

Palm Beach County, Florida Water Utilities Department Comprehensive Annual Financial Report Fiscal Years Ended September 30, 2014 and 2013

Tricolored Heron
at Green Cay Wetlands

Photo by Susan Davis



**PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

An Enterprise Fund Department of the Palm Beach County, Florida
Board of County Commissioners

Finance and Accounting Section of the
Water Utilities Department of Palm Beach County

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT

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

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**PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT**

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

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Introductory Section



*Above: Great White Egret
Wakodahatchee Wetlands*



Left: Red-winged Blackbird



**Water Utilities Department
Administration**

P. O. Box 16097
West Palm Beach, FL 33416-6097
(561) 493-6000
Fax: (561) 493-6008
www.pbcwater.com



**Palm Beach County
Board of County
Commissioners**

Shelley Vana, Mayor
Mary Lou Berger, Vice Mayor
Hal R. Valeche
Paulette Burdick
Steven L. Abrams
Melissa McKinlay
Priscilla A. Taylor

County Administrator

Robert Weisman

*“An Equal Opportunity
Affirmative Action Employer”*

March 27, 2015

Honorable Shelley Vana, Mayor, and Members of the
Palm Beach County Board of County Commissioners
Robert Weisman, P.E., County Administrator
West Palm Beach, Florida

Dear Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the Palm Beach County Water Utilities Department (the Department) for the fiscal years ended September 30, 2014 and September 30, 2013, is hereby submitted. The Department is an enterprise fund of the Palm Beach County Board of County Commissioners (BCC). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Department. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Department. All disclosures necessary to enable the reader to gain an understanding of the Department's financial activities have been included.

INDEPENDENT AUDITOR'S REPORT

McGladrey LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Department's financial statements for the fiscal years ended September 30, 2014 and September 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

PROFILE

The Water Utilities Department is an enterprise fund operation of the BCC. The Department provides potable water, wastewater, and reclaimed water services to approximately 569,000 people located within approximately 1,300 square miles of the primarily unincorporated area of the County. In addition to serving unincorporated areas, the Department provides services directly to the residents and businesses of the Village of Royal Palm Beach, the City of Greenacres, and the Town of Haverhill. Through interlocal agreements, the Department also provides services directly to the Village of Palm Springs, the Town of Lake Clarke Shores, the Cities of Lake Worth, Boynton Beach, and Atlantis. The Cities of Belle Glade, Pahokee and South Bay are now directly served as well, since the Department's May 1, 2013 absorption of the Glades Utility Authority.

Palm Beach County is a political subdivision of the State of Florida and is governed by the State Constitution, general laws of the State of Florida, and the

County's Charter. The legislative and governing body of the County is the seven-member BCC. In accordance with the County's Charter, the Clerk & Comptroller is the Clerk of the BCC and is the official custodian of County funds and the accounting records of and for the Department. As an operating unit of the BCC, the Department reports directly to County Administration. An eleven-member Citizens' Advisory Board provides guidance to the Department and to the BCC on rate and policy issues.

The Department applies the provisions of the Governmental Accounting Standards Board (GASB) Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 requires that management's discussion and analysis of the Department's financial performance be included as an integral part of the financial statements. Your attention is directed to page 13 for this information.

FINANCIAL CONDITION

Palm Beach County is the third most populous county in the State of Florida. The real estate and construction industries comprise the mainstays of the County's economic base. The Department's service area continues to reflect primarily residential customers, plus some commercial and light industrial services. The recovering real estate market and construction industry have caused unemployment to decrease to a rate of 6.0% from 7.4% for 2014 and 2013 respectively - below the ten-year averages of 7.1% and 7.0%, and also contributed to a slow growth rate in dwelling units for the Department's service area to a rate of 0.8% and 0.7% for 2014 and 2013, respectively - slightly above the five-year averages of 0.3% and 0.5%. These factors, accompanied by inflation and water restrictions imposed by the South Florida Water Management District, have impacted the Department financially.

To offset the impact of these factors, the Department has implemented several cost-cutting measures. Through these efforts and the implementation of rate indexing, cash reserves as of September 30, 2014 and 2013, were 168% and 148%, respectively, of annual operating expenses

net of depreciation and amortization and exceeded the minimum benchmark of 25%. The Department's aggressive turn-off policy continues to yield positive results as bad debt expense for 2014 and 2013 was 0.4% and 0.6%, respectively, compared with the five-year averages for both periods of 0.4%. These numbers are well within industry standards. Expenses are expected to continue to be subject to upward pressure from increased fuel and electricity costs, and growth is expected to remain at current levels. These factors were considered when preparing the Department's budget for fiscal year 2015. The budget forecasts that revenues will continue to be sufficient to fund operating expenses, debt service, a portion of the Department's capital projects expenditures, and sufficient reserves.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

For Fiscal Year 2013 - 2014: The Department continued its commitment to a strong utility advocacy role on legislative and regulatory issues.

A discussion of that major accomplishment and initiative follows:

Continued commitment to a strong utility advocacy role on legislative and regulatory issues:

Water management in Southeast Florida is undergoing tremendous change as a consequence of growth and a desire to restore and preserve the Everglades. As a result, there is increasing pressure to modify legislation and regulations relating to water supply, reclaimed water use, and biosolids. The Department works to ensure that proposed changes are economically, technically, and environmentally feasible. To this end, the BCC and the Department's Advisory Board have indicated their support for a strong utility advocacy role on these issues. The Department participates in the Florida Water Environment Association Utility Council, the American Water Works Association Utility Council, and the Southeast Florida Utility Council in order to concentrate on legislative and regulatory efforts.

The Department is currently focusing a majority of its legislative efforts on the following three issues, which could have a major impact on the future of water use and supplies:

- *Water Reservations* - Florida Statutes allow the Florida Department of Environmental Protection (FDEP) and the numerous water management districts to reserve water for the protection of fish, wildlife, or public health and safety. Reservations could limit access to water for public water supply purposes. The Department will focus efforts on ensuring that all potential beneficial water uses and sources are addressed in future water supply plans and that any future reservations should be authorized within the context of such plans.
- *Water Supply Funding* - The Department will support efforts to establish a strong partnership with the State of Florida, water management districts, and local governments to fund alternative water supply projects. The Department will continue to work with the South Florida Water Management District (SFWMD), the American Water Works Association Research Foundation, and several South Florida utilities to evaluate availability, technical feasibility, and projected cost for a wide variety of innovative water supply/delivery technologies.
- *Water Reuse* - The Department continues to support and participate in a proposed study, authorized by the 2004 Florida Legislature and conducted by the FDEP and the SFWMD, to determine the feasibility of discharging reuse water into the canals of South Florida, as well as other regional reuse efforts. This study could lead to future legislation that would greatly expand the utilization of reuse water for purposes including aquifer recharge and irrigation.

Some of the proposed solutions for the above listed issues could require significant monetary investments that could negatively impact the Department and our customers. It is critical for the Department to maintain an advocacy role in

proposed legislation and regulations to ensure that the outcome of such is both environmentally safe and economically sound.

For the Future: To continue to meet the challenges facing the Department, future major initiatives are required, including the following:

- Continue a strong utility advocacy role on water supply, reclaimed water, and deep injection well issues;
- Provide additional opportunities for residents in the expanded service areas to connect to the Department's potable water, wastewater, and reclaimed water systems;
- Continue to enhance and support an advanced technological environment in order to maintain the Department's high level of efficiency; and
- Continue implementation of an asset management program. As the Department continues to move toward becoming a sustainable utility from a growth utility, this provides a systematic method of minimizing the life cycle costs of utility assets, meeting desired service levels, and controlling risk in the most efficient manner. The changes in work flow, personnel, technology, and infrastructure required to successfully implement the program will be addressed with cross-functional teams. Asset management also enables the Department to prioritize expenditures and establish long-term spending requirements.

OTHER INFORMATION

Internal Control: In conformity with the internal control procedures established by the County, the Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Department are protected from loss, theft, or misuse. Additionally, the Department's internal controls ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with accounting principles generally accepted in the

United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

Budgetary Control: The Department's budget is included in the County's annual budget, which is prepared pursuant to Chapter 129, Florida Statutes, and represents the legal authority to levy taxes and expend funds for all County purposes. The Department's budget is balanced, as required by Florida Statutes, with the inclusion of reappropriated beginning fund balances. Encumbrance accounting is applied during the year. Budgetary control is maintained in the County's accounting system at the appropriation unit level. As part of the budget process, open encumbrances lapse at year-end and must be reappropriated in the following year and are, therefore, not reported as reserved fund balance at year-end. Activities of the operating accounts (Revenue; Operations and Maintenance; Sinking Fund Accounts, including Bond Interest, Bond Principal, Bond Redemption, and Debt Service Reserve; Renewal and Replacement; Capital Improvement; and Connection Fee) required by covenants securing the Department's indebtedness are included in the annual budget.

Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Palm Beach County, Florida, Water Utilities Department for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. This was the eighteenth consecutive year that the Department has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current

CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment: The preparation of the CAFR was made possible by the dedicated services of the entire staff of the Finance and Accounting Section of the Finance and Administration Division. Each member of the Finance and Accounting Section has our sincere appreciation for the contributions made in the preparation of this report.

Very truly yours,



Jim Stiles
Department Director



Debra M. West
Assistant Director

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Government Finance Officers Association

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

Presented to

**Palm Beach County, Florida
Water Utilities Department**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

**PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT PRINCIPAL OFFICIALS**

Board of County Commissioners

As of September 30, 2014



Priscilla A. Taylor
Mayor
District 7



Paulette Burdick
Vice Mayor
District 2



Hal R. Valeche
Commissioner
District 1



Shelley Vana
Commissioner
District 3



Steven L. Abrams
Commissioner
District 4



Mary Lou Berger
Commissioner
District 5



Jess R. Santamaria
Commissioner
District 6

County Administration

Robert Weisman, P.E., County Administrator

Shannon R. LaRocque-Baas, P.E., Assistant County Administrator

Water Utilities Department

Bevin A. Beaudet, P.E., Director

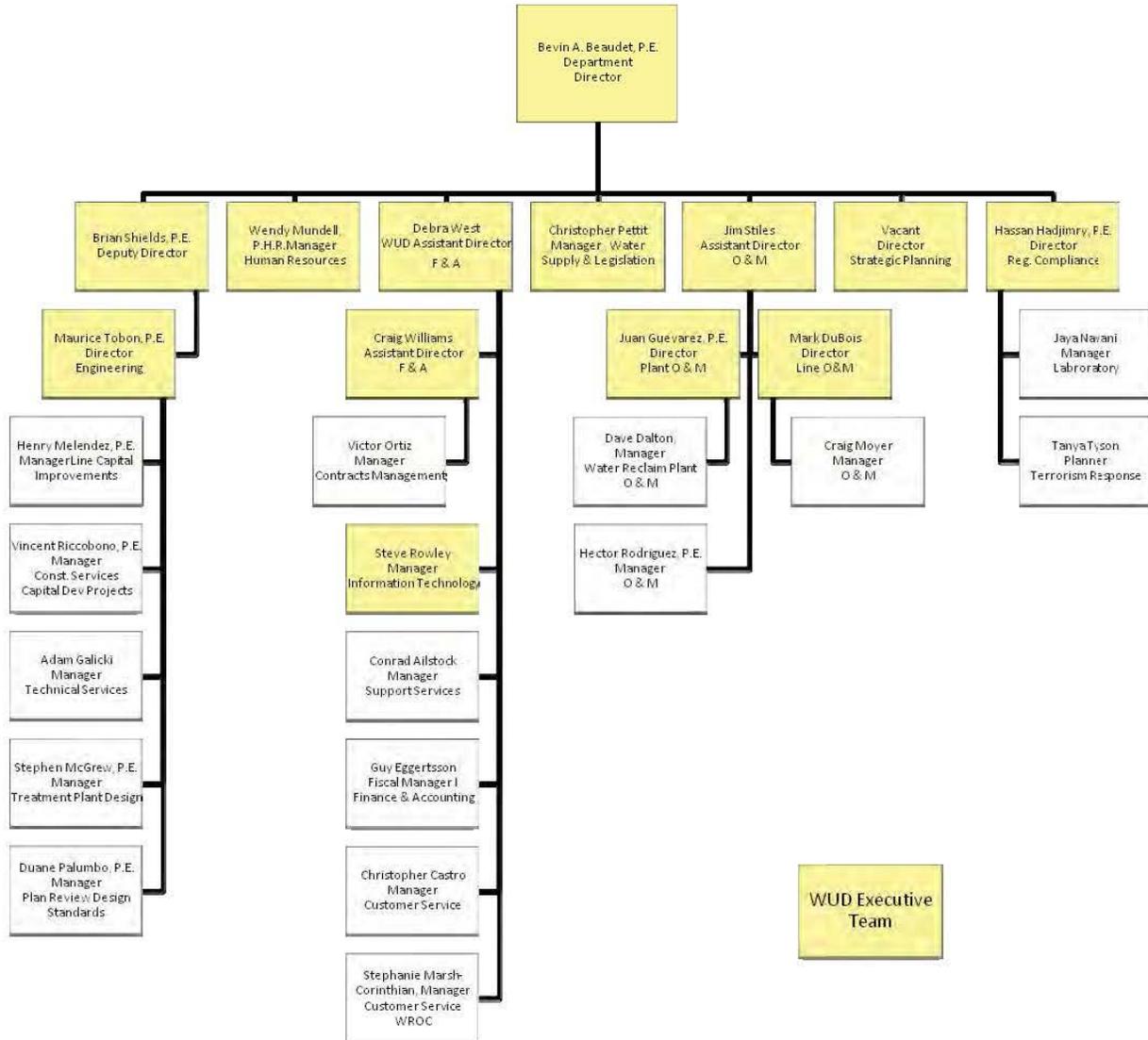
Water Utilities Advisory Board



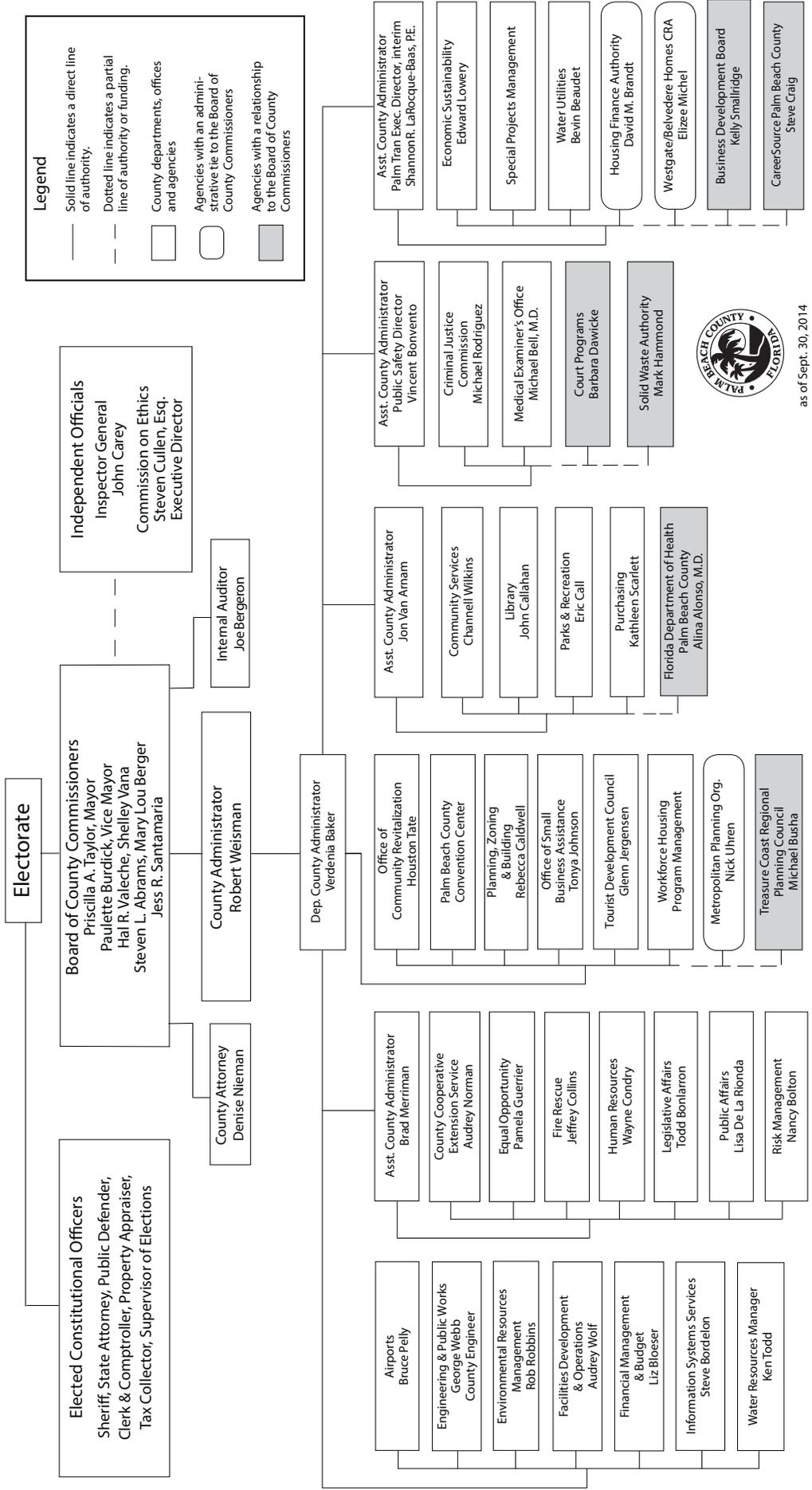
Seated from left: Frank Matthews, Chairperson Mae Yates, Director Bevin Beaudet, Beverly Scott.

*Standing from left: Lewis Doctor, Ted Cott, Carlton Brooks, Edwin Wechsler, Burt Goodman,
and Vice Chairperson Harvey Arnold. Not pictured, Derrek Moore.*

**PALM BEACH COUNTY, FLORIDA
 WATER UTILITIES DEPARTMENT
 ORGANIZATIONAL STRUCTURE
 As of September 30, 2014**



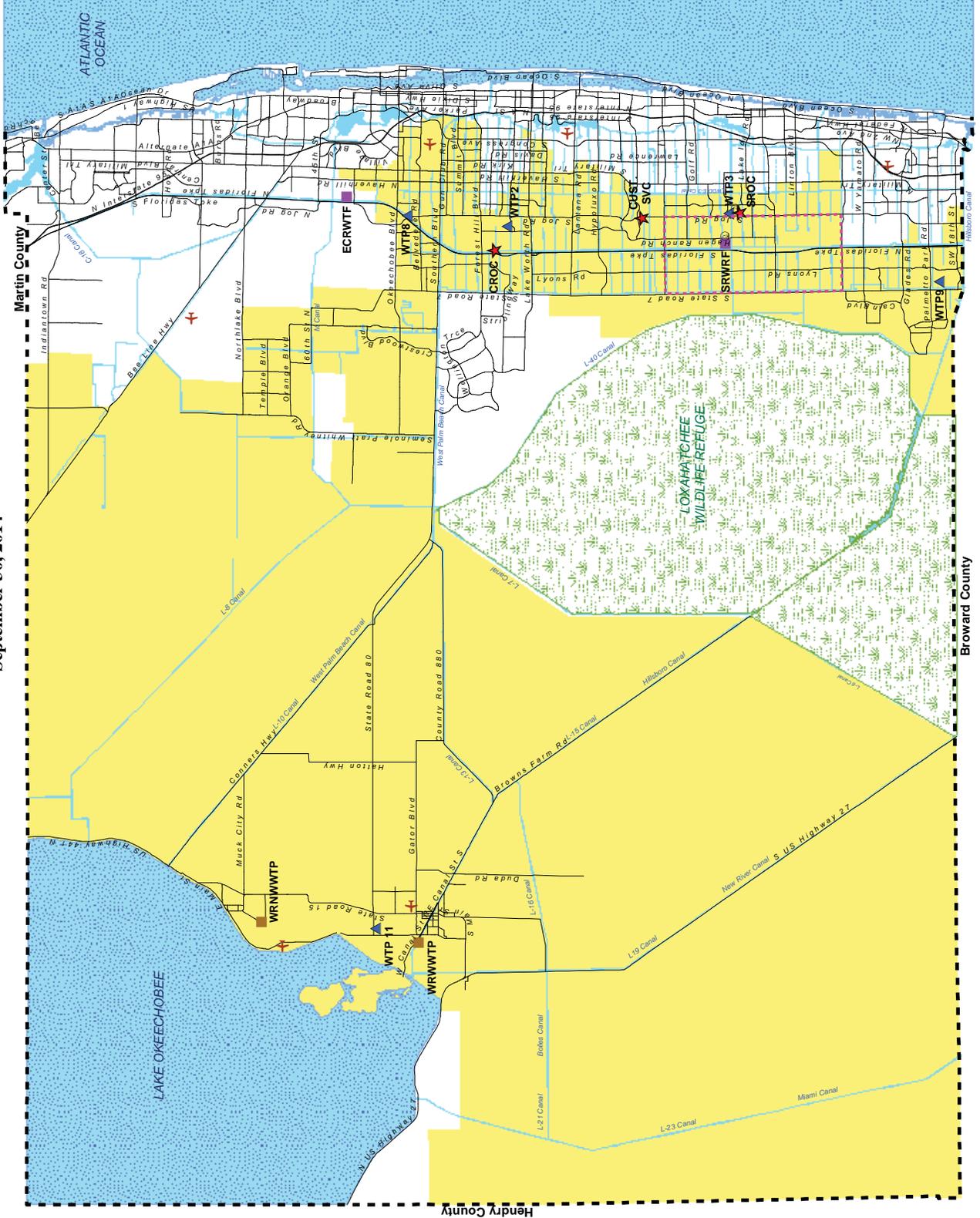
Palm Beach County Board of County Commissioners Organizational Structure



as of Sept. 30, 2014



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
SERVICE AREA (SA) AND MAJOR FACILITIES
September 30, 2014



- Legend**
- Wastewater Treatment Plant
 - Water Reclamation Plant
 - Water Treatment Plant
 - ★ Administration
 - ⊙ Wetlands
 - Mandatory Reclaimed SA
 - - - Palm Beach County Limits
 - P.B.C. W.U.D. Service Area



NOT TO SCALE



*Above: Plant operators at
Water Treatment Plant #9*

*Right: Cartridge filter at
Water Treatment Plant #3*





Independent Auditor's Report

To the Honorable Board of County Commissioners
Palm Beach County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Palm Beach County, Florida Water Utilities Department (the "Department") as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in note 1, the financial statements referred to above present only the Department and do not purport to, and do not, present fairly the financial position of Palm Beach County, Florida, as of September 30, 2014 and 2013 and the changes in its financial position and where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the Department restated its net position as of October 1, 2012, when adopting the requirements of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and Other Post Employment Benefits Healthcare Plan Schedule of Funding Progress, as listed in the table of contents, 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The introductory section, supplementary information contained in the financial section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information contained in the financial section has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information contained in the financial section is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 reports dated March 26, 2015, and March 27, 2014, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed address and date.

West Palm Beach, Florida
March 26, 2015

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WATER UTILITIES DEPARTMENT OF PALM BEACH COUNTY, FLORIDA

Management's Discussion and Analysis

This section of the Department's annual financial report presents our discussion and analysis of the Department's financial performance during the fiscal years ended September 30, 2014 (FY 2014) and September 30, 2013 (FY 2013). Please read it in conjunction with the preceding transmittal letter and the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The Department's net position increased by \$40.4 million, or 3.9% during FY 2014 and increased by \$103.8 million, or 11.0%, during FY 2013.
- Long-term debt (net of the current portion) decreased by \$9.6 million, or 4.4%, in FY 2014 compared to an increase of \$20.9 million, or 11.5%, in FY 2013.
- Operating revenues in FY 2014 totaled \$169.9 million, an increase of \$7.5 million or 4.6%, compared with \$162.4 million in FY 2013, an increase of \$8.6 million or 5.6% from the previous year. FY 2014 included the effect of rate indexing and a 0.8% increase in the customer base. FY 2013 included the effect of rate indexing and a 0.7% increase in the customer base.
- Operating expenses before depreciation and amortization and equity interest in net loss of joint venture, totaled \$111.8 million, an increase of \$7.1 million, or 6.8%, in FY 2014 compared with \$104.7 million, for an increase of \$4.2 million, or 4.2%, for FY 2013.
- Non-operating income increased by \$7.7 million, or 213.9%, in FY 2014 compared to a FY 2013 decrease of \$7.9 million, or 185.7%.
- The Department showed net income before contributions, transfers and special items of \$20.0 million for FY 2014, an increase of \$9.1 million, or 83.5%, and showed net income before contributions of \$10.9 million for FY 2013, a decrease of \$6.0 million, or 35.1%.

FINANCIAL STATEMENTS OVERVIEW

Financial Reporting Entity - The Water Utilities Department is an enterprise fund operation of the Palm Beach County Board of County

Commissioners (BCC). As such, the Department's financial operations are maintained on the full accrual basis of accounting: revenues are recognized when earned, and expenses are recognized when incurred. The Department provides potable water, wastewater, and reclaimed water services to approximately 569,000 people located within approximately 1,300 square miles of the primarily unincorporated area of the County. In addition to serving unincorporated areas, the Department provides services directly to the residents and businesses of the Village of Royal Palm Beach, the City of Greenacres, and the Town of Haverhill. Through inter-local agreements, the Department also provides services to the Village of Palm Springs and the Cities of Boynton Beach, and Atlantis. The Cities of Belle Glade, Pahokee and South Bay are now directly served as well, since the Department's May 1, 2013 absorption of the Glades Utility Authority.

Palm Beach County is a political subdivision of the State of Florida and is governed by the State Constitution, general laws of the State of Florida, and the County's Charter. The legislative and governing body of the County is the seven-member BCC. In accordance with the County's Charter, the Clerk & Comptroller is the Clerk of the BCC and is the official custodian of County funds and the accounting records of and for the Department. As an operating unit of the BCC, the Department reports directly to County Administration. An eleven-member Citizens' Advisory Board provides guidance to the Department and to the BCC on rate and policy issues.

Financial Statement Structure - In addition to the preceding report of the County's independent certified public accountants, the annual financial statements consist of three segments:

Management's Discussion and Analysis, which provides explanations for and analyses of the Department's financial activities based upon currently known facts, conditions, and decisions of the Department's management. While primarily focused on current year results compared with prior years, this discussion also addresses certain long-term issues, which may, in management's opinion, impact the Department's financial performance.

Basic Financial Statements, which depict the Department's financial position as of September 30, 2014 and 2013, along with earnings performance and cash flow information. The accompanying notes explain some of the financial statement data and provide more detailed information.

Supplementary Information, which presents funding progress of the defined benefit health-care plan administered by the County (other post-employment benefits) and which compares the Department's results of operations with the original and final budgetary goals.

FINANCIAL OPERATIONS OF THE DEPARTMENT

Net Position: The Department's net position increased by \$40.4 million, or 3.9% the fiscal year ended September 30, 2014, compared to a 11.0%, or \$105.4 million increase in the prior year. An increase of cash and cash equivalents of \$31.5 million was the major component of the increase in FY 2014. An increase in cash and cash equivalents of \$36.0 million and the absorption of the Glades Utility Authority of \$63.9 million were the major components of the increase in FY 2013. FY 2013 was restated for the effect of implementing GASB Statement No. 65, as of October 1, 2012.

Table 1 presents the Department's net position (dollars in millions) for the fiscal years ended September 30, 2014, 2013, and 2012.

Completed projects of \$23.1 million plus an increase in construction in progress of \$16.7 million and \$10 million in additions to utility plants and pipeline

and equipment, less depreciation and amortization of \$41.2 million were the major components of the increase in net capital assets in FY 2014. Assets absorbed from the Glades Utility Authority of \$83.6 million plus an increase in construction in progress of \$12.7 million less depreciation and amortization of \$40.7 were the major components of the increase in net capital assets in FY 2013. Construction projects totaling \$23.1 million were completed in FY 2014 which represented a 17.7% decrease from the FY 2013 total of \$28.0 million.

Long-term debt (net of the current portion) decreased by \$9.3 million, or 4.4% in FY 2014 compared to a \$20.9 million, or 11.1% increase in the previous year. The FY 2014 decrease was attributable to principal repayments. The FY 2013 increase was attributable to additional debt of \$20.2 million assumed with the absorption of the Glades Utility Authority offset by principal repayments.

The Department's operating revenues totaled \$169.9 million in FY 2013 and \$162.4 million in FY 2013, which represented increases of 4.6% and 5.6%, respectively, for the periods. FY 2014 included the effect of rate indexing and a 0.8% increase in the customer base. FY 2013 included the effect of rate indexing and a 0.7% increase in the customer base.

Operating expenses before depreciation and amortization and equity interest in net loss of joint venture were \$111.8 and \$104.7 million for the periods. These represented annual increases of 6.8% and 4.2% for FY 2014 and FY 2013, respectively. The primary reasons for the increase are shown in Table 2.

Table 1 - Summary of Net Position - (dollars in millions)

	2014	2013 as restated*	% Change	2012 as restated*	% Change
Current and other assets	\$331.7	\$306.7	8.2	\$276.0	11.1
Capital assets, net	978.8	968.7	1.0	879.1	10.2
Total assets	1,310.5	1,275.4	2.8	1,155.1	10.4
Deferred outflows of resources	9.1	9.8	-7.1	0.0	0.0
Long-term net revenue bonds outstanding	208.1	208.3	-0.1	187.2	6.0
Current portion of revenue bonds	8.0	8.3	-3.6	6.5	27.7
Other liabilities	18.2	23.8	-23.5	22.1	52.0
Total liabilities	234.3	240.4	-2.5	215.8	11.4
Deferred inflows of resources	-0.2	-0.1	100.0	0.0	0.0
Net position:					
Net investment in capital assets	796.8	786.9	12.6	703.5	11.9
Restricted	8.6	9.2	-6.5	8.0	15.0
Unrestricted	279.7	248.6	12.5	227.8	9.1
Total net position	\$1,085.1	\$1,044.7	38.7	\$939.3	11.2

*Restatement due to implementation of GASB No. 65.

Refer to Note 1 of the Notes to the Financial Statements for additional information.

Table 2 – Operating Expense Changes (dollars in millions)

FY 2014 Changes:	
Maintenance of buildings, plants and pipelines due to increased replacement of assets	\$6.4
Salaries and fringe benefits due to cost of living increases	2.9
Chemicals due to price increases and changes in treatment processes.	1.6
All other accounts net decrease	<u>-4.8</u>
Total operating expense change for FY 2014	<u>\$6.1</u>
FY 2013 Changes:	
Chemicals decrease due to price reductions and operational efficiencies	\$-1.9
Electricity decrease due to price reductions and operational efficiencies	-1.2
Indirect cost allocation for Board of County Commissioners decrease	-0.9
All others, net increase	<u>8.2</u>
Total operating expense change for FY 2013	<u>\$4.2</u>

A comparative summary of changes in net position for the years ended September 30, 2014, 2013, and 2012 (dollars in millions) is presented in Table 3.

Table 3 – Change in Net Position (dollars in millions)

	<u>2014</u>	<u>2013</u> <u>as restated*</u>	<u>%</u> <u>Change</u>	<u>2012</u> <u>as restated*</u>	<u>%</u> <u>Change</u>
Operating revenues					
Charges for utility service	\$164.0	\$156.8	4.6	\$148.4	5.7
Other operating revenues	<u>5.9</u>	<u>5.6</u>	5.4	<u>5.4</u>	3.7
Total operating revenues	<u>169.9</u>	<u>162.4</u>	4.6	<u>153.8</u>	5.6
Operating expenses before depreciation and amortization and equity interest in net loss of joint venture	111.8	104.7	6.8	100.5	4.2
Depreciation and amortization and equity interest in net loss of joint venture	<u>42.2</u>	<u>43.2</u>	-2.3	<u>40.7</u>	6.1
Total operating expenses	<u>154.0</u>	<u>147.9</u>	4.1	<u>141.2</u>	4.7
Net operating income	<u>15.9</u>	<u>14.5</u>	9.0	<u>12.6</u>	15.1
Nonoperating revenues (expenses)					
Guaranteed revenue	4.4	4.1	7.3	4.0	2.5
Investment income	3.5	0.5	600.0	5.4	-90.7
Interest expense	-7.0	-7.8	-10.3	-8.5	-8.2
Engineering fees	0.6	0.6	0.0	0.5	20.0
Engineering expenses	-0.6	-0.6	0.0	-0.6	0.0
Other	<u>3.2</u>	<u>-0.1</u>	3,300.0	<u>3.5</u>	-111.4
Total non-operating revenues (expenses)	<u>4.1</u>	<u>-3.2</u>	228.1	<u>4.3</u>	-183.7
Income before capital contributions, transfers from County	20.0	11.3	77.0	16.9	-35.5
Absorption of Glades Utility Authority	-0.1	63.9	-100.2	0.0	0.0
Contributions to Glades Utility Authority	0.0	0.0	0.0	-3.6	-100.0
Capital contributions	19.1	28.4	-32.7	18.3	55.2
Transfers from primary government	<u>1.4</u>	<u>1.8</u>	22.2	<u>2.5</u>	-28.0
Change in net position	<u>\$40.4</u>	<u>\$105.4</u>	-61.7	<u>\$34.1</u>	204.4

*Restatement due to implementation of GASB No. 65.

Refer to Note 1 of the Notes to the Financial Statements for additional information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2014 and September 30, 2013, the Department had \$978.9 million and \$968.7 million respectively invested in a wide range of capital assets, including water treatment plants, water reclamation facilities, pipelines, and two regional operations centers to serve the 1,200-square mile service area. As Table 4 shows, FY 2014 represents a \$10.2 million, or 1.1%, increase over the prior year (dollars are in millions, net of accumulated depreciation and amortization). FY 2013 amounts increased by \$89.6 million, or 10.2%, from the previous year. Major capital asset additions for the two years are shown in Table 5. For more detailed information on capital assets, please see Note 5.

The Department’s fiscal year 2015 capital budget anticipates spending \$158.2 million, an increase

of \$18.1 million, or 12.9%, from the previous year’s budget of \$140.1 million. Major projects include:

- Replacement of the filters at Water Treatment Plant #2 (\$16.7 million);
- Design and construction of an Administrative, Operations, and Maintenance Complex for the Western Region (\$12.9 million).
- Replacement of the Western Region Water Distribution System (12.2 million);

These projects will be financed using existing funds, cash generated by operations, and connection fees received from developers.

Table 4 – Change in Capital Assets Net of Accumulated Depreciation and Amortization (dollars in millions)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>	<u>2012</u>	<u>% Change</u>
Utility plants and pipelines	\$819.7	\$827.1	-0.9	\$756.8	9.3
Buildings	74.1	76.4	-3.0	67.4	13.4
Equipment and vehicles	17.4	14.4	20.8	12.8	12.5
Land	15.6	15.6	0.0	14.9	4.7
Leasehold interest	0.0	0.0	0.0	4.5	-100.0
Goodwill	5.2	5.4	-3.7	5.6	-3.6
Easements	1.7	1.7	0.0	1.7	0.0
Construction in progress	<u>45.2</u>	<u>28.1</u>	<u>60.9</u>	<u>15.4</u>	<u>82.5</u>
Total	<u>\$978.9</u>	<u>\$968.7</u>	<u>1.1</u>	<u>\$879.1</u>	<u>10.2</u>

Table 5 – Major Capital Asset Additions and Deletions (dollars in millions)

<u>FY 2014 Additions:</u>	
Construction of Bio Gas Energy Recovery System	\$5.1
Construction of Belvedere Homes/Westgate Vacuum Sewer System Phase II	\$3.4
<u>FY 2014 Deletions:</u>	
None	\$0.0
<u>FY 2013 Additions:</u>	
Absorption of the Glades Utility Authority	\$83.6
Construction of Belvedere Homes/Westgate Vacuum Sewer System Phase 1	\$6.1
<u>FY 2013 Deletions:</u>	
None	\$0.0

Debt Administration: As shown in Table 6, the Department's long-term debt (net of the current portion) was \$202.1 million on September 30, 2014, a decrease of \$9.3 million, or 4.4%. The balance was \$211.4 million on September 30, 2013, an increase of \$20.9 million, or 11.1%

from the previous year's figure of \$190.5 million.

More detailed information on the Department's revenue bonds payable is presented in Note 6 to the financial statements. The note payable is explained in Note 4.

Table 6 - Change in Long-Term Debt (dollars in millions)

	<u>2014</u>	<u>2013 as</u> <u>restated*</u>	<u>% Change</u>	<u>2012 as</u> <u>restated*</u>	<u>% Change</u>
Revenue bonds (backed by net revenues)	\$180.5	\$188.8	-4.4	\$188.6	0.1
Notes payable	9.7	9.7	-	-	100.0
Plus unamortized bond premium	<u>16.8</u>	<u>18.1</u>	-7.2	<u>5.3</u>	241.5
Net revenue bonds	207.0	216.6	-4.4	193.9	11.7
State Revolving Fund note payable (backed by net revenues of joint venture)	0.0	0.0	0.0	0.2	-100.0
Compensated absences	3.2	3.2	0.0	3.0	6.7
Other	<u>0.1</u>	<u>0.1</u>	0.0	<u>0.2</u>	-50.0
Total long-term debt	210.3	219.9	-4.4	197.3	11.5
Current portion of long-term debt:					
Revenue bonds	7.5	8.3	-9.6	6.5	27.7
Notes payable	0.5	0.0	0.0	0.0	0.0
Compensated absences	0.2	0.2	0.0	0.2	0.0
Other	<u>0.0</u>	<u>0.0</u>	0.0	<u>0.1</u>	-100.0
Total current portion of long-term debt	8.2	8.5	-3.5	6.8	25.0
Long-term debt (net of current portion)	<u>\$202.1</u>	<u>\$211.4</u>	<u>-4.4</u>	<u>\$190.5</u>	<u>11.1</u>

*Restatement due to implementation of GASB No. 65.

Refer to Note 1 of the Notes to the Financial Statements for additional information.

Since inception of the utility system in 1969, the Department has issued revenue bonds to finance capital improvements. The revenue bonds have interest rates ranging from 3.60% to 5.25% and are payable through FY 2041. All issues are on parity as to their lien on net revenues and connection fees of the utility system.

In conjunction with the issuance of the Series 2013 Water and Sewer Revenue Refunding Bonds, Series 2009 Water and Sewer Revenue Bonds and the Series 2008 Water and Sewer Refunding Bonds, Fitch Ratings, Standard & Poor's, and Moody's Investors Service rated these issues and all outstanding bonds of the Department as AAA, AAA, and Aaa, respectively. In 2006, the Department had been the first water utility within the State of Florida to receive the highest ratings from the three major rating agencies at the same time and is still only one of a select few utility systems nationwide to accomplish this feat.

The Department is obligated by a rate covenant

to establish and maintain rates that are sufficient to cover debt service requirements. The rate covenant requires that rates and fees must always provide net revenues that, together with a specified percentage of connection fees, are adequate to pay at least one hundred twenty-five percent (1.25x) of the annual debt service requirement for the bonds. Additionally, the net revenues together with the connection fees must be sufficient to make all payments required by the bond resolution. This requirement was exceeded by the 4.65x and 4.46x calculations for FY 2014 and FY 2013, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Palm Beach County is the third most populous county in the State of Florida. Growth in dwelling units for the Department's service area over the last five years has averaged 0.7%. The real estate and construction industries comprise the mainstays of the County's economic base. The Department's service area continues to reflect primarily residential customers, plus

some commercial and light industrial services. A continued increase in population is projected through “build-out,” which is expected to occur by approximately 2020. To meet future customer demands, the Department’s Master Plan was updated in 1997 and continues to emphasize the elimination of developer-built package treatment plants, which will be consolidated into advanced technology regional facilities. By 2020, the Department will operate at least six regional water plants with an estimated 130 million gallons per day (mgd) capacity. For wastewater services, the Department will own a projected 24 mgd capacity in the East Central Regional Wastewater Treatment Plant and will operate the 35 mgd capacity in the Southern Region Water Reclamation Facility, which will be able to provide approximately 22 mgd of reclaimed water.

These factors, along with inflation, water restrictions imposed by the South Florida Water Management District and the current state of the real estate market, were considered when preparing the Department’s budget for fiscal 2015. The budget forecasts operating revenues of

\$170.3 million, or 1.3%, above the final 2014 budget of \$168.1 million. Net revenues will be used to fund debt service and a portion of the Department’s capital projects expenditures. Expenses will continue to be subjected to upward pressure from increased fuel and electricity costs and the expansion of facilities. Amounts anticipated in fiscal 2015 for operating expenses, excluding depreciation and amortization and equity interest in net loss of joint venture, are \$128.7 million, an 8.2% increase from the final 2014 budget of \$119.0 million.

CONTACTING THE DEPARTMENT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with an overview of the Department’s finances and to demonstrate the Department’s accountability for the monies it receives. If you have questions about this report or require additional financial information, please contact us at the address on the preceding transmittal letter.

COMPARATIVE FINANCIAL STATEMENTS

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF NET POSITION
September 30, 2014 and 2013

ASSETS	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	\$ 221,285,988	\$ 186,336,685
Restricted cash and cash equivalents	19,403,775	19,827,684
Accounts receivable (less allowance for doubtful accounts of \$5,725,300 and \$5,349,900 for 2014 and 2013, respectively)	15,466,831	16,785,529
Accrued interest receivable	595,500	670,300
Special assessments and notes receivable, current portion	842,644	815,332
Due from other County funds	16,559	1,705,432
Due from other governments	-	1,139,178
Prepaid expenses	394,027	337,227
Inventories	5,690,601	6,639,171
Total current assets	263,695,925	234,256,538
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	9,289,461	12,323,161
Special assessments and notes receivable	14,623,103	15,747,688
Investment in joint ventures	44,127,315	44,412,687
Capital assets:		
Utility plants and pipelines in service	1,312,675,591	1,286,438,094
Buildings	113,254,069	112,560,757
Equipment	72,728,081	69,426,998
Land	15,576,758	15,576,758
Goodwill	6,915,903	6,915,903
Easements	1,660,856	1,660,856
Total capital assets	1,522,811,258	1,492,579,366
Less accumulated depreciation and amortization	(589,157,439)	(551,989,978)
Subtotal	933,653,819	940,589,388
Construction in progress	45,172,193	28,071,267
Capital assets, net	978,826,012	968,660,655
Total noncurrent assets	1,046,865,891	1,041,144,191
TOTAL ASSETS	\$ 1,310,561,816	\$ 1,275,400,729
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charge for bond refunding	\$ 9,004,528	\$ 9,745,103

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF NET POSITION
September 30, 2014 and 2013

LIABILITIES AND NET POSITION

	2014	2013
CURRENT LIABILITIES:		
Vouchers payable and accrued liabilities	\$ 10,958,705	\$ 7,488,613
Due to other governments	896,788	843,861
Due to other County funds	681,338	583,996
Compensated absences	195,000	205,000
Due to other Component Units	102,886	78,520
Other current liabilities	-	61,066
Subtotal current liabilities	12,834,717	9,261,056
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Revenue bonds payable, current portion	8,018,910	8,292,798
Customer deposits	7,051,475	7,005,148
Accrued interest payable	4,264,751	4,431,667
Construction contracts & vouchers payable	68,639	97,087
Due to other governments	-	984
Subtotal current liabilities payable from restricted assets	19,403,775	19,827,684
Total current liabilities	32,238,492	29,088,740
NONCURRENT LIABILITIES:		
Revenue bonds payable, net of unamortized discount and premium	198,967,305	208,280,219
Compensated absences	3,044,680	2,948,847
Other long-term liabilities - other post-employment benefits	33,802	86,771
Total noncurrent liabilities	\$ 202,045,787	\$ 211,315,837
TOTAL LIABILITIES	\$ 234,284,279	\$ 240,404,577
DEFERRED INFLOWS OF RESOURCES	\$ 183,875	\$ 57,461
NET POSITION:		
Net investment in capital assets	796,817,769	786,866,727
Restricted for debt service	7,068,383	7,730,289
Restricted for capital projects	1,000,000	1,000,000
Restricted for other purposes	500,000	500,000
Unrestricted	279,712,038	248,586,778
TOTAL NET POSITION	\$ 1,085,098,190	\$ 1,044,683,794

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Charges for services	\$ 164,000,761	\$ 156,771,830
Other operating revenue	5,939,291	5,625,370
Total operating revenues	<u>169,940,052</u>	<u>162,397,200</u>
OPERATING EXPENSES:		
Depreciation and amortization	41,244,122	40,722,713
Personal services	38,197,752	37,178,447
Maintenance	26,439,654	22,769,507
Contractual services	15,132,417	15,199,011
Supplies	14,506,348	13,331,763
Utilities	8,180,217	8,070,821
Purchased water and wastewater treatment	6,989,483	6,513,788
Equity interest in net loss of joint venture	925,333	2,448,713
Miscellaneous	2,369,714	1,684,054
Total operating expenses	<u>153,985,040</u>	<u>147,918,817</u>
OPERATING INCOME	<u>15,955,012</u>	<u>14,478,383</u>
NONOPERATING REVENUES (EXPENSES):		
Guaranteed revenue	4,422,434	4,109,431
Investment income	3,517,988	507,451
Interest expense	(7,029,286)	(7,787,266)
Engineering fees	633,834	642,715
Engineering expenses	(627,717)	(588,774)
Other	3,179,485	(91,734)
Total nonoperating revenues (expenses)	<u>4,096,738</u>	<u>(3,208,177)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	20,051,750	11,270,206
Capital contributions received	19,083,735	28,384,556
Transfers from other County Funds	1,383,295	1,789,129
Transfers to other County Funds	(70,749)	-
Contributions to other governments	(34,485)	-
Special Item: Contribution from absorption of Glades Utility Authority	850	63,928,507
CHANGE IN NET POSITION	40,414,396	105,372,398
NET POSITION - BEGINNING, AS RESTATED	<u>1,044,683,794</u>	<u>939,311,396</u>
NET POSITION - ENDING	<u>\$ 1,085,098,190</u>	<u>\$ 1,044,683,794</u>

The accompanying notes to the financial statements are an integral part of these statements.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts:		
Cash received from customers	\$164,997,676	\$158,407,443
Other operating receipts	6,505,549	6,291,745
Total cash receipts	<u>171,503,225</u>	<u>164,699,188</u>
Cash disbursements:		
Payments to employees	(31,489,774)	(30,383,852)
Payments to other County funds	(21,014,316)	(19,924,864)
Payments to suppliers of goods and services	(58,259,165)	(53,432,009)
Total cash disbursements	<u>(110,763,255)</u>	<u>(103,740,725)</u>
Net cash provided by operating activities	<u>60,739,970</u>	<u>60,958,463</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash transferred from other County funds	3,051,857	1,292,303
Cash transferred to other County funds	(70,749)	(150,000)
Cash contributed to other governments	(34,435)	-
Net cash provided by non-capital financing activities	<u>2,946,673</u>	<u>1,142,303</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Construction of buildings, plants, and pipelines	(33,227,776)	(34,347,140)
Capital contributed by developers and customers	13,534,285	13,000,760
Interest paid on revenue bonds	(9,104,966)	(9,492,279)
Principal paid on revenue bond maturities	(8,292,713)	(8,731,578)
Cash contributed by Florida Power & Light for debt service	4,146,315	4,212,534
Equipment purchased	(3,039,659)	(1,673,348)
Cash contributed by other governments	1,970,290	9,920,451
Cash contributed to joint ventures for capital outlay and debt service	(1,878,761)	(2,384,193)
Proceeds on sale of surplus capital assets	110,670	3,037,297
Bond paying agent fees paid	(5,422)	(4,675)
Proceeds on issuance of refunding revenue bonds	-	88,678,004
Payments to escrow agent on refunded revenue bonds	-	(88,219,249)
Bond issuance costs paid	-	(382,399)
Net cash used in capital and related financing activities	<u>(35,787,737)</u>	<u>(26,385,815)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and gains or losses on investments	3,592,788	360,891
Net cash provided by investing activities	<u>3,592,788</u>	<u>360,891</u>
Net increase in cash and cash equivalents	<u>31,491,694</u>	<u>36,075,842</u>
Cash and cash equivalents at beginning of period	<u>218,487,530</u>	<u>182,411,688</u>
Cash and cash equivalents at end of period	<u><u>\$249,979,224</u></u>	<u><u>\$218,487,530</u></u>
Displayed on statements of net position as:		
Cash and cash equivalents	\$221,285,988	\$186,336,685
Restricted cash and cash equivalents	28,693,236	32,150,845
Total per statements of net position	<u><u>\$249,979,224</u></u>	<u><u>\$218,487,530</u></u>

(continued)

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2014 and 2013

(continued)

	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 15,955,012	\$ 14,478,383
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	41,244,122	40,722,683
Equity interest in net loss of joint venture	925,333	2,448,713
Provision for doubtful accounts receivable	375,400	517,288
Changes in assets and liabilities:		
Customer accounts receivable	926,832	105,262
Due from other County funds	36,870	1,380,176
Due from other governments	-	1,579,854
Prepaid expenses	(56,800)	(51,365)
Inventories	948,570	439,705
Compensated absences	85,832	139,008
Vouchers payable and accrued liabilities	54,336	(254,028)
Due to other County funds	121,708	56,219
Due to other Component Units	24,366	78,520
Due to other governments	52,062	(374,580)
Customer deposits	46,327	(307,375)
Total adjustments	44,784,958	46,480,080
Net cash provided by operating activities	\$ 60,739,970	\$ 60,958,463

SCHEDULE OF NONCASH CAPITAL AND FINANCING ACTIVITIES:

Payables related to capital asset acquisition	\$ 7,134,562	\$ 4,100,786
Utility plant contributed by developers and customers	\$ 6,647,321	\$ 9,986,478
Capitalized interest	\$ 1,355,250	\$ 821,183
Amortization of bond premium	\$ 1,294,089	\$ 938,721
Amortization of bond refunding costs	\$ 740,575	\$ 476,139
Contribution from Glades Utility Authority	-	\$ 61,805,559

The accompanying notes to the financial statements are an integral part of these statements.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2014 and 2013

1. GENERAL

Description - Palm Beach County, Florida (County) is a chartered political subdivision of the State of Florida and is authorized by the power of self-government by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (BCC) is the legislative and governing body of the County. Pursuant to the general laws of Florida, the County owns the Water Utilities Department of Palm Beach County (Department). The financial statements only present the Department and are not intended to present fairly the financial position of Palm Beach County, Florida, and the changes in its financial position and cash flows, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - The Department operates as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges by users of such services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Department:

Basis of Accounting - The Department utilizes the accrual basis of accounting in accordance with GAAP. The financial statements are presented using the economic resources measurement focus.

Budget Approval - The BCC approves the Department's annual budget as part of the formal budget adoption process pursuant to Chapter 129, Florida Statutes. The budget is adopted on a basis consistent with GAAP, and budgetary controls for appropriations are established at the appropriation unit level. Activities for the operating accounts required by

bond covenants securing the Department's indebtedness are included in the annual budget.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Revenues and Expenses - Operating revenues and expenses are those which result from providing water and wastewater services. Nonoperating revenues and expenses include financing, investing, and other activities not directly related to the provision of water and wastewater services.

Revenue Recognition - All water and wastewater revenues are recognized when the related services are provided. Special assessment contributed capital is recognized when the project has final acceptance by the BCC's Contract Review Committee and, for projects whose final assessed amount is less than the original assessed amount, BCC approval of the amended amount. Grants from other governmental agencies for the acquisition of capital assets are recorded as capital contributions when all applicable eligibility requirements have been met. Connection fees are charged to new service customers and are required to be used for capital acquisition purposes; these fees are accounted for as capital contributions when service is provided.

Cash and Cash Equivalents - The Department considers all highly liquid investments with maturities of three months or less when purchased as well as its proportionate share of the County's investment pool to be cash equivalents for purposes of the statements of net position and the statements of cash flows.

Accounts Receivable - Billings to the Department's customers are based on metered consumption, which is determined at various dates during each month. Estimated unbilled consumption at month-end is recognized as revenue and recorded as accounts receivable. The allowance for doubtful accounts is determined by multiplying the accounts receivable balance at fiscal year-end by the average bad debt rate for the last five years and adjusting for current economic conditions. This results in adjusting the receivables to their net realizable value.

Special Assessments Receivable - A non-current special assessment receivable is recorded for contributed capital resulting from special assessment projects. Recognition of the contributed capital is described in the revenue recognition section of Note 2. A portion of the balance is reclassified as a current special assessment receivable. This current portion is estimated based on the actual tax billing determined by the Clerk & Comptroller and billed by the Tax Collector. No allowance is recorded because liens are recorded against the assessed property.

Inventories - Inventories consist primarily of material and supplies and are stated at the lower of cost or market determined on a first-in, first-out basis.

Restricted Assets and Restricted Net Position - Assets are restricted in accordance with provisions of the bond resolutions of the BCC authorizing the issuance of the Series 2013, 2009, 2006, and 2003 Revenue Bonds, along with other applicable obligations. The restricted component of net position represents restricted assets reduced by liabilities related to those assets.

Capital Assets - Capital assets are stated at cost less accumulated depreciation and amortization, except contributed assets which are recorded at fair value on the date of contribution. Expenditures of \$25,000 or more for additions and improvements and \$1,000 for equipment are capitalized. Expenditures for maintenance, repairs, and minor improvements are charged to expense as incurred.

Depreciation of tangible capital assets is computed on the straight-line method over the

estimated useful lives of the assets, which are as follows:

Buildings	15-40 years
Utility plants in service	7-50 years
Equipment	3-25 years

Part of the acquisition price of the Village of Royal Palm Beach's Utility System was allocated to leasehold interest to recognize the fair value of the use of the water plant which was retained by the Village. These assets were amortized over the anticipated 10-year life of the lease until use of the water plant was returned to the Village on July 16, 2013, after 7.2 years' use. The remaining \$3,509,828 of leasehold interest was written off at that time.

Goodwill is determined based on the difference between the acquisition price and the fair value of all assets acquired. Amortization of goodwill related to the utility system acquisition is computed on the straight-line method. The Department has two items of goodwill which are amortized as follows:

- The goodwill resulting from the acquisition of the Village of Royal Palm Beach's Utility System is amortized over 30 years, which represents the period the bonds issued to fund the acquisition will be outstanding.
- The goodwill resulting from the acquisition of the Indian Trail Improvement District Utility System is amortized over 40 years.

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources, which represents a consumption of net position applicable to a future period and will not be recognized as an outflow (expense) until that time. The deferred charge is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources, which represents an

acquisition of net position applicable to a future period and will not be recognized as an inflow (revenue) until that time.

Compensated Absences - Accumulated unpaid vacation and sick leave benefits are accrued as a liability and charged to expense at the time the employees perform the services which give rise to the benefits.

Unamortized Premium and Deferred Advance Refunding Loss - These accounts are amortized to interest expense over the term of the related financing using the effective interest method.

Interest - Interest costs are expensed or capitalized as required by GASB No. 62. The amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest costs incurred during the asset's acquisition periods that theoretically could have been avoided if outlays for the assets had not been made.

Net Position - The financial statements utilized a net position presentation. Net position is categorized as: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

Use of Restricted Resources - When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

Reclassifications - Certain amounts in the 2013 financial statements have been reclassified to conform to the presentation in the 2014 financial statements.

Implementation of GASB Statements - The Department implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" during the fiscal year ended September 30, 2014. This Statement reclassifies, as deferred outflows or deferred inflows of resources, certain items which were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items previously reported as assets and liabilities. For debt refunding resulting in defeasance of debt, the difference between the net carrying amount of the old debt and the reacquisition price of the new debt was reclassified from a contra liability to deferred outflows of resources in the Statement of Net Position. This Statement also required debt issuance costs to be expensed in the period incurred, so it must be pushed back to all periods presented, resulting in a restatement of net position as shown below.

Fiscal Year Ended	September 30, 2013
Change in net position as previously reported	\$105,038,284
Elimination of amortization of issuance costs	334,114
Change in net position, as restated	<u>\$105,372,398</u>

	October 1, 2013
Net position as previously stated	\$1,045,891,416
Restatement due to the write-off of deferred bond issuance costs pursuant to the implementation of GASB Statement 65	(1,207,622)
Net position, as restated	<u>\$1,044,683,794</u>

	October 1, 2012
Net position as previously stated	\$940,853,132
Restatement due to the write-off of deferred bond issuance costs pursuant to the implementation of GASB Statement 65	(1,541,736)
Net position, as restated	<u>\$939,311,396</u>

3. CASH AND INVESTMENTS

Cash and investments consist of the following at September 30, 2014 and 2013:

September 30, 2014	
County Internal Investment Pool	\$239,912,251
Cash with fiscal agent	10,052,894
Bank deposits	4,279
Petty cash	9,800
Total	<u>\$249,979,224</u>

September 30, 2013	
County Internal Investment Pool	\$207,394,732
Cash with fiscal agent	11,066,819
Bank deposits	16,179
Petty cash	9,800
Total	\$218,487,530

The Department participates in the County's pooled cash system so as to maximize earnings and facilitate cash management. The County's pooled cash fund is a highly liquid investment pool of approximately \$1.3 billion and \$1.3 billion as of September 30, 2014 and 2013, respectively, of which approximately 37% and 58%, respectively, are invested in U. S. Government and Agency obligations. The County's investment policy for this pool requires that all securities be insured or registered in the name of the County and held by a third party custodial institution, with capital and surplus stock of at least \$500 million and a separate custody account at the Federal Reserve Bank that is restricted for the safekeeping of County-owned securities. Almost all remaining amounts at September 30, 2014 and 2013 were invested in money markets and certificates of deposit. The equity in the County pooled cash system is available to the Department on a demand basis. See the County's Comprehensive Annual Financial Report (CAFR) for disclosures relating to its investment policy interest rate risk, credit risk, custodial credit risk and concentration of credit risk.

The County's CAFR may be viewed on-line at:

www.mypalmbeachclerk.com/cafr.aspx

or may be ordered from:

Palm Beach County Clerk & Comptroller
 Attn: Financial Reporting
 301 North Olive Avenue
 West Palm Beach, Florida 33401

(561) 355-2912

4. INVESTMENT IN JOINT VENTURES

East Central Regional Wastewater Facilities

The County, on behalf of the Department, participates in a joint interlocal agreement (Agreement) with four municipalities whereby they consolidated separate agreements into a single unified agreement to establish rules and procedures for the operation and management of the existing East Central Regional Wastewater Facilities (ECR). ECR became a separate legal entity created for the purpose of providing wastewater treatment and disposal services to the five participating entities (Entities). The Agreement establishes the duties and responsibilities among the Entities for the operation of ECR. Key provisions of the Agreement include:

- The initial term of the Agreement is thirty years with an option to renew for an additional thirty years based upon mutual consent of the Entities.
- The Agreement can be terminated only with unanimous mutual consent of the Entities.
- An Entity may withdraw from participation in the Agreement; however, the Entity will forfeit its interest and allocation in ECR and will still be required to meet its obligations under the Agreement.
- In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on the reserve capacity allocation in effect as of the date of sale or disposition. As of September 30, 2014 and 2013, the Department had a 34.29% interest in ECR for both fiscal years.
- The Agreement provides for the establishment of a Board (Board) to administer ECR. The Board is comprised of one representative from each participating Entity.
- The City of West Palm Beach (City) is designated to administer and operate ECR efficiently and economically for the benefit of the Entities. To that end, the City retains legal title to ECR property, provides all personnel resources required for operation and

administration of ECR, and assumes responsibility for all employee benefits, risk management, and other costs. In exchange for such services, ECR pays the City an administrative fee.

- A budget is adopted annually by the Board. Annual expenditures are covered by the wastewater flow charge, which is charged to each Entity based on usage.

Under accounting principles generally accepted in the United States of America, the Department is required to account for this investment using the equity method. Accordingly, the Department recorded its initial investment at cost and annually records its proportionate share of ECR's income or loss, contributions made, and distributions received.

The financial obligations of the Entities include the following:

- ECR allocates to the Entities the costs associated with the operation and maintenance of the treatment plant based on each Entity's proportionate share of total wastewater flow into the plant. The Department's totals of such costs charged to expense were approximately \$4,422,000 and \$4,043,000 for the years ended September 30, 2014 and 2013, respectively.
- The Entities are required to make annual deposits to a Renewal and Replacement Fund to finance improvements to ECR. The annual deposits of approximately \$1.5 million will continue until the amount on deposit equals 10% of the Department's proportionate share of ECR's replacement value which was estimated to be \$223 million as of September 30, 2013. The total of such costs was \$1,572,362 and \$1,335,745 for the years ended September 30, 2014 and 2013, respectively. The amounts on deposit were \$5,136,218 and \$4,238,474 for the fiscal years ended September 30, 2013 and 2012, respectively.
- Florida Power and Light (FPL), ECR and the Department entered into agreements

to construct a 27 million gallon per day reclaimed water facility (Reclaimed Water Project). The Reclaimed Water Project was financed with debt issued by the Department (see Note 6) while a portion of the assets are located on ECR property who operates the reclaimed water facility. The Department maintains and operates the distribution system and FPL reimburses the Department for all costs associated with operating and maintaining the distribution system in addition to administrative costs. The total reclaimed water facility operating costs for the fiscal years ended September 30, 2014 and 2013, respectively, were \$2,133,300 and \$2,036,100.

- In fiscal year 2013 the Department was required to make annual deposits to a Renewal and Replacement Fund (R&R) to finance improvements to the Reclaimed Water Project. The annual deposits of approximately \$0.2 million will continue until the amount on deposit equals 10% of the facility's replacement value. As of September 30, 2013 and 2012, respectively, the Department's deposits in the R&R were \$5.1 million and \$4.2 million.
- For the years ended September 30, 2014 and 2013, respectively, the Department's total payments to ECR for all the transactions described above were \$8.3 million and \$7.6 million, respectively.

The table on the following page is a brief summary of the financial position of ECR as of September 30, 2013:

Total assets	\$122,066,176
Total net position	\$91,714,266
Net investment in capital assets	\$71,288,518
Unrestricted net position	(\$5,284,819)
Increase in net position	\$3,335,206

September 30, 2014 amounts are expected to approximate the above figures.

As of September 30, 2014 and 2013, respectively, the Department's investment in the ECR was \$39.4 million for both years.

Separate financial statements for ECR may be obtained at the following address:

East Central Regional Wastewater Facilities
City of West Palm Beach
P.O. Box 3506
West Palm Beach, FL 33402

Biosolids Processing and Recycling Facility

The County Commissioners, on behalf of the Water Utilities Department, has an interlocal agreement (Agreement) with the Solid Waste Authority (SWA) to fund a portion of the cost to design, build, and operate a Biosolids Processing and Recycling Facility (BPF). Amendments to the agreement were approved May 3, 2005, July 11, 2006 and July 16, 2013.

The BPF processes certain wastewater treatment residuals (biosolids) and is necessary to comply with increasingly stringent environmental regulations that have significantly decreased the number of land application sites available. Bulk land application was the previous method of disposing of the biosolids.

The Agreement is for a period of twenty years ending on August 1, 2029. Upon the conclusion of the term of the agreement, the BPF will remain the property of SWA with each participating entity owning its share of the BPF, in perpetuity, for the life of the plant. Under accounting principles generally accepted in the United States of America, the Department is required to account for this arrangement as a joint venture. Therefore, an asset is reported on Department's financial statements under the caption "Investment in joint ventures."

Since the BPF agreement does not state that the participants are to share in the profit and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather the investment in joint venture will be amortized using the straight-line method over the twenty-year life of the agreement. The amortization started on August 1, 2009. The Department's 27.5% share resulted in pro rata

obligations of \$9.2 million for construction costs and \$580,000 annually for operating expenses for the twenty-year period. On July 16, 2013, the Department sold excess capacity shares in the BPF to the ECR for \$2,817,749, leaving the Department with a 17.82% pro-rate share in the BPF's capacity. The Department's total operating costs were \$1,117,000 and \$958,200 for the years ended September 30, 2014 and 2013, respectively.

As of September 30, 2014 and 2013, respectively, the Department's investment in the BPF is \$4.8 million and \$5.0 million.

No separate financial statements are prepared for the BPF which is reported as part of SWA operations. Financial statements for the SWA may be obtained at the following address:

Solid Waste Authority
7501 North Jog Road
West Palm Beach, Florida 33412

5. INFORMATION ON CAPITAL ASSETS

Capital assets activity for the years ended September 30, 2014 and 2013 is depicted in the following two tables:

<u>September 30, 2014</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$15,576,758	\$ -	\$ -	\$15,576,758
Easements	1,660,856	-	-	1,660,856
Construction in progress	28,071,267	40,195,260	(23,094,334)	45,172,193
Total capital assets not being depreciated or amortized	45,308,881	40,195,260	(23,094,334)	62,409,807
Capital assets being depreciated or amortized:				
Buildings	112,560,757	693,312	-	113,254,069
Utility plants and pipelines	1,286,438,094	26,237,497	-	1,312,675,591
Equipment	69,426,998	6,197,122	(2,896,039)	72,728,081
Goodwill	6,915,903	-	-	6,915,903
Total capital assets being depreciated or amortized	1,475,341,752	33,127,931	(2,896,039)	1,505,573,644
Less accumulated depreciation or amortization for:				
Buildings	(36,125,116)	(2,996,518)	-	(39,121,634)
Utility plants and pipelines	(459,301,384)	(33,647,071)	-	(492,948,455)
Equipment	(55,033,314)	(3,165,126)	2,858,210	(55,340,230)
Goodwill	(1,530,164)	(216,956)	-	(1,747,120)
Total accumulated depreciation and amortization	(551,989,978)	(40,025,671)	2,858,210	(589,157,439)
Total capital assets being depreciated or amortized, net	923,351,774	(6,897,740)	(37,829)	916,416,205
Capital assets, net	\$968,660,655	\$33,297,520	\$(23,132,163)	\$978,826,012

<u>September 30, 2013</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$14,886,536	\$ 690,222	\$ -	\$15,576,758
Easements	1,660,856	-	-	1,660,856
Construction in progress	15,399,963	40,718,602	(28,047,298)	28,071,267
Total capital assets not being depreciated or amortized	31,947,355	41,408,824	(28,047,298)	45,308,881
Capital assets being depreciated or amortized:				
Buildings	100,899,151	11,661,606	-	112,560,757
Utility plants and pipelines	1,184,553,650	101,884,444	-	1,286,438,094
Equipment	69,942,922	5,218,908	(5,734,832)	69,426,998
Leasehold interest	12,411,525	-	(12,411,525)	-
Goodwill	6,915,903	-	-	6,915,903
Total capital assets being depreciated or amortized	1,374,723,151	118,764,958	(18,146,357)	1,475,341,752
Less accumulated depreciation or amortization for:				
Buildings	(33,495,680)	(2,629,436)	-	(36,125,116)
Utility plants and pipelines	(427,756,340)	(31,545,044)	-	(459,301,384)
Equipment	(57,108,012)	(3,499,387)	5,574,085	(55,033,314)
Leasehold interest	(7,897,918)	(1,003,778)	8,901,696	-
Goodwill	(1,313,209)	(216,956)	-	(1,530,164)
Total accumulated depreciation and amortization	(527,571,159)	(38,894,600)	14,475,781	(551,989,978)
Total capital assets being depreciated or amortized, net	847,151,992	79,870,358	(3,670,576)	923,351,774
Capital assets, net	\$879,099,347	\$121,279,182	\$(31,717,874)	\$968,660,655

6. REVENUE BONDS PAYABLE AND LONG-TERM DEBT

Long-term obligations activity for the years ended September 30, 2014 and 2013 are depicted in the following two tables:

<u>September 30, 2014</u>	Beginning Balance*	Increases	Decreases	Ending Balance	Due in Fiscal Year 2015
Revenue bonds	\$188,797,733	\$ -	\$(8,271,910)	\$180,525,823	\$7,480,972
Notes	9,696,026	-	(20,803)	9,675,223	537,938
Unamortized premiums	18,079,258	-	(1,294,089)	16,785,169	-
Net revenue bonds payable	216,573,017	-	(9,586,802)	206,986,215	8,018,910
Compensated absences	3,153,847	311,319	(225,486)	3,239,680	195,000
Other	113,231	-	(79,429)	33,802	-
Total long-term obligations	\$219,840,095	\$311,319	\$(9,891,717)	\$210,259,697	\$8,213,910

<u>September 30, 2013</u>	Beginning Balance*	Increases	Decreases	Ending Balance	Due in Fiscal Year 2014
Revenue bonds	\$188,550,000	\$ 82,972,733	\$(82,725,000)	\$188,797,733	\$8,271,911
Notes	-	9,706,342	(10,316)	9,696,026	20,887
Unamortized premiums	5,270,167	16,248,004	(3,438,913)	18,079,258	-
Net revenue bonds payable	193,820,167	\$108,927,079	\$(86,174,229)	216,573,017	8,292,798
Due to other governments	164,260	-	(164,260)	-	-
Compensated absences	3,014,837	309,677	(170,667)	3,153,847	205,000
Other	193,325	3,231	(83,325)	113,231	26,460
Total long-term obligations	\$197,192,589	\$109,239,987	\$(86,592,481)	\$219,840,095	\$8,524,258

* Beginning balances were restated as part of implementation of GASB 65 which resulted in reclassification of deferred charges on refunding to deferred outflows or inflows of resources.

The Series 2013, 2009, 2006, and 2003 Water and Sewer Revenue Bonds, along with other long-term debt obligations, are repayable in future years as follows:

Year (s) Ending September 30	Year (s) Ending September 30	
	Principal	Interest
2015	\$8,018,910	\$8,775,171
2016	8,334,914	8,429,010
2017	8,707,948	8,056,996
2018	9,078,098	7,672,915
2019	6,255,454	7,351,621
2020-2024	30,523,648	32,655,891
2025-2029	36,377,735	25,324,567
2030-2034	49,944,339	15,624,129
2035-2039	28,735,000	4,156,625
2040-2041	4,225,000	316,875
Total	\$190,201,046	\$118,363,800

The bond issues enable the Department to call various maturities of the debt at specified premiums of up to 2% of the principal balance.

The Water and Sewer Revenue Bonds are collateralized by a first lien on the Department's net revenues and connection fees as defined in the bonds' resolutions (Resolutions). The Department is required to establish rates and fees sufficient to provide net revenues and connection fees which are at least 125% of the annual debt service requirements.

The Water and Sewer Revenue Bond Resolutions established certain accounts and determined the order in which revenue is to be deposited into these accounts. The purpose of the accounts, in order of priority of monthly revenue transfers, is as follows:

Revenue: deposit all revenue.

Operations & Maintenance: pay operating expenses.

Sinking Fund Accounts:

- **Bond Interest Account:** fund the next semi-annual interest payment on all outstanding serial and term bonds.

- **Bond Principal Account:** fund the next annual principal payment on all outstanding serial bonds.
- **Bond Redemption Account:** fund the next annual principal payment on all outstanding term bonds.
- **Debt Service Reserve Account:** deposit one-twelfth of the amount equal to the maximum annual debt service requirement on the bonds in any succeeding year, but insurance may be used, up to the maximum annual debt service amount, for transfer to the bond interest, bond principal, or bond redemption accounts, if necessary.

revenue for extensions, improvements, additions, or the replacement of capital assets until the amount on deposit equals \$1,000,000.

Capital Improvement: deposit remaining revenue for use in any manner provided by law.

Connection Fee: deposit all connection fees received, fund any deficiency in the sinking fund accounts or subordinated indebtedness, pay costs of constructing extensions to the Water and Sewer System, or use for any other lawful purpose.

Renewal and Replacement: deposit one-twelfth of 5% of the preceding year's gross

The Department's long-term revenue bonds payable as of September 30, 2014 and 2013 are illustrated on the following page:

	September 30	
	2014	2013
\$26,785,000 Series 2003 Water and Sewer Revenue Refunding Bonds due in annual installment of \$1,120,000 paid on October 1, 2013.	\$ -	\$ 1,120,000
\$8,515,000 Series 2004 Pahokee Arcadia Pool Revenue Bonds due in annual installments of \$685,000 to \$765,000 through December 1, 2017, with interest from 3.60% to 4.25% payable semiannually on December 1 and June 1.	2,895,000	3,555,000
\$125,850,000 Series 2006A Water & Sewer Revenue Bonds due in annual installments of \$2,680,000 to \$7,760,000 through October 1, 2036, with interest from 4.00% to 5.00% payable semiannually on October 1 and April 1.	33,690,000	36,240,000
\$12,485,000 Series 2006B Water & Sewer Revenue Refunding Bonds due in annual installments of \$1,995,000 to \$2,245,000 through October 1, 2016, with interest from 4.00% to 4.25% payable semiannually on October 1 and April 1.	8,465,000	10,380,000
\$68,115,000 Series 2009 Water & Sewer Revenue Bonds due in annual installments of \$1,210,000 to \$4,225,000 through October 1, 2040, with interest from 4.00% to 5.25% payable semiannually on October 1 and April 1.	56,930,000	58,085,000
\$9,385,488 Wells Fargo Loan due in annual installments of \$910,972 to \$1,134,151 through April 1, 2020, with interest of 4.55% payable semiannually on October 1 and April 1.	6,115,823	6,987,733
\$72,430,000 Series 2013 Water & Sewer Revenue Refunding Bonds due in annual installments of \$3,140,000 to \$6,330,000 through October 1, 2033, with interest from 4.00% to 5.00% payable semiannually on October 1 and April 1.	72,430,000	72,430,000
Various State Revolving Fund notes payable	9,675,223	9,696,026
Total debt	190,201,046	198,493,759
Less current portion of long-term debt	(8,018,910)	(8,292,798)
Plus unamortized premium	16,785,169	18,079,258
Total noncurrent portion	\$198,967,305	\$ 208,280,219

7. PLEDGED REVENUES

The Department has pledged future water and wastewater system revenues, net of specified operating expenses, to repay \$190 million in water and sewer system revenue bonds issued between April 24, 2006 and February 27, 2013 and notes assumed with the absorption of the GUA on May 1, 2013. Proceeds from the bonds provided financing for the addition, improvement, and expansion of the utility system facilities, infrastructure, and equipment. The bonds and notes are payable solely from the utility system net revenues and are payable through October 1, 2040.

Net revenues are defined as gross revenues remaining after deducting operating expenses, with operating revenues including all income except the following excluded items: third party reimbursements, connection fees (see next paragraph), special assessments, gain on disposal of capital assets, and grants. Operating expenses exclude interest expense, depreciation and amortization, equity interest in net loss of joint venture, and loss on disposal of capital assets.

Connection fees included are the lesser of total connection fees collected during the fiscal year or the percentage of debt service for the fiscal year attributable to expansion of the utility system.

Total principal and interest remaining to be paid on the bonds and notes is \$308.6 million with annual requirements ranging from \$0.2 million in fiscal years 2039 and 2040 to \$16.8 million in fiscal years 2015 and 2016. Annual principal and interest payments on these debts are expected to require less than 28% of projected future net revenues and connection fees. Principal and interest paid for the current year and utility system net revenues and connection fees were \$16.6 million and \$77.0 million, respectively.

8. ADVANCE REFUNDING OF DEBT

On February 27, 2013, the Series 2006A bond issue was partially refunded through an in-substance defeasance whereby the Department placed, into irrevocable trusts, funds sufficient

to meet future principal and interest payments. Outstanding principal on said bond issue was approximately \$76,260,000 at September 30, 2013. The Department recognized an accounting loss of \$10,073,300, which was deferred and is being amortized over the life of the refunding bonds, but realized an economic gain of \$6,086,300. The Department decreased its aggregate debt service payments by approximately \$9,262,000 over a period of twenty-one years. The funds placed in trust have been invested in securities backed by the United States Government. As a result of these transactions, neither the refunded bond issue nor the funds placed in trust are included in the accompanying statements of net position.

9. COMMITMENTS

The Department has entered into construction contracts with remaining commitments totaling approximately \$44,849,000 and \$21,867,000 as of September 30, 2014 and 2013, respectively.

10. RETIREMENT PLANS

The Department participates in the Florida Retirement System (System), a contributory, cost-sharing, multiple-employer, public employee retirement system. All employees hired after 1970, and those employed prior to 1970 who elected to be enrolled, are covered by the System. There are two plans, as described below, administered by the System. All of the Department's employees are eligible to participate in the System, and substantially all are covered by the System.

Effective July 1, 2011 the Florida Legislature requires employees to contribute 3% of gross salary to the System. This requirement will remain in effect through June 30, 2016 or until the System has eliminated its unfunded actuarial liability.

Defined Contribution Plan:

Effective October 1, 2002, the System added a defined contribution plan option. All employees who were employed as of the effective date and all employees hired on or after the effective date were eligible to choose this option. Once an election is made,

employees have one additional opportunity to change their election while covered by the System. An employee who elects to transfer from the defined benefit plan has the net present value of future benefits, as calculated by the System when the employee's election becomes effective, added to his or her defined contribution balance. Thereafter, employer contributions are a percentage of covered payroll as set by State Statute, currently 7.95%. The employee can choose amongst several investment options with varying degrees of risk.

Benefits are determined by the accumulated employer and employee contributions and earnings thereon in the employee's account, plus any net present value added for those employees who transferred from the defined benefit plan. The defined contribution plan provides for vesting after one year. Upon leaving the System, employees may take the entire amount in a lump sum or as an annuity.

Defined Benefit Plan:

The defined benefit plan remains unchanged at this time, with benefits computed on the basis of age, average final compensation, and service credit. Average final compensation is the average of the five (5) highest fiscal years of earnings for employees hired on or before June 30, 2011. Effective July 1, 2011, the System provides for vesting of benefits after eight (8) years of credited service for employees hired on or after that date.

Employees who worked less than eight years and were not employed by a participating

System employer as of the effective date must complete one year of service or eight years total, whichever occurs first, after July 1, 2011, to be eligible for the new vesting provision.

Members are eligible for normal retirement when they have met minimum requirements established by their membership class. Early retirement may be taken any time after vesting. However, there is a 5% reduction in benefits for each year prior to normal retirement age or date. Benefits under this plan are established by State Statute. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Both plans also provide death and disability benefits as established by State Statute.

The Department's contributions, representing less than 0.1% of total contributions required of all participating entities, were equal to 100% of State statutory requirements during each of the past three years and are shown in the table on the below.

Comprehensive financial information for the retirement plans is presented in the System's annual financial report, which may be obtained at the following address:

State of Florida, Division of Retirement
 PO Box 9000
 Tallahassee, Florida 32315-9000

<u>RETIREMENT CONTRIBUTIONS</u>	Fiscal Years Ended September 30		
	2014	2013	2012
	Covered payroll	\$29.1 million	\$28.3 million
Required contribution	\$2,187,000	\$1,684,000	\$1,388,000
Percentage made	100%	100%	100%

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to the retirement plans, the Department provides a defined benefit health-care plan, which provides medical benefits to eligible retired employees and their beneficiaries. The plan is a single-employer plan administered by the County.

The contribution requirements of the plan members and the employer are established by and may be amended by the County. The Department, as an entity of the County, is required by Florida Statute 112.0801 to allow retirees to buy health-care coverage at the same 'group insurance rates' which current employees are charged, resulting in an 'implicit' benefit. Retirees are responsible for payment of the health-care premium. The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

For the fiscal year ended September 30, 2014 retirees receiving benefits contributed monthly premiums ranging from \$549 for retiree only to \$4,177 for retiree plus their dependents.

OPEB Cost and Net Obligation - The annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal annual cost and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The table below illustrates the Department's portion of the forgoing as of September 30, 2014, 2013 and 2012:

	2014	2013	2012
Annual required contribution (ARC)	\$83,000	\$137,000	\$133,000
Interest on net OPEB obligation	(6,393)	(4,315)	(1,931)
Adjustment to annually required contribution	5,540	3,776	1,716
Annual OPEB cost	82,147	136,461	132,785
Contributions made	(135,116)	(133,230)	(158,387)
(Decrease) increase in net OPEB obligation	(52,969)	3,231	(25,602)
Net OPEB obligation, beginning of year	86,771	83,540	109,142
Net OPEB obligation, end of year	\$33,802	\$86,771	\$83,540

Funded Status and Funding Progress - The plan is funded on a 'pay-as-you-go' basis. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of event occurrences far into the future, such as future employment, mortality, and health-care cost trends. Amounts determined regarding the funded status of the plan and the annual required employer contributions are subject to continual revision as actual results are compared with past expectations and new estimates about the future are made. The following table shows the funded status of the

Department's portion of the plan as of the latest actuarial valuation:

Actuarial accrued liability (AAL)	\$942,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$942,000
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$28,934,669
UAAL as a percentage of covered payroll	3.3%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information showing the trend in actuarial value of plan assets relative to actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan, as understood by the employer and plan members, and include the types of benefits provided at the time of each valuation and the historical cost-sharing pattern between employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and asset values consistent with the long-term perspective of the calculations in the table below:

Actuarial valuation date	10/1/2013
Actuarial cost method	Projected unit credit
Actuarial cost method	Level percentage of salary at beginning of fiscal year
Remaining amortization	30 years - Open
Asset valuation method	N/A
Percentage of OPEB cost contributed	100%
Investment rate of return	4.25%
Inflation rate	3.5%
Projected annual salary increase	3.5%
Initial healthcare inflation rate	8.5%
Ultimate healthcare inflation rate	5.0%

12. INTEREST COSTS

Total interest costs incurred by the Department were \$8,938,050 and \$9,071,030, of which \$1,355,250 and \$821,183 were capitalized as part of capital assets, for the years ended September 30, 2014 and 2013, respectively.

13. RELATED PARTY TRANSACTIONS

The County allocated to the Department certain support department costs which include legal, administrative, fiscal, purchasing, personnel, internal audit, data processing, and communication costs. The Department is also charged for the costs of services provided by the County's Fleet Management, Casualty Self-Insurance, Employee Health Insurance, and Workers' Compensation Internal Service Funds. The total of such costs charged to expense for the years ended September 30, 2014 and 2013, was approximately \$20,992,000 and \$21,409,000, respectively.

The Department covers risk of loss from fire, theft, natural disasters, and damage to assets, in excess of \$200,000 per person or \$300,000 per occurrence, with commercial insurance purchased through the County's Risk Management Fund, with the coverage specifically designated for the Department's facilities. In none of the last three fiscal years have settlements pertaining to the Department's property exceeded insurance coverage.

Liability claims risk from torts, errors of omission, negligence, and the aforementioned causes (below the specified limits) is covered by the Department's participation in the County's Casualty Self-Insurance Fund (a public entity risk pool in which all County departments, excluding the Sheriff, participate). Premiums are based on estimates of the amounts needed to pay prior year claims, current year claims, and claims incurred but not reported. Settlements pertaining to the Department have not exceeded coverage limits in any of the past three years.

The Department's risk for injuries to employees is covered 100% under the County's self-insured Workers' Compensation Fund. Premiums and participation are the same as for the Casualty Self-Insurance Fund.

The Department provides health insurance to its employees through the County's self-insured policy. All County departments participate, with premiums determined on the same premise as above. Settled claims have not exceeded coverage in any of the last three years.

14. CONTINGENCIES

The Department is involved in various lawsuits arising from the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of Department management, based on consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the Department.

15. DEFERRED COMPENSATION

The Department participates in the County's Deferred Compensation Plan. The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or certain unforeseen emergencies.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the plan participants and their beneficiaries.

16. OTHER EVENTS

On March 5, 2013, the acting City Council of the City of South Bay ratified the absorption of the Glades Utility Authority (GUA) by Palm Beach County Water Utilities Department (Department). The cities of Belle Glade and Pahokee had ratified the absorption in the prior fiscal year. As a result, on May 1, 2013, the County absorbed the operations of the GUA.

The absorption was deemed to be in the best interest of the GUA's customers. The GUA was facing an uncertain future due to its progressively deteriorating financial stability, which placed it at considerable risk of continuing as a going concern without substantial financial assistance from external sources.

Under terms of the absorption, the 10,900 GUA customers became on-line customers of the Department at the GUA customer rates, which are higher than the current County rates, and will remain frozen for the greater of eight years or until they equal the Department's rates plus 7% for the host fees which the Cities of Belle Glade, Pahokee and South Bay will continue to receive. In addition, the Department has committed \$25 million to repair the water distribution system.

At the time of the absorption, the Department paid off \$2.3 million of the GUA's debt which could not be transferred from the GUA to the Department due to issues with the debt covenants. The remaining \$20.2 million of GUA's debt, along with \$0.2 million accrued interest, was assumed by the Department. The assets and liabilities were brought over at carrying value on May 1, 2013, with consideration given for potential impairments. This transaction also included the recovery of the previously fully reserved contribution from the GUA of \$24.9 million related to the original construction of the Lake Region Treatment Plant. As a result, the Department received a net contribution from the GUA of approximately \$63.9 million, which is reported as a Special Item.

The table on the following page summarizes the absorption-related transactions recorded by the Department:

Cash	\$2,126,872
Accounts receivable, net of \$2,074,912 allowance for doubtful accounts	1,326,884
Inventory of supplies	128,600
Land	690,222
Buildings	7,345,086
Utility plant in service	70,284,695
Equipment	1,428,053
Construction Work in Progress	3,891,073
Customer deposits payable	(1,206,878)
Accrued interest payable	(158,370)
Revenue bonds and long-term notes payable	(20,249,075)
Principal on GUA debts paid by the Department at absorption	(2,319,238)
All other assets and liabilities, net	<u>640,583</u>
Net contribution from GUA	<u>\$63,928,507</u>

17. SUBSEQUENT EVENTS

On March 11, 2015 the Department issued \$26,930,000 Series 2015 Water and Sewer Revenue Refunding Bonds to partially refund the Series 2006A bonds through an in-substance defeasance. The Department placed into irrevocable trusts funds sufficient to meet future principal and interest payments on the defeased bonds, outstanding principal of which was \$25,300,000. The Department recognized an accounting loss of \$766,475, which will be deferred and amortized over the life of the refunding bonds. Cash outflows for the debt service were reduced by \$4,559,825, and an economic gain of \$3,464,263 was realized. The funds placed in trust have been invested in securities backed by the United States government.

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REQUIRED SUPPLEMENTARY INFORMATION

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
OTHER POST EMPLOYMENT BENEFITS (OPEB)
HEALTH-CARE PLAN SCHEDULE OF FUNDING PROGRESS
For the Fiscal Years Ended September 30, 2014 and 2013
(REQUIRED SUPPLEMENTARY INFORMATION)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued (AAL) Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2013	-	\$1,669,000	\$1,669,000	0.0%	\$28,265,764	5.9%
10/1/2011	-	1,626,000	1,626,000	0.0%	28,027,148	5.8%
10/1/2009	-	1,498,000	1,498,000	0.0%	28,306,510	5.3%

SUPPLEMENTARY INFORMATION

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
REVENUES, EXPENSES (natural classification), AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2014

	<u>Original Budget</u>	<u>Current Budget</u>	<u>Actual Results</u>	<u>Variance</u>	<u>%</u>
OPERATING REVENUES:					
Charges for services	\$ 162,441,000	\$ 162,441,000	\$ 164,000,761	\$ 1,559,761	1%
Other operating revenue	5,387,000	5,702,000	5,939,291	237,291	4%
Total operating revenues	167,828,000	168,143,000	169,940,052	1,797,052	1%
OPERATING EXPENSES:					
Depreciation and amortization	43,363,000	43,363,000	41,244,122	2,118,878	5%
Personal services	40,227,710	40,423,838	38,197,752	2,226,086	6%
Maintenance	21,562,250	21,532,405	26,439,654	(4,907,249)	-23%
Supplies	20,843,422	21,266,219	14,506,348	6,759,871	32%
Contractual services	17,237,539	18,440,837	15,132,417	3,308,420	18%
Utilities	9,531,400	8,800,200	8,180,217	619,983	7%
Purchased water and wastewater treatment	6,656,000	7,089,000	6,989,483	99,517	1%
Equity interest in net loss of joint venture	1,300,000	1,300,000	925,333	374,667	29%
Miscellaneous	2,920,853	1,426,675	2,369,714	(943,039)	-66%
Total operating expenses	163,642,174	163,642,174	153,985,040	9,657,134	6%
OPERATING INCOME	4,185,826	4,500,826	15,955,012	11,454,186	254%
NONOPERATING REVENUES (EXPENSES):					
Guaranteed revenue	3,817,000	3,817,000	4,422,434	605,434	16%
Investment income	9,155,000	9,155,000	3,517,988	(5,637,012)	-62%
Interest expense	(7,968,750)	(7,968,750)	(7,029,286)	939,464	12%
Engineering fees	482,000	482,000	633,834	151,834	32%
Engineering expenses	(603,000)	(607,800)	(627,717)	(19,917)	-3%
Other	3,012,917	3,018,000	3,179,485	161,485	5%
Total nonoperating revenues (expenses)	7,895,167	7,895,450	4,096,738	(3,798,712)	-48%
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS					
	12,080,993	12,396,276	20,051,750	7,655,474	62%
Capital contributions received, net	17,409,000	19,747,895	19,083,735	(664,160)	-3%
Transfers from County	1,975,915	1,975,915	1,383,295	(592,620)	-30%
Transfers to County	(70,749)	(70,749)	(70,749)	-	0%
Contributed to other governments	-	-	(34,485)	(34,485)	---
Contribution from absorption of Glades Utility Authority	-	-	850	850	---
CHANGE IN NET POSITION	\$ 31,395,159	\$ 34,049,337	\$ 40,414,396	\$ 6,365,059	19%

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
REVENUES, EXPENSES (functional classification), AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2014

	<u>Current Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
OPERATING REVENUES:				
Water - base facility	\$ 39,959,000	\$ 40,462,431	\$ 503,431	1%
Water - commodity	39,372,000	39,681,482	309,482	1%
Water - contractual	2,248,000	2,771,808	523,808	23%
Wastewater - base facility	43,859,000	44,572,646	713,646	2%
Wastewater - commodity	29,998,000	29,787,848	(210,152)	-1%
Wastewater - contractual	726,000	747,887	21,887	3%
Reclaimed water - retail	1,581,000	1,588,686	7,686	0%
Reclaimed water - bulk	3,756,000	3,457,130	(298,870)	-8%
Customer account charge	942,000	930,843	(11,157)	-1%
Other operating revenue	5,702,000	5,939,291	237,291	4%
Total operating revenues	<u>168,143,000</u>	<u>169,940,052</u>	<u>1,797,052</u>	1%
OPERATING EXPENSES:				
Water treatment	32,257,125	33,332,117	(1,074,992)	-3%
Water distribution	12,083,824	9,392,871	2,690,953	22%
Wastewater treatment	15,889,043	15,862,942	26,101	0%
Wastewater collection	15,628,971	16,077,302	(448,331)	-3%
Purchased water and wastewater treatment	6,641,000	6,555,473	85,527	1%
Customer accounts	11,993,603	7,423,867	4,569,736	38%
Administrative and general	24,485,608	23,171,013	1,314,595	5%
Total operating expenses	<u>118,979,174</u>	<u>111,815,585</u>	<u>7,163,589</u>	6%
Operating income before depreciation, amortization and equity interest in net loss of joint venture				
	49,163,826	58,124,467	8,960,641	18%
Depreciation and amortization	43,363,000	41,244,122	2,118,878	5%
Equity interest in net loss of joint venture	1,300,000	925,333	374,667	29%
OPERATING INCOME	<u>4,500,826</u>	<u>15,955,012</u>	<u>11,454,186</u>	254%
NONOPERATING REVENUES (EXPENSES):				
Guaranteed revenue	3,817,000	4,422,434	605,434	16%
Investment income	9,155,000	3,517,988	(5,637,012)	-62%
Interest expense	(7,968,750)	(7,029,286)	939,464	12%
Engineering fees	482,000	633,834	151,834	32%
Engineering expenses	(607,800)	(627,717)	(19,917)	-3%
Other	3,018,000	3,179,485	161,485	5%
Total nonoperating revenues (expenses)	<u>7,895,450</u>	<u>4,096,738</u>	<u>(3,798,712)</u>	-48%
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS				
	12,396,276	20,051,750	7,655,474	62%
Capital contributions received, net	19,747,895	19,083,735	(664,160)	-3%
Transfers from County	1,975,915	1,383,295	(592,620)	-30%
Transfers to County	(70,749)	(70,749)	-	0%
Contributions to other governments	-	(34,485)	(34,485)	---
Contributions from GUA absorption	-	850	850	---
CHANGE IN NET POSITION	<u>\$ 34,049,337</u>	<u>\$ 40,414,396</u>	<u>\$ 6,365,059</u>	19%
CONNECTION FEES INCLUDED IN CAPITAL CONTRIBUTIONS				
	<u>\$ 8,078,000</u>	<u>\$ 7,902,936</u>	<u>\$ (175,064)</u>	-2%

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Statistical Section



Above: Reclaimed water line at the Southern Region Water Reclamation Facility



Left: Water storage tank at the Lake Region Water Treatment Plant

STATISTICAL SECTION

This part of the Palm Beach County Water Utility Department's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Department's overall financial health.

Contents

	PAGE
Financial Trends	51
These schedules contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.	
Revenue Capacity	59
These schedules contain information to help the reader assess the factors affecting the Department's ability to generate water and wastewater revenues.	
Debt Capacity	79
These schedules present information to help the reader assess the affordability of the Department's current levels of outstanding debt and the Department's ability to issue additional debt in the future.	
Demographic and Economic Information	85
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place and to help make comparisons over time.	
Operating Information	89
These schedules contain information about the Department's operations and resources to help the reader understand how the Department's financial information relates to the services the Department provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year or other Department records.

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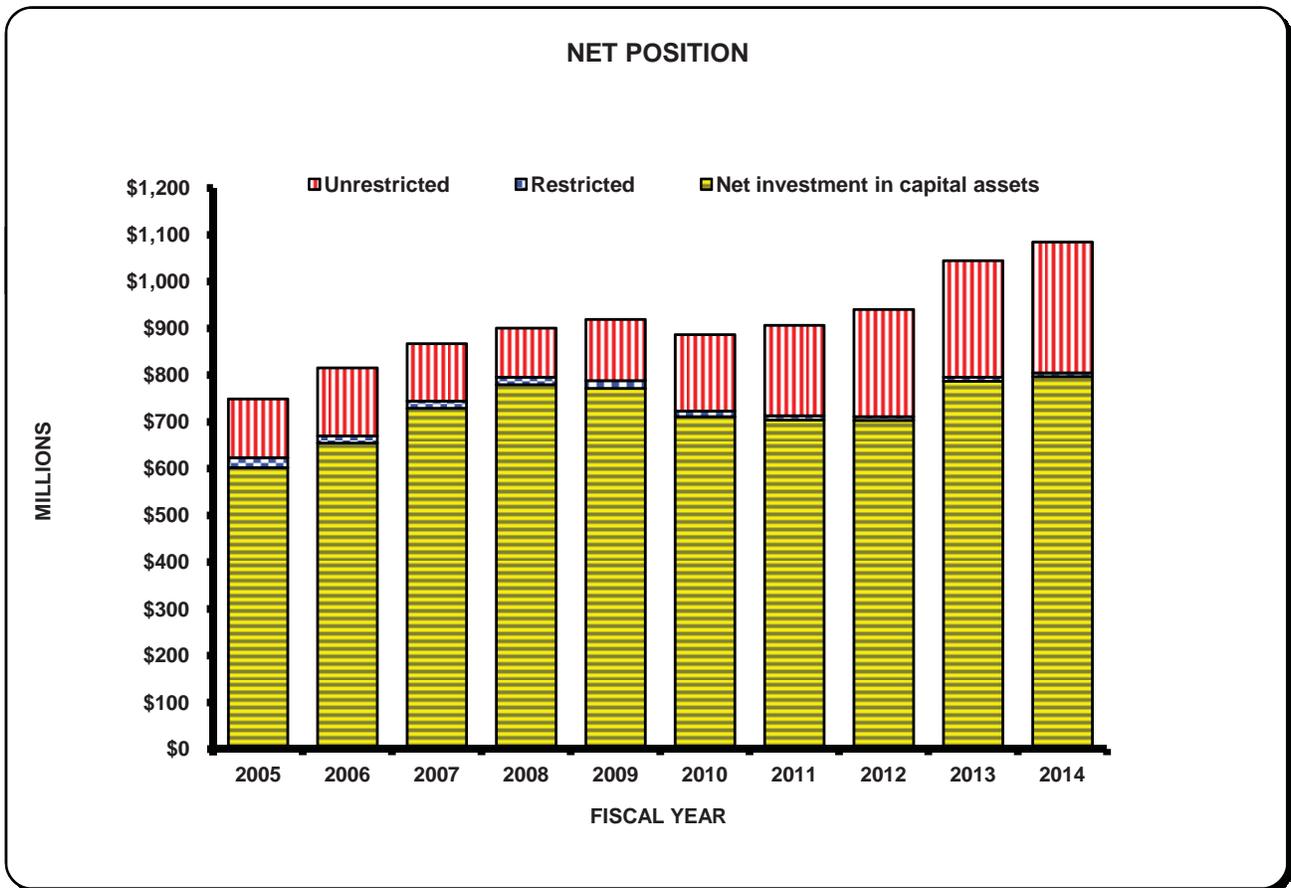
FINANCIAL TRENDS INFORMATION

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PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
SCHEDULE OF NET POSITION BY COMPONENT
 Last Ten Fiscal Years

(in thousands)	2014	2013*	2012	2011	2010	2009	2008	2007	2006	2005
Net investment										
in capital assets	\$796,818	\$786,867	\$703,494	\$703,855	\$711,227	\$771,926	\$779,844	\$729,379	\$655,066	\$602,460
Restricted	8,568	9,230	7,965	9,543	11,910	16,860	15,672	15,350	15,100	21,170
Unrestricted	279,712	248,587	229,394	193,519	163,530	130,368	105,349	122,588	145,322	125,726
TOTAL NET POSITION	\$1,085,098	\$1,044,684	\$940,853	\$906,917	\$886,667	\$919,154	\$900,865	\$867,317	\$815,488	\$749,356

* Amounts restated per GASB 65.



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Last Ten Fiscal Years

(in thousands)	2014	2013*	2012*
OPERATING REVENUES:			
Charges for services	\$164,001	\$156,772	\$148,391
Other operating revenue	5,939	5,625	5,379
Total operating revenues	169,940	162,397	153,770
OPERATING EXPENSES:			
Depreciation and amortization	41,244	40,723	39,717
Personal services	38,198	37,178	35,491
Maintenance	26,440	22,769	18,550
Contractual services	15,132	15,199	16,979
Supplies	14,507	13,332	14,237
Utilities	8,180	8,071	8,613
Purchased water and wastewater treatment	6,989	6,514	5,696
Equity interest in net loss of joint venture	925	2,449	1,008
Miscellaneous	2,370	1,684	981
Total operating expenses	153,985	147,919	141,272
OPERATING INCOME (LOSS)	15,955	14,478	12,498
NONOPERATING REVENUES (EXPENSES):			
Guaranteed revenue	4,423	4,109	4,010
Investment income	3,518	507	5,398
Interest expense	(7,029)	(7,787)	(8,457)
Engineering fees	634	643	482
Engineering expenses	(628)	(589)	(583)
Grant reimbursement	-	-	-
Hurricane expenses	-	-	-
Other	3,179	(90)	3,508
Total nonoperating revenues (expenses)	4,097	(3,207)	4,358
Income (loss) before capital contributions, transfers, and special item	20,052	11,271	16,856
Capital contributions received	19,084	28,385	18,251
Transfers from other County funds	1,383	1,789	2,521
Transfers to other County funds	(71)	-	-
Contributions to other governments	(35)	-	-
Special item - Absorption of Glades Utility Authority	1	63,928	-
Special item - Contribution of cash and capital assets to Glades Utility Authority	-	-	(3,572)
CHANGE IN NET POSITION	40,414	105,373	34,056
NET POSITION, BEGINNING OF PERIOD, AS RESTATED	1,044,684	939,311	905,255
NET POSITION, END OF PERIOD	\$1,085,098	\$1,044,684	\$939,311

* Amounts restated per GASB 65.

<u>2011*</u>	<u>2010*</u>	<u>2009*</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
\$146,523	\$136,263	\$125,653	\$110,116	\$96,427	\$85,594	\$79,983
5,039	5,353	4,573	5,206	4,776	4,196	3,557
<u>151,562</u>	<u>141,616</u>	<u>130,226</u>	<u>115,322</u>	<u>101,203</u>	<u>89,790</u>	<u>83,540</u>
40,213	38,977	41,335	37,106	32,355	29,167	25,592
36,276	37,213	34,357	32,033	29,080	25,359	23,520
20,081	16,675	14,848	13,317	11,173	10,406	9,255
13,775	11,367	10,140	9,862	8,276	7,573	6,042
13,807	12,110	14,086	12,059	10,546	8,276	7,029
9,366	9,257	10,337	9,654	9,050	8,995	6,736
5,032	2,792	3,828	2,905	3,075	2,673	2,207
1,077	1,223	1,718	1,244	1,278	911	902
1,254	1,475	1,646	2,098	2,581	2,242	1,871
<u>140,881</u>	<u>131,089</u>	<u>132,295</u>	<u>120,278</u>	<u>107,414</u>	<u>95,602</u>	<u>83,154</u>
<u>10,681</u>	<u>10,527</u>	<u>(2,069)</u>	<u>(4,956)</u>	<u>(6,211)</u>	<u>(5,812)</u>	<u>386</u>
2,529	2,485	2,922	3,399	5,887	7,714	7,816
6,179	5,068	6,564	4,960	7,204	5,421	3,150
(6,859)	(6,696)	(7,011)	(5,702)	(3,809)	(2,899)	(1,450)
270	327	454	523	1,013	677	615
(613)	(625)	(666)	(930)	(1,063)	(1,124)	(976)
-	-	-	-	-	4,297	-
-	-	-	-	-	(3,039)	-
1,094	11	(510)	(1,151)	2,485	(963)	(137)
<u>2,600</u>	<u>570</u>	<u>1,753</u>	<u>1,099</u>	<u>11,717</u>	<u>10,084</u>	<u>9,018</u>
<u>13,281</u>	<u>11,097</u>	<u>(316)</u>	<u>(3,857)</u>	<u>5,506</u>	<u>4,272</u>	<u>9,404</u>
11,158	12,156	17,979	37,581	44,017	50,123	33,784
72	792	-	-	2,500	10,594	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(4,046)</u>	<u>(56,381)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>20,465</u>	<u>(32,336)</u>	<u>17,663</u>	<u>33,724</u>	<u>52,023</u>	<u>64,989</u>	<u>43,188</u>
<u>884,790</u>	<u>917,126</u>	<u>899,463</u>	<u>865,739</u>	<u>813,716</u>	<u>748,727</u>	<u>705,539</u>
<u>\$905,255</u>	<u>\$884,790</u>	<u>\$917,126</u>	<u>\$899,463</u>	<u>\$865,739</u>	<u>\$813,716</u>	<u>\$748,727</u>

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
OPERATING REVENUES BY SOURCE AND OPERATING EXPENSES BY FUNCTION

(in thousands)	Last Ten Fiscal Years		
	2014	2013	2012
OPERATING REVENUES BY SOURCE:			
Charges for services:			
Water - base facility	\$40,462	\$36,987	\$33,627
Water - commodity	39,681	35,868	33,023
Water - contractual	2,772	3,767	3,423
Wastewater - base facility	44,573	41,015	37,782
Wastewater - commodity	29,788	27,271	25,151
Wastewater - contractual	748	726	708
Reclaimed water - retail (1)	1,589	1,583	1,546
Reclaimed water - bulk (1)	3,457	3,379	2,901
Water and wastewater - public authorities	-	5,253	9,299
Customer account charge (2)	931	923	931
Water restrictions surcharge (3)	-	-	-
	<u>164,001</u>	<u>156,772</u>	<u>148,391</u>
Other operating revenue:			
Meter sales	660	566	491
Service charges	1,466	1,520	1,558
Industrial pretreatment	1,077	1,118	1,044
Miscellaneous	2,736	2,421	2,286
Other operating revenue	<u>5,939</u>	<u>5,625</u>	<u>5,379</u>
Total operating revenues	<u>\$169,940</u>	<u>\$162,397</u>	<u>\$153,770</u>
OPERATING EXPENSES BY FUNCTION:			
Water treatment	\$33,332	\$28,000	\$26,870
Water distribution	9,393	8,531	8,080
Wastewater treatment	15,863	11,689	12,158
Wastewater collection	16,077	13,932	12,369
Purchased water and wastewater treatment	6,556	6,514	5,721
Purchased reclaimed water	-	-	-
Water and wastewater - public authorities	-	10,561	9,311
Customer accounts	7,424	5,825	6,279
Administrative and general	23,171	19,695	19,760
Operating expenses before depreciation and amortization and equity interest in net loss of joint venture	<u>111,816</u>	<u>104,747</u>	<u>100,548</u>
Depreciation and amortization	41,244	40,723	39,717
Equity interest in net loss of joint venture	925	2,449	1,008
Total operating expenses	<u>\$153,985</u>	<u>\$147,919</u>	<u>\$141,273</u>

Notes:

- (1) Reclaimed water billing changed in October 2008 from flat rate per meter type and size to base facility fee (based on meter type and size) and commodity fee (based on thousands of gallons of usage) as with water and wastewater services.
- (2) Customer account charge billed separately only to multi-family customers beginning May 1, 2009.
- (3) Water Restriction Surcharge, effective May 1, 2008 through April 30, 2009, is calculated as 15% of the following charges (excluding contractual accounts): potable water base facility fee, potable water commodity fee, wastewater base facility fee, and wastewater commodity fee.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$32,033	\$30,388	\$25,448	\$21,536	\$19,373	\$16,084	\$14,226
34,595	32,714	30,748	27,625	27,617	25,532	23,985
4,255	2,757	5,005	1,960	484	794	875
35,988	34,126	30,603	28,003	25,252	21,216	19,632
24,567	23,615	21,177	19,254	18,184	16,598	16,015
874	680	694	701	720	709	734
-	1,267	1,347	730	-	-	-
-	-	-	-	464	431	385
9,795	9,788	-	-	-	-	-
917	928	3,066	4,834	4,797	4,661	4,516
-	-	7,565	6,203	-	-	-
<u>143,024</u>	<u>136,263</u>	<u>125,653</u>	<u>110,846</u>	<u>96,891</u>	<u>86,025</u>	<u>80,368</u>
414	427	560	656	844	883	849
1,492	1,494	1,470	1,249	1,067	737	201
1,053	991	1,104	952	757	739	656
5,579	2,441	1,439	1,619	1,644	1,406	1,466
<u>8,538</u>	<u>5,353</u>	<u>4,573</u>	<u>4,476</u>	<u>4,312</u>	<u>3,765</u>	<u>3,172</u>
<u>\$151,562</u>	<u>\$141,616</u>	<u>\$130,226</u>	<u>\$115,322</u>	<u>\$101,203</u>	<u>\$89,790</u>	<u>\$83,540</u>
\$28,214	\$26,368	\$27,551	\$23,495	\$19,276	\$17,218	\$14,271
7,540	8,043	9,825	8,659	7,568	6,116	6,060
13,118	10,836	10,968	10,981	10,526	9,576	7,471
11,882	10,975	11,793	10,938	9,991	9,513	8,815
3,367	2,745	3,828	2,889	3,075	2,673	2,207
1,203	-	-	-	-	-	-
9,795	9,788	-	-	-	-	-
6,095	5,750	7,409	7,133	6,753	5,612	4,962
18,377	16,384	17,867	17,833	16,592	14,816	12,874
<u>99,591</u>	<u>90,889</u>	<u>89,241</u>	<u>81,928</u>	<u>73,781</u>	<u>65,524</u>	<u>56,660</u>
40,213	38,977	41,335	37,106	32,355	29,167	25,592
1,077	1,223	1,719	1,244	1,278	911	902
<u>\$140,881</u>	<u>\$131,089</u>	<u>\$132,295</u>	<u>\$120,278</u>	<u>\$107,414</u>	<u>\$95,602</u>	<u>\$83,154</u>

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REVENUE CAPACITY INFORMATION

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER SOLD BY CUSTOMER TYPE
 Last Ten Fiscal Years

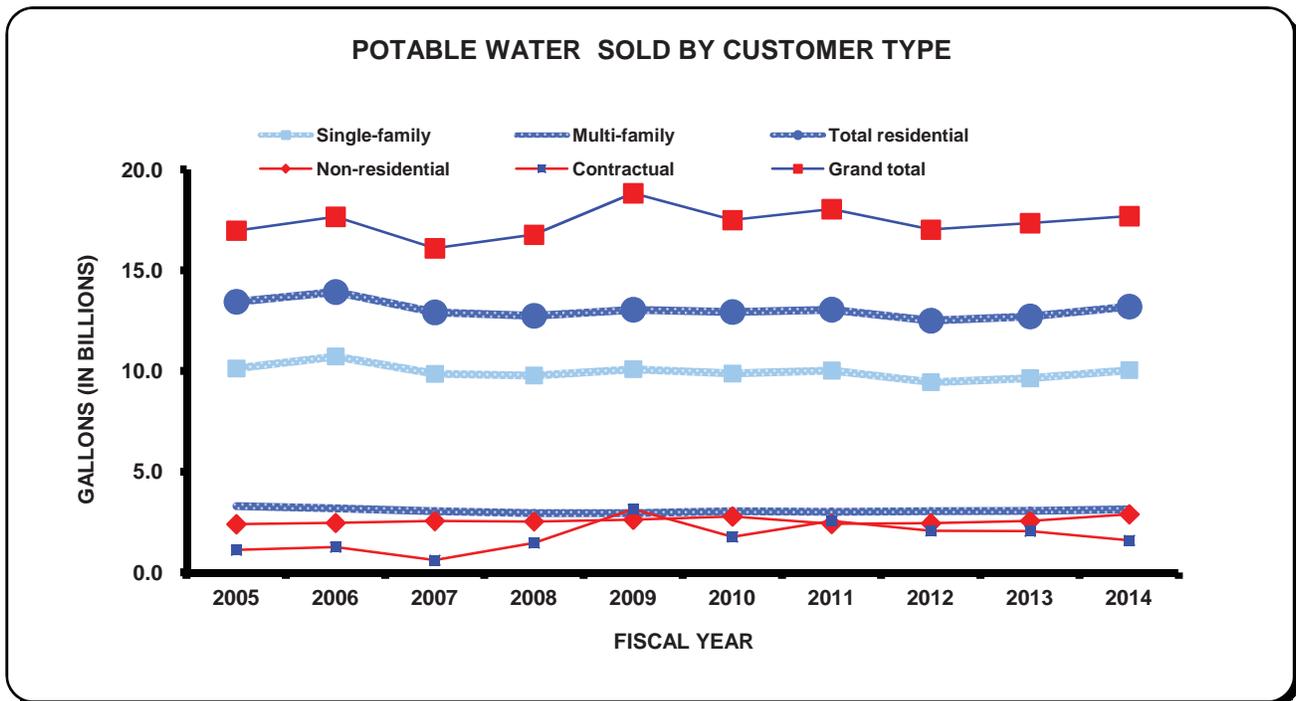
(in millions of gallons)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Residential:										
Single-family	10,053	9,653	9,454	10,031	9,887	10,101	9,782	9,871	10,732	10,140
Multi-family	3,152	3,068	3,051	3,024	3,050	2,952	2,969	3,047	3,197	3,306
Total residential	13,205	12,721	12,505	13,055	12,937	13,053	12,751	12,918	13,929	13,446
Non-residential	2,889	2,562	2,444	2,418	2,779	2,629	2,536	2,564	2,467	2,405
Contractual	1,597	2,059	2,069	2,565	1,775	3,145	1,476	614	1,268	1,120
Other ⁽¹⁾	4	4	4	2	5	5	7	3		
Grand total	17,695	17,346	17,022	18,040	17,496	18,832	16,770	16,099	17,664	16,971
Charges for Services										
(in thousands)	\$169,940	\$156,772	\$148,391	\$146,523	\$136,263	\$125,653	\$110,116	\$96,427	\$85,594	\$79,983
Calculated Total Direct Rate										
per Thousand Gallons	\$9.60	\$9.04	\$8.72	\$8.12	\$7.79	\$6.67	\$6.57	\$5.99	\$4.85	\$4.71

Notes:

The Department has a complex rate structure. Charges are based on a combination of factors: customer type, meter size, number of units, and level of consumption. With the exception of wastewater only customers whose total revenue is approximately 1% of the Department's charges for services, both potable water and wastewater charges are calculated based on water sold. Therefore, the calculated total direct rate per thousand gallons is the total charges for services divided by water sold in thousands of gallons. For detail of the Department's rate structure, see pages 68 - 77.

⁽¹⁾ In fiscal year 2007, the Department began tracking water sold to customers not included in major customer types to report total water sold more accurately.

Source: Department's records.



PALM BEACH COUNTY, FLORIDA

WATER UTILITIES DEPARTMENT

TEN LARGEST CUSTOMERS

Fiscal Years Ended September 30, 2014 and 2005 (Nine Years Ago)

CUSTOMER	2014			2005		
	Operating Revenues (in thousands)	Rank	%	Operating Revenues (in thousands)	Rank	%
Florida Power & Light Company	\$9,308	1	5.48	\$ -	-	-
Century Village West Condominiums	2,202	2	1.30	1,437	1	1.72
School District of Palm Beach County	1,590	3	0.94	522	2	0.62
City of Boynton Beach Inter Connect	617	4	0.36	-	-	-
Palm Beach County Sheriff's Office	588	5	0.35	378	5	0.45
MHC Lake Worth Village LLC	550	6	0.32	-	-	-
The Fountains Condominiums	481	7	0.28	284	8	0.34
Casa Del Monte LLC	480	8	0.28	252	10	0.30
Golden Lakes Village Condominiums	474	9	0.28	277	9	0.33
PBC Parks & Rec Dept	446	10	0.26	-	-	-
City of Lake Worth	-	-	-	441	3	0.53
Village of Palm Springs	-	-	-	390	4	0.47
Village of Royal Palm Beach	-	-	-	358	6	0.43
Hometown Lake Worth, LLC	-	-	-	295	7	0.35
Subtotal (10 largest)	16,736		9.85	4,634		5.54
Balance from other customers	153,204		90.15	78,906		94.46
Grand totals	\$169,940		100.00	\$83,540		100.00

Source: Department's records

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
AVERAGE RESIDENTIAL CUSTOMER'S MONTHLY BILLING
Last Ten Fiscal Years

<u>FISCAL YEAR</u>	<u>CUSTOMER FEE</u>	<u>BASE FACILITY FEE</u>	<u>COMMODITY FEE</u>	<u>WATER RESTRICTIONS SURCHARGE</u>	<u>TOTAL FEE</u>	<u>% CHANGE</u>
2014	\$0.00	\$26.36	\$32.01	\$0.00	\$58.37	3.8%
2013	-	25.40	30.82	-	56.22	4.9%
2012	-	24.23	29.36	-	53.59	4.2%
2011	-	23.24	28.17	-	51.41	5.7%
2010	-	21.99	26.65	-	48.64	5.4%
2009 **	-	20.85	25.30	-	46.15	-2.7%
2009 **	2.50	16.42	22.66	5.85	47.43	3.7%
2008	2.50	15.80	21.80	5.64	45.74	14.1%
2007	2.50	15.80	21.80	-	40.10	18.5%
2006	2.50	12.95	18.40	-	33.85	0.0%
2005	2.50	12.95	18.40	-	33.85	0.0%

Notes:

An average customer is defined as single-family with 5/8 x 3/4" meter, having combined potable water and wastewater service, and using 7,500 gallons each month. Since the Department calculates the portion of the bill based on usage (commodity fee) in increments of thousands of gallons of water, the commodity fee is calculated for 7,000 gallons.

Water restrictions surcharge is calculated as 15% of base facility fee and 15% of commodity fee. The surcharge was instituted with May 2008 billing and was not to be charged for more than one year.

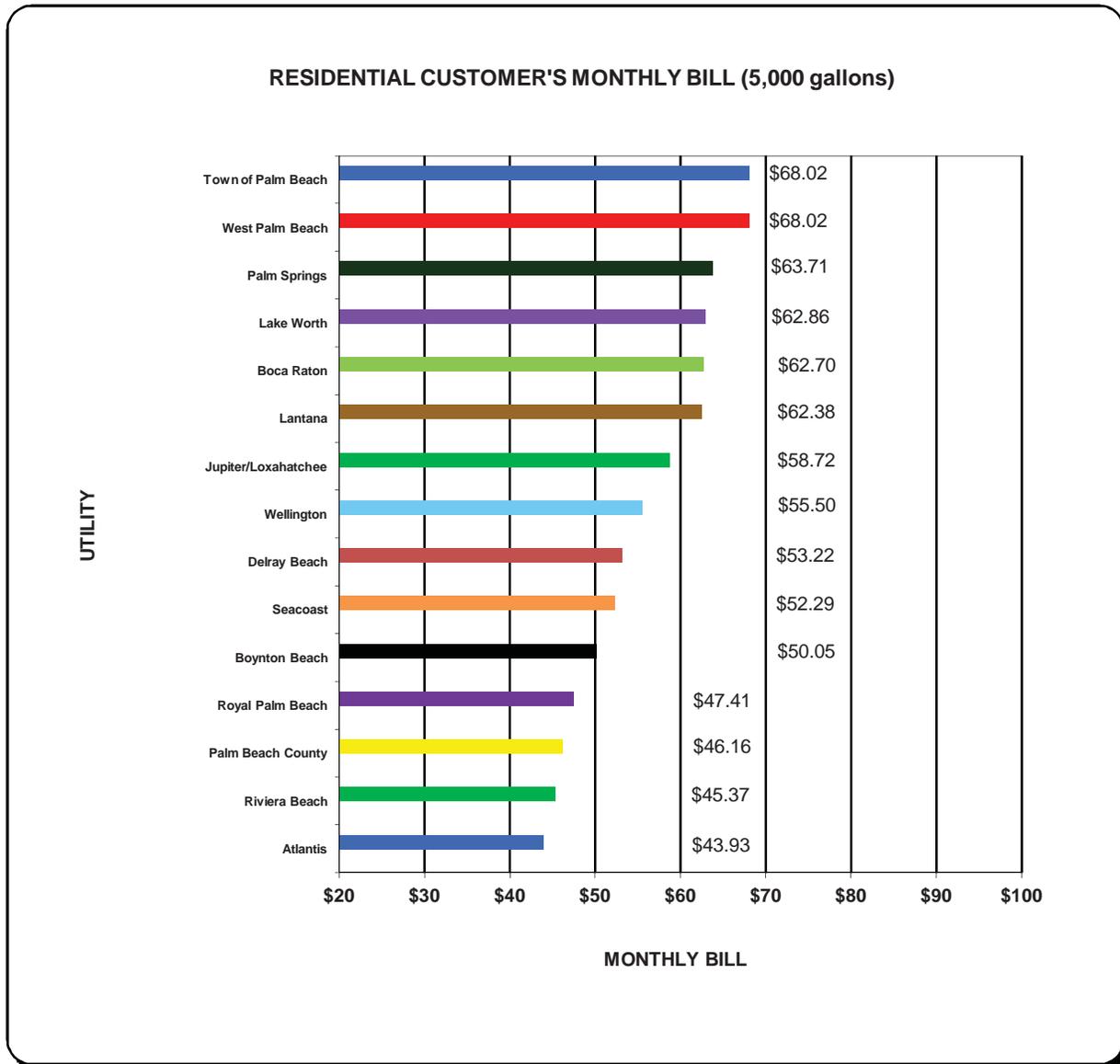
**In fiscal year 2009, there were two rate changes:

The first, effective October 1, 2008, increased the base facility and commodity rates by 3.946% equal to 75% of the prior year's Consumer Price Index (Water and Sewerage Maintenance) change measured July to July.

The second, effective April 1, 2009, was based on a comprehensive rate study which modified the rate structure and resulted in a reduction in the monthly bill for an average customer from the October 1, 2008 rates.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
RESIDENTIAL CUSTOMER'S MONTHLY BILL COMPARISON

For Selected Utilities in Palm Beach County at September 30, 2014



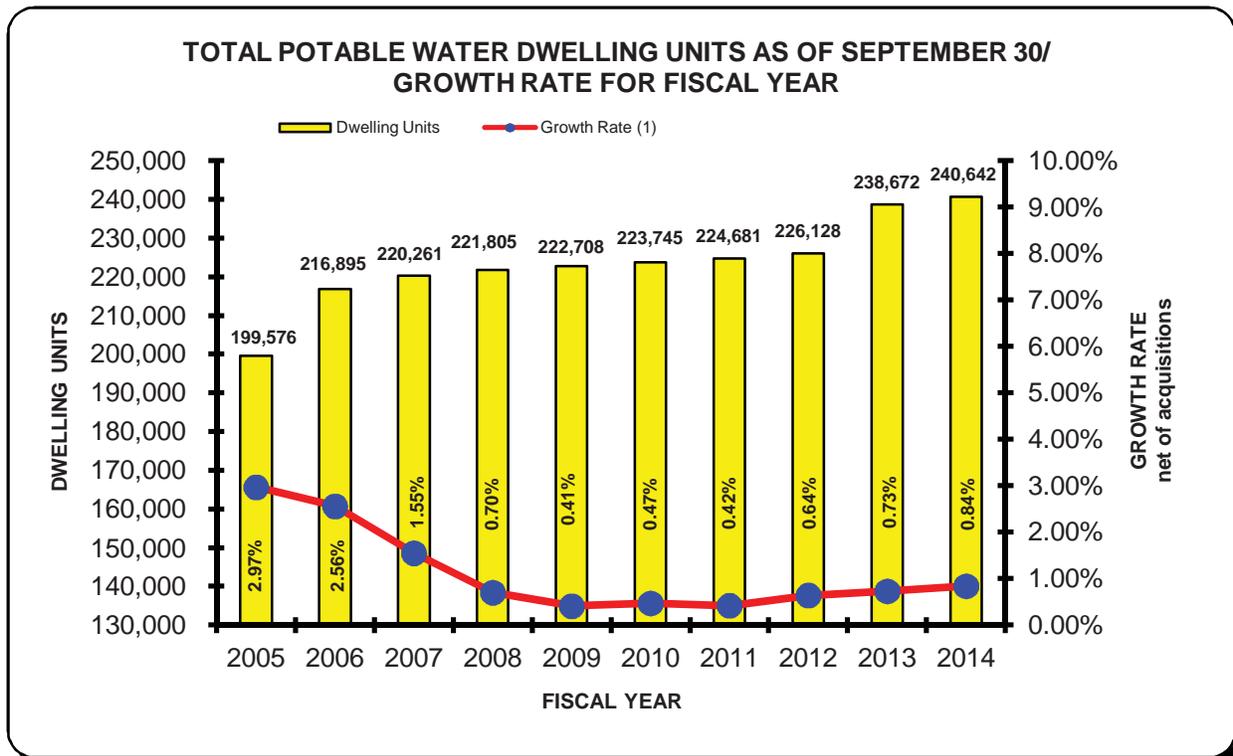
Source: Utility survey

Notes:

Customer's monthly billed includes all fees charged monthly with commodity fee based on usage of 5,000 gallons.

Royal Palm Beach: The Department purchased the Village of Royal Palm Beach's Utility System in April 2006. For customers in the service area that had been served by the Village, rates will remain the same for ten years or until the Department's rates and Village's rates are equal, whichever occurs later.
 Glades Utility Authority (GUA): On May 1, 2013 the Department absorbed the GUA which comprised the Cities of Belle Glade, Pahokee and South Bay.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER DWELLING UNITS DATA
 Last Ten Fiscal Years



OF DWELLING UNITS BY DWELLING TYPE

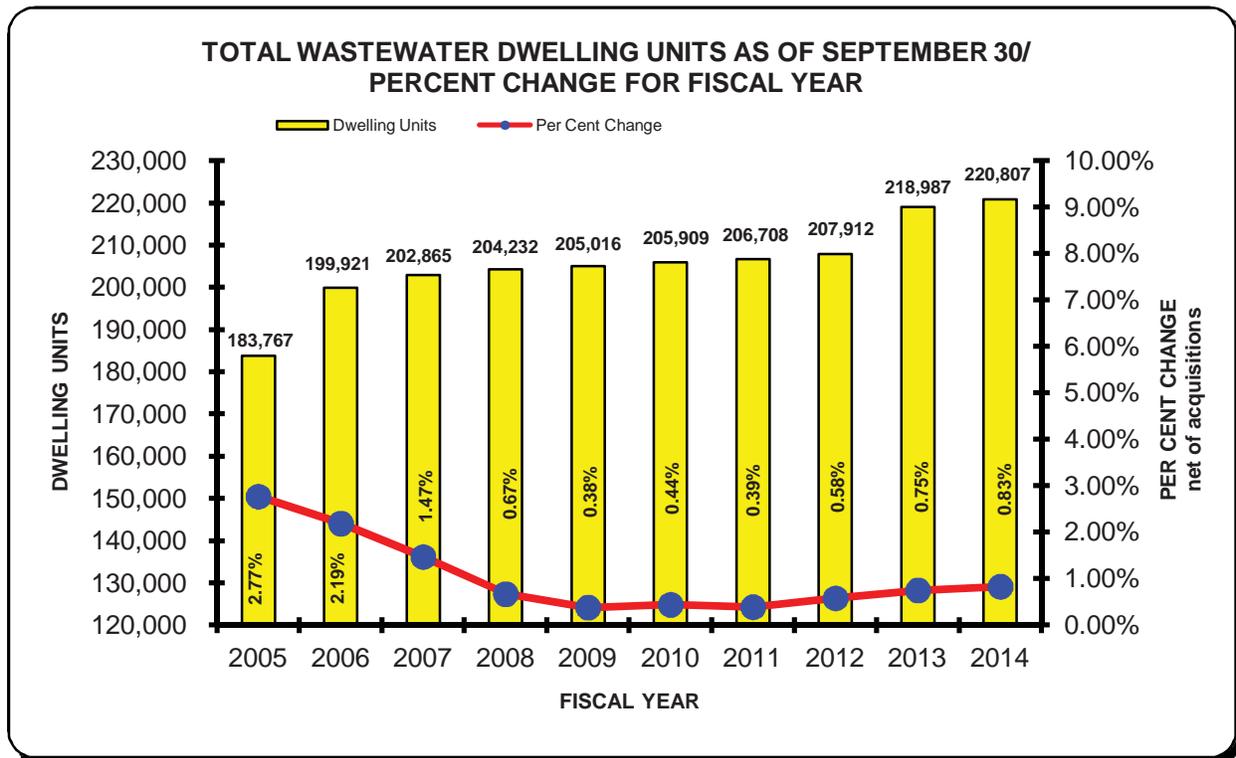
Fiscal Year	Single Family		Multi-Family		Non-Residential ⁽²⁾		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2014	147,915	61.47%	85,369	35.48%	7,358	3.05%	240,642
2013 ⁽⁴⁾	146,410	61.34%	84,927	35.58%	7,335	3.08%	238,672
2012	137,131	60.64%	82,748	36.59%	6,249	2.77%	226,128
2011	136,019	60.54%	82,492	36.72%	6,170	2.74%	224,681
2010	135,126	60.39%	82,470	36.86%	6,149	2.75%	223,745
2009	134,376	60.34%	82,207	36.91%	6,125	2.75%	222,708
2008	133,640	60.25%	82,077	37.00%	6,088	2.75%	221,805
2007 ⁽³⁾	132,376	60.10%	81,933	37.20%	5,952	2.70%	220,261
2006	129,796	59.84%	81,094	37.38%	6,005	2.78%	216,895
2005	114,928	57.59%	79,264	39.72%	5,384	2.69%	199,576

Notes:

- (1) The Department measures growth as the change in the number of potable water units served.
- (2) Non-residential does not include contractual/ wholesale. Fiscal years 2006 - 2004 have been restated to use the same methodology that was used in 2007 and all subsequent years.
- (3) On April 27, 2006, the Department purchased the Village of Royal Palm Beach's Utility System. The 12,203 potable water units acquired are not included in the fiscal year growth rate %.
- (4) On May 1, 2013, the Department absorbed the Glades Utility Authority. The 10,900 potable water units acquired are not included in the fiscal year growth rate %.

Source: Department's records.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
WASTEWATER DWELLING UNITS DATA
 Last Ten Fiscal Years



OF DWELLING UNITS BY DWELLING TYPE

Fiscal Year	Single Family		Multi-Family		Non-Residential ⁽¹⁾		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2014	131,820	59.70%	82,860	37.53%	6,127	2.77%	220,807
2013 ⁽³⁾	130,419	59.56%	82,430	37.64%	6,138	2.80%	218,987
2012	122,268	58.81%	80,450	38.69%	5,194	2.50%	207,912
2011	121,327	58.69%	80,204	38.80%	5,177	2.51%	206,708
2010	120,564	58.55%	80,205	38.95%	5,140	2.50%	205,909
2009	119,873	58.47%	80,029	39.04%	5,114	2.49%	205,016
2008	119,290	58.41%	79,939	39.14%	5,003	2.45%	204,232
2007	118,208	58.27%	79,828	39.35%	4,829	2.38%	202,865
2006 ⁽²⁾	116,052	58.05%	79,186	39.61%	4,683	2.34%	199,921
2005	102,175	55.60%	77,457	42.15%	4,135	2.25%	183,767

Notes:

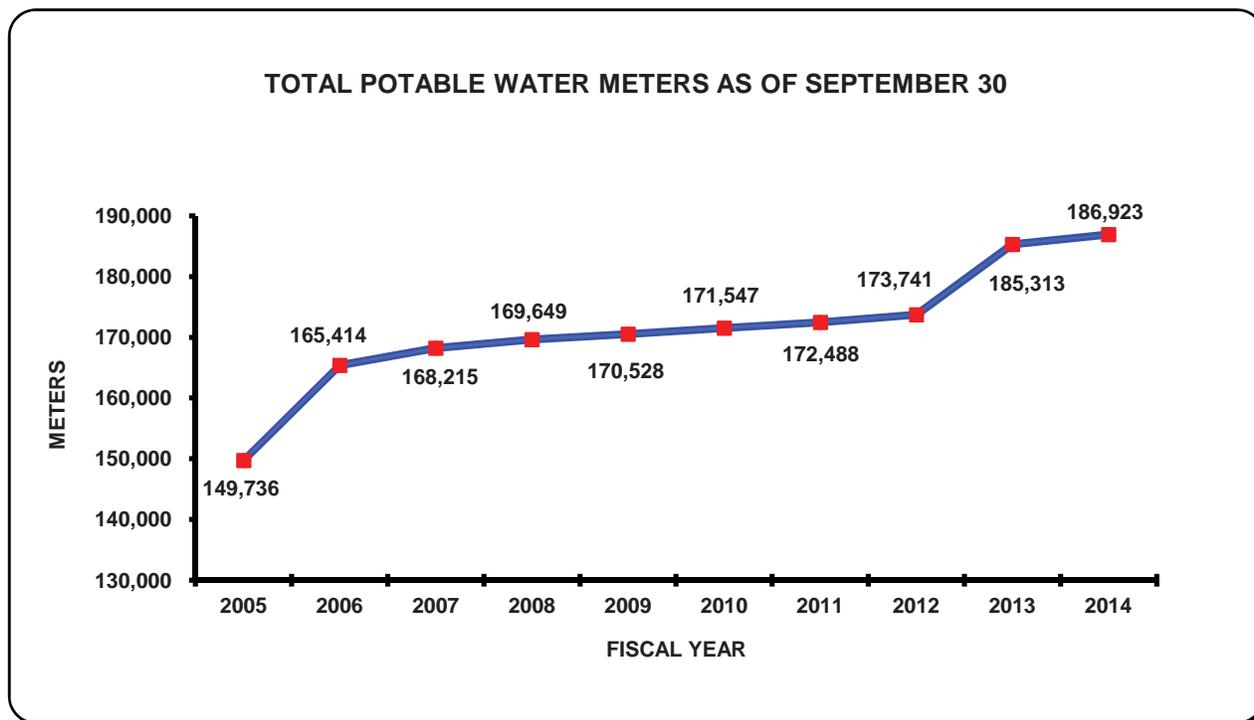
⁽¹⁾ Non-residential does not include contractual/wholesale. Fiscal years 2006 - 2004 have been restated to use the same methodology that was used in 2007 and all subsequent years.

⁽²⁾ On April 27, 2006, the Department purchased the Village of Royal Palm Beach's Utility System. The 12,136 wastewater units acquired are not included in the fiscal year % change.

⁽³⁾ On May 1, 2013, the Department absorbed the Glades Utility Authority. The 9,515 units acquired are not included in the fiscal year growth rate %.

Source: Department's records.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER METER DATA
 Last Ten Fiscal Years



OF METERS BY DWELLING TYPE

Fiscal Year	Single Family		Multi-Family		Non-Residential ⁽¹⁾		Contractual/ Wholesale ⁽¹⁾		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2014	147,858	79.10%	31,677	16.94%	7,358	3.94%	30	0.02%	186,923
2013 ⁽³⁾	146,384	78.99%	31,546	17.02%	7,355	3.97%	28	0.02%	185,313
2012	137,131	78.93%	30,335	17.46%	6,249	3.60%	26	0.01%	173,741
2011	136,019	78.86%	30,273	17.54%	6,170	3.58%	26	0.02%	172,488
2010	135,126	78.77%	30,252	17.64%	6,149	3.58%	20	0.01%	171,547
2009	134,376	78.80%	30,006	17.60%	6,125	3.59%	21	0.01%	170,528
2008	133,640	78.77%	29,901	17.63%	6,088	3.59%	20	0.01%	169,649
2007	132,376	78.69%	29,874	17.76%	5,952	3.54%	13	0.01%	168,215
2006 ⁽²⁾	129,796	78.47%	29,600	17.89%	6,005	3.63%	13	0.01%	165,414
2005	114,928	76.75%	29,411	19.64%	5,384	3.60%	13	0.01%	149,736

Notes:

- ⁽¹⁾ Non-residential does not include contractual/wholesale. Non-residential and Contractual/Wholesale for fiscal years 2006 - 2004 have been restated using the same methodology that was used in 2007 and that will be used in future years.
- ⁽²⁾ On April 27, 2006, the Department purchased the Village of Royal Palm Beach's Utility System. 10,894 meters were acquired.
- ⁽³⁾ On May 1, 2013, the Department absorbed the Glades Utility Authority. The 10,900 potable water meters acquired are included in these figures.

Source: Department's records.

CUSTOMER RATE SCHEDULES

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY RESIDENTIAL POTABLE WATER AND WASTEWATER RATES
(Not Including Village of Royal Palm Beach and Western Region Service Areas)
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009 ⁽¹⁾	2009 ⁽³⁾	2008 ⁽³⁾	2007 ⁽²⁾	2007 - 2003
CUSTOMER ACCOUNT FEE (per meter)										
Multi-Family accounts only	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	n/a	n/a	n/a	n/a
All accounts	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
POTABLE WATER RATES										
Base Facility Fee										
Single-Family (per meter)										
5/8" x 3/4"	\$12.42	\$11.97	\$11.42	\$10.95	\$10.36	\$9.82	\$6.55	\$6.30	\$6.30	\$5.15
1"	\$30.34	\$29.23	\$27.88	\$26.74	\$25.30	\$23.99	\$19.23	\$18.50	\$18.50	\$14.95
1 1/2 "	\$45.38	\$43.72	\$41.70	\$40.00	\$37.85	\$35.89	\$29.88	\$28.75	\$28.75	\$23.20
2"	\$94.61	\$91.15	\$86.94	\$83.39	\$78.91	\$74.81	\$64.71	\$62.25	\$62.25	\$50.40
Multi-Family (per dwelling unit)	\$9.26	\$8.92	\$8.51	\$8.16	\$7.72	\$7.32	\$6.55	\$6.30	\$6.30	\$5.15
Commodity Fee per thousand gallons										
Single-Family per meter; Multi-Family per dwelling unit										
0-4	\$1.25	\$1.20	\$1.14	\$1.09	\$1.03	\$0.98	\$0.88	\$0.85	\$0.85	\$0.75
5-10	\$2.77	\$2.67	\$2.55	\$2.45	\$2.32	\$2.20	\$1.97	\$1.90	\$1.90	\$1.60
11-25	\$6.98	\$6.72	\$6.41	\$6.15	\$5.82	\$5.52	\$4.94	\$4.75	\$4.75	\$3.80
Over 25	\$8.68	\$8.36	\$7.97	\$7.64	\$7.23	\$6.85	\$6.13	\$5.90	\$5.90	\$3.80
WASTEWATER RATES										
Base Facility Fee										
Single-Family (per meter)										
5/8" x 3/4"	\$13.94	\$13.43	\$12.81	\$12.29	\$11.63	\$11.03	\$9.87	\$9.50	\$9.50	\$7.80
1"	\$41.13	\$39.62	\$37.79	\$36.25	\$34.30	\$32.52	\$29.10	\$28.00	\$28.00	\$22.60
1 1/2 "	\$63.16	\$60.85	\$58.04	\$55.67	\$52.68	\$49.95	\$44.70	\$43.00	\$43.00	\$35.10
2"	\$138.11	\$133.05	\$126.90	\$121.71	\$115.17	\$109.19	\$97.71	\$94.00	\$94.00	\$76.50
Multi-Family (per dwelling unit)	\$13.94	\$13.43	\$12.81	\$12.29	\$11.63	\$11.03	\$9.87	\$9.50	\$9.50	\$7.80
Commodity Fee per thousand gallons water										
Single-Family per meter; Multi-Family per dwelling unit										
0-4	\$1.69	\$1.63	\$1.55	\$1.49	\$1.41	\$1.34	\$1.20	\$1.15	\$1.15	\$1.00
5-10	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$2.20
Over 10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners. These rates do not apply to approximately 12% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System and the absorption of the Glades Utility Authority (GUA). Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

- (1) Effective with May 1, 2009 billings.
- (2) Effective with May 1, 2007 billings.
- (3) Water Restrictions Surcharge, in effect May 1, 2008 through April 30, 2009, calculated as 15% of the following charges (excluding contractual accounts): potable water base facility fee, potable water commodity fee, wastewater base facility fee, and wastewater commodity fee.

The GUA, now known as the Western Region, was absorbed by the Department on May 1, 2013.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY RESIDENTIAL FIRE LINE AND RECLAIMED WATER RATES
(Not Including Village of Royal Palm Beach and Western Region Service Areas)
 Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009 ⁽¹⁾	2009 ⁽⁴⁾	2008 ⁽⁴⁾	2007 ⁽²⁾	2007 - 2003
CUSTOMER ACCOUNT FEE (per meter)										
Multi-Family accounts only	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	n/a	n/a	n/a	n/a
All accounts	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
FIRE LINE RATES										
Base Facility Fee per size of backflow device										
2"	\$13.82	\$13.31	\$12.69	\$12.17	\$11.52	\$10.92	\$9.77	\$9.40	\$9.40	\$8.00
3"	\$26.01	\$25.06	\$23.90	\$22.92	\$21.69	\$20.56	\$18.40	\$17.70	\$17.70	\$15.00
4"	\$43.34	\$41.75	\$39.82	\$38.19	\$36.14	\$34.26	\$30.66	\$29.50	\$29.50	\$25.00
6"	\$86.68	\$83.51	\$79.65	\$76.39	\$72.29	\$68.54	\$61.33	\$59.00	\$59.00	\$50.00
8" and above	\$138.70	\$133.62	\$127.44	\$122.23	\$115.66	\$109.66	\$98.13	\$94.40	\$94.40	\$80.00
RECLAIMED WATER RATES										
Base Facility Fee										
Single-Family (per meter)										
5/8" x 3/4"	\$6.07	\$6.26	\$5.97	\$5.35 ⁽³⁾	\$5.06 ⁽³⁾	\$4.80 ⁽³⁾	\$2.60	\$2.50	\$0.00	\$0.00
5/8" x 3/4" (connection fee paid)	\$2.98	\$3.08	\$2.94	\$2.63 ⁽³⁾	\$2.49 ⁽³⁾	\$2.36 ⁽³⁾	n/a	n/a	n/a	n/a
1"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$10.00	\$0.00	\$0.00
1 1/2"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$120.00	\$0.00	\$0.00
2"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$160.00	\$0.00	\$0.00
Multi-Family (per dwelling unit)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$0.00	\$0.00
Commodity Fee per thousand gallons	\$0.25 ⁽³⁾	\$0.24 ⁽³⁾	\$0.23 ⁽³⁾	\$0.22 ⁽³⁾	\$0.21 ⁽³⁾	\$0.20 ⁽³⁾	\$0.16	\$0.15	n/a	n/a
Fixed Commodity Fee (meter size)										
5/8" x 3/4"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$5.00	\$5.00
1"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$10.00	\$10.00
All others see non-residential rates										

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners. These rates do not apply to approximately 12% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System and the absorption of the Glades Utility Authority (GUA). Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

- (1) Effective with May 1, 2009 billings.
- (2) Effective with May 1, 2007 billings.
- (3) A 20% discount applies to these rates for lake delivery services.
- (4) Water Restrictions Surcharge, in effect May 1, 2008 through April 30, 2009, calculated as 15% of the following charges: fire line base facility fee and potable water commodity fee for fire lines.

The GUA, now known as the Western Region, was absorbed by the Department on May 1, 2013.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL POTABLE WATER AND WASTEWATER RATES
(Not Including Village of Royal Palm Beach and Western Region Service Areas)
 Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009 ⁽¹⁾	2009 ⁽²⁾	2008 ⁽³⁾	2007 ⁽²⁾	2007 - 2003
CUSTOMER ACCOUNT FEE										
(per meter)	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
POTABLE WATER RATES										
Base Facility Fee										
5/8" x 3/4"	\$23.37	\$22.51	\$21.47	\$20.59	\$19.48	\$18.47	\$14.29	\$13.75	\$13.75	\$10.65
1"	\$79.55	\$76.64	\$73.10	\$70.11	\$66.34	\$62.90	\$54.05	\$52.00	\$52.00	\$42.65
1 1/2 "	\$126.56	\$121.93	\$116.29	\$111.54	\$105.55	\$100.07	\$87.31	\$84.00	\$84.00	\$63.95
2"	\$214.71	\$206.85	\$197.29	\$189.23	\$179.06	\$169.77	\$149.68	\$144.00	\$144.00	\$119.45
3"	\$568.78	\$547.96	\$522.62	\$501.26	\$474.33	\$449.71	\$400.19	\$385.00	\$385.00	\$294.00
4"	\$877.31	\$845.19	\$806.11	\$773.16	\$731.63	\$693.65	\$618.48	\$595.00	\$595.00	\$467.85
6" and larger based on projected water usage										
Commodity Fee per thousand gallons										
5/8" x 3/4"										
0-14	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 14	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
1"										
0-57	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 57	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
1 1/2 "										
0-94	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 94	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
2"										
0-138	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 138	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
3"										
0-557	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 557	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
4"										
0-675	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 675	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
6" and above										
All usage	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16				
0-675	n/a	n/a	n/a	n/a	n/a	n/a	\$1.04	\$1.00	\$1.00	\$0.85
Over 675	n/a	n/a	n/a	n/a	n/a	n/a	\$2.81	\$2.70	\$2.70	\$0.85

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners. These rates do not apply to approximately 12% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System and the absorption of the Glades Utility Authority (GUA). Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

- (1) Effective with May 1, 2009 billings.
- (2) Effective with May 1, 2007 billings.
- (3) Water Restrictions Surcharge, in effect May 1, 2008 through April 30, 2009, calculated as 15% of the following charges (excluding contractual accounts): potable water base facility fee, potable water commodity fee, wastewater base facility fee, and wastewater commodity fee.

The GUA, now known as the Western Region, was absorbed by the Department on May 1, 2013.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL POTABLE WATER AND WASTEWATER RATES
(Not Including Village of Royal Palm Beach and Western Region Service Areas)
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009 ⁽¹⁾	2009 ⁽²⁾	2008 ⁽³⁾	2007 ⁽²⁾	2007 - 2003
WASTEWATER RATES										
Base Facility Fee										
5/8" x 3/4"	\$29.38	\$28.30	\$26.99	\$25.89	\$24.50	\$23.23	\$20.79	\$20.00	\$20.00	\$16.20
1"	\$112.39	\$108.28	\$103.27	\$99.05	\$93.73	\$88.86	\$79.52	\$76.50	\$76.50	\$64.65
1 1/2 "	\$183.64	\$176.92	\$168.74	\$161.84	\$153.15	\$145.20	\$129.93	\$125.00	\$125.00	\$97.00
2"	\$329.10	\$317.05	\$302.39	\$290.03	\$274.45	\$260.20	\$232.84	\$224.00	\$224.00	\$181.20
3"	\$844.77	\$813.84	\$776.21	\$744.48	\$704.49	\$667.92	\$597.69	\$575.00	\$575.00	\$446.00
4"	\$1,292.86	\$1,245.53	\$1,187.94	\$1,139.38	\$1,078.17	\$1,022.20	\$914.72	\$880.00	\$880.00	\$709.70
6" and larger based on projected water usage										
Commodity Fee per thousand gallons										
water - all metered usage	\$1.97	\$1.90	\$1.81	\$1.74	\$1.65	\$1.56	\$1.40	\$1.35	\$1.35	\$1.10

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.
These rates do not apply to approximately 12% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System and the absorption of the Glades Utility Authority (GUA).
Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

- (1) Effective with May 1, 2009 billings.
- (2) Effective with May 1, 2007 billings.
- (3) Water Restrictions Surcharge, in effect May 1, 2008 through April 30, 2009, calculated as 15% of the following charges (excluding contractual accounts): potable water base facility fee, potable water commodity fee, wastewater base facility fee, and wastewater commodity fee.

The GUA, now known as the Western Region, was absorbed by the Department on May 1, 2013.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL FIRE LINE AND RECLAIMED WATER RATES
(Not Including Village of Royal Palm Beach and Western Region Service Areas)
 Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009 ⁽¹⁾	2009 ⁽³⁾	2008 ⁽³⁾	2007 ⁽²⁾	2007 - 2003
CUSTOMER ACCOUNT FEE										
(per meter)	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
FIRE LINE RATES										
Base Facility Fee per size of backflow device										
2"	\$13.82	\$13.31	\$12.69	\$12.17	\$11.52	\$10.92	\$9.77	\$9.40	\$9.40	\$8.00
3"	\$26.01	\$25.06	\$23.90	\$22.92	\$21.69	\$20.56	\$18.40	\$17.70	\$17.70	\$15.00
4"	\$43.34	\$41.75	\$39.82	\$38.19	\$36.14	\$34.26	\$30.66	\$29.50	\$29.50	\$25.00
6"	\$86.68	\$83.51	\$79.65	\$76.39	\$72.29	\$68.54	\$61.33	\$59.00	\$59.00	\$50.00
8"	\$138.70	\$133.62	\$127.44	\$122.23	\$115.66	\$109.66	\$98.13	\$94.40	\$94.40	\$80.00

Commodity Fee per thousand gallons: see non-residential commodity rates on page 70.

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.

These rates do not apply to approximately 12% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System and the absorption of the Glades Utility Authority (GUA).

Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

(1) Effective with May 1, 2009 billings.

(2) Effective with May 1, 2007 billings.

(3) Water Restrictions Surcharge, in effect May 1, 2008 through April 30, 2009, calculated as 15% of the following charges: fire line base facility fee and potable water commodity fee for fire lines.

The GUA, now known as the Western Region, was absorbed by the Department on May 1, 2013.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL FIRE LINE AND RECLAIMED WATER RATES
(Not Including Village of Royal Palm Beach and Western Region Service Areas)
 Last Ten Fiscal Years

	2014 ⁽⁴⁾	2013 ⁽⁴⁾	2012 ⁽⁴⁾	2011 ⁽⁴⁾	2010 ⁽¹⁾⁽⁴⁾	2009 ⁽²⁾⁽⁴⁾	2009	2008	2007 ⁽³⁾	2007 - 2003
CUSTOMER ACCOUNT FEE										
(per meter)	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
RECLAIMED WATER RATES										
Base Facility Fee										
5/8" x 3/4"	\$6.50	\$6.26	\$5.97	\$5.73	\$5.42	\$7.20	\$4.16	\$4.00	\$0.00	\$0.00
5/8" x 3/4" (connection fee paid)	\$3.20	\$3.08	\$2.94	\$2.82	\$2.67	\$3.54	n/a	n/a	n/a	n/a
1"	\$34.66	\$33.39	\$31.85	\$30.55	\$28.91	\$38.40	\$20.79	\$20.00	\$0.00	\$0.00
1" (connection fee paid)	\$17.06	\$16.44	\$15.68	\$15.04	\$14.23	\$18.88	n/a	n/a	n/a	n/a
1 1/2 "	\$86.68	\$83.51	\$79.65	\$76.39	\$72.29	\$96.00	\$51.97	\$50.00	\$0.00	\$0.00
1 1/2 " (connection fee paid)	\$42.65	\$41.09	\$39.19	\$37.59	\$35.57	\$47.20	n/a	n/a	n/a	n/a
2"	\$186.35	\$179.53	\$171.23	\$164.23	\$155.41	\$206.40	\$112.26	\$108.00	\$0.00	\$0.00
2" (connection fee paid)	\$91.70	\$88.34	\$84.26	\$80.82	\$76.48	\$101.48	n/a	n/a	n/a	n/a
3"	\$407.39	\$392.48	\$374.33	\$359.03	\$339.74	\$451.20	\$244.27	\$235.00	\$0.00	\$0.00
3" (connection fee paid)	\$200.48	\$193.14	\$184.21	\$176.68	\$167.19	\$221.84	n/a	n/a	n/a	n/a
4"	\$1,113.84	\$1,073.06	\$1,023.44	\$981.60	\$928.87	\$1,233.60	\$668.37	\$643.00	\$0.00	\$0.00
4" (connection fee paid)	\$548.12	\$528.05	\$503.63	\$483.04	\$457.09	\$606.52	n/a	n/a	n/a	n/a
6"	\$2,379.36	\$2,292.25	\$2,186.26	\$2,096.89	\$1,984.24	\$2,635.20	\$1,427.18	\$1,373.00	\$0.00	\$0.00
6" (connection fee paid)	\$1,170.87	\$1,128.01	\$1,075.85	\$1,031.87	\$946.44	\$1,295.64	n/a	n/a	n/a	n/a
8"	\$4,229.96	\$4,075.11	\$3,886.68	\$3,727.80	\$3,527.54	\$4,684.80	\$2,536.28	\$2,440.00	\$0.00	\$0.00
8" (connection fee paid)	\$2,081.54	\$2,005.34	\$1,912.62	\$1,834.44	\$1,735.89	\$2,303.36	n/a	n/a	n/a	n/a
10"	\$6,587.64	\$6,346.47	\$6,053.02	\$5,805.59	\$5,493.71	\$7,296.00	\$3,949.59	\$3,800.00	\$0.00	\$0.00
10" (connection fee paid)	\$3,241.75	\$3,123.07	\$2,978.66	\$2,856.90	\$2,703.43	\$3,587.20	n/a	n/a	n/a	n/a
Commodity Fee per thousand gallons	\$0.25	\$0.24	\$0.23	\$0.22	\$0.21	\$0.20	\$0.16	\$0.15	n/a	n/a

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.

These rates do not apply to approximately 12% of the Department's customers in the service areas

acquired through the purchase of the Village of Royal Palm Beach's Utility System and the absorption of the Glades Utility Authority (GUA).

Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

(1) Effective with November 1, 2009 billings, different rates were in effect for October 2009 billings.

When the rates changed in November, customers were credited to make November rates effective retroactive to billings beginning May 1, 2009.

(2) Effective with May 1, 2009 billings.

(3) Effective with May 1, 2007 billings.

(4) A 20% discount applies to these rates for lake delivery services.

The GUA, now known as the Western Region, was absorbed by the Department on May 1, 2013.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL FIRE LINE AND RECLAIMED WATER RATES
(Not Including Village of Royal Palm Beach and Western Region Service Areas)
 Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006 - 2003
RECLAIMED WATER RATES									
Fixed Commodity Fee (meter size)									
5/8" x 3/4"	n/a	\$5.00	\$5.00						
1"	n/a	\$10.00	\$10.00						
1 1/2 "	n/a	\$120.00	\$120.00						
2"	n/a	\$160.00	\$160.00						
3"	n/a	\$350.00	\$350.00						
4"	n/a	\$1,000.00	\$1,000.00						
6"	n/a	\$2,000.00	\$2,000.00						
8"	n/a	\$2,500.00	\$2,000.00						
10"	n/a	\$3,000.00	\$2,000.00						

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.

Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

These rates do not apply to approximately 12% of the Department's customers in the service areas

acquired through the purchase of the Village of Royal Palm Beach's Utility System and the absorption of the Glades Utility Authority (GUA).

The GUA, now known as the Western Region, was absorbed by the Department on May 1, 2013.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY RESIDENTIAL POTABLE WATER AND WASTEWATER RATES
Village of Royal Palm Beach Service Area
Last Eight Fiscal Years

2014 - 2007

POTABLE WATER RATES

Base Facility Fee	
Single-Family (per meter)	\$13.25
Multi-Family (per dwelling unit)	\$9.91
Commodity Fee per 1,000 Gallons	
Single-Family per meter	\$1.96
Multi-Family (per unit)	\$1.96
Conservation Charge:	
150% of the gallonage rate per 1,000 gallons of usage for all gallons of usage in excess of the authorized number of gallon per month	
Customer Class-Authorized Gallons per Month:	
Single-Family per meter	15,000 gal.
Multi-Family (per unit)	11,250 gal.

WASTEWATER RATES

Base Facility Fee	
Single-Family (per meter)	\$15.71
Multi-Family (per dwelling unit)	\$11.81
Commodity Fee per thousand gallons water	
Single-Family per meter	
0-10	\$1.73
greater than 10	\$0.00
Multi-Family	\$1.73

Notes:

The Village of Royal Palm Beach's Utility System was acquired on April 27, 2006. For customers in the service area that had been served by the Village, rates will remain the same for ten years or until the Department's rates and Village's rates are equal, whichever occurs later.

At September 30, 2014, the Department had the following numbers of customers to whom this rate schedule applies:

 Single-family: 10,875 meters; 10,875 potable water units; 10,876 wastewater units
 Multi-family: 94 meters; 1,397 potable water units; 1,397 wastewater units

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL WATER AND WASTEWATER RATES
Village of Royal Palm Beach Service Area
Last Eight Fiscal Years

2014 - 2007

POTABLE WATER RATES

Base Facility Fee	
5/8" or 3/4"	\$17.31
1"	\$62.31
1 1/2 "	\$99.33
2"	\$225.24
3"	\$795.01
4"	\$1,242.52
Commodity Fee per 1,000 Gallons	\$1.96
Conservation Charge:	
150% of the gallonage rate per 1,000 gallons of usage for all gallons of usage in excess of the authorized number of gallon per month	
Customer Class-Authorized Gallons per Month:	
Commercial (by meter size)	
5/8" or 3/4"	18,000 gal.
1"	69,000 gal.
1 1/2 "	100,000 gal.
2"	255,000 gal.
3"	765,000 gal.
4"	1,410,000 gal.

WASTEWATER RATES

Base Facility Fee	
5/8" x 3/4"	\$20.70
1"	\$74.40
1 1/2 "	\$118.69
2"	\$269.49
3"	\$950.76
4"	\$1,469.84
Commodity Fee per thousand gallons water - all metered usage	\$1.73

Notes:

The Village of Royal Palm Beach's Utility System was acquired on April 27, 2006. For customers in the service area that had been served by the Village, rates will remain the same for ten years or until the Department's rates and Village's rates are equal, whichever occurs later.

At September 30, 2014, the Department had the following numbers of customers to whom this rate schedule applies:

 Non-residential: 570 meters; 570 potable water units; 510 wastewater units

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL FIRE LINE RATES
Village of Royal Palm Beach Service Area
Last Eight Fiscal Years

2014 - 2007

FIRE LINE RATES

Base Facility Fee per line size

4"	\$22.00
6"	\$37.00
8"	\$56.00
10"	\$87.00

Notes:

The Village of Royal Palm Beach's Utility System was acquired on April 27, 2006. For customers in the service area that had been served by the Village, rates will remain the same for ten years or until the Department's rates and Village's rates are equal, whichever occurs later.

At September 30, 2014, the Department had 151 customers to whom this rate schedule applies.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY RESIDENTIAL & NON-RESIDENTIAL RATES
Western Region Service Area
Next Eight Fiscal Years

<u>RESIDENTIAL</u>	<u>2013 - 2020</u>
POTABLE WATER RATES	
Base Facility Fee	
Single-Family (per meter)	\$18.64
Commodity Fee per 1,000 Gallons	
Single-Family (per meter)	
0-3,000 gallons	\$1.50
4,000-6,000	\$4.67
7,000-12,000	\$5.80
13,000-15,000	\$5.80
Over 15,000	\$7.50
WASTEWATER RATES	
Base Facility Fee	
Single-Family (per meter)	\$19.26
Commodity Fee per 1,000 Gallons	
Single-Family (per meter)	
0-10	\$4.00
greater than 10	\$0.00
<u>NON-RESIDENTIAL</u>	
POTABLE WATER RATES	
Base Facility Fee	
5/8"	\$18.64
1"	\$59.06
1 1/2"	\$96.71
2"	\$227.75
3"	\$757.07
4"	\$2,317.17
>4"	Case by Case
Commodity Fee per 1,000 Gallons	\$4.67
WASTEWATER RATES	
Base Facility Fee	
5/8"	\$19.26
1"	\$61.00
1 1/2"	\$99.88
2"	\$235.23
3"	\$781.94
4"	\$2,393.29
>4"	Case by Case
Commodity Fee per 1,000 Gallons	\$4.00
<u>FIRELINE</u>	
Base Facility Fee	
2"	\$8.00
3"	\$15.00
4"	\$25.00
6"	\$50.00
>8"	\$80.00

The Glades Utility Authority's (GUA), now known as the Western Region, was absorbed on May 1, 2013. For customers in the service area that had been served by the GUA, rates will remain the same for 8 years. At which time, the rates will be raised or lowered to equal the County's rates plus 7%.

At September 30, 2014, the Department had the following numbers of customers to whom this rate schedule applies:

Potable Water: 11,158 Wastewater: 9,674

DEBT CAPACITY INFORMATION

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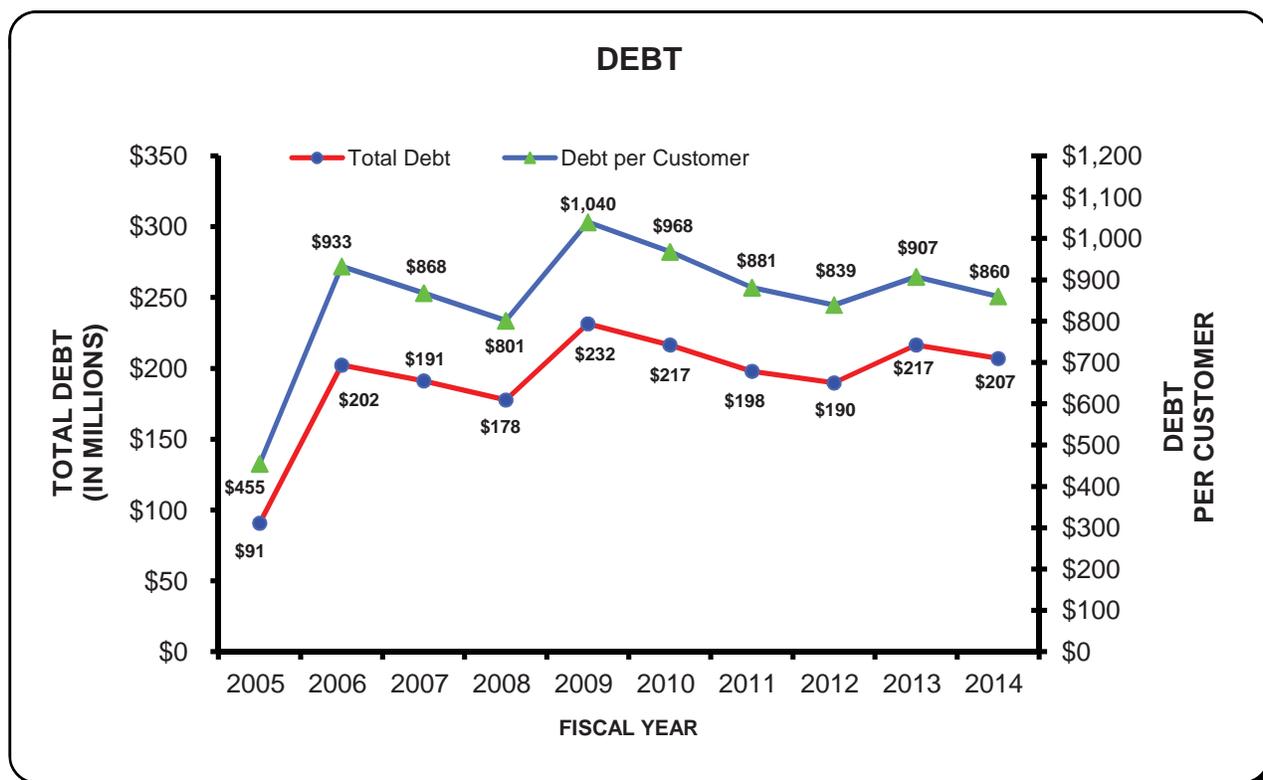
PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
RATIO OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

	Water & Sewer Revenue Bonds	Pro Rata Share of Joint Venture Debt	Total Debt	Debt per Customer
2014	\$206,986,215	\$ - (1)	\$206,986,215	\$860
2013	216,573,017	- (1)	216,573,017	907
2012	188,550,000	1,261,946 (1)	189,811,946	839
2011	196,593,000	1,405,216	197,998,216	881
2010	214,858,000	1,686,883	216,544,883	968
2009	229,548,000	1,958,970	231,506,970	1,040
2008	175,503,000	2,224,232	177,727,232	801
2007	188,725,000	2,481,162	191,206,162	868
2006	199,560,000	2,734,939	202,294,939	933
2005	87,790,000	2,978,029	90,768,029	455

Notes:

Although neither the State of Florida nor Palm Beach County set a legal debt limit, the bond covenants stipulate that the Department may issue debt as long as certain conditions are met. The major criterion is that the Department establishes rates and fees sufficient to provide net revenues and connection fees that are at least 1.25 times the annual debt service requirements. Number of customers is defined as the number of potable water dwelling units served. See page 64 for customer data.

(1) On September 14, 2012, the ECR paid in full the remaining balance of the 20 year revolving loans.



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

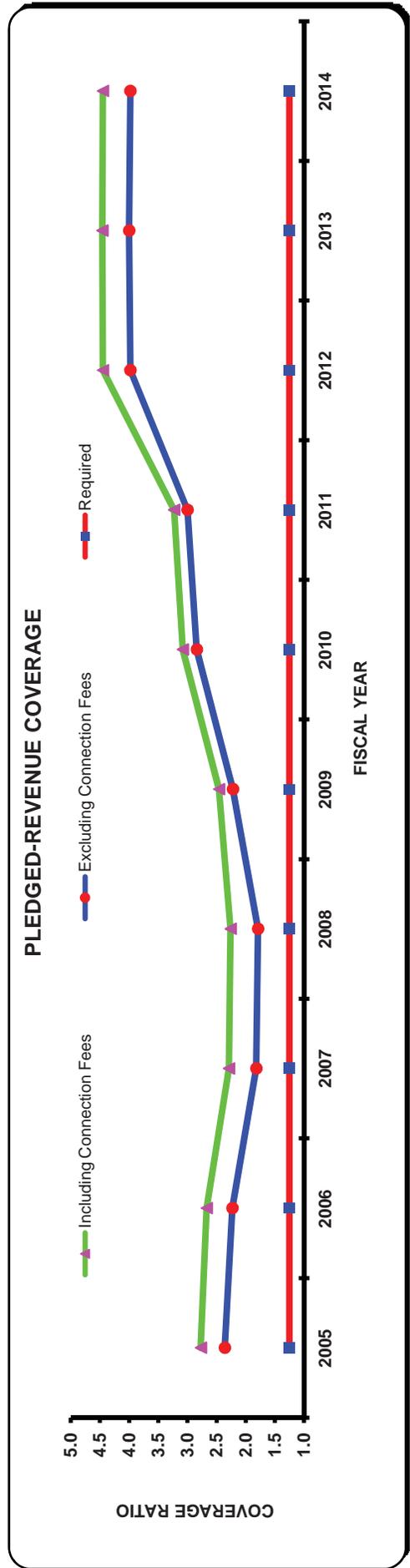
Fiscal Year Ended Sept 30	Operating			Nonoperating		Available for Debt Service			Debt Service Requirements			Coverage Ratio	
	Revenues	Expenses ⁽¹⁾	Expenses ⁽²⁾	Revenues	(Expenses) ⁽²⁾	Net Revenues	Connection Fees ⁽³⁾	Revenues & Connection Fees	Principal	Interest	Total Debt Service	Excluding Connection Fees	Including Connection Fees
2014	\$169,940,052	\$111,815,585	\$11,053,141	\$69,177,608	\$7,902,936	\$77,080,544	\$7,630,891	\$8,938,050	\$16,568,941	4.18x	4.65x		
2013	162,397,200	104,747,391	8,132,428	65,782,237	7,659,599	73,441,836	7,386,929	9,071,030	16,457,959	4.00	4.46		
2012	153,770,117	100,798,052	9,598,962	62,571,027	7,394,115	69,965,142	6,465,000	9,263,137	15,728,137	3.98	4.45		
2011	151,561,873	99,590,580	7,659,951	59,631,244	4,667,389	64,298,633	10,035,500	9,863,098	19,898,598	3.00	3.23		
2010	141,616,613	90,888,979	10,539,274	61,266,908	5,224,365	66,491,273	11,052,500	10,517,302	21,569,802	2.84	3.08		
2009	130,226,088	89,241,296	9,891,983	50,876,775	5,516,661	56,393,436	14,567,500	8,377,125	22,944,625	2.22	2.46		
2008	115,321,729	81,927,461	6,607,077	40,001,345	10,495,450	50,496,795	13,955,000	8,375,745	22,330,745	1.79	2.26		
2007	101,203,339	73,781,399	12,815,924	40,237,864	10,409,149	50,647,013	13,255,000	8,892,125	22,147,125	1.82	2.29		
2006	89,790,385	65,524,474	12,572,876	36,838,787	7,263,826	44,102,613	10,745,000	5,793,766	16,538,766	2.23	2.67		
2005	83,540,100	56,660,038	10,614,491	37,494,553	6,519,295	44,013,848	12,317,500	3,583,220	15,900,720	2.36	2.77		

Notes:

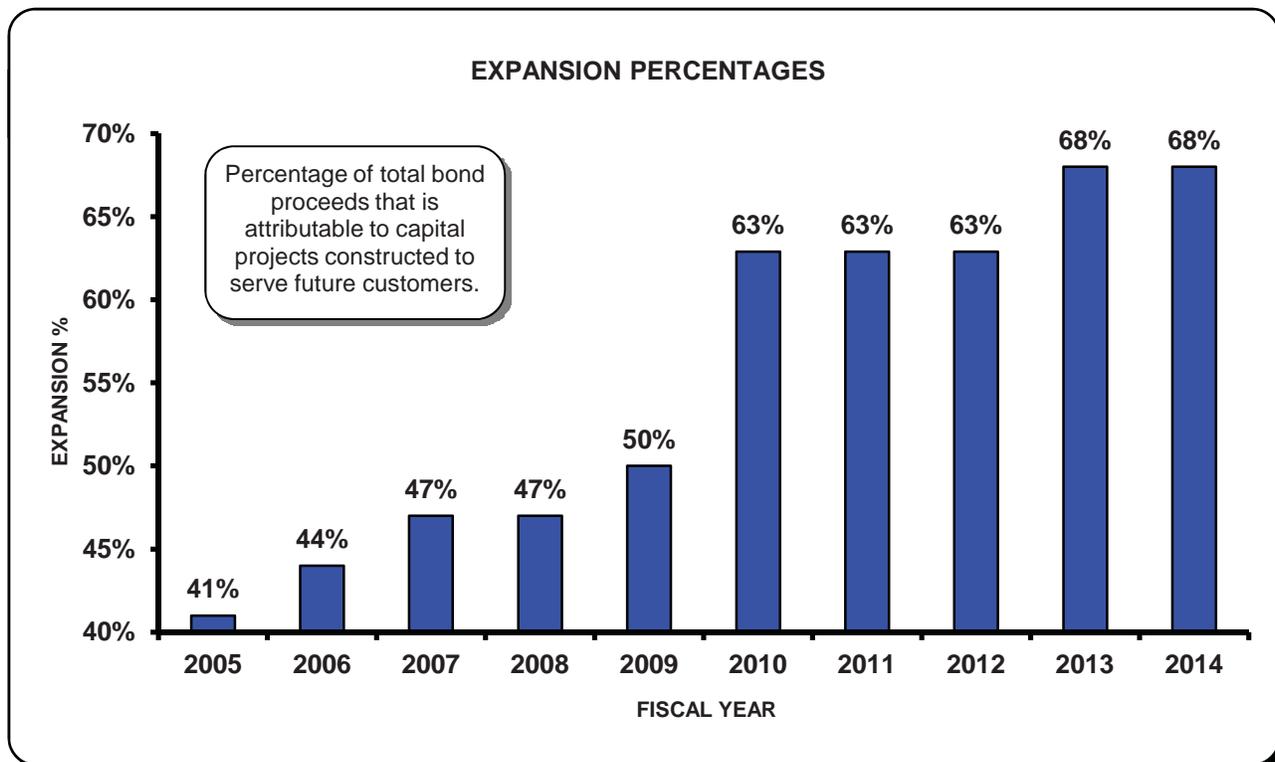
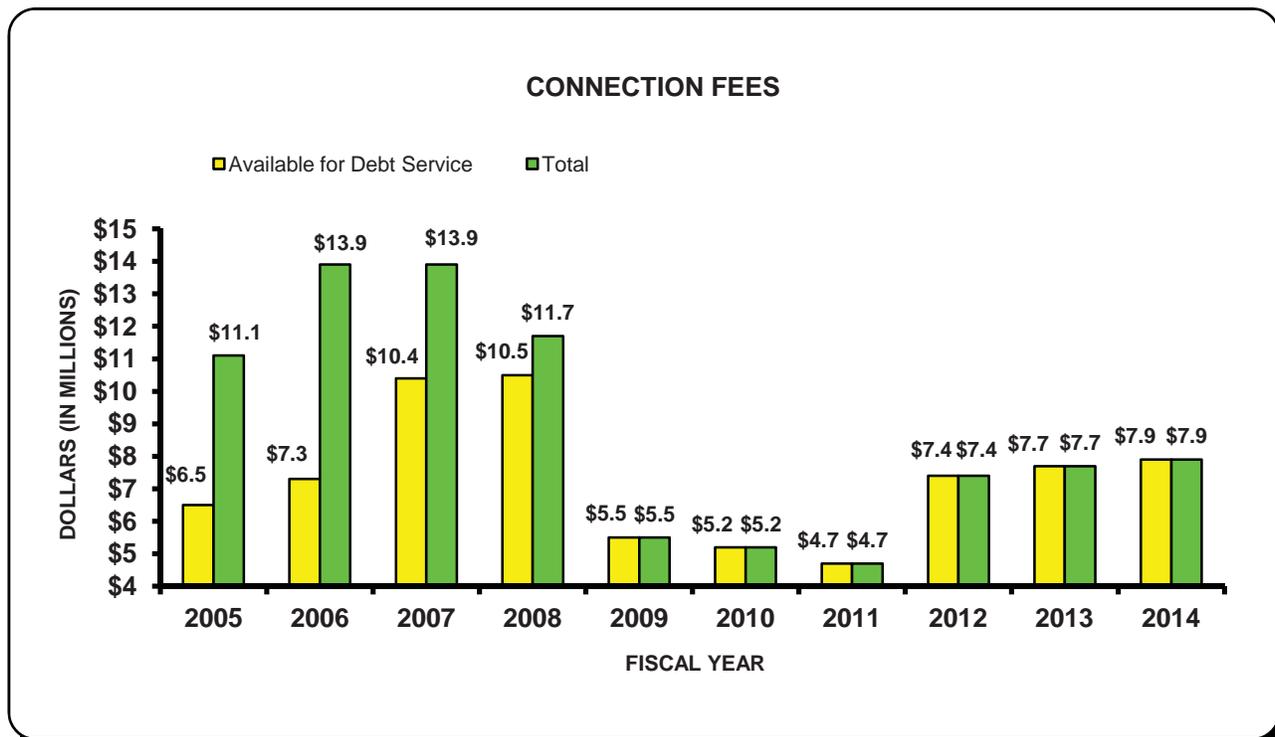
⁽¹⁾ Operating expenses exclude depreciation and amortization and equity interest in net loss of joint venture.

⁽²⁾ Nonoperating revenues (expenses) exclude interest on debt, gain or loss on disposal of fixed assets, and grants.

⁽³⁾ Represents the lesser of the expansion percentage (see page 83) times the debt service in a given fiscal year or the connection fees in that year.



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
CONNECTION FEES & EXPANSION PERCENTAGES
 Last Ten Fiscal Years



Notes:

The Expansion Percentage for 2006 is a blend of rates in effect before (41%) and after (47%) the April 2006 bond issue.
 The Expansion Percentage for 2009 is a blend of rates in effect before (47%) and after (62.9%) the July 2009 bond issue.

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DEMOGRAPHIC AND ECONOMIC INFORMATION

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
DEMOGRAPHIC AND ECONOMIC STATISTICS FOR PALM BEACH COUNTY
 Last Ten Fiscal Years

Year	Population	Personal Income (000)	Per Capita Personal Income	Civilian Labor Force	Unemployment Rate
2014	1,360,248	N/A	N/A	669,252	6.0%
2013	1,345,652	\$ 79,564,774	\$57,985	640,219	7.1
2012	1,335,415	75,461,490	55,628	622,775	9.2
2011	1,325,758	72,053,351	53,871	621,616	10.9
2010	1,320,134	69,488,201	52,526	623,320	12.4
2009	1,287,344	67,866,247	51,910	626,400	11.7
2008	1,294,654	76,712,607	59,240	655,669	7.3
2007	1,295,033	75,585,800	58,749	650,548	4.8
2006	1,287,987	71,720,669	55,836	645,211	3.7
2005	1,265,900	65,286,449	51,070	622,443	4.1

N/A = not available

Sources:

Florida Legislature, Office of Economic and Demographic Research
 Florida Agency for Workforce Innovation, Labor Market Statistics Center,
 Local Area Unemployment Statistics Program, In cooperation
 with the U.S. Department of Labor, Bureau of Labor Statistics.

Notes:

Although the Department's service area is primarily unincorporated, some municipalities or parts of municipalities are included in the service area. See the Department's Service Area and Major Facilities map on page 10.

Since statistics are not available for the service area only, demographic and economic statistics are presented for the entire County.

Population and income data are per calendar year.

Income data for 2014 is not available.

Personal Income data and Per Capita Income data are revised annually.

Labor Force data and Unemployment data are for September of each year.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
PRINCIPAL EMPLOYERS IN PALM BEACH COUNTY
 Current Year and Nine Years Ago

EMPLOYER	2014			2005		
	Employees	Rank	%	Employees	Rank	%
Palm Beach County School Board	21,449	1	3.20	21,618	1	3.47
Palm Beach County Government	11,020	2	1.65	6,379	3	1.02
Tenet Healthcare Corp (1)	6,100	3	0.91	5,000	5	0.80
NextEra Energy (Florida Power & Light)	3,804	4	0.57	2,924	7	0.47
G4S (Wackenhut Corp)	3,000	5	0.45	-	-	-
Florida Atlantic University	2,980	6	0.45	-	-	-
Hospital Corporation of America (HCA) (2)	2,714	7	0.41	3,750	6	0.60
Veterans Health Administration	2,700	8	0.40	-	-	-
Bethesda Memorial Hospital	2,643	9	0.39	-	-	-
Boca Raton Regional Hospital	2,250	10	0.34	-	-	-
State Government	-	-	-	9,100	2	1.46
Federal Government	-	-	-	6,300	4	1.01
Office Depot (Headquarters)	-	-	-	2,680	8	0.43
Boca Ration Resort & Club	-	-	-	2,200	9	0.35
U.S. Sugar Corporation	-	-	-	2,100	10	0.34
Total	58,660		8.77	62,051		9.95
Balance from other employers	610,211		91.23	561,577		90.05
Grand totals	668,871		100.00	623,628		100.00

Source: Business Development Board of Palm Beach County

Notes:

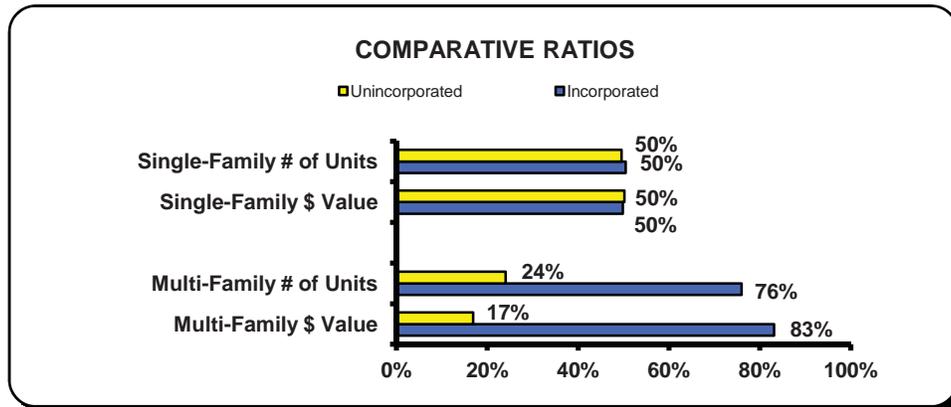
Although the Department's service area is primarily unincorporated, some municipalities or parts of municipalities are included in the service area. See the Department's Service Area and Major Facilities map on page 10.

Since statistics are not available for the service area only, demographic and economic statistics are presented for the entire County.

(1) Intracoastal Health Systems, Inc - now part of Tenet Healthcare Corp.

(2) Formerly Columbia Palm Beach Health Care System, Inc

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
RESIDENTIAL BUILDING PERMIT DATA FOR PALM BEACH COUNTY
 Unincorporated and Incorporated Areas
 Last Ten Years



NUMBER OF UNITS:

	Unincorporated		Incorporated		Total	
	Single	Multi-Family	Single	Multi-Family	Single	Multi-Family
2014	1,299	443	1,134	1,084	2,433	1,527
2013	1,241	497	1,354	1,959	2,595	2,456
2012	1,022	252	966	1,940	1,988	2,192
2011	609	2	663	39	1,272	41
2010	568	93	417	172	985	265
2009	572	47	469	234	1,041	281
2008	482	108	677	165	1,159	273
2007	1,138	256	894	740	2,032	996
2006	2,234	1,039	1,958	1,696	4,192	2,735
2005	3,746	817	4,623	3,222	8,369	4,039
Totals	12,911	3,554	13,155	11,251	26,066	14,805

VALUE (in millions):

	Unincorporated		Incorporated		Total	
	Single	Multi-Family	Single	Multi-Family	Single	Multi-Family
2014	\$477	\$57	\$433	\$178	\$910	\$235
2013	480	63	448	179	928	242
2012	385	36	319	168	704	204
2011	201	0	269	7	470	7
2010	184	9	156	13	340	22
2009	148	6	175	13	323	19
2008	137	12	268	31	405	43
2007	334	28	351	166	685	194
2006	638	108	562	439	1,200	547
2005	1,089	31	1,060	526	2,149	557
Totals	\$4,073	\$350	\$4,041	\$1,720	\$8,114	\$2,070

Source: Palm Beach County Planning, Zoning and Building Department

Notes:

Data for calendar year.

Although the Department's service area is primarily unincorporated, some municipalities or parts of municipalities are included in the service area. See the Department's Service Area and Major Facilities map on page 10.

Since statistics are not available for the service area only, residential building permit data is presented for the entire County.

OPERATING INFORMATION

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PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
NUMBER OF POSITIONS BY FUNCTION
 Last Ten Fiscal Years

Function	2014	2013	2012	2011	2010 ⁽¹⁾	2009	2008 ⁽²⁾	2007	2006 ⁽³⁾	2005
Water:										
Treatment	100	101	100	101	98	110	113	93	91	83
Distribution	88	89	89	89	92	93	92	93	90	84
Wastewater:										
Treatment	38	39	39	39	39	40	41	39	37	28
Collection	92	88	89	90	91	90	95	97	88	78
Customer accounts	56	55	55	56	57	57	62	61	61	53
Administration	96	91	86	87	82	85	79	79	71	71
Western Region ⁽¹⁾	62	67	71	68	70	-	-	-	-	-
Engineering	29	29	29	29	29	30	36	36	36	36
Total positions	<u>561</u>	<u>559</u>	<u>558</u>	<u>559</u>	<u>558</u>	<u>505</u>	<u>518</u>	<u>498</u>	<u>474</u>	<u>433</u>

Notes:

- (1) Glades Utility Authority (GUA) includes Department employees in many functional areas whose jobs are related to provision of water and wastewater services only to GUA customers and not to non-GUA customers. On May 1, 2013 the Department absorbed the GUA. It is now called the Western Region.
- (2) Lake Region Water Treatment Plant (13 employees) came online in March 2008.
- (3) As part of the agreement for the purchase of the Village of Royal Palm Beach's Utility System, 34 employees of the Village became Department employees on April 28, 2006.

Source: Department's records.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
OPERATING AND CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>
INCREASE IN SERVICES:			
Potable water meters	1,610	11,572	1,253
Potable water dwelling units	1,970	12,544	1,447
Wastewater dwelling units	1,820	11,075	1,204
WATER SUPPLY, TREATMENT, AND DISTRIBUTION SYSTEMS:			
RAW WATER WELLS:			
Wells	105	103	109
Permitted yearly withdrawal (millions)	35,194	35,194	38,792
Permitted maximum mgd	140.33	139.02	106.28
TREATMENT PLANTS:			
Average finished water mgd	82.72	52.04	53.01
Primary plants	5	5	5
Combined permitted treatment capacity mgd	113.28	113.28	104.28
Plant 2 (West Lake Worth)	16.40	16.40	14.40
Plant 3 (West Delray)	30.00	30.00	30.00
Plant 8 (West Palm Beach)	30.00	30.00	30.00
Plant 9 (West Boca Raton)	26.88	26.88	26.88
Plant 10 (Royal Palm Beach)	-	-	3.00
Plant 11 (Western Region)	10.00	10.00	-
DISTRIBUTION SYSTEM:			
Miles of pipe	2,385	2,364	2,152
Storage and repump stations	17	17	17
Interconnects	26	24	21
Fire hydrants	17,839	17,593	16,582
Valves	34,554	34,048	32,584
Air relief valves	646	637	617

N/A = not available

Notes:

The Village of Royal Palm Beach's Utility System was acquired on April 27, 2006.

The 2006 increase in services includes the following from the Village of Royal Palm Beach acquisition:

10,894 potable water meters; 12,203 potable water dwelling units; and 12,136 wastewater dwelling units.

When the Glades Utility Authority (GUA) was absorbed on May 1, 2013, Plant 11 was reactivated, which was previously contributed to the GUA on October 1, 2009.

The miles of pipe and valves reported for 2009 were fewer than 2008 as a result of feature review process conducted in 2009.

The 2013 increase in services includes the following from the GUA absorption:

10,224 potable water meters; 10,900 potable water dwelling units; and 9,515 wastewater dwelling units.

Plant 10 was contributed to Royal Palm Beach on July 16, 2013 and is no longer owned by the Department.

See pages 64 - 66 and 96 - 97 for additional operating statistics.

Source: Department's records.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
935	1,020	878	1,427	2,801	15,678	4,978
936	1,037	903	1,544	3,366	17,319	5,756
799	893	784	1,367	2,944	16,154	4,954
102	102	109	105	94	94	79
33,284	33,284	38,792	36,043	32,600	32,600	31,751
137.39	137.39	144.45	144.45	134.09	134.09	129.62
53.78	51.94	57.59	53.31	52.80	55.05	53.70
5	5	6	6	5	5	4
104.38	104.38	114.38	114.38	97.88	97.88	91.38
14.50	14.50	14.50	14.50	14.50	14.50	14.50
30.00	30.00	30.00	30.00	30.00	30.00	30.00
30.00	30.00	30.00	30.00	20.00	20.00	20.00
26.88	26.88	26.88	26.88	26.88	26.88	26.88
3.00	3.00	3.00	3.00	6.50	6.50	-
-	-	10.00	10.00	-	-	-
2,141	2,121	2,126	2,162	2,081	2,064	1,880
17	17	17	17	18	10	11
20	14	15	15	14	14	15
16,353	16,235	16,066	15,866	15,630	14,834	13,396
32,234	32,026	31,213	31,392	30,820	30,633	26,993
616	611	620	609	573	484	451

(continued)

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
OPERATING AND CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

(continued) 2014 2013 2012

WASTEWATER COLLECTION AND TREATMENT SYSTEMS:

TREATMENT PLANTS:

Maximum 3-month rolling average mgd	46.98	42.30	43.87
Average wastewater treated mgd	41.41	38.46	38.81
Primary plants	4	3	2
Combined permitted treatment capacity mgd	66.70	66.70	59.00
Southern Region Reclamation Facility	35.00	35.00	35.00
Department's share @ East Central Regional Wastewater Facilities	24.00	24.00	24.00
Western Region Belle Glade WTP	6.50	6.50	-
Western Region Pahokee WTP	1.20	1.20	-
Northern Region Wastewater Treatment Plant (Royal Palm Beach)	-	-	-

COLLECTION SYSTEM:

Miles of gravity wastewater line	1,248	1,238	1,165
Pump stations	893	886	803
Miles of force main	589	588	532
Valves	3,608	3,541	3,383
Air relief valves	752	746	726
Manholes	31,443	31,132	29,457

EFFLUENT DISPOSAL:

Deep injection wells	7	7	6
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RECLAIMED WATER:

Average reclaimed water provided mgd	8.49	8.90	9.71
Permitted for reclaimed water irrigation mgd	32.08	30.85	22.00
Combined wetlands mgd (included in average mgd)	3.18	2.72	1.92
Green Cay Wetlands mgd	0.82	0.66	0.67
Wakodahatchee Wetlands mgd	0.79	0.83	0.63
Century Village mgd	1.57	1.23	0.62
Miles of pipe	60	57	55
Flush hydrants	101	101	99
Valves	482	477	471
Air relief valves	100	100	98
Vacuum relief valves	24	24	-

N/A = not available

Notes:

The Village of Royal Palm Beach's (RPB) Utility System was acquired on April 27, 2006, and the wastewater treatment plant was taken out of service on May 20, 2008. The plant was returned to RPB on July 16, 2013. The miles of force main reported for 2009 were fewer than 2008 as a result of feature review process conducted in 2009.

The Glades Utility Authority was absorbed on May 1, 2013.

See pages 64 - 66 and 96 - 97 for additional operating statistics.

Source: Department's records.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
45.45	39.60	38.00	34.98	33.41	36.70	37.20
42.77	37.90	37.10	34.25	33.38	35.45	36.14
2	2	2	2	3	3	2
58.50	58.50	58.50	58.50	56.70	56.70	47.50
35.00	35.00	35.00	35.00	35.00	35.00	35.00
23.50	23.50	23.50	23.50	19.50	19.50	12.50
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2.20	2.20	-
1,157	1,152	1,145	1,142	1,132	1,103	953
768	764	767	764	762	750	692
530	524	518	533	519	469	409
3,335	3,288	3,190	3,126	3,042	2,803	2,278
721	711	705	696	671	524	457
29,246	29,117	29,033	28,849	28,623	27,866	24,033
5	5	6	6	4	4	4
14.22	12.40	12.78	10.30	11.69	10.40	9.51
22.00	22.00	22.00	22.00	22.00	22.00	22.00
2.63	2.05	1.86	1.17	0.99	1.30	1.07
0.93	0.73	0.51	0.55	0.13	0.70	-
0.90	0.82	0.75	0.62	0.86	0.60	1.07
0.80	0.50	0.60	-	-	-	-
55	36	33	27	24	23	19
99	97	92	84	84	73	66
467	336	353	294	245	240	222
99	48	44	44	38	34	33

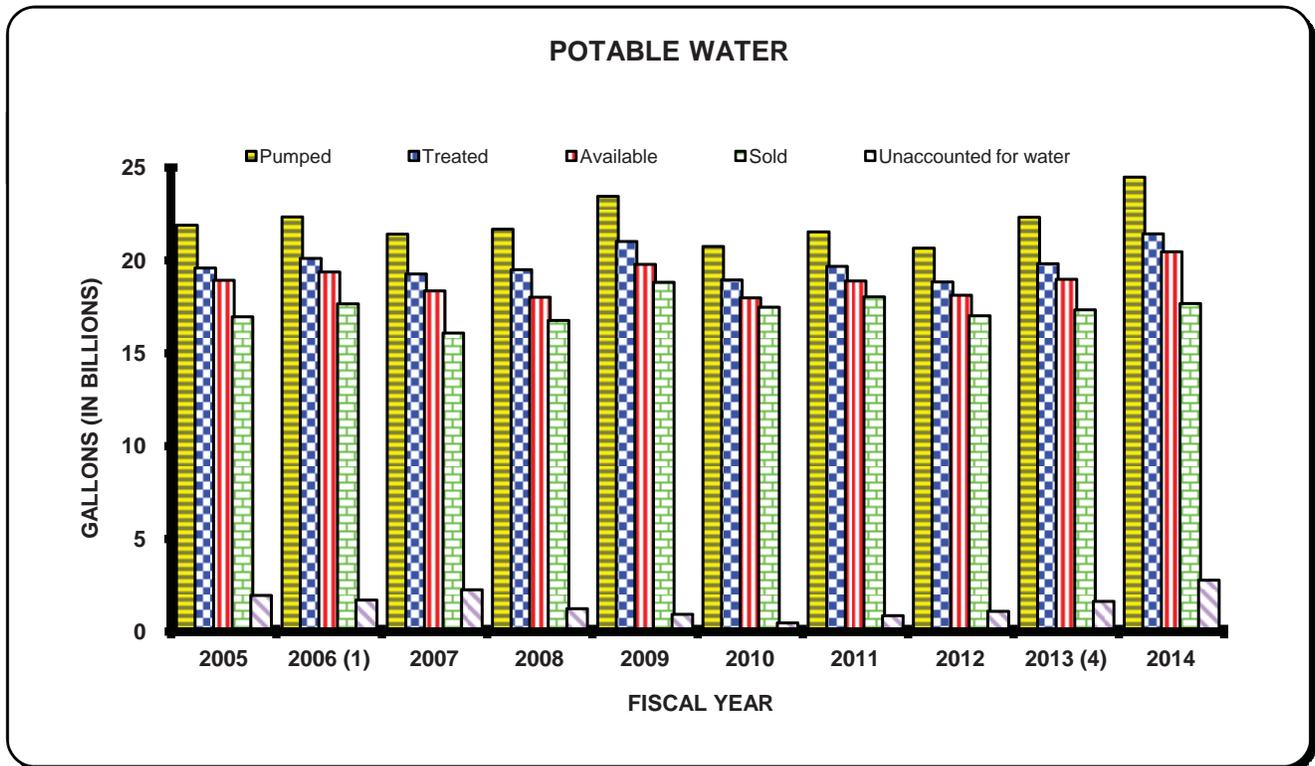
PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER VARIANCE ANALYSIS
 Last Ten Fiscal Years

(in million gallons)	2014	2013 ⁽⁴⁾	2012	2011	2010	2009	2008	2007	2006 ⁽¹⁾	2005
Pumped	24,495	22,340	20,672	21,538	20,758	23,463	21,681	21,422	22,353	21,902
Treated ⁽²⁾	21,447	19,824	18,845	19,690	18,960	21,021	19,512	19,285	20,119	19,600
Available ⁽³⁾	20,476	18,991	18,139	18,909	17,987	19,787	18,028	18,368	19,389	18,943
Sold	17,695	17,346	17,022	18,040	17,496	18,832	16,770	16,099	17,664	16,971
Unaccounted for water	2,781	1,645	1,117	869	491	955	1,258	2,269	1,725	1,972
"Unaccounted for water" as a percentage of water available	13.6%	8.7%	6.2%	4.6%	2.7%	4.8%	7.0%	12.4%	8.9%	10.4%

Notes:

- ⁽¹⁾ The Village of Royal Palm Beach's Utility System was acquired on April 27, 2006.
- ⁽²⁾ The variance between Pumped and Treated is accounted for by water used within the water plants.
- ⁽³⁾ The variance between Treated and Available is accounted for by water used system-wide for purposes such as hydrant flushing and lift station and wastewater plant use.
- ⁽⁴⁾ On May 1, 2013, the Department absorbed the Glades Utility Authority (GUA). The percentage includes the GUA data.

Source: Department's records.



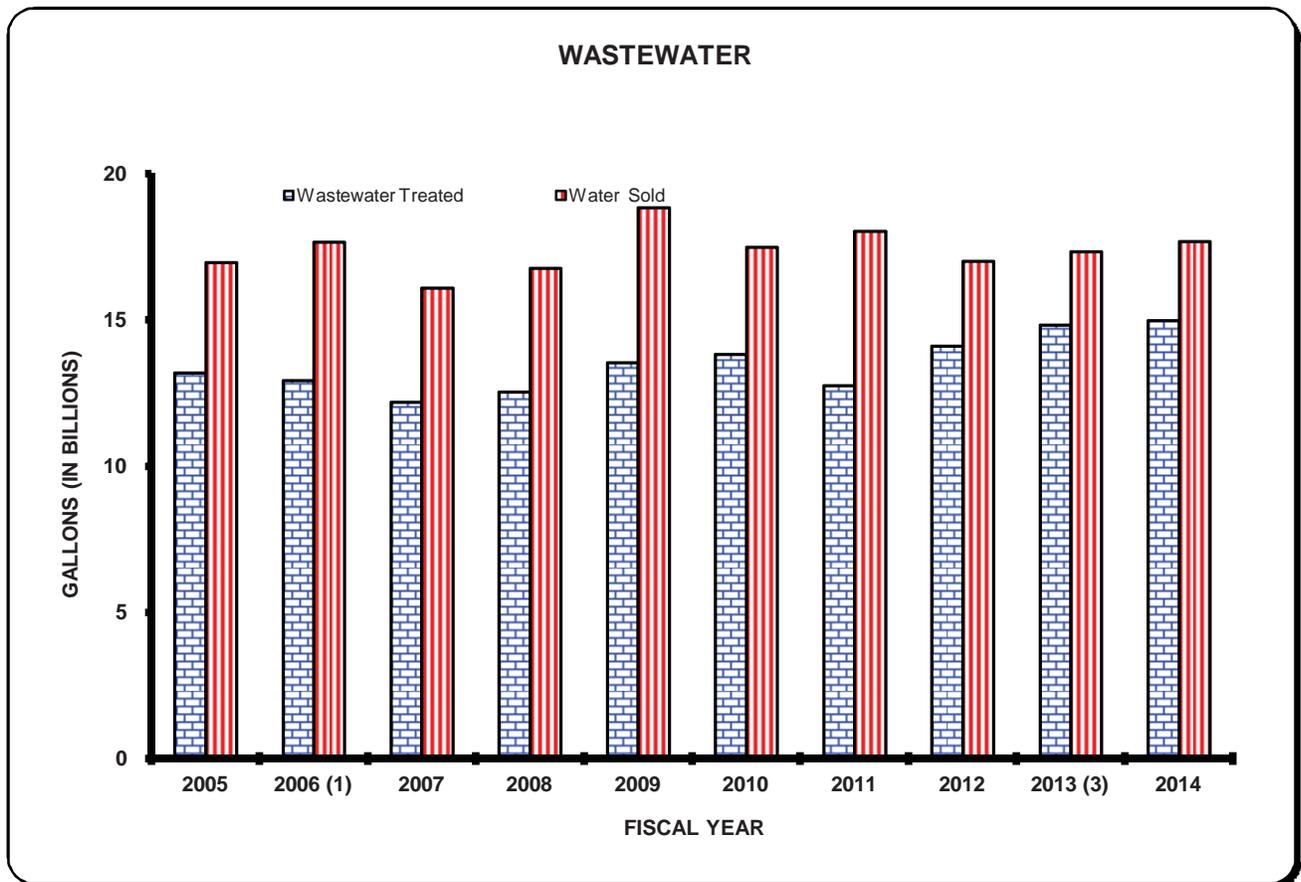
PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
WASTEWATER TREATED
 Last Ten Fiscal Years

(in million gallons)	2014	2013 ⁽³⁾	2012	2011	2010	2009	2008	2007	2006 ⁽¹⁾	2005
Department plants	9,807	9,180	8,615	7,820	8,359	7,981	7,694	7,874	8,672	8,549
ECR ⁽²⁾	5,175	5,653	5,499	4,949	5,463	5,567	4,843	4,311	4,266	4,641
Total Treated	14,982	14,833	14,114	12,769	13,822	13,548	12,537	12,185	12,938	13,190
Daily Average	41.0	40.6	38.6	35.0	37.9	37.1	34.3	33.4	35.4	36.1

Notes:

- ⁽¹⁾ The Village of Royal Palm Beach's Utility System was acquired on April 27, 2006 and was taken out of service on May 20, 2008.
- ⁽²⁾ Per an Interlocal Agreement, at September 30, 2010 Palm Beach County owns 34.29% of the capacity at the East Central Regional Wastewater Facilities (ECR) operated by the City of West Palm Beach.
- ⁽³⁾ On May 1, 2013, the Department absorbed the Glades Utility Authority (GUA). The amount treated includes GUA data.

Source: Department's records.



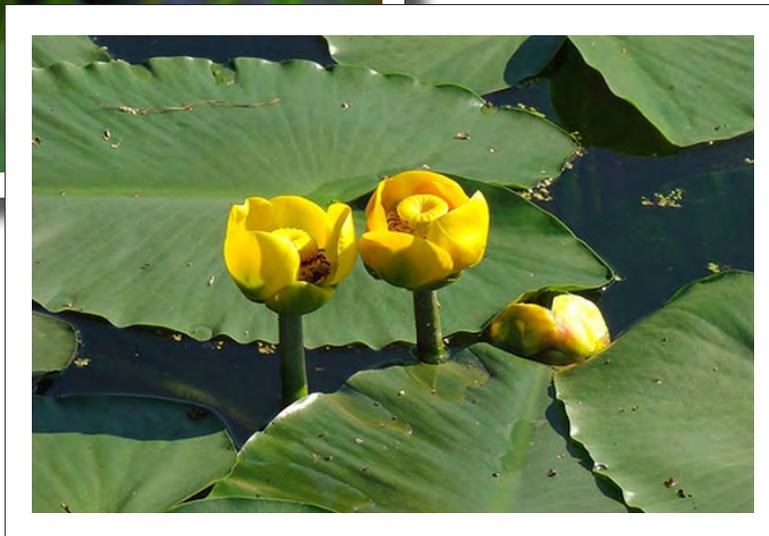
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Compliance Report



Left: Pickerel Weed

Below: Spatterdock





**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based
on an Audit of the Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

The Honorable Board of County Commissioners
Palm Beach County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying statement of net position of the Palm Beach County, Florida Water Utilities Department (the "Department") as of September 30, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and have issued our report thereon dated March 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free 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 that testing, and not to provide an opinion on the effectiveness of the Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

West Palm Beach, Florida
March 26, 2015

Palm Beach County Water Utilities Department

A Department of the Palm Beach County Board of County Commissioners

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