; and the resulting Single Discount Rate of 7.75%. The wage inflation rate assumed was 4.00%. The Florida Retirement System (FRS) mortality table, which use variations of the fully generational RP-2000 Mortality Tables with projection scale BB, were used. 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 \$4,910 (16.3%) for the fiscal year ended September 30, 2018. The two preceding years' contributions to the System and percent of covered payroll were \$4,211 (15.4%) for 2016 and \$4,566 (15.3%) for 2017.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

At September 30, 2018, FPUA reported a liability of \$7,408 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending September 30, 2018. FPUA's proportionate share of the net pension liability was based on FPUA's present value of projected long-term contributions. At September 30, 2018, FPUA's proportionate share was 48.48%. There were no changes made to the plan benefits for the year ending September 30, 2018. 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 93.12% funded by valuation assets as of September 30, 2018. For the fiscal year ended September 30, 2018, FPUA recognized pension expense of \$3,868. FPUA has recorded beginning and ending accruals which may differ from reporting by the System. At September 30, 2018, FPUA reported a payable in the amount of \$48, 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
2018	4,772	(3,874)	1,473

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE I – continued

The deferred outflows and deferred inflows of resources related to the Pension Plan will be recognized in future pension expenses as follows:

Year Ending September 30	Net Deferred Outflows of Resources
2019	\$ 1,702
2020	311
2021	(617)
2022	(497)
2023	-
Thereafter	-
Total	\$ 899

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

The following represents 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 (6.75%)	Current Single Discount Rate (7.75%)	1% Increase (8.75%)
FPUA's proportionate share of the Net Pension Liability	\$ 19,491	\$ 7,408	\$ (2,779)

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 \$4,869 in the aggregate for calendar year 2018.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

As of September 30, 2018, FPUA had estimated incurred unpaid claims of \$525. Fiscal Year 2018 liability does not include Dental Claims liability or the Stop Loss recoveries. This amount has been calculated based on the results of an actuarial analysis of the Plan, plus claims incurred prior to year-end but paid by FPUA subsequent to year-end.

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

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Contributions/ Changes in Estimates</u>	<u>Claims/ Fees Payments</u>	<u>Balance at Fiscal Year End</u>
2017	\$ 567	\$ 3,945	\$ 4,017	\$ 495
2018	495	4,726	4,696	525

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](#)). All FPUA employees are eligible for those benefits while working for FPUA. FPUA establishes the benefits available 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. FPUA must account for this implicit cost.

Funding Policy - Contributions to the Plan are made by 22 participating retirees for health and by 50 participating retirees for dental. 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 \$229 for the year then ended. Claims in excess of the aforementioned rates are funded by FPUA on a pay-as-you-go basis.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE K – continued

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 75. OPEB obligations pertain to health insurance, dental, vision, prescription or other health care benefits provided to retirees and their beneficiaries. Under GASB 75, OPEB costs are considered part of compensation an employee earns each year, even though the benefits are not received until an employee retires. The total OPEB liability is required to be recognized on the financial statements due to the implementation of GASB 75. A one-time adjustment of \$153 to the beginning OPEB liability was recorded in FY 2018.

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

Annual required contribution	\$ 53
Interest on Net OPEB Obligation	-
Adjustment to annual required contribution	<u>153</u>
Annual OPEB Cost	206
Contributions made	(41)
Interest on contributions	<u>(51)</u>
Increase in Net OPEB Obligation	114
Net OPEB Obligation - beginning of year	<u>742</u>
Net OPEB Obligation - end of year	<u><u>\$ 856</u></u>

FPUA’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, the net OPEB obligation for FY 2018 and the two preceding years were as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>(Asset)/</u> <u>Obligation</u>
2016	\$61	49.2%	\$711
2017	62	48.4%	742
2018	206	19.8%	856

Funded Status and Funding Progress - The net OPEB obligation was not funded as of October 1, 2017, the most recent actuarial valuation date. FPUA’s plan is funded on a pay-as-you-go-basis, which may result in higher annual OPEB costs and liability. As a result, the unfunded actuarial accrued liability (UAAL) for benefits was \$895. The covered payroll (annual payroll of active employees covered) was \$15,211. Therefore, the ratio of the UAAL to the covered payroll was 5.9%.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

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. As an unfunded plan, there are no plan assets to report.

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.

GASB 75 requires that OPEB plans use the Entry Age Actuarial Cost method when performing actuarial valuations. This method allocates the actuarial present value of OPEB liability for each individual on a level basis over the salaries of the individual between each individual's entry age and assumed retirement age. Annual salary increases of 2.5% per annum were assumed.

Under GASB 75, gains and losses are amortized over the average future service of all participants, active and inactive. As of October 1, 2017, the average is 7.1 years. Amortization payments are level dollar amounts under the Average Future Service – Closed amortization method. A discount rate of 3.63% per annum was assumed. This is the Bond Buyer's 20-Bond GO Index for September 2017. Mortality rates were based on the 2017 PPA Mortality Table. Medical trend rates were assumed to decrease .5% per year from 7.0% for FY 2017 to an ultimate rate of 4.5% for FY 2020 and later years. A separate actuarial valuation report for postemployment benefits is available on FPUA's website at www.fpua.com.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE L – CAPITAL LEASES

On January 1, 2018, 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 \$154. As of September 30, 2018 the FMV less accumulated amortization was \$131. The effective interest/maintenance expense for the year ended September 30, 2018 was \$18. Future lease payments for this capital lease are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	45
2020	45
2021	45
2022	45
2023	11
	<u>191</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 metered and non-metered services. Total amounts charged to the City for the year ended September 30, 2018, were \$1,689. Current accounts receivable from the City at September 30, 2018, totaled \$228.

Sanitation, Clean Community Fees and Utility Tax Billings - Charges to City residents for sanitation services, clean community fees 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 and clean community fees.

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, 2018, were \$10,501. In addition, FPUA paid the September 30, 2017 General Fund distribution to the City in the amount of \$6,139. Amounts payable to the City at September 30, 2018, were \$802.

Vehicle Fuel - The City charges FPUA for fuel used by FPUA vehicles. FPUA reciprocates by permitting the City to fuel their vehicles as needed at FPUA pumps and in turn bills the City for fuel used in their vehicles.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

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 all capacity and energy necessary for their electric system from FMPA's ARP during the term of the contract. The contract is a 30 year evergreen, automatically renewing on October 1 of each year unless notification is provided one year prior to the automatic extension date.

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.

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.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE N – continued

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 2017 and FY 2018 was \$7,979 and \$8,135 respectively. FPUA is committed under the agreements to payments of \$8,096 for the year ending September 30, 2019.

Florida Gas Transmission

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

On July 3, 2012, FPUA acquired additional firm capacity from the City of Sunrise, Florida in order to meet the needs of new industrial customers. This agreement will remain in effect until 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 2019, 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 2017 and FY 2018 were \$1,724 and \$1,763 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 was for the year ended September 30, 2018.

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 2017 and FY 2018 totaled \$1,794 and \$1,828 respectively.

FORT PIERCE UTILITIES AUTHORITY

Notes to Financial Statements

September 30, 2018

(Dollars in Thousands)

NOTE O – EXTRAORDINARY ITEMS

FPUA transferred the ownership of the former site of the Henry D. King Power Plant to the Fort Pierce Redevelopment Agency (FPRA) on October 15, 2009. A grant awarded to the FPRA for the cleanup was not sufficient to cover the cost of remediation. The extraordinary expense paid by FPUA in FY 2018 was \$1 in interest expense for loans taken by the FPRA to cover the remediation. There were no amounts payable to the FPRA at September 30, 2018 . The work on this project had concluded and the final cost will be reevaluated based on the actual amounts received through tax credits.

NOTE P – NONEXCHANGE FINANCIAL GUARANTEES

At September 30, 2018, FPUA had irrevocable letters of credit with CenterState 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, 2018 is \$262 which were repaid in November 2018. No additional loans have been taken as of this report date. The recovery of these funds began in FY 2016 with the sale of the initial Voluntary Cleanup Tax Credits applied for by the FPRA.

NOTE Q – SUBSEQUENT EVENT

On December 21, 2018, FPUA sold its joint interest in the 138kV line, from Emerson Substation to County Line Substation, to Florida Power & Light (FPL). The proceeds received from this sale totaled \$2,430. The September 30, 2018 value of the assets sold was equal to the sale price.



REQUIRED SUPPLEMENTARY INFORMATION

**FORT PIERCE UTILITIES AUTHORITY
Schedule of Funding Progress
Other Postemployment Benefits
(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]
9/30/2009	\$ -	\$ 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%
9/30/2018	-	895	895	0.00%	15,211	5.88%

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	\$ 11,835	14.79%	98.20%
2015	41.74%	5,528	12,431	44.47%	92.95%
2016	44.84%	6,655	12,508	53.21%	92.51%
2017	50.75%	10,090	13,209	76.39%	90.74%
2018	48.48%	7,408	13,401	55.28%	93.12%

Net Pension Liability (NPL)

Schedule is intended to show information for 10 years.

Ultimately 10 Years will be displayed.

FORT PIERCE UTILITIES AUTHORITY
Schedule of Proportionate Share 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	\$ 2,053	\$ 2,053	\$ -	\$ 11,835	17.35%
2015	2,087	2,087	-	12,431	16.79%
2016	2,039	2,039	-	12,508	16.30%
2017	2,147	2,147	-	13,209	16.25%
2018	2,402	2,402	-	13,401	17.92%

Schedule is intended to show information for 10 years.
Ultimately 10 Years will be displayed.



Statistical

Statistical

Statistical

Statistical

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.

Contents	Page
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how FPUA's financial performance and well being has changed over time.	58-63
<u>Revenue Capacity</u>	
These schedules contain information to help the reader assess FPUA's local revenue source.	67-74
<u>Debt Capacity</u>	
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
<u>Demographic and Economic Information</u>	
This schedule offers demographic and economic indicators to help the reader understand the environment in which FPUA's financial activities take place.	82-83
<u>Operating Information</u>	
These schedules contain service and infrastructure data to help the reader understand how the information in FPUA's financial report relates to the services FPUA provides and the activities it performs.	86-94

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)

	2018	2017	2016
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 28,616	\$ 26,661	\$ 23,163
Accounts Receivable, Net of Allowance for Uncollectible Accounts	7,820	8,489	9,072
Unbilled Receivables	6,306	5,626	5,432
Due from Other Governments	1,962	2,085	424
Inventories and Other Current Assets	4,723	4,514	4,546
Restricted Equity in Pooled Cash and Investments	12,831	13,946	22,349
Restricted Cash with Fiscal Agent	6,379	6,353	1,083
Total Current Assets	<u>68,637</u>	<u>67,674</u>	<u>66,069</u>
Noncurrent Assets:			
Capital Assets:			
Utility Plant in Service	455,645	446,447	434,848
Construction Work in Progress	18,052	20,124	22,547
Less Accumulated Depreciation	<u>(259,869)</u>	<u>(253,514)</u>	<u>(241,651)</u>
Total Capital Assets (net of Accumulated Depreciation)	213,828	213,057	215,744
Other Noncurrent Assets:			
Restricted Equity in Pooled Cash and Investments	6,857	6,857	6,857
FMPA Working Capital Receivable	1,919	1,919	1,919
Preliminary Survey	68	41	41
Investment in Public Gas Partners Pool	428	486	537
Total Other Noncurrent Assets	<u>9,272</u>	<u>9,303</u>	<u>9,354</u>
Total Assets	<u>291,737</u>	<u>290,034</u>	<u>291,167</u>
DEFERRED OUTFLOWS OF RESOURCES			
Advance Distribution to General Fund - City of Fort Pierce	-	-	-
Deferred Pension	4,772	7,979	4,891
Deferred Amount on Debt Refunding	115	132	151
Total Deferred Outflows	<u>4,887</u>	<u>8,111</u>	<u>5,042</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$ 296,624</u></u>	<u><u>\$ 298,145</u></u>	<u><u>\$ 296,209</u></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)

2015	2014	2013	2012	2011	2010	2009
\$ 27,712	\$ 29,371	\$ 32,533	\$ 30,179	\$ 27,588	\$ 20,395	\$ 10,499
8,149	7,256	7,137	7,438	7,683	8,089	9,139
5,534	5,959	5,380	5,260	5,352	5,771	6,618
422	447	447	547	547	661	587
5,009	4,877	4,716	4,679	4,672	5,119	5,932
20,757	20,306	14,483	13,991	13,789	13,354	13,648
1,308	1,300	7,471	7,819	7,681	7,666	6,858
<u>68,891</u>	<u>69,516</u>	<u>72,167</u>	<u>69,913</u>	<u>67,312</u>	<u>61,055</u>	<u>53,281</u>
423,324	414,941	411,561	406,146	397,577	386,310	376,645
24,768	20,472	15,750	15,485	15,958	22,300	24,307
(231,252)	(219,917)	(210,951)	(199,294)	(184,610)	(171,752)	(157,277)
<u>216,840</u>	<u>215,496</u>	<u>216,360</u>	<u>222,337</u>	<u>228,925</u>	<u>236,858</u>	<u>243,675</u>
6,703	6,703	6,703	6,703	6,703	6,703	3,223
1,919	1,919	1,919	1,919	1,919	1,919	1,919
6	29	29	30	80	23	23
587	624	658	830	841	864	1,022
<u>9,215</u>	<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>294,946</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>
1,251	1,250	-	-	-	-	-
3,689	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,940</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 299,886</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>

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

	2018	2017	2016
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 8,977	\$ 8,973	\$ 7,900
Due to City of Fort Pierce	802	746	913
Customer Deposits - restricted assets	8,280	8,029	8,024
Revenue Bonds Payable - restricted assets	5,897	5,840	7,367
Accrued Interest Payable - restricted assets	881	908	971
Accrued Compensated Absences	-	-	24
Capital leases Payable	24	11	38
Other Current Liabilities	658	835	859
Total Current Liabilities	<u>25,519</u>	<u>25,342</u>	<u>26,096</u>
Noncurrent Liabilities:			
Revenue Bonds Payable, Net of Unamortized Discounts	62,402	66,851	71,085
Accrued Compensated Absences	2,015	1,968	1,778
Other Postemployment Benefits	856	742	711
Net Pension Liability	7,408	10,090	6,655
Due to St. Lucie County	77	124	131
Capital Leases Payable	114	-	11
Other Noncurrent Liabilities	-	-	-
Total Noncurrent Liabilities	<u>72,872</u>	<u>79,775</u>	<u>80,371</u>
Total Liabilities	98,391	105,117	106,467
DEFERRED INFLOWS OF RESOURCES			
Purchased Power and Gas Over-Recovery	4,482	2,416	3,516
Deferred Pension Inflow	3,874	2,925	1,228
Deferred OPEB Inflow	43	-	-
Deferred Amount on Debt Refunding	-	-	-
Total Deferred Inflow of Resources	<u>8,399</u>	<u>5,341</u>	<u>4,744</u>
NET POSITION			
Net Investment in Capital Assets	145,492	140,472	137,377
Restricted Capital Improvement Charges	4,152	5,522	7,070
Restricted For Debt Service	5,457	5,457	5,457
Restricted For Emergencies	900	900	900
Restricted For Renewals & Replacements	500	500	500
Unrestricted	33,333	34,836	33,694
Total Net Position	<u>189,834</u>	<u>187,687</u>	<u>184,998</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 296,624</u>	<u>\$ 298,145</u>	<u>\$ 296,209</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)

	2015	2014	2013	2012	2011	2010	2009
\$	9,577	\$ 10,066	\$ 9,295	\$ 7,785	\$ 8,044	\$ 7,020	\$ 8,289
	781	766	732	699	689	756	718
	7,803	7,445	7,205	6,869	6,675	6,339	5,866
	7,086	6,987	6,653	5,955	5,675	5,655	5,797
	1,145	1,197	1,356	1,864	2,006	2,011	1,208
	170	55	-	82	80	64	1,294
	31	26	22	39	32	27	-
	873	831	1,312	1,351	1,419	1,276	540
	<u>27,466</u>	<u>27,373</u>	<u>26,575</u>	<u>24,644</u>	<u>24,620</u>	<u>23,148</u>	<u>23,712</u>
	76,754	82,375	87,978	92,493	97,460	102,291	102,371
	1,592	1,878	1,830	1,675	1,566	1,626	671
	681	622	564	509	456	148	13
	5,528	1,750					
	137	137	177	189	201	234	-
	49	80	105	-	39	71	-
	-	713	757	700	-	-	-
	<u>84,741</u>	<u>87,555</u>	<u>91,411</u>	<u>95,566</u>	<u>99,722</u>	<u>104,370</u>	<u>103,055</u>
	112,207	114,928	117,986	120,210	124,342	127,518	126,767
	5,694	3,204	2,255	3,147	2,934	1,541	609
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	10	30	60	-	-	-	-
	<u>5,704</u>	<u>3,234</u>	<u>2,315</u>	<u>3,147</u>	<u>2,934</u>	<u>1,541</u>	<u>609</u>
	132,890	126,108	121,697	123,978	126,120	129,561	136,623
	6,031	5,977	6,740	7,122	7,114	7,015	7,781
	4,930	4,535	4,139	3,744	3,480	3,480	-
	1,273	1,668	2,000	2,000	2,000	2,000	2,000
	500	500	564	959	1,223	1,223	1,223
	36,351	38,587	42,395	40,572	38,567	35,084	28,140
	<u>181,975</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>299,886</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>

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

	2018	FY 2017	FY 2016	FY 2015
OPERATING REVENUES				
Residential Sales	\$ 41,364	\$ 42,237	\$ 41,432	\$ 39,558
General Service Sales	54,347	55,839	53,811	52,964
Sales for Resale	894	953	914	874
Other Operating Revenues	3,605	3,621	2,264	2,162
Total Operating Revenues	<u>100,210</u>	<u>102,650</u>	<u>98,421</u>	<u>95,558</u>
OPERATING EXPENSES				
Generation	-	-	-	-
Purchases for Resale	43,289	45,523	43,783	42,304
Plant Operations	5,771	5,577	5,313	5,325
Field Operations	9,647	9,360	9,062	8,641
General and Administrative	18,580	17,740	16,997	15,802
Depreciation	12,993	12,774	13,097	12,461
Total Operating Expenses	<u>90,280</u>	<u>90,974</u>	<u>88,252</u>	<u>84,533</u>
OPERATING INCOME	9,930	11,676	10,169	11,025
NONOPERATING REVENUES (EXPENSES)				
Investment and Other Income	2,669	2,235	2,136	2,171
Grant Revenue	457	421	-	81
Loss on Disposal of Capital Assets	(137)	-	-	-
TCEC Expenses	(1,828)	(1,794)	(1,699)	(1,809)
Storm Expenses	(19)	(297)	-	-
Interest Expense	(3,077)	(3,325)	(3,445)	(3,594)
Property Transfer to FPRA	-	-	-	-
Distribution to City of Fort Pierce	(6,139)	(5,969)	(5,809)	(5,735)
Total Nonoperating Revenues (Expenses)	<u>(8,074)</u>	<u>(8,729)</u>	<u>(8,817)</u>	<u>(8,886)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,856	2,947	1,352	2,139
Capital Contributions	292	(256)	1,650	2,471
INCOME BEFORE EXTRAORDINARY ITEMS	2,148	2,691	3,002	4,610
Extraordinary Income (Expense)	(1)	(2)	21	(10)
CHANGE IN NET POSITION	2,147	2,689	3,023	4,600
Net Position - Beginning of Year*	<u>187,687</u>	<u>184,998</u>	<u>181,975</u>	<u>177,375</u>
Net Position - End of Year	<u>\$ 189,834</u>	<u>\$ 187,687</u>	<u>\$ 184,998</u>	<u>\$ 181,975</u>

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

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

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

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$	39,565	\$ 38,489	\$ 38,275	\$ 40,220	\$ 44,528	\$ 43,422
	55,899	55,518	55,162	55,736	60,431	61,908
	799	854	882	465	747	711
	2,272	2,172	2,171	1,663	2,552	2,832
	<u>98,534</u>	<u>97,033</u>	<u>96,490</u>	<u>98,084</u>	<u>108,258</u>	<u>108,873</u>
	-	-	-	-	-	1
	45,347	44,800	44,356	45,695	53,893	54,812
	5,247	5,127	5,336	5,275	5,724	5,657
	8,716	8,579	8,236	8,124	8,827	9,148
	15,078	14,546	14,645	15,260	14,949	15,482
	14,991	15,300	15,253	15,558	15,268	14,201
	<u>89,379</u>	<u>88,352</u>	<u>87,826</u>	<u>89,912</u>	<u>98,661</u>	<u>99,301</u>
	9,155	8,681	8,664	8,172	9,597	9,572
	2,232	1,961	2,211	2,277	2,407	2,271
	6	12	8	-	230	626
	-	-	-	-	-	-
	(1,667)	(1,654)	(1,642)	(1,570)	(1,492)	(1,491)
	-	-	-	-	-	(87)
	(3,582)	(5,105)	(4,632)	(4,894)	(5,688)	(3,990)
	-	-	-	-	(511)	-
	<u>(5,605)</u>	<u>(5,366)</u>	<u>(4,767)</u>	<u>(5,125)</u>	<u>(4,853)</u>	<u>(5,046)</u>
	<u>(8,616)</u>	<u>(10,152)</u>	<u>(8,822)</u>	<u>(9,312)</u>	<u>(9,907)</u>	<u>(7,717)</u>
	539	(1,471)	(158)	(1,140)	(310)	1,855
	<u>1,478</u>	<u>1,392</u>	<u>1,229</u>	<u>1,291</u>	<u>2,982</u>	<u>6,465</u>
	2,017	(79)	1,071	151	2,672	8,320
	<u>(427)</u>	<u>(761)</u>	<u>(1,200)</u>	<u>(10)</u>	<u>(76)</u>	<u>(346)</u>
	1,590	(840)	(129)	141	2,596	7,974
	<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>179,125</u>	<u>177,535</u>	<u>178,375</u>	<u>178,504</u>	<u>178,363</u>	<u>175,767</u>



Revenue Capacity



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

FISCAL YEAR	ELECTRIC	WATER	NATURAL GAS	WASTEWATER	INTERNET SERVICES
FY 2018	28,265	20,356	4,099	15,107	70
FY 2017	28,287	20,221	4,128	15,084	71
FY 2016	28,299	20,079	4,166	15,069	76
FY 2015	28,221	19,929	4,189	15,038	77
FY 2014	28,096	19,756	4,223	14,987	78
FY 2013	27,630	19,248	4,179	14,635	76
FY 2012	27,765	19,276	4,189	14,450	75
FY 2011	27,752	19,162	3,904	14,372	57
FY 2010	27,859	19,048	3,982	14,460	54
FY 2009	28,413	19,394	4,039	14,842	39

FORT PIERCE UTILITIES AUTHORITY

Operating Revenues By System

Last Ten Fiscal Years

(Dollars in Thousands)

	FY 2018	FY 2017	FY 2016	FY 2015
ELECTRIC				
Residential				
Inside the City	\$ 22,387	\$ 23,105	\$ 22,718	\$ 21,434
Outside the City	5,527	5,641	5,600	5,255
General Service				
Inside the City	29,487	30,038	29,077	28,423
Outside the City	5,312	5,171	5,039	4,958
Other Retail	508	1,711	1,680	1,750
Other Operating Revenues	1,065	1,022	1,042	1,024
Total Electric Operating Revenues	64,286	66,688	65,156	62,844
WATER				
Residential				
Inside the City	4,877	4,876	4,710	4,546
Outside the City	1,837	1,790	1,680	1,597
General Service				
Inside the City	5,793	5,868	5,498	5,305
Outside the City	2,515	2,638	2,625	2,381
Sales for Resale	894	953	914	874
Other Operating Revenues	431	689	110	101
Total Water Operating Revenues	16,347	16,814	15,537	14,804
GAS				
Sales Revenue				
Residential	1,212	1,196	1,192	1,240
Heat Only	9	9	11	12
General Service	3,429	3,367	3,106	3,511
Other Operating Revenues	61	73	69	85
Total Gas Operating Revenues	4,711	4,645	4,378	4,848
WASTEWATER				
Residential				
Inside the City	4,929	4,963	4,874	4,826
Outside the City	587	582	572	574
General Service				
Inside the City	5,640	5,688	5,547	5,280
Outside the City	1,507	1,433	1,314	1,428
Other Operating Revenues	1,298	928	141	126
Total Wastewater Operating Revenues	13,961	13,594	12,448	12,234
MANATEE OBSERVATION AND EDUCATION CENTER				
Total MOEC Operating Revenues	435	444	410	390
FPUAnet COMMUNICATIONS				
Total FPUAnet Operating Revenues	470	465	492	438
TOTAL OPERATING REVENUES	\$ 100,210	\$ 102,650	\$ 98,421	\$ 95,558

FORT PIERCE UTILITIES AUTHORITY

Operating Revenues By System

Last Ten Fiscal Years

(Dollars in Thousands)

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ 21,724	\$ 21,325	\$ 21,460	\$ 22,936	\$ 26,327	\$ 25,398
5,282	5,281	5,378	5,921	6,882	6,821
30,507	31,515	32,280	32,822	36,501	38,192
5,235	5,254	5,393	5,558	6,458	6,945
1,979	2,012	1,895	1,663	1,657	1,651
1,074	1,115	1,051	1,148	1,192	1,189
<u>65,801</u>	<u>66,502</u>	<u>67,457</u>	<u>70,048</u>	<u>79,017</u>	<u>80,196</u>
4,351	4,054	3,855	3,819	3,749	3,729
1,494	1,367	1,277	1,263	1,225	1,207
5,169	4,813	4,807	4,956	4,697	4,616
2,519	2,249	2,348	2,288	2,336	2,033
799	854	882	466	747	711
156	119	124	(45)	254	345
<u>14,488</u>	<u>13,456</u>	<u>13,293</u>	<u>12,747</u>	<u>13,008</u>	<u>12,641</u>
1,293	1,251	1,215	1,306	1,462	1,367
13	13	11	21	24	19
3,813	3,331	2,400	2,580	2,827	2,566
82	53	75	120	92	82
<u>5,201</u>	<u>4,648</u>	<u>3,701</u>	<u>4,027</u>	<u>4,405</u>	<u>4,034</u>
4,763	4,564	4,459	4,337	4,251	4,233
570	555	541	551	540	577
5,305	4,973	4,918	4,745	4,686	4,665
1,446	1,449	1,198	1,188	1,337	1,311
180	143	234	(245)	356	657
<u>12,264</u>	<u>11,684</u>	<u>11,350</u>	<u>10,576</u>	<u>11,170</u>	<u>11,443</u>
350	348	337	362	359	362
430	395	352	324	299	197
<u>\$ 98,534</u>	<u>\$ 97,033</u>	<u>\$ 96,490</u>	<u>\$ 98,084</u>	<u>\$ 108,258</u>	<u>\$ 108,873</u>

FORT PIERCE UTILITIES AUTHORITY

Unit Sales By System

Last Ten Fiscal Years

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
ELECTRIC SALES (MWh)					
General Service					
Inside the City	268,973	273,618	272,166	267,525	265,950
Outside the City	44,915	43,915	44,243	43,850	42,305
Total General Service	313,888	317,533	316,409	311,375	308,255
Residential					
Inside the City	188,706	190,973	193,198	184,261	172,628
Outside the City	44,725	44,912	45,883	43,522	40,445
Total Residential	233,431	235,885	239,081	227,783	213,073
Total Sales	547,319	553,418	555,490	539,158	521,328
WATER SALES - 1,000 GALLONS					
General Service					
Inside the City	953,524	961,850	907,134	896,997	891,635
Outside the City	448,681	478,576	485,639	442,529	498,887
Total General Service	1,402,205	1,440,426	1,392,773	1,339,526	1,390,522
Residential					
Inside the City	678,972	694,146	665,354	664,402	644,116
Outside the City	195,718	195,685	181,754	179,748	169,702
Total Residential	874,690	889,831	847,108	844,150	813,818
Sales for Resale	314,748	335,494	327,819	320,144	302,486
Total Sales	2,591,643	2,665,751	2,567,700	2,503,820	2,506,826
NATURAL GAS SALES (ccf)					
General Service	2,224,479	2,114,141	2,024,641	2,091,516	2,006,259
Residential	440,858	427,855	436,048	453,139	450,403
Heat Only					
General Service	738	104	181	128	173
Residential Service	278	494	857	1,605	1,215
Contract Natural Gas	1,635,710	1,624,410	1,593,130	1,642,320	1,670,980
Total Sales	4,302,063	4,167,004	4,054,857	4,188,708	4,129,030
WASTEWATER BILLED - 1,000 GALLONS					
General Service					
Inside the City	725,643	740,121	712,513	687,268	682,611
Outside the City	182,984	170,391	158,987	177,356	178,122
Total General Service	908,627	910,512	871,500	864,624	860,733
Residential					
Inside the City	577,746	592,358	567,945	568,243	552,000
Outside the City	47,981	49,491	46,633	49,849	47,286
Total Residential	625,727	641,849	614,578	618,092	599,286
Total Sales	1,534,354	1,552,361	1,486,078	1,482,716	1,460,019

FORT PIERCE UTILITIES AUTHORITY

Unit Sales By System

Last Ten Fiscal Years

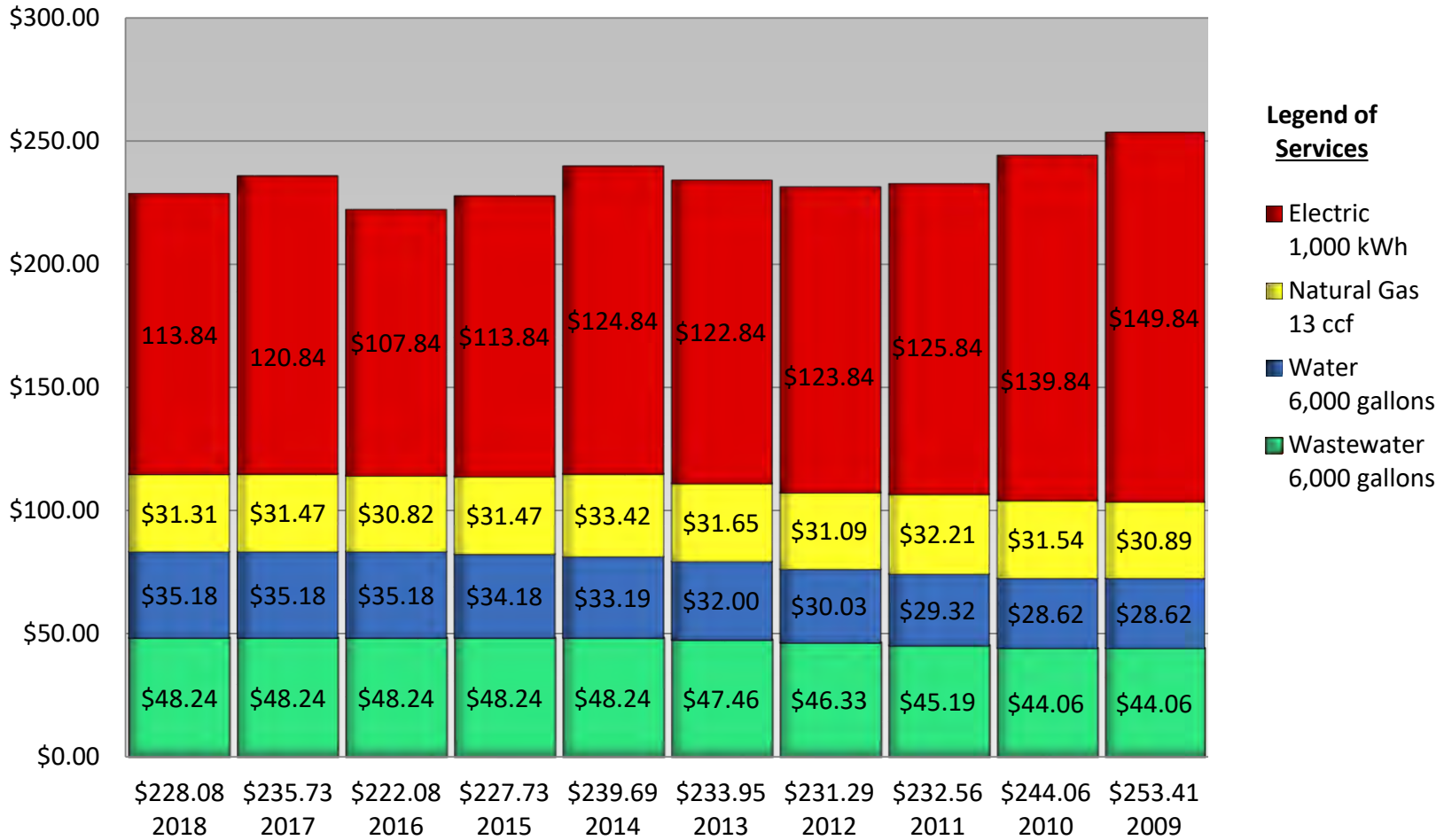
FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
264,278	271,001	271,831	276,163	274,364
<u>41,000</u>	<u>41,285</u>	<u>40,909</u>	<u>42,713</u>	<u>44,028</u>
305,278	312,286	312,740	318,876	318,392
164,672	165,063	174,586	182,246	167,567
<u>39,293</u>	<u>39,657</u>	<u>42,763</u>	<u>45,037</u>	<u>42,652</u>
<u>203,965</u>	<u>204,720</u>	<u>217,349</u>	<u>227,283</u>	<u>210,219</u>
<u>509,243</u>	<u>517,006</u>	<u>530,089</u>	<u>546,159</u>	<u>528,611</u>
863,507	925,939	943,061	943,673	968,125
<u>460,394</u>	<u>527,997</u>	<u>511,172</u>	<u>489,094</u>	<u>447,579</u>
1,323,901	1,453,936	1,454,233	1,432,767	1,415,704
636,431	652,425	671,797	664,130	675,421
<u>164,871</u>	<u>167,297</u>	<u>173,431</u>	<u>169,817</u>	<u>170,748</u>
801,302	819,722	845,228	833,947	846,169
<u>340,834</u>	<u>367,595</u>	<u>355,607</u>	<u>331,747</u>	<u>304,839</u>
<u>2,466,037</u>	<u>2,641,253</u>	<u>2,655,068</u>	<u>2,598,461</u>	<u>2,566,712</u>
2,254,172	2,142,737	2,199,004	2,166,792	2,126,758
<u>480,393</u>	<u>473,387</u>	<u>527,745</u>	<u>577,206</u>	<u>566,475</u>
258	215	6,027	6,210	5,672
1,333	1,272	4,238	5,160	3,498
<u>1,259,670</u>	<u>63,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,995,826</u>	<u>2,680,841</u>	<u>2,737,014</u>	<u>2,755,368</u>	<u>2,702,403</u>
655,667	680,739	682,993	683,051	718,280
<u>185,993</u>	<u>149,452</u>	<u>156,973</u>	<u>186,910</u>	<u>200,068</u>
841,660	830,191	839,966	869,961	918,348
545,418	558,685	572,258	570,145	579,037
<u>47,361</u>	<u>49,426</u>	<u>53,014</u>	<u>53,949</u>	<u>59,280</u>
<u>592,779</u>	<u>608,111</u>	<u>625,272</u>	<u>624,094</u>	<u>638,317</u>
<u>1,434,439</u>	<u>1,438,302</u>	<u>1,465,238</u>	<u>1,494,055</u>	<u>1,556,665</u>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
ELECTRIC										
Customer Charge ⁽¹⁾	\$ 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	0.10822	0.10922	0.11322	0.08322	0.08722	0.08722
PCA Per kWh ⁽²⁾	(0.00300)	0.00400	(0.00900)	(0.00300)	0.00800	0.00500	0.00200	0.03400	0.04400	0.05400
GAS										
Customer Charge ⁽¹⁾	\$ 13.37	\$ 13.14	\$ 13.14	\$ 13.14	\$ 13.14	\$ 12.93	\$ 12.63	\$ 12.32	\$ 12.02	\$ 12.02
Rate Per CCF (up to 100 CCF)	1.48	1.46	1.46	1.46	1.46	1.44	1.42	1.23	1.20	1.20
PGA Per CCF ⁽³⁾	(0.10000)	(0.05000)	(0.10000)	(0.05000)	0.10000	-	-	0.30000	0.30000	0.25000
WATER										
Customer Charge ⁽¹⁾	\$ 13.88	\$ 13.88	\$ 13.88	\$ 13.48	\$ 13.09	\$ 12.62	\$ 11.85	\$ 11.56	\$ 11.28	\$ 11.28
Rate Per 1,000 Gallons (up to 10,000 gallons)	3.55	3.55	3.55	3.45	3.35	3.23	3.03	2.96	2.89	2.89
WASTEWATER										
Customer Charge ⁽¹⁾	\$ 15.30	\$ 15.30	\$ 15.30	\$ 15.30	\$ 15.30	\$ 15.06	\$ 14.71	\$ 14.35	\$ 14.00	\$ 14.00
Rate Per 1,000 Gallons	5.49	5.49	5.49	5.49	5.49	5.40	5.27	5.14	5.01	5.01

- (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

Fiscal Year	System	Increase (Decrease)
2018	Natural Gas	1.76%
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%

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 ¹ 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			
2009	\$ 30,479	\$ -	\$ 121	\$ 10,504	\$ 19,754	\$ 9,545	\$ 37,180	\$ -	\$ -	\$ -	\$ (319)	\$ 107,264	99%	\$ 108,873
2010	-	234	98	5,445	20,644	9,545	37,165	34,800	-	-	(351)	107,580	99%	108,258
2011	-	201	71	-	21,588	9,545	37,155	34,800	-	-	(327)	103,033	105%	98,084
2012	-	189	39	-	22,590	9,545	31,690	34,800	-	-	(303)	98,550	102%	96,490
2013	-	177	127	-	23,654	9,545	6,015	34,800	20,896	-	(279)	94,935	98%	97,033
2014	-	137	106	-	24,774	9,545	-	34,800	20,498	-	(255)	89,605	91%	98,534
2015	-	137	80	-	25,974	9,545	-	34,800	13,751	-	(230)	84,057	88%	95,558
2016	-	131	49	-	27,245	-	-	34,800	6,920	9,545	(58)	78,632	80%	98,421
2017	-	124	11	-	28,571	-	-	34,800	-	9,373	(53)	72,826	71%	102,650
2018	-	77	138	-	25,679	-	-	33,590	-	9,078	(47)	68,515	68%	100,210

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

¹ 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
2019	\$ 5,974	\$ 77	\$ 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>\$ 73,105</u>	<u>\$ 77</u>	<u>\$ 30,360</u>	<u>\$ 33,590</u>	<u>\$ 9,078</u>

FORT PIERCE UTILITIES AUTHORITY
Computation of Debt Service Coverage

Last Ten Years
(Dollars in Thousands)

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
OPERATING INCOME *	\$ 9,960	\$ 11,681	\$ 10,218	\$ 11,027	\$ 9,236	\$ 8,746	\$ 8,700	\$ 8,175	\$ 9,614	\$ 9,616
ADD:										
Depreciation Expense	12,985	12,769	13,092	12,453	14,982	15,290	15,243	15,547	15,259	14,193
Investment & Other Income	835	438	388	356	484	304	535	703	910	740
Extraordinary Income (Expense)	(1)	(2)	21	(10)	(427)	(761)	(1,200)	(9)	(76)	(346)
Net OPEB Expense	156	31	30	58	57	54	53	305	134	13
LESS:										
Interest on Construction Funds	-	-	-	-	-	-	-	-	-	-
NET AVAILABLE INCOME	<u>\$ 23,935</u>	<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>
DEBT SERVICE - Bonds & Pooled Loans										
Principal	\$ 5,897	\$ 5,840	\$ 7,367	\$ 7,086	\$ 6,987	\$ 6,653	\$ 5,955	\$ 5,675	\$ 5,655	\$ 5,797
Interest	<u>1,762</u>	<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>
NET CASH DEBT SERVICE	<u>\$ 7,659</u>	<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>
DEBT SERVICE COVERAGE (TIMES)	<u>3.12</u>	<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>

* 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

Year	City of Fort Pierce Population¹	St. Lucie County Population¹	St. Lucie County Labor Force²	Total Unemployment²	Percentage Rate of Unemployment²	St. Lucie County School Enrollment³	St. Lucie County Per Capita Income⁴	St. Lucie County Personal Income⁴
2018	43,326*	302,432 *	140,686	5,626	4.0	42,124	***	***
2017	43,409	297,634	136,063	6,046	4.4	40,678	\$38,835	\$12,175,078
2016	42,489	292,826	135,719	7,322	5.4	39,390	36,196	11,094,354
2015	42,119	287,749	129,727	8,238	6.4	41,374	35,829	10,688,079
2014	41,188	282,821	129,004	10,198	7.9	41,158	34,129	9,932,383
2013	41,729	281,151	128,813	12,227	9.5	41,136	31,182	8,943,912
2012	41,646	280,355	123,588	14,519	11.7	40,844	31,742	9,010,473
2011	41,789	279,696	124,115	16,622	13.4	40,433	30,768	8,626,570
2010	41,590	277,789	123,738	17,482	14.1	40,453	29,574	8,243,330
2009	44,251	272,864	123,659	17,619	14.2	41,678	29,526	7,868,831

Sources:

¹ University of Florida, Bureau of Economic & Business Research

² Florida Department of Labor & Employment Security

³ St. Lucie County School Board

⁴ U.S. Department of Commerce, Bureau of Economic Analysis

* Total Estimated

*** Data unavailable

FORT PIERCE UTILITIES AUTHORITY
Principal Employers
Last Ten Years

Employer	Business Sector	2018 ⁽¹⁾			2009		
		Number of Employees	Rank	% of City Population	Number of Employees	Rank	% of City Population
St. Lucie County School Board	Public	5,564	1	12.84%	4,612	1	10.42%
Indian River State College	Private	2,338	2	5.40%	1,547	2	3.50%
Lawnwood Regional Medical Center	Private	1,615	3	3.73%	1,400	3	3.16%
Wal-Mart Distribution Center	Private	890	4	2.05%	600	6	1.36%
St. Lucie County	Public	797	5	1.84%	840	5	1.90%
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%	-	-	-
Maverick Boat Co Inc	Private	406	10	0.94%	-		
City of Fort Pierce	Public	337	14	0.78%	414	8	0.94%
Publix Super Markets Inc ⁽²⁾	Private	-	-	-	1,117	4	2.52%
Winn-Dixie Stores, Inc	Private	-	-	-	428	7	0.97%
Riverside National Bank of Florida	Private	-	-	-	402	9	0.91%
The Home Depot ⁽²⁾	Private	-	-	-	372	10	0.84%
TOTALS		13,664		31.54%	11,732		26.51%

Source:

Economic Development Council of St. Lucie County, St. Lucie County Profile 2017
Indian River State College, Institutional Advancement

⁽¹⁾ Data is as of February 27,2019

⁽²⁾ Information no longer available



Operating Information

FORT PIERCE UTILITIES AUTHORITY

Expenses By System

Last Ten Fiscal Years

(Dollars in Thousands)

	FY 2018	FY 2017	FY 2016	FY 2015
ELECTRIC				
Generation and				
Purchases for Resale	\$ 41,402	\$ 43,689	\$ 42,179	\$ 40,343
Transmission and Distribution	4,372	4,122	4,091	3,927
General and Administrative	7,918	7,863	7,460	6,964
Depreciation	3,538	4,401	4,508	4,463
Total Electric Operating Expenses	57,230	60,075	58,238	55,697
WATER				
Purchases for Resale		2	-	7
Plant Operations	3,693	3,481	3,304	3,320
Transmission and Distribution	2,078	1,898	1,743	1,789
General and Administrative	5,498	4,930	4,726	4,426
Depreciation	5,407	4,417	4,454	3,872
Total Water Operating Expenses	16,676	14,728	14,227	13,414
NATURAL GAS				
Purchases for Resale	1,817	1,773	1,556	1,900
Supply and Distribution	989	1,024	1,251	1,016
General and Administrative	1,140	1,016	1,046	978
Depreciation	362	298	313	274
Total Natural Gas Operating Expenses	4,308	4,111	4,166	4,168
WASTEWATER				
Plant Operations	1,804	1,823	1,742	1,766
Pumping and Collection	2,209	2,316	1,977	1,909
General and Administrative	3,647	3,530	3,385	3,113
Depreciation	3,613	3,587	3,743	3,779
Total Wastewater Operating Expenses	11,273	11,256	10,847	10,567
MANATEE OBSERVATION AND EDUCATION CENTER				
Plant Operations	273	272	267	238
General and Administrative	183	171	186	145
Depreciation	8	6	6	8
Total MOEC Operating Expenses	464	449	459	391
FPUAnet COMMUNICATIONS				
Purchases for Resale	69	58	48	55
General and Administrative	195	230	194	175
Depreciation	65	66	73	66
Total FPUAnet Communications Operating Expenses	329	355	315	296
TOTAL OPERATING EXPENSES	\$ 90,280	\$ 90,974	\$ 88,252	\$ 84,533
OTHER REVENUE (EXPENSES) *	\$ (1,935)	\$ (2,760)	\$ (3,008)	\$ (3,511)

* Excludes Distribution to the City of Fort Pierce.

FORT PIERCE UTILITIES AUTHORITY

Expenses By System

Last Ten Fiscal Years

(Dollars in Thousands)

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
\$ 43,006	\$ 42,947	\$ 42,933	\$ 43,976	\$ 51,832	\$ 52,851
4,017	4,037	3,783	3,814	4,299	4,445
6,696	6,738	6,885	7,423	7,217	7,605
4,721	4,668	6,477	6,420	4,761	4,984
<u>58,440</u>	<u>58,390</u>	<u>60,078</u>	<u>61,633</u>	<u>68,109</u>	<u>69,885</u>
24	9	-	6	-	2
3,185	3,199	3,309	3,331	3,557	3,348
1,767	1,732	1,743	1,567	1,722	1,816
4,207	4,158	4,183	4,268	4,144	4,159
4,246	4,044	3,726	3,825	6,105	4,953
<u>13,429</u>	<u>13,142</u>	<u>12,961</u>	<u>12,997</u>	<u>15,528</u>	<u>14,278</u>
2,274	1,816	1,398	1,676	2,038	1,942
1,018	961	875	968	981	983
892	596	570	650	607	564
1,088	304	507	303	351	308
<u>5,272</u>	<u>3,677</u>	<u>3,350</u>	<u>3,597</u>	<u>3,977</u>	<u>3,797</u>
1,776	1,696	1,779	1,697	1,906	2,010
1,913	1,849	1,834	1,776	1,825	1,903
2,975	2,769	2,755	2,685	2,747	2,941
4,836	6,194	4,446	4,939	3,985	3,936
<u>11,500</u>	<u>12,508</u>	<u>10,814</u>	<u>11,097</u>	<u>10,463</u>	<u>10,790</u>
286	232	249	246	261	299
136	114	115	109	106	99
9	11	11	11	9	8
<u>431</u>	<u>357</u>	<u>375</u>	<u>366</u>	<u>376</u>	<u>406</u>
43	28	25	37	23	18
173	171	137	125	129	115
91	79	86	60	56	12
<u>307</u>	<u>278</u>	<u>248</u>	<u>222</u>	<u>208</u>	<u>145</u>
<u>\$ 89,379</u>	<u>\$ 88,352</u>	<u>\$ 87,826</u>	<u>\$ 89,912</u>	<u>\$ 98,661</u>	<u>\$ 99,301</u>
<u>\$ (3,012)</u>	<u>\$ (4,786)</u>	<u>\$ (4,147)</u>	<u>\$ (4,277)</u>	<u>\$ (4,366)</u>	<u>\$ (2,702)</u>

FORT PIERCE UTILITIES AUTHORITY

Performance Indicators

Last Ten Fiscal Years

	FY 2018	FY 2017	FY 2016	FY 2015
SAFETY				
Frequency Rate	3.77	5.30	4.11	5.30
DART/Severity Rate *	213.84	170.84	89.00	79.00
Workers' Compensation Experience Modification Factor	0.97	0.97	0.97	0.79
FINANCIAL				
Debt Service Ratio (12 months ended)	3.12	3.25	2.51	2.55
Operating Ratio	0.92	0.89	0.90	0.88
COMPONENT COSTS				
Water Treatment Plant				
\$ / 1,000 gallons raw water	\$2.21	\$1.99	\$2.02	\$1.88
Water Reclamation Facility				
\$ / 1,000 gallons effluent	\$1.60	\$1.78	\$1.46	\$2.46
Electric T&D				
\$ / mile of T & D lines	\$20,530.49	\$21,860.34	\$21,636.69	\$20,112.83
\$ / number of services	\$25.93	\$27.56	\$27.27	\$26.13
Water Distribution				
\$ / 1,000 gallons billed	\$2.11	\$1.92	\$1.88	\$1.88
\$ / number of services	\$22.36	\$21.05	\$20.01	\$19.69
Wastewater Collection				
\$ / 1,000 gallons billed	\$2.47	\$2.60	\$2.39	\$2.36
\$ / number of services	\$20.90	\$22.31	\$19.61	\$19.41
Natural Gas Distribution				
\$ / 1,000 ccf billed	\$0.43	\$0.41	\$0.49	\$0.40
\$ / number of services	\$37.41	\$34.36	\$39.54	\$33.16
Lift Stations				
\$ / 1,000 gallons billed	\$0.72	\$0.66	\$0.75	\$0.71
\$ / number of services	\$6.12	\$5.62	\$6.14	\$5.80
Industrial Pre-Treatment				
\$ / Customers	\$916.33	\$919.02	\$927.50	\$985.46
FPUAnet Communications				
\$ / Customers	\$423.99	\$414.79	\$345.35	\$348.35
Administration				
\$ / number of services	\$14.48	\$14.96	\$14.51	\$14.59
HUMAN RESOURCES				
Overtime Ratio	0.058	0.073	0.050	0.046
Sick Leave Ratio	0.043	0.037	0.038	0.038
Overtime vs. Annual Overtime Budget	132.07%	176.47%	114.22%	120.48%
Training Hours vs. Regular Hours Worked	2.11%	2.10%	2.87%	2.93%
Training Dollars vs. Budgeted Salary Dollars	3.12%	1.51%	2.00%	1.92%
Annual Turnover Rate	9.00%	10.64%	12.40%	8.60%
CUSTOMER SOLUTIONS				
Number of connections	12,231	13,534	14,109	15,663
Number of disconnections	12,818	12,795	13,316	14,800
Number of accounts to collection agency	1,498	1,353	1,622	1,890
Amount of accounts written off				
Electric	\$112,847	\$184,794	\$200,966	\$99,489
Water	\$20,226	\$33,140	\$36,032	\$17,826
Natural Gas	\$1,461	\$2,415	\$2,639	\$1,366
Wastewater	\$18,156	\$29,744	\$32,324	\$16,050
Customer Charges	\$6,952	\$11,371	\$12,371	\$6,141
Communications	\$157	\$232	\$257	\$42
Number of service orders				
Started	40,193	41,243	45,028	44,505
Completed	40,524	41,014	44,937	44,389

* 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 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
4.10	4.10	4.90	3.60	1.20	1.50
80.00	48.00	24.00	122.00	61.00	21.00
0.87	0.92	1.25	1.11	1.28	0.95
2.59	2.51	2.41	2.55	2.80	2.74
0.91	0.91	0.91	0.92	0.91	0.91
\$1.94	\$1.90	\$1.80	\$1.79	\$1.92	\$1.79
\$2.70	\$1.93	\$2.07	\$2.45	\$2.56	\$2.40
\$20,633.15	\$20,516.14	\$23,742.33	\$24,841.57	\$20,585.55	\$21,579.20
\$27.11	\$27.41	\$31.57	\$30.95	\$25.99	\$26.71
\$1.89	\$1.82	\$1.59	\$1.54	\$2.46	\$2.20
\$20.04	\$19.44	\$18.14	\$17.79	\$27.92	\$24.24
\$2.68	\$3.87	\$2.65	\$2.86	\$2.11	\$1.78
\$21.77	\$31.61	\$21.98	\$24.34	\$18.20	\$15.55
\$0.59	\$0.40	\$0.62	\$0.57	\$0.57	\$0.58
\$47.71	\$31.89	\$32.90	\$33.36	\$32.89	\$32.21
\$0.79	\$0.80	\$0.74	\$0.76	\$0.71	\$0.69
\$6.38	\$6.53	\$6.17	\$5.97	\$6.14	\$6.02
\$903.78	\$698.46	\$793.71	\$1,246.28	\$793.86	\$614.11
\$328.03	\$306.83	\$275.98	\$325.26	\$320.54	\$185.64
\$14.60	\$15.74	\$16.01	\$17.15	\$18.17	\$16.31
0.046	0.042	0.040	0.036	0.040	0.039
0.034	0.034	0.034	0.039	0.042	0.034
114.96%	107.47%	100.48%	89.65%	80.00%	84.32%
2.53%	2.48%	1.52%	1.62%	2.32%	2.78%
1.69%	1.80%	1.23%	1.31%	1.16%	1.59%
12.08%	13.25%	6.77%	9.09%	6.34%	8.66%
16,238	16,001	16,360	16,077	17,441	17,956
15,338	15,206	15,419	15,038	16,300	16,137
1,852	1,584	1,535	1,888	2,240	2,233
\$256,860	\$182,006	\$253,362	\$197,638	\$390,702	\$360,046
\$46,081	\$32,638	\$45,434	\$35,433	\$70,061	\$64,559
\$3,302	\$2,374	\$3,308	\$2,582	\$5,104	\$4,697
\$41,325	\$29,294	\$40,780	\$31,805	\$62,886	\$57,951
\$15,770	\$11,181	\$15,563	\$12,136	\$23,993	\$16,354
\$371	\$231	\$321	\$249	\$495	\$454
49,837	44,205	50,182	56,278	59,489	64,640
49,740	44,224	44,991	48,149	56,799	65,166

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

	FY 2018	FY 2017	FY 2016	FY 2015
ELECTRIC STATISTICS				
Sources of Energy (MWh)				
Total Energy Purchased	572,717	569,684	583,207	559,061
Gross Peak Demand (MW)	112	112	112	107
WATER STATISTICS				
Water Production - 1,000 Gallons				
Raw Water Treated	3,361,321	3,142,178	3,015,157	2,911,231
Water from Distribution System	81,215	75,158	34,250	2,034
Less Deep Well Concentrate	(202,420)	(174,491)	(155,230)	(142,482)
Water Used in Plant	(33,087)	(23,007)	(20,986)	(19,710)
Water from or (left-in) Storage	(255)	(2,867)	890	(1,678)
FINISHED WATER FROM PLANT	<u>3,206,774</u>	<u>3,016,971</u>	<u>2,874,081</u>	<u>2,749,395</u>
Purchased for Resale (Interconnects)	-	1,105	130	2,021
Water Pumped to City	<u><u>3,206,774</u></u>	<u><u>3,018,076</u></u>	<u><u>2,874,211</u></u>	<u><u>2,751,416</u></u>
Water Used in System	267,414	237,965	195,953	169,338
Water Sales	2,591,643	2,665,751	2,567,700	2,503,820
Losses and Unaccounted for Gallonage	347,717	114,360	110,558	78,258
% of Unaccounted	10.84%	3.79%	3.85%	2.84%
Average Daily Consumption	8,793	8,269	7,853	7,535
Highest Daily Consumption	11,196	9,992	9,477	9,285
Date	2/26/18	3/30/17	3/8/16	2/18/15
Peak Maximum Demand (MG)	20,863	13,668	15,634	13,355
Date	8/3/18	9/28/17	3/28/16	5/27/15
Rainfall (inches)	51.61	58.03	69.65	40.08
WATER RECLAMATION FACILITY				
(In Millions of Gallons per Day)				
Average Daily Flow	5.96	5.33	6.40	3.79
Peak Flow	14.21	13.30	13.83	8.75

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

FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
544,751	532,038	537,115	552,427	568,637	553,487
106	104	103	115	124	115
2,880,512	2,889,435	3,088,102	3,101,048	3,023,434	2,993,150
14,718	8,657	17,644	16,648	16,118	N/A
(142,399)	(144,156)	(174,731)	(165,498)	(137,432)	(137,645)
(19,710)	(19,710)	(19,764)	(19,710)	(19,966)	(8,519)
(308)	61	4,218	6,968	1,100	N/A
<u>2,732,813</u>	<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>
10,100	3,943	-	-	-	-
<u>2,742,913</u>	<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>
193,590	170,788	193,707	171,870	175,255	170,369
2,506,826	2,466,037	2,641,253	2,655,068	2,598,461	2,566,712
42,497	101,405	80,509	112,518	109,538	109,905
1.55%	3.70%	2.76%	3.83%	3.80%	3.86%
7,489	7,496	7,990	8,053	7,926	7,827
9,258	8,950	10,524	9,741	9,511	10,403
5/19/14	3/13/13	4/18/12	5/30/11	7/1/10	5/8/09
14,329	13,932	17,437	17,765	17,150	13,304
5/5/14	4/13/13	7/22/12	9/14/11	5/7/10	5/7/09
56.11	51.91	67.10	30.24	40.54	39.89
4.00	4.72	4.86	3.93	4.05	4.95
12.25	8.14	13.03	4.75	5.05	9.57

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

Department	9/30/2018	9/30/2017	9/30/2016	9/30/2015
01 Manatee Observation & Education Center	4	3	3	3
02 Treasure Coast Energy Center	15	13	13	13
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	1	1	4
21 Finance	13	13	13	13
22 Materials Management	6	6	6	4
31 Director of Utility Support Services	2	1	1	1
32 Information Technology Services	17	17	17	17
35 Facilities	5	5	5	5
41 Community Relations	1	-	-	1
43 Customer Service	26	26	26	26
51 Director of Electric & Gas Systems	1	1	1	1
54 Electric Transmission and Distribution	23	23	23	21
55 Electric Operations	23	24	24	25
56 Electric & Gas Engineering	11	9	9	9
61 Director of Water/Wastewater Systems	1	1	1	1
62 Water Resources	25	24	24	23
64 Water Distribution	27	28	28	29
66 Water/Wastewater Engineering	12	11	11	11
74 Gas Operations	15	15	15	15
82 Water Reclamation	16	16	16	16
84 Wastewater Collection	20	19	19	19
93 FPUAnet Communications	3	3	2	2
TOTAL	<u>278</u>	<u>270</u>	<u>269</u>	<u>270</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>9/30/2014</u>	<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>
2 P	2 P	2 P	2 P	2 P	2 P
14 D	14 D	15 D	15 D	15 D	15 D
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
3	4	4	4	4	4
4 D	6 D	5 D	5	5	5
12	11 D	11 D	10 D	12 D	12 D
4 P	3 P	3 P	5 P	5 P	5 P
1	1	1	1 H	1 H	1 H
16 D	16	16	16	16	16
5	5	5	5	5	5
1	1	1	1	1	1
26 D,P	26 D,P	26 D,P	28	29	29
1 D	1 D	1 D	1 D	2 D	2 D
46 D	49 D	51 D	52 D,H	53 D,H	55 C,D,H
9 D	10 D	9	9 H	11 H	11 H,P
1 D	1 D	1 D	1	1	1
23 D	23 D	23 D	23 D,H	24 H	24 C,H
28 D	28 D	25	25 H	28 H	32
11 D	11 D	11 D	11 D,H	11 D,H	13 H
15 D	16 D	15 D	14 D,H	14 H	16
16 D	14 D	13 D	13 D,H	14 D	12 D,H
20 D	21 D	21 D	21 D,H	22 D	22 D,H
2 D	2	2	1	1	1
<u>268</u>	<u>273</u>	<u>269</u>	<u>271</u>	<u>284</u>	<u>292</u>

FORT PIERCE UTILITIES AUTHORITY
Ten Largest Customers
Fiscal Year 2018

Ranking	Customer Name	Utility Service	Unit Sales	Revenues	Total
1	St. Lucie County Board of County Commissioners	Electric (kWh)	13,827,015	\$1,656,854	\$3,987,751
		Water (kgal.)	365,028	1,279,096	
		Wastewater	96,006	1,016,189	
		Natural Gas (ccf)	23,446	35,611	
2	St. Lucie County School Board	Electric (kWh)	20,757,627	\$2,562,643	\$3,104,563
		Water (kgal.)	31,802	211,149	
		Wastewater	31,901	261,128	
		Natural Gas (ccf)	41,837	69,642	
3	Indian River State College	Electric (kWh)	19,838,116	\$2,219,385	\$2,638,360
		Water (kgal.)	25,389	151,731	
		Wastewater	20,921	162,411	
		Natural Gas (ccf)	98,721	104,833	
4	Lawnwood Regional Medical Center	Electric (kWh)	18,736,624	\$1,788,223	\$2,258,463
		Water (kgal.)	25,343	112,284	
		Wastewater	15,807	101,681	
		Natural Gas (ccf)	298,722	256,275	
5	Fort Pierce Utilities Authority	Electric (kWh)	16,138,908	\$1,768,637	\$1,861,171
		Water (kgal.)	5,316	47,608	
		Wastewater	2,193	30,923	
		Natural Gas (ccf)	8,443	14,003	
6	City of Fort Pierce	Electric (kWh)	9,421,827	\$1,144,015	\$1,689,401
		Water (kgal.)	52,720	468,751	
		Wastewater	5,828	68,010	
		Natural Gas (ccf)	3,261	8,624	
7	Florida Atlantic University	Electric (kWh)	11,808,795	\$1,279,292	\$1,279,292
		Water (kgal.)			
		Wastewater			
		Natural Gas (ccf)			
8	Fort Pierce Housing Authority	Electric (kWh)	3,793,183	\$459,193	\$1,012,146
		Water (kgal.)	31,270	214,407	
		Wastewater	31,459	268,143	
		Natural Gas (ccf)	29,550	70,404	
9	Orchid Island Juice Company	Electric (kWh)	5,482,070	\$612,163	\$855,736
		Water (kgal.)	14,106	54,138	
		Wastewater	13,952	79,540	
		Natural Gas (ccf)	131,929	109,894	
10	Walmart	Electric (kWh)	5,925,160	\$583,136	\$691,495
		Water (kgal.)	7,726	39,156	
		Wastewater	7,735	53,318	
		Natural Gas (ccf)	12,128	15,885	

TOTAL REVENUES BY UTILITY	Electric	\$14,073,542
	Water	2,578,321
	Wastewater	2,041,343
	Natural Gas	685,172
TOTAL COMBINED REVENUES		\$19,378,378

Compliance

Compliance

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, 2018, which collectively comprise of FPUA's basic financial statements and have issued our report thereon dated March 1, 2019. 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, 2019