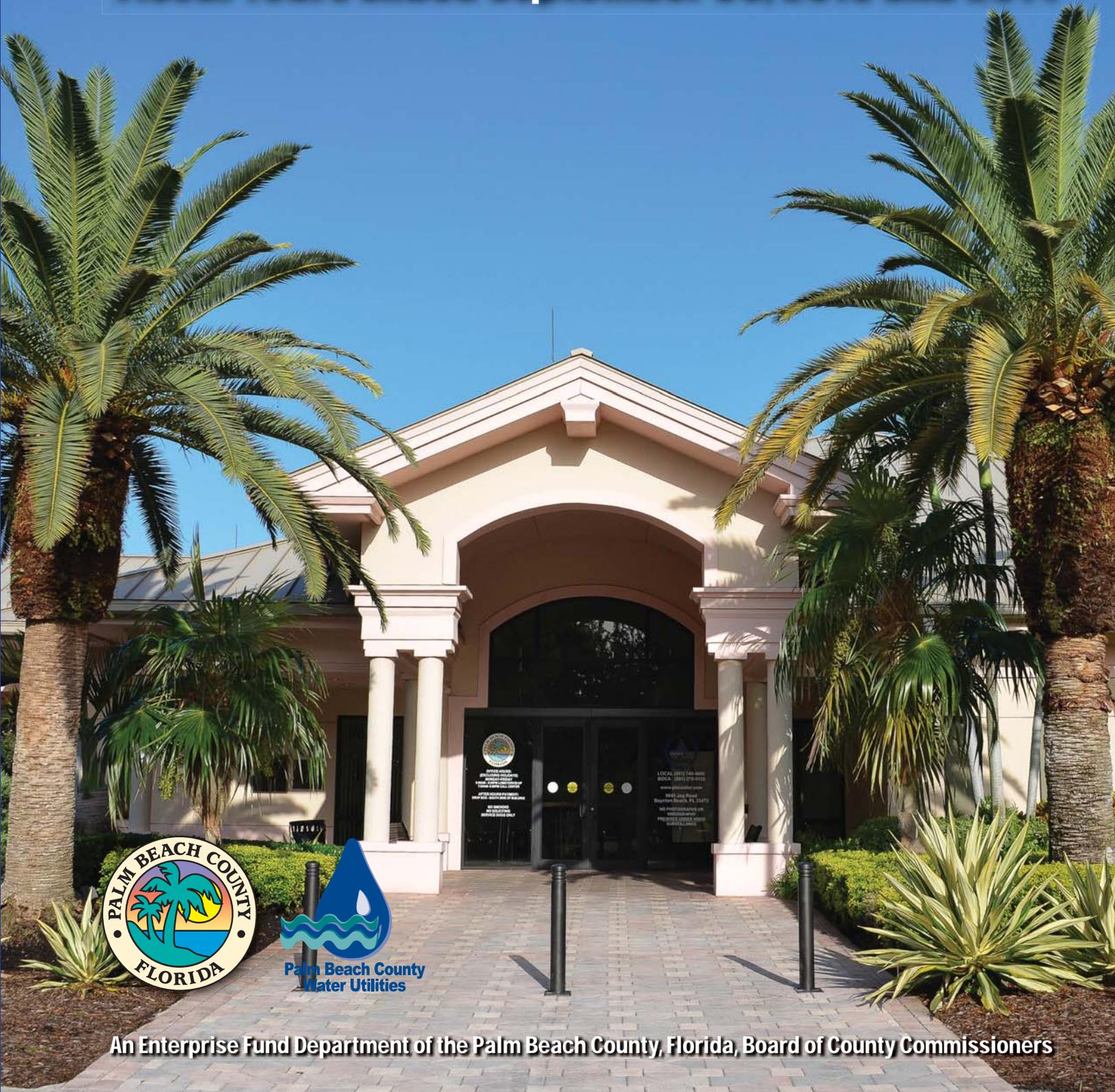


# Palm Beach County, Florida Water Utilities Department

## Comprehensive Annual Financial Report Fiscal Years Ended September 30, 2015 and 2014



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



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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, 2015 and 2014**

**T A B L E O F C O N T E N T S**

	<b>PAGE</b>
<b>Introductory Section</b>	
Transmittal Letter .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	6
Principal Officials .....	7
Departmental Organizational Structure .....	8
County Organizational Structure .....	9
Service Area and Major Facilities Map .....	10

**Financial Section**

Independent Auditor's Report .....	11
Management's Discussion and Analysis (required supplementary information) (unaudited) .....	15
<b>COMPARATIVE FINANCIAL STATEMENTS:</b>	
Statements of Net Position .....	22
Statements of Revenues, Expenses, and Changes in Net Position .....	24
Statements of Cash Flows .....	25
Notes to Financial Statements .....	27
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability and Contributions to Florida Retirement System Pension Plan .....	48
Schedule of Proportionate Share of the Net Pension Liability and Contributions to Health Insurance Subsidy Pension Plan .....	49
Other Post Employment Benefits Healthcare Plan Schedule of Funding Progress .....	50
Supplementary Information:	
Budgetary Comparison Schedule - Revenues, Expenses (natural classification), and Changes in Net Position .....	52
Budgetary Comparison Schedule - Revenues, Expenses (functional classification), and Changes in Net Position .....	53

**Statistical Section (Unaudited)**

Statistical Section Contents .....	55
Net Position by Component .....	59
Revenues, Expenses, and Changes in Net Position .....	60
Operating Revenues by Source and Operating Expenses by Function .....	62
Potable Water Sold by Customer Type .....	66



PALM BEACH COUNTY, FLORIDA  
WATER UTILITIES DEPARTMENT

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Years Ended September 30, 2015 and 2014

TABLE OF CONTENTS  
(continued)

	PAGE
Ten Largest Customers.....	67
Average Residential Customer's Monthly Billing .....	68
Residential Customer's Monthly Bill Comparison (selected utilities) .....	69
Potable Water Dwelling Units Data .....	70
Wastewater Dwelling Units Data .....	71
Potable Water Meter Data.....	72
Customer Rate Schedules .....	74
Ratio of Outstanding Debt by Type.....	87
Pledged-Revenue Coverage .....	88
Connection Fees and Expansion Percentages .....	89
Demographic and Economic Statistics.....	92
Principal Employers .....	93
Residential Building Permit Data .....	94
Number of Positions by Function.....	97
Operating and Capital Asset Statistics.....	98
Potable Water Variance Analysis.....	102
Wastewater Treated.....	103

**Compliance Report**

Independent Auditor's 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 <i>Government Auditing Standards</i> .....	105
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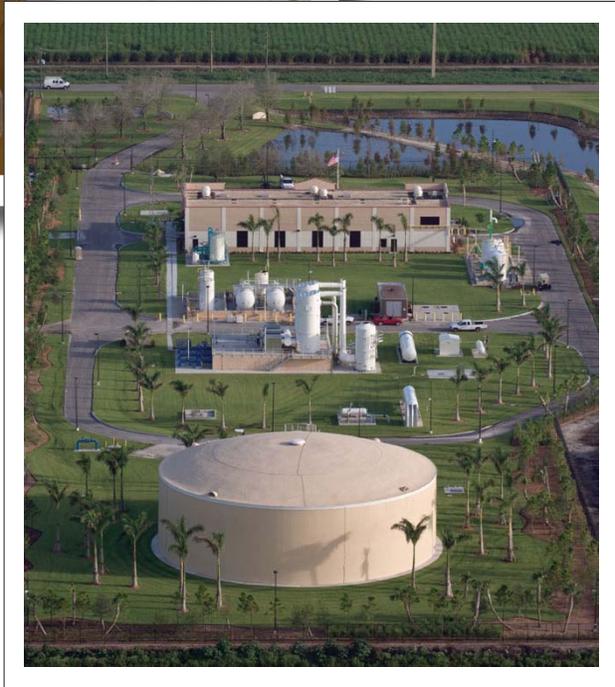


# Introductory Section



*Chemists at the  
Claude D'Angio  
Central Laboratory*

*Lake Region  
Water Treatment Plant  
Belle Glade, FL*







**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**

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

**County Administrator**

Verdenia C. Baker

*"An Equal Opportunity  
Affirmative Action Employer"*

May 31, 2016

Honorable Mary Lou Berger, Mayor, and Members of the  
Palm Beach County Board of County Commissioners  
Verdenia C. Baker, 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, 2015 and September 30, 2014, 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**

RSM US LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Department's financial statements for the fiscal years ended September 30, 2015 and September 30, 2014. 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 573,500 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 (GUA).

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 15 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 5.0% from 5.9% for 2015 and 2014 respectively - below the ten-year averages of 7.3% and 7.3%, and also contributed to a slow growth rate in dwelling units for the Department's service area to a rate of 0.8% for both 2015 and 2014, respectively - slightly above the five-year averages of 0.4% 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, 2015 and 2014, were 160% and 168%, 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 2015 and 2014 was 0.07% and 0.04%, respectively, compared with the five-year averages of 0.3% and 0.4% for 2015 and 2014 respectively. 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 2016. 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 2014 - 2015:** The Department continued its commitment to becoming a *Best in Class Utility* through the implementation of five narrowly focused Strategic Objectives; Safety, CIP Program Management, Asset Management, Communication and Strategic Planning.

### Safety

WUD is building an operating culture that highlights the importance of safety for all employees and stakeholders through all tiers of the organization. Specifically, WUD recently restructured the division of Environmental Health & Safety and is developing a utility-wide safety steering team that will focus on establishing a mindset within WUD that safety is everyone's responsibility.

Future initiatives to implement this Objective include:

- Improving vehicle safety and WUD employee responsibility while operating County vehicles.
- Establishment of safety programs and measures to reduce time lost due to injuries.

- Reorganization of the safety training program to provide for uniform scheduled training that is integrated across Department Divisions.

**Program Management**

WUD is installing systematic Program Management to successfully deliver larger, contractor-based projects as it embarks on the development and implementation of a \$400 million Capital Improvement Plan (CIP), the first steps of which were implemented in the past year through the hiring of a consultant to assist WUD with the prioritization and implementation of the CIP. Program Management will allow WUD to direct groups of related projects in a coordinated way to obtain control and benefits that are not always available when managing projects on an individual basis. Program Management will also allow WUD to increase its annual capital expenditures, improve the consistency and transparency of project delivery and promote staff development.

Future actions to implement this Objective include:

- Completion of CIP project analysis and Master Program Schedule and Project Delivery System.
- Expansion of program staff training and education to improve efficiency in the implementation of the CIP, such as the achievement of Project Management Professional certification by team members.
- Improvement of the functionality of the CIP through technological upgrades to allow information to be exported to SharePoint for project and reporting purposes.
- Review and update of construction administration processes and procedures, as well as the technical specification library.

- Successful completion of project packages on time and within budget.

**Asset Management**

WUD is establishing an effective asset management program to operate and maintain these assets, but more importantly, to prioritize our investment and resources to repair and replace aging infrastructure over the coming decades. The ability to gather and analyze data about asset operations will allow WUD to move from corrective (repairs made after a problem occurs) to preventative (maintenance dictated by past experience) to predictive maintenance (performed based on data indicating repairs are needed). In the past year, WUD has committed the resources and is currently focused on developing a comprehensive platform on which to grow the asset management program and provide the Best Service per current industry standards. WUD has additionally completed an assessment of its current business practices and how they correlate with effective asset management to provide recommendations for implementing the Departments Enterprise Asset Management goals.

Future actions to implement this Objective include:

- Improving WUDs utilization of the Maximo Computerized Maintenance Management System (CMMS) to implement the Enterprise Asset Management Process.
- Execution of the road map that was developed based on prioritization of recommendations generated out of the Assessment and Recommendation Report to most effectively implement the Maximo CMMS, including tasks required, resources needed, and firm timeframes for task completion.
- Execution of Maximo training for employees across WUD to allow for greater and more effective understanding of the Asset Management program and utilization of Maximo.

- Coordination of monitoring systems such as GIS, SCADA and CIS to the Maximo platform to provide for fully integrated Asset Management.

### Communication

WUD is committed to keeping all employees and stakeholders informed about all the developments and opportunities within the organization through various resources and scheduled events. In an initial effort to realize this Objective, the WUD Idea Team (WIT) was formed to develop and implement programs that engage employees as an information resource. The WIT publishes the “Grapevine” and WUD journals on a periodic basis and schedules events to engage employees such as “Breakfast with Jim”. WUD’s SharePoint site has been developed to be a one stop resource for information, events and document-sharing, and WUD is in the process of engaging specific social media resources to provide further employee and community outreach.

Future actions to implement this Objective include:

- Enhanced document and content management through the SharePoint site to allow for ease in information access and exchange, as well as providing for increased efficiency in the production of work product, as errors will be minimized and there will not be a need to “reinvent the wheel” in the production of a variety of core WUD documents and forms.
- Expanded employee education and training will provide for increased employee engagement, as well as cross training that will result in a more highly skilled and flexible workforce, resulting in the Department having the ability to more effectively respond to future needs and challenges.

### Strategic Planning

WUD took a major step in achieving its overarching Mission to provide the *Best Water,*

*Best Service and Best Environmental Stewardship* through the development and implementation of the latest five (5) year Strategic Sustainability Plan. The SSP identifies general overarching goals for WUD, which will be realized by implementing the “Circles of Excellence” Initiatives. The Initiatives include: Workforce, Community, Environment, Infrastructure, Financial Responsibility, and Operational Excellence. Strategies and Key Performance Indicators (KPI) were subsequently assigned to the applicable Goals and Initiatives to enable WUD to make the necessary adjustments to map and measure progress and to develop an organizational culture that is focused on continuous improvement.

Future actions to implement this Objective include:

- The development of individual performance plans to incorporate into the larger scale strategic planning process.
- Implementation of the KPIs throughout WUD to further achieve the Strategic Objectives of the Department.

### **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, 2014. 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



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, 2014**

Executive Director/CEO

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

**Board of County Commissioners**

*As of September 30, 2015*



**Shelley Vana**  
Mayor  
District 3



**Mary Lou Berger**  
Vice Mayor  
District 5



**Hal R. Valeche**  
Commissioner  
District 1



**Paulette Burdick**  
Commissioner  
District 2



**Steven L. Abrams**  
Commissioner  
District 4



**Melissa McKinlay**  
Commissioner  
District 6



**Priscilla A. Taylor**  
Commissioner  
District 7

**County Administration**

**Verdenia C. Baker**, County Administrator

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

**Water Utilities Department**

**Jim Stiles**, Director

**Water Utilities Advisory Board**

**Harvey Arnold**

Chairman  
District 1

**Theodore (Ted) Cott**  
District 2

**Lewis Doctor**  
District 3

**Burt Goodman**  
District 4

**Arnold E. Katz**  
District 5

**James P. Sasser**  
District 6

**Frank Matthews**  
District 7

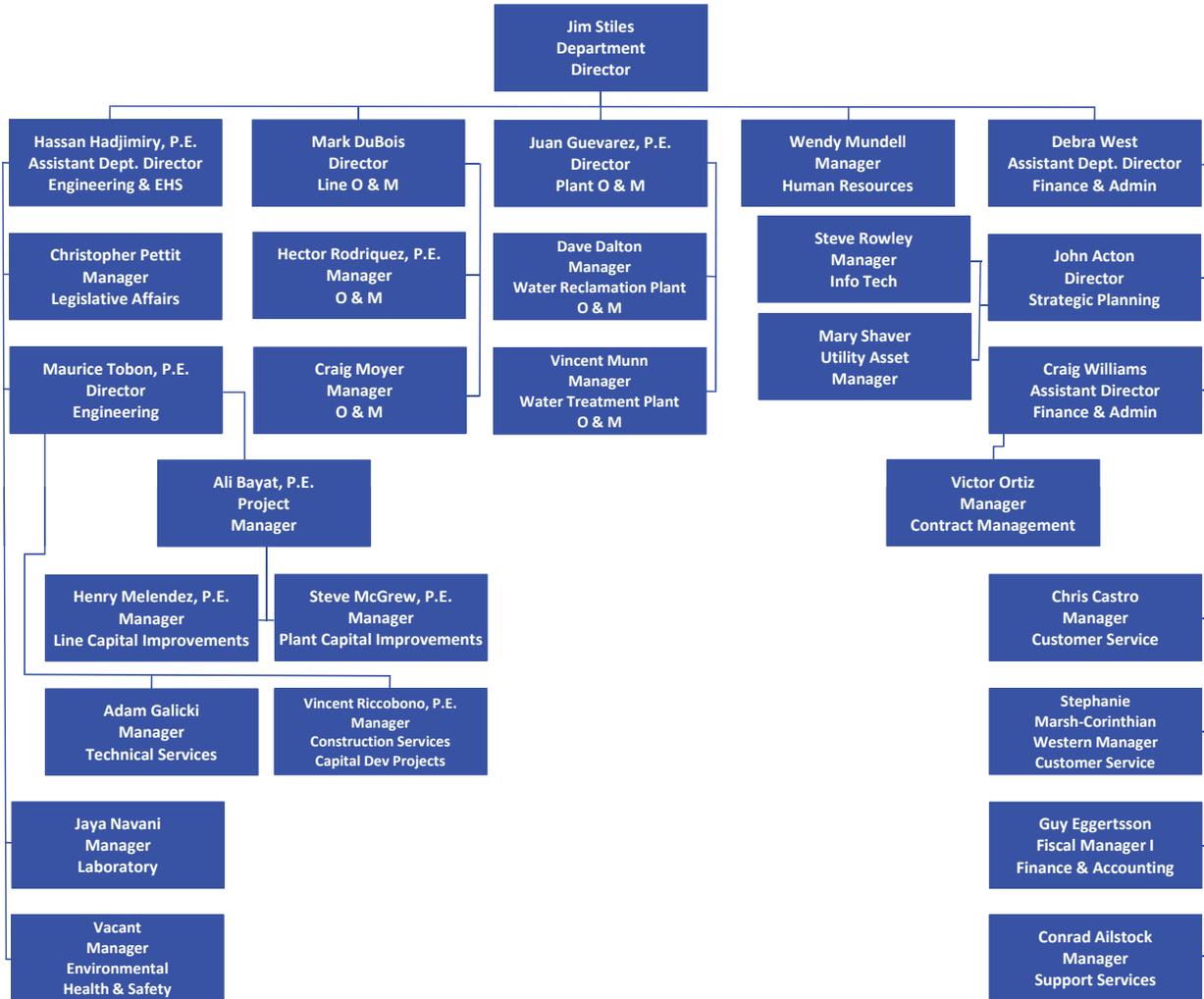
**Beverly J. Scott**  
Lake Region

**Carlton Brooks**  
Royal Palm Beach

**Bernard Castleman**  
At Large

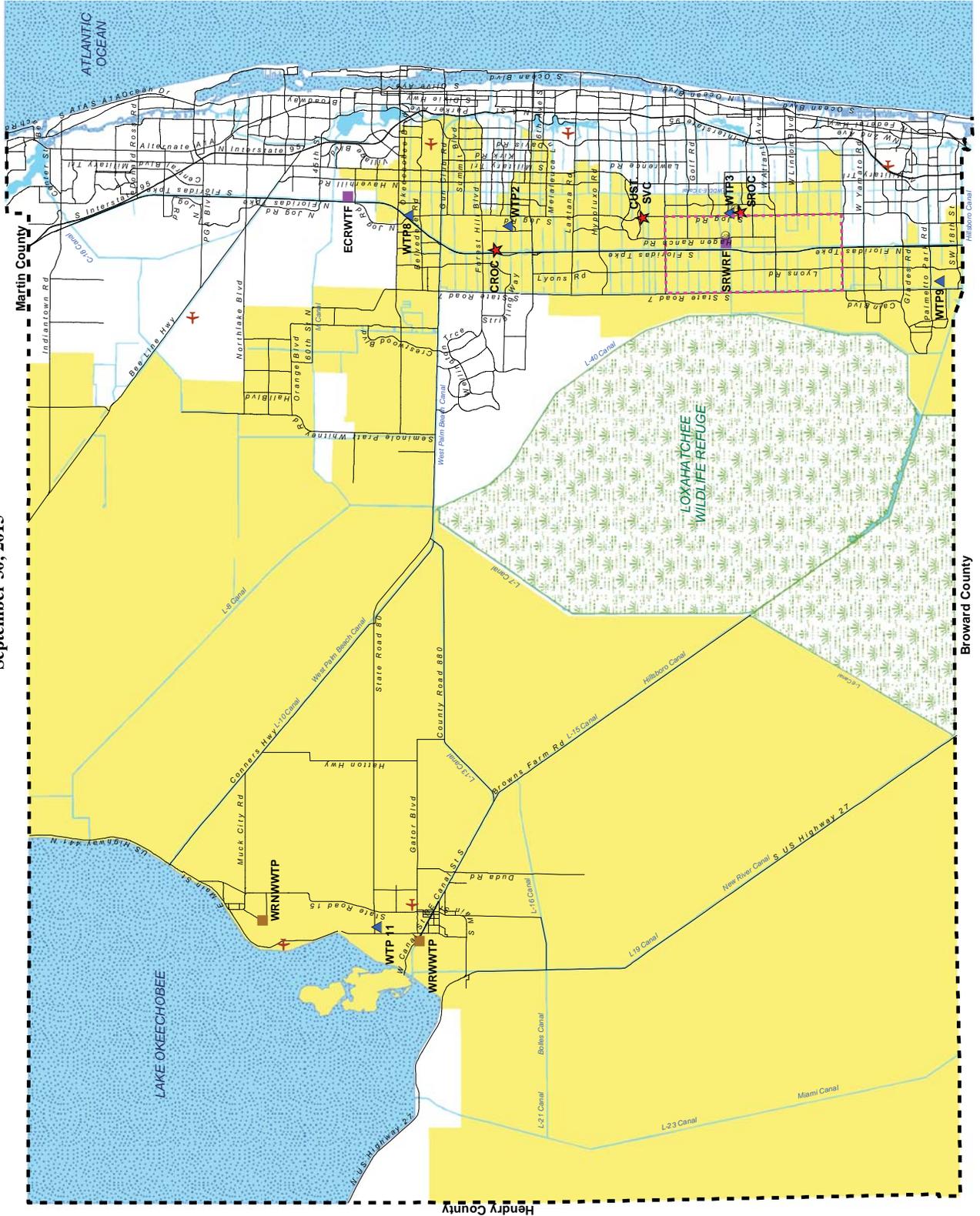
**Edwin Wechsler**  
At Large

**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**ORGANIZATIONAL STRUCTURE**  
 As of September 30, 2015





**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**SERVICE AREA (SA) AND MAJOR FACILITIES**  
**September 30, 2015**



- 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



# Financial Section



*Southern Region Water  
Reclamation Facility  
Boynton Beach, FL*

*Asset management meeting*



**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, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014 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 adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* – an Amendment of GASB Statement No. 27 and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an Amendment of GASB Statement No. 68, effective October 1, 2014. The net position balance of the Department as of October 1, 2013 has been restated. Our opinion was 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, *schedules of the proportionate share of net pension liability, schedules of contributions, schedule of funding progress for other postemployment benefits*, 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 May 27, 2016, and March 26, 2015, 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.

*RSM US LLP*

West Palm Beach, Florida  
May 27, 2016



## 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, 2015 (FY 2015) and September 30, 2014 (FY 2014). 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 \$41.4 million, or 3.9% during FY 2015 and increased by \$41.9 million, or 4.1%, during FY 2014.
- Long-term debt (net of the current portion) decreased by \$8.3 million, or 4.1%, in FY 2015 compared to a decrease of \$9.6 million, or 4.4%, in FY 2014.
- Operating revenues in FY 2015 totaled \$176.8 million, an increase of \$6.9 million or 4.1%, compared with \$169.9 million in FY 2014, an increase of \$7.5 million or 4.6% from the previous year. FY 2015 included the effect of rate indexing and a 0.7% increase in the customer base. FY 2014 included the effect of rate indexing and a 0.8% increase in the customer base.
- Operating expenses before depreciation and amortization and equity interest in net loss of joint venture, totaled \$115.2 million, an increase of \$4.9 million, or 4.4%, in FY 2015 compared with \$110.3 million, for an increase of \$5.6 million, or 5.3%, for FY 2014.
- Non-operating income increased by \$4.3 million, or 104.9%, in FY 2015 compared to a FY 2014 increase of \$7.4 million, or 224.2%.
- The Department showed net income before contributions, transfers and special items of \$27.8 million for FY 2015, an increase of \$6.3 million, or 29.3%, and showed net income before contributions of \$21.5 million for FY 2014, an increase of \$10.3 million, or 92.0%.

#### 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 573,500 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, 2015 and 2014, 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*, presents the following:

- The Department's share of the Florida Retirement System Pension Plan liability and schedule of contributions to said plan.
- The Department's share of the Health Insurance Subsidy Pension Plan liability and schedule of contributions to said plan.
- Schedule of 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 \$41.4 million, or 3.9% the fiscal year ended September 30, 2015, compared to a 4.1%, or \$41.9 million increase in the prior year. An increase of capital assets of \$32.3 million was the major component of the increase in FY 2015. An increase of cash and cash equivalents of \$31.5 million was the major component of the increase in FY 2014.

Table 1 presents the Department's net position (dollars in millions) for the fiscal years ended September 30, 2015, 2014, and 2013.

Completed projects of \$43.0 million plus an increase in construction in progress of \$12.5 million, less depreciation and amortization of \$40.9 million were the major components of the increase in net capital assets in FY 2015. 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. Construction projects totaling \$43.0 million were completed in FY 2015 which represented an 86.1% increase from the FY 2014 total of \$23.1 million.

Long-term debt (net of the current portion) decreased by \$8.3 million, or 4.1% in FY 2015 compared to a \$9.6 million, or 4.4% decrease in the previous year. The decrease in both years was attributable to principal repayments.

The Department's operating revenues totaled \$176.8 million in FY 2015 and \$169.9 million in FY 2014, which represented increases of 4.1% and 4.6%, respectively, for the periods. FY 2015 included the effect of rate indexing and a 0.7% increase in the customer base. FY 2014 included the effect of rate indexing and a 0.8% increase in the customer base.

Operating expenses before depreciation and amortization and equity interest in net loss of joint venture were \$115.2 and \$110.3 million for the periods ended FY 2015 and FY 2014, respectively. These represented annual increases of 4.4% in FY 2015 and 5.3% in FY 2014. The primary reasons for the increase are shown in Table 2.

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

	<u>2015</u>	<u>2014</u> <u>as restated*</u>	<u>%</u> <u>Change</u>	<u>2013</u> <u>as restated*</u>	<u>%</u> <u>Change</u>
Current and other assets	\$331.5	\$331.7	-0.1	\$306.7	8.2
Capital assets, net	<u>1,006.0</u>	<u>973.7</u>	3.3	<u>968.7</u>	0.5
<b>Total assets</b>	<b><u>1,337.5</u></b>	<b><u>1,305.4</u></b>	<b>2.5</b>	<b><u>1,275.4</u></b>	<b>2.4</b>
Deferred outflows of resources	<u>20.6</u>	<u>15.9</u>	29.6	<u>10.3</u>	54.4
Long-term net revenue bonds outstanding	190.6	199.0	-4.2	208.3	-4.5
Current portion of revenue bonds	8.3	8.0	3.8	8.3	-3.6
Other liabilities	<u>43.4</u>	<u>37.9</u>	14.5	<u>44.2</u>	-14.3
<b>Total liabilities</b>	<b><u>242.3</u></b>	<b><u>244.9</u></b>	<b>-1.1</b>	<b><u>260.8</u></b>	<b>-6.1</b>
Deferred inflows of resources	<u>-7.7</u>	<u>-9.7</u>	-20.6	<u>-0.1</u>	9600.0
Net position:					
Net investment in capital assets	831.0	791.6	5.0	786.9	0.6
Restricted	8.4	8.6	-2.3	9.2	-6.5
Unrestricted	<u>268.7</u>	<u>266.5</u>	<u>0.8</u>	<u>228.7</u>	<u>16.5</u>
<b>Total net position</b>	<b><u>\$1,108.1</u></b>	<b><u>\$1,066.7</u></b>	<b>3.9</b>	<b><u>\$1,024.8</u></b>	<b>4.1</b>

\*Restatement due to implementation of GASB Nos. 68 & 71. Refer to Notes 2 & 10 of the Notes to the Financial Statements for additional information.

**Table 2 – Operating Expense Changes (dollars in millions)**

<b>FY 2015 Changes:</b>	
Purchased wastewater treatment due to increased rates	\$3.3
Engineering consulting fees due to project and asset management	2.9
Maintenance of buildings, plants and pipelines due to increased replacement of assets	-1.4
All other accounts net decrease	<u>-1.4</u>
<b>Total operating expense change for FY 2015</b>	<b><u>\$3.4</u></b>
<b>FY 2014 Changes:</b>	
Maintenance of buildings, plants and pipelines due to increased replacement of assets	2.9
Salaries and fringe benefits due to cost of living increases	1.6
Chemicals due to price increases and changes in treatment processes.	<u>-4.8</u>
All other accounts net decrease	<u>\$6.1</u>
<b>Total operating expense change for FY 2014</b>	

A comparative summary of changes in net position for the years ended September 30, 2015, 2014, and 2013 (dollars in millions) is presented in Table 3.

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

	<u>2015</u>	<u>2014</u> as restated*	<u>%</u> Change	<u>2013</u> as restated*	<u>%</u> Change
Operating revenues					
Charges for utility service	\$170.5	\$164.0	4.0	\$156.8	4.6
Other operating revenues	<u>6.3</u>	<u>5.9</u>	6.8	<u>5.6</u>	5.4
<b>Total operating revenues</b>	<b><u>176.8</u></b>	<b><u>169.9</u></b>	<b>4.1</b>	<b><u>162.4</u></b>	<b>4.6</b>
Operating expenses before depreciation and amortization and equity interest in net loss of joint venture	115.2	110.3	4.4	104.7	5.3
Depreciation and amortization and equity interest in net loss of joint venture	<u>42.2</u>	<u>42.2</u>	0.0	<u>43.2</u>	-2.3
<b>Total operating expenses</b>	<b><u>157.4</u></b>	<b><u>152.5</u></b>	<b>3.2</b>	<b><u>147.9</u></b>	<b>3.1</b>
<b>Net operating income</b>	<b><u>19.4</u></b>	<b><u>17.4</u></b>	<b>11.5</b>	<b><u>14.5</u></b>	<b>20.0</b>
Nonoperating revenues (expenses)					
Guaranteed revenue	7.6	4.4	72.7	4.1	7.3
Investment income	3.7	3.5	5.7	0.5	600.0
Interest expense	-6.1	-7.0	-12.9	-7.8	-10.3
Engineering fees	1.0	0.6	66.7	0.6	0.0
Engineering expenses	-0.6	-0.6	0.0	-0.6	0.0
Other	<u>2.8</u>	<u>3.2</u>	-12.5	<u>-0.1</u>	3,300.0
<b>Total non-operating revenues (expenses)</b>	<b><u>8.4</u></b>	<b><u>4.1</u></b>	<b>104.9</b>	<b><u>-3.3</u></b>	<b>-224.2</b>
<b>Income before capital contributions, transfers from County</b>	<b>27.8</b>	<b>21.5</b>	<b>29.3</b>	<b>11.2</b>	<b>92.0</b>
Capital contributions	26.2	19.1	37.2	28.4	-32.7
Transfers from primary government	0.0	1.4	-100.0	1.8	-22.2
Transfers to primary government	-12.6	0.0	100.0	0.0	0.0
Prior period adjustment GASB 68 & 71	0.0	0.0	0.0	-19.8	100.0
Absorption of Glades Utility Authority	<u>0.0</u>	<u>-0.1</u>	-100.0	<u>63.9</u>	<u>-100.2</u>
<b>Change in net position</b>	<b><u>\$41.4</u></b>	<b><u>\$41.9</u></b>	<b>-1.2</b>	<b><u>\$85.5</u></b>	<b><u>-51.0</u></b>
<b>Total net position</b>	<b><u>\$1,108.1</u></b>	<b><u>\$1,066.7</u></b>	<b>3.9</b>	<b><u>\$1,024.8</u></b>	<b>4.1</b>

\*Restatement due to implementation of GASB Nos. 68 & 71. Refer to Notes 2 and 10 of the Notes to the Financial Statements for additional information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** At September 30, 2015 and September 30, 2014, the Department had \$1,006.0 million and \$973.7 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 1,300 square mile service area. As Table 4 shows, FY 2015 represents a \$32.3 million, or 3.3%, increase over the prior year (dollars are in millions, net of accumulated depreciation and amortization). FY 2014 amounts increased by \$10.4 million, or 1.1%, 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 2016 capital budget anticipates spending \$198.4 million, an increase of \$40.2 million, or 25.4%, from the previous year’s budget of \$158.2 million. Major projects include:

- Improvements at Water Treatment Plant #8 (\$21.0 million);
- Lift station rehabilitations (\$17.4 million);
- Design and construction of an Administrative, Operations and Maintenance Complex for the Western Region (\$17.1 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>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>	<u>% Change</u>
Utility plants and pipelines	\$837.8	\$819.7	2.2	\$827.1	-0.9
Buildings	74.0	74.1	-0.1	76.4	-3.0
Equipment and vehicles	19.3	17.4	10.9	14.4	20.8
Land	15.5	15.6	-0.6	15.6	0.0
Easements	1.7	1.7	0.0	1.7	0.0
Construction in progress	<u>57.7</u>	<u>45.2</u>	<u>27.7</u>	<u>28.1</u>	<u>60.9</u>
<b>Total</b>	<b><u>\$1,006.0</u></b>	<b><u>\$973.7</u></b>	<b><u>3.3</u></b>	<b><u>\$963.3</u></b>	<b><u>1.1</u></b>

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

<u>FY 2015 Additions:</u>	
Construction of additional raw water wells	\$ 7.8
Construction of Northern Region Operations Center	\$4.9
<u>FY 2015 Deletions:</u>	
None	\$0.0
<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

**Debt Administration:** As shown in Table 6, the Department's long-term debt (net of the current portion) was \$193.8 million on September 30, 2015, a decrease of \$8.3 million, or 4.1%. The balance was \$202.1 million on September 30, 2014, a decrease of \$9.3 million, or 4.4%

from the previous year's figure of \$211.4 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>2015</u>	<u>2014</u>	<u>% Change</u>	<u>2013</u>	<u>% Change</u>
Revenue bonds (backed by net revenues)	174.7	\$180.5	-3.2	\$188.8	-4.4
Notes payable	9.1	9.7	-6.2	9.7	0.0
Plus unamortized bond premium	<u>15.2</u>	<u>16.8</u>	-9.5	<u>18.1</u>	-7.2
<b>Net revenue bonds</b>	<b>199.0</b>	<b>207.0</b>	<b>-3.9</b>	<b>216.6</b>	<b>-4.4</b>
Compensated absences	3.3	3.2	3.1	3.2	0.0
Other	<u>0.0</u>	<u>0.1</u>	-110.00	<u>0.1</u>	0.0
<b>Total long-term debt</b>	<b>202.3</b>	<b>210.3</b>	<b>-3.8</b>	<b>219.9</b>	<b>-4.4</b>
Current portion of long-term debt:					
Revenue bonds	7.8	7.5	4.0	8.3	-9.6
Notes payable	0.5	0.5	0.0	0.0	0.0
Compensated absences	<u>0.2</u>	<u>0.2</u>	0.0	<u>0.2</u>	0.0
<b>Total current portion of long-term debt</b>	<b>8.5</b>	<b>8.2</b>	<b>3.7</b>	<b>8.5</b>	<b>-3.5</b>
<b>Long-term debt (net of current portion)</b>	<b><u>193.8</u></b>	<b><u>\$202.1</u></b>	<b><u>-4.1</u></b>	<b><u>\$211.4</u></b>	<b><u>-4.4</u></b>

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 2014 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 5.00x and 4.65x calculations for FY 2015 and FY 2014, 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 2016. The budget forecasts operating revenues of \$186.1 million, or 9.3%, above the final 2015 budget of \$170.3 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 operating costs and the expansion of facilities. Amounts anticipated in fiscal 2016 for operating expenses, excluding depreciation and amortization and equity interest in net loss of joint venture, are \$134.1 million, a 4.2% increase from the final 2015 budget of \$128.7 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, 2015 and 2014

**ASSETS**

	<b>2015</b>	<b>2014</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 217,983,723	\$ 221,285,988
Restricted cash and cash equivalents	19,498,062	19,403,775
Accounts receivable (less allowance for doubtful accounts of \$4,902,300 and \$5,725,300 for 2015 and 2014, respectively)	18,598,791	15,466,831
Accrued interest receivable	553,800	595,500
Special assessments and notes receivable, current portion	902,161	842,644
Due from other County funds	8,668	16,559
Due from other governments	286,000	-
Prepaid expenses	374,917	394,027
Inventories	5,719,693	5,690,601
<b>Total current assets</b>	<b>263,925,815</b>	<b>263,695,925</b>
<b>NONCURRENT ASSETS:</b>		
Restricted cash and cash equivalents	<b>9,540,694</b>	<b>9,289,461</b>
Special assessments and notes receivable	<b>13,466,712</b>	<b>14,623,103</b>
Investment in joint ventures	<b>44,542,136</b>	<b>44,127,315</b>
Other post-employment benefits net asset	<b>6,765</b>	<b>-</b>
Capital assets:		
Utility plants and pipelines in service	1,365,318,767	1,312,675,591
Buildings	116,080,228	113,254,069
Equipment	75,849,560	72,728,081
Land	15,477,158	15,576,758
Easements	1,660,856	1,660,856
Total capital assets	1,574,386,569	1,515,895,355
Less accumulated depreciation and amortization	(626,080,155)	(587,410,319)
Subtotal	948,306,414	928,485,036
Construction in progress	57,698,417	45,172,193
Capital assets, net	<b>1,006,004,831</b>	<b>973,657,229</b>
<b>Total noncurrent assets</b>	<b>1,073,561,138</b>	<b>1,041,697,108</b>
<b>TOTAL ASSETS</b>	<b>1,337,486,953</b>	<b>1,305,393,033</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred charge on bond refunding	9,013,933	9,004,528
Pensions	6,601,844	1,732,165
Goodwill	4,951,828	5,168,783
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>20,567,605</b>	<b>15,905,476</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,358,054,558</b>	<b>\$ 1,321,298,509</b>

**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**STATEMENTS OF NET POSITION**  
September 30, 2015 and 2014

**LIABILITIES AND NET POSITION**

	<b>2015</b>	<b>2014</b>
<b>CURRENT LIABILITIES:</b>		
Vouchers payable and accrued liabilities	\$ 10,869,959	\$ 10,958,705
Due to other governments	1,007,996	896,788
Due to other County funds	781,282	681,338
Compensated absences	200,000	195,000
Due to other Component Units	-	102,886
Other current liabilities	6,694	-
<b>Subtotal current liabilities</b>	<b>12,865,931</b>	<b>12,834,717</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>		
Revenue bonds payable, current portion	8,334,913	8,018,910
Customer deposits	7,157,713	7,051,475
Accrued interest payable	3,990,070	4,264,751
Construction contracts & vouchers payable	15,366	68,639
<b>Subtotal current liabilities payable from restricted assets</b>	<b>19,498,062</b>	<b>19,403,775</b>
<b>Total current liabilities</b>	<b>32,363,993</b>	<b>32,238,492</b>
<b>NONCURRENT LIABILITIES:</b>		
Revenue bonds payable, net of unamortized premium	190,641,956	198,967,305
Compensated absences	3,065,276	3,044,680
Other long-term liabilities	-	33,802
<b>Total noncurrent liabilities</b>	<b>193,707,232</b>	<b>202,045,787</b>
<b>NET PENSION LIABILITY</b>	<b>16,196,312</b>	<b>10,578,098</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 242,267,537</b>	<b>\$ 244,862,377</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	\$ 7,526,988	\$ 9,522,650
Other	183,875	183,875
<b>Total deferred inflows of resources</b>	<b>\$ 7,710,863</b>	<b>\$ 9,706,525</b>
<b>NET POSITION:</b>		
Net investment in capital assets	\$ 831,038,656	\$ 791,648,986
Restricted for debt service	7,352,674	7,068,383
Restricted for capital projects	1,000,000	1,000,000
Restricted for other purposes	-	500,000
Unrestricted	268,684,828	266,512,238
<b>TOTAL NET POSITION</b>	<b>1,108,076,158</b>	<b>1,066,729,607</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 1,358,054,558</b>	<b>\$ 1,321,298,509</b>

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

**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Fiscal Years Ended September 30, 2015 and 2014

	2015	2014
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 170,471,157	\$ 164,000,761
Other operating revenue	6,332,292	5,939,291
<b>Total operating revenues</b>	<b>176,803,449</b>	<b>169,940,052</b>
<b>OPERATING EXPENSES:</b>		
Depreciation and amortization	42,384,438	41,244,122
Personal services	37,542,718	36,692,402
Maintenance	24,990,398	26,439,654
Contractual services	16,679,065	15,132,417
Supplies	15,066,823	14,506,348
Purchased water and wastewater treatment	10,316,536	6,989,483
Utilities	8,155,034	8,180,217
Equity interest in net (income) loss of joint venture	(192,746)	925,333
Miscellaneous	2,445,537	2,369,714
<b>Total operating expenses</b>	<b>157,387,803</b>	<b>152,479,690</b>
<b>OPERATING INCOME</b>	<b>19,415,646</b>	<b>17,460,362</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Guaranteed revenue	7,603,125	4,422,434
Investment income	3,681,988	3,517,988
Interest expense	(6,075,536)	(7,029,286)
Engineering fees	951,971	633,834
Engineering expenses	(577,711)	(627,717)
Other	2,735,525	3,179,485
<b>Total nonoperating revenues (expenses)</b>	<b>8,319,362</b>	<b>4,096,738</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS, TRANSFERS, AND SPECIAL ITEM</b>	<b>27,735,008</b>	<b>21,557,100</b>
Capital contributions received	26,222,932	19,083,735
Transfers to other County Funds	(12,611,389)	(70,749)
Transfers from other County Funds	-	1,383,295
Contributions to other governments	-	(34,485)
Special item: Contribution from absorption of Glades Utility Authority	-	850
<b>CHANGE IN NET POSITION</b>	<b>41,346,551</b>	<b>41,919,746</b>
<b>NET POSITION, BEGINNING OF PERIOD, AS RESTATED</b>	<b>1,066,729,607</b>	<b>1,024,809,861</b>
<b>NET POSITION, END OF PERIOD</b>	<b>\$ 1,108,076,158</b>	<b>\$ 1,066,729,607</b>

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts:		
Cash received from customers	\$ 168,267,407	\$ 164,997,676
Other operating receipts	5,703,348	6,505,549
Total cash receipts	<u>173,970,755</u>	<u>171,503,225</u>
Cash disbursements:		
Payments to employees	(32,013,713)	(31,489,774)
Payments to other County funds	(21,694,555)	(21,014,316)
Payments to suppliers of goods and services	(62,831,214)	(58,259,165)
Total cash disbursements	<u>(116,539,482)</u>	<u>(110,763,255)</u>
<b>Net cash provided by operating activities</b>	<u><b>57,431,273</b></u>	<u><b>60,739,970</b></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash transferred to other County Funds	(12,611,389)	(70,749)
Cash transferred from other County Funds	-	3,051,857
Cash contributed to other governments	-	(34,435)
<b>Net cash (used in)/provided by non-capital financing activities</b>	<u><b>(12,611,389)</b></u>	<u><b>2,946,673</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Construction and acquisition of capital assets	(57,599,389)	(36,267,435)
Proceeds on sale of revenue refunding bonds	27,608,488	-
Principal paid on refunded revenue bonds	(25,300,000)	-
Capital contributed by developers and customers	21,362,957	17,680,600
Interest paid on revenue bonds	(8,739,259)	(9,104,966)
Principal paid on revenue bond maturities	(8,018,934)	(8,292,713)
Cash contributed by other governments	2,574,852	1,970,290
Payments to escrow agent on refunded revenue bonds	(1,784,423)	-
Cash contributed to joint ventures for capital outlay and debt service	(1,452,401)	(1,878,761)
Bond issuance costs paid	(434,433)	-
Proceeds on sale of surplus capital assets	287,575	110,670
Bond paying agent fees paid	(5,350)	(5,422)
<b>Net cash used in capital and related financing activities</b>	<u><b>\$ (51,500,317)</b></u>	<u><b>\$ (35,787,737)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and gains or losses on investments	3,723,688	3,592,788
<b>Net cash provided by investing activities</b>	<u><b>3,723,688</b></u>	<u><b>3,592,788</b></u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u><b>(2,956,745)</b></u>	<u><b>31,491,694</b></u>
<b>Cash and cash equivalents at beginning of period</b>	<u><b>249,979,224</b></u>	<u><b>218,487,530</b></u>
<b>Cash and cash equivalents at end of period</b>	<u><u><b>\$ 247,022,479</b></u></u>	<u><u><b>\$ 249,979,224</b></u></u>
<b>Displayed on statements of net position as:</b>		
Cash and cash equivalents	\$ 217,983,723	\$ 221,285,988
Restricted cash and cash equivalents	29,038,756	28,693,236
<b>Total per statements of net position</b>	<u><u><b>\$ 247,022,479</b></u></u>	<u><u><b>\$ 249,979,224</b></u></u>

(continued)

**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**STATEMENTS OF CASH FLOWS**  
For the Fiscal Years Ended September 30, 2015 and 2014

(continued)

	2015	2014
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
<b>Operating income</b>	<b>\$ 19,415,646</b>	<b>\$ 17,460,362</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization	42,384,438	41,244,122
Equity interest in net (income) loss of joint venture	(192,746)	925,333
Provision for doubtful accounts receivable	(823,000)	375,400
Changes in assets and liabilities:		
Customer accounts receivable	(2,291,379)	926,832
Due from other County funds	7,591	36,870
Prepaid expenses	19,110	(56,800)
Inventories	(29,092)	948,570
Other post-employment benefits net asset	(6,765)	-
Deferred outflows of resources related to pensions	(4,869,679)	(1,244,580)
Deferred inflows of resources related to pensions	(1,995,662)	9,522,650
Net pension liability	5,618,214	(9,783,420)
Compensated absences	25,596	85,832
Other post-employment benefits liability	(33,802)	-
Vouchers payable and accrued liabilities	122,429	54,336
Due to other County funds	99,944	121,708
Due to other Component Units	(102,886)	24,366
Due to other governments	(22,922)	52,062
Customer deposits	106,238	46,327
<b>Total adjustments</b>	<b>38,015,627</b>	<b>43,279,608</b>
<b>Net cash provided by operating activities</b>	<b>\$ 57,431,273</b>	<b>\$ 60,739,970</b>

**SCHEDULE OF NONCASH CAPITAL AND FINANCING ACTIVITIES:**

Utility plant contributed by developers and customers	\$ 13,105,711	\$ 6,647,321
Payables related to capital asset acquisition	\$ 7,391,125	\$ 7,134,562
Capitalized interest	\$ 1,865,160	\$ 1,355,250
Amortization of bond premium	\$ 1,280,952	\$ 1,294,089
Amortization of deferred advance bond refunding loss	\$ 757,070	\$ 740,575
Disposal of fully depreciated capital assets	\$ 1,769,632	\$ 2,652,117

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, 2015 and 2014

## 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, deferred outflows of resources, 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 2015, 2013, 2009, and 2006 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

**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 1) the difference in the carrying value of refunded debt and its reacquisition price, which amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, 2) contributions to the Florida Retirement System made after June 30, 2015, difference between actual and expected investment earnings and experience, and changes in assumptions and 3) Goodwill.

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.

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. Deferred inflows relate primarily to pension related items including differences between expected and actual investment earnings and experience and changes in the Department’s proportionate share of contributions.

**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 the portion of the interest costs incurred during the asset’s acquisition periods which theoretically could have been avoided if the 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 which 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 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements.

**Restatement for Adoption of New Accounting Standards** – The Department implemented GASB Statement No. 68 “Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)” and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68” during the fiscal year ended September 30, 2015. As a result of the implementation of these statements, the Department was required to restate beginning Net Position in the financial statements to report the Department’s net pension liability and related pension amounts for the defined benefit plans. Since these are comparative statements, the restatement was made as of October 1, 2013. Accordingly, beginning Net Position has been restated as follows:

	<u>2014</u>	<u>2013</u>
Net position as previously stated, October 1	\$1,085,098,190	\$1,044,683,794
Cumulative effect of GASB Statements No. 68 and 71 implementation	(18,368,583)	(19,873,933)
<b>Net position, as restated</b>	<b><u>\$1,066,729,607</u></b>	<b><u>\$1,024,809,861</u></b>

The implementation of GASB Statement Nos. 68 and 71 resulted in the Department recording deferred outflows of \$1,732,165, deferred inflows of \$9,522,650, and a net pension liability of \$10,578,098 as of October 1, 2014 related to their pension plans in the financial statements. This also resulted in an increase

in the change in net position for fiscal year 2014 of \$1,505,350 from what was previously reported due to the amortization of the pension amounts which were retroactively added as of October 1, 2013.

### 3. CASH AND INVESTMENTS

Cash and investments consist of the following at September 30, 2015 and 2014:

<u>September 30, 2015</u>	
County Internal Investment Pool	\$236,982,876
Cash with Fiscal Agent	10,029,803
Petty cash	9,800
<b>Total</b>	<b><u>\$247,022,479</u></b>

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

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 \$1.4 billion and \$1.3 billion as of September 30, 2015 and 2014, respectively, of which approximately 11% and 37%, 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, 2015 and 2014 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 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](http://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, 2015 and 2014, 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 \$7,683,500 and \$4,422,000 for the fiscal years ended September 30, 2015 and 2014, 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 \$229 million as of September 30, 2014. The total of such costs was \$1,214,650 and \$1,572,362 for the fiscal years ended September 30, 2015 and 2014, respectively. The amounts on deposit were \$5,894,799 and \$5,136,218 for the fiscal years ended September 30, 2014 and 2013, 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, 2015 and 2014, respectively, were \$2,198,500 and \$2,133,300.
- In fiscal year 2014 the Department was required to make annual deposits to a Renewal and Replacement Fund 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, 2015 and 2014, respectively, the Department's investment in the Reclaimed Water Project was \$14.3 million and \$15.0 million.

- For the fiscal years ended September 30, 2015 and 2014, respectively, the Department's total payments to ECR for all the transactions described above were \$11.3 million and \$8.1 million respectively.

The following table is a brief summary of the financial position of ECR as of September 30, 2014:

Total assets	\$129,628,140
Total net assets	\$99,344,226
Invested in capital, net of related debt	\$71,656,147
Unrestricted net assets	\$4,874,028
Increase in net assets	\$7,629,960

September 30, 2015 amounts are expected to approximate the figures above.

As of September 30, 2015 and 2014, respectively, the Department's investment in the ECR was \$40.0 million and \$39.4 million, respectively. 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**

On September 23, 2003, the Board of County Commissioners, on behalf of the Water Utilities Department, entered into 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 \$1,132,000 and \$1,117,000 for the fiscal years ended September 30, 2015 and 2014, respectively.

As of September 30, 2015 and 2014, respectively, the Department's investment in the BPF is \$4.5 million and \$4.8 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 fiscal years ended September 30, 2015 and 2014 is depicted in the following two tables:

September 30, 2015	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$15,576,758	\$ -	(\$99,600)	\$15,477,158
Easements	1,660,856	-	-	1,660,856
Construction in progress	45,172,193	55,501,116	(42,974,892)	57,698,417
<b>Total capital assets not being depreciated or amortized</b>	<b>62,409,807</b>	<b>55,501,116</b>	<b>(43,074,492)</b>	<b>74,836,431</b>
Capital assets being depreciated or amortized:				
Buildings	113,254,069	2,826,159	-	116,080,228
Utility plants and pipelines	1,312,675,591	52,643,176	-	1,365,318,767
Equipment	72,728,081	5,696,703	(2,575,224)	75,849,560
<b>Total capital assets being depreciated or amortized</b>	<b>1,498,657,741</b>	<b>61,166,038</b>	<b>(2,575,224)</b>	<b>1,557,248,555</b>
Less accumulated depreciation or amortization for:				
Buildings	(39,121,634)	(2,986,215)	-	(42,107,849)
Utility plants and pipelines	(492,948,455)	(34,465,817)	-	(527,414,272)
Equipment	(55,340,230)	(3,485,125)	2,267,321	(56,558,034)
<b>Total accumulated depreciation and Amortization</b>	<b>(587,410,319)</b>	<b>(40,937,157)</b>	<b>2,267,321</b>	<b>(626,080,155)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>911,247,422</b>	<b>20,228,881</b>	<b>(307,903)</b>	<b>931,168,400</b>
<b>Capital assets, net</b>	<b>\$973,657,229</b>	<b>\$75,729,997</b>	<b>\$(43,382,395)</b>	<b>\$1,006,004,831</b>

September 30, 2014	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
<b>Total capital assets not being depreciated or amortized</b>	<b>45,308,881</b>	<b>40,195,260</b>	<b>(23,094,334)</b>	<b>62,409,807</b>
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
<b>Total capital assets being depreciated or amortized</b>	<b>1,468,425,849</b>	<b>33,127,931</b>	<b>(2,896,039)</b>	<b>1,498,657,741</b>
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)
<b>Total accumulated depreciation and amortization</b>	<b>(550,459,814)</b>	<b>(39,808,715)</b>	<b>2,858,210</b>	<b>(587,410,319)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>917,966,035</b>	<b>(6,680,784)</b>	<b>(37,829)</b>	<b>911,247,422</b>
<b>Capital assets, net</b>	<b>\$963,274,916</b>	<b>\$33,514,476</b>	<b>\$(23,132,163)</b>	<b>\$973,657,229</b>

## 6. REVENUE BONDS PAYABLE AND LONG-TERM DEBT

Long-term obligations activity for the fiscal years ended September 30, 2015 and 2014 are depicted in the following two tables:

<u>September 30, 2015</u>	Beginning Balance	Increases	Decreases	Ending Balance	Due in Fiscal Year 2016
Revenue bonds	\$180,525,823	\$26,930,000	\$(32,780,972)	\$174,674,851	\$7,786,785
Notes	9,675,223	-	(537,962)	9,137,261	548,128
Unamortized premiums	16,785,169	678,488	(2,298,900)	15,164,757	-
<b>Net revenue bonds payable</b>	<b>206,986,215</b>	<b>27,608,488</b>	<b>(35,617,834)</b>	<b>198,976,869</b>	<b>8,334,913</b>
Compensated absences	3,239,680	216,362	(190,766)	3,265,276	200,000
Other	33,802	-	(33,802)	-	-
<b>Total long-term obligations</b>	<b>210,259,697</b>	<b>27,824,850</b>	<b>(35,842,402)</b>	<b>202,242,145</b>	<b>8,534,913</b>

<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	-
<b>Net revenue bonds payable</b>	<b>216,573,017</b>	<b>\$ -</b>	<b>(9,586,802)</b>	<b>206,986,215</b>	<b>8,018,910</b>
Compensated absences	3,153,847	311,319	(225,486)	3,239,680	195,000
Other	113,231	-	(79,429)	33,802	-
<b>Total long-term obligations</b>	<b>219,840,095</b>	<b>311,319</b>	<b>(9,891,717)</b>	<b>210,259,697</b>	<b>8,213,910</b>

The Series 2015, 2013, 2009, and 2006 Water and Sewer Revenue Bonds, along with other long-term debt obligations, are repayable in future years as follows:

	Year(s) Ending September 30	
	Principal	Interest
2016	\$8,334,913	\$8,150,330
2017	8,707,947	7,778,317
2018	9,553,098	7,382,358
2019	6,255,454	7,049,191
2020	6,520,109	6,772,342
2021-2025	30,657,996	29,796,733
2026-2030	37,505,793	22,056,685
2031-2035	45,766,802	11,952,604
2036-2040	26,285,000	2,405,175
2041	4,225,000	105,625
<b>Total</b>	<b>\$183,812,112</b>	<b>\$103,449,360</b>

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.

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

The Department's long-term revenue bonds payable as of September 30, 2015 and 2014 are illustrated in the table on the next page:

## REVENUE BONDS AND NOTES

	September 30	
	2015	2014
\$8,515,000 Series 2004 Pahokee Arcadia Pool Revenue Bonds due in annual installments of \$710,000 to \$765,000 through December 1, 2017, with interest from 4.00% to 4.25% payable semiannually on December 1 and June 1.	\$2,210,000	\$2,895,000
\$125,850,000 Series 2006A Water & Sewer Revenue Bonds due in annual installments of \$2,785,000 to \$2,925,000 through October 1, 2017, with interest of 5% payable semiannually on October 1 and April 1.	5,710,000	33,690,000
\$12,485,000 Series 2006B Water & Sewer Revenue Refunding Bonds due in annual installments of \$2,070,000 to \$2,245,000 through October 1, 2016, with interest from 4.00% to 4.25% payable semiannually on October 1 and April 1.	6,470,000	8,465,000
\$68,115,000 Series 2009 Water & Sewer Revenue Bonds due in annual installments of \$1,270,000 to \$4,225,000 through October 1, 2040, with interest from 4.00% to 5.25% payable semiannually on October 1 and April 1.	55,720,000	56,930,000
\$9,385,488 Wells Fargo Loan due in annual installments of \$951,783 to \$1,134,151 through April 1, 2020, with interest of 4.55% payable semiannually on October 1 and April 1.	5,204,851	6,115,823
\$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
\$26,930,000 Series 2015 Water & Sewer Revenue Refunding Bonds due in annual installments of \$3,545,000 to \$8,080,000 through October 1, 2036, with interest from 3.125% to 5.00% payable semiannually on October 1 and April 1.	26,930,000	-
Various State Revolving Fund notes payable	9,137,261	9,675,223
<b>Total debt</b>	<b>183,812,112</b>	<b>190,201,046</b>
Less current portion of long-term debt	(8,334,913)	(8,018,910)
Plus unamortized premium	15,164,757	16,785,169
<b>Total noncurrent portion</b>	<b><u>\$190,641,956</u></b>	<b><u>\$ 198,967,305</u></b>

## 7. PLEDGED REVENUES

The Department has pledged future water and wastewater system revenues, net of specified operating expenses, to repay \$191 million in water and sewer system revenue bonds issued between April 24, 2006 and March 11, 2015 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 \$287.3 million with annual requirements ranging from \$0.2 million in fiscal years 2039 and 2040 to \$16.9 million in fiscal year 2018. 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 \$83.5 million, respectively.

## 8. ADVANCE REFUNDING OF DEBT

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 whereby 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 was deferred and is being 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 \$3,467,760 was realized. 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 \$41,080,000 and \$44,849,000 as of September 30, 2015 and 2014, respectively.

## 10. RETIREMENT PLANS

The Department provides retirement benefits to its employees through the Florida Retirement System (System), a contributory, cost-sharing, multiple-employer, public employee retirement system. All employees are covered by the System. There are three 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.

### Plan Descriptions:

**Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program** are cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The FRS Pension Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Chapter 121, Florida Statutes, and may only be amended by the Florida Legislature.

The HIS Program benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs. The HIS Program was established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time.

A comprehensive annual financial report including financial information and required supplementary information on both plans is publicly available on the Florida Department of Management Services website (<http://www.dms.myflorida.com>).

**Florida Retirement System Investment Plan (Investment Plan)** is a defined contribution plan the Department contributes to for its eligible employees who elect to participate in the Investment Plan in lieu of the FRS Pension Plan. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Department employees participating in the DROP are not eligible to participate in the Investment Plan. Employer

and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends in part on the performance of the investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates which are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida's comprehensive annual financial report. Financial information on this plan is available on the web at <http://www.sbafla.com/>.

#### **Pension Expense/Expenditures:**

The Department's aggregate pension expense/expenditures for all plans amounted to \$(1,247,127) for the fiscal year ended September 30, 2015. The Department's aggregate net pension liability for all plans was \$16,196,312, with balances of deferred outflows of resources related to pensions of \$6,601,844 and deferred inflows of resources related to pensions of \$7,526,988 as of September 30, 2015.

#### **Florida Retirement System (FRS) Pension Plan Benefits Provided**

The Florida Retirement System was created on December 1, 1970. Members enrolled in the FRS and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011 will be vested, or eligible to receive future benefits after 8 years of creditable service. Retirement, disability, and death benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 33 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to five years while their retirement benefits accumulate and earn interest compounded monthly at a stated effective annual rate. For members who entered DROP prior to July 1, 2011, the rate is 6.5%. For members who enter DROP on or after July 1, 2011, the rate is 1.3%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is known as the FRS Investment Plan, which is described later in this note.

## Contributions

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect as of September 30, 2015:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate*</u>
Regular	3.00%	7.26%
Special Risk	3.00%	22.04%
State Attorney/Public Defender	3.00%	45.80%
County, City, Special District Elected Officers	3.00%	42.27%
Special Risk Administrative Support	3.00%	32.95%
Senior Management	3.00%	21.43%
Deferred Retirement Option Program	N/A	12.88%

\*Employer contribution rates in the above table include a 1.26% contribution for the Retiree Health Insurance Subsidy Program.

The Department's employer contributions to the FRS Pension Plan totaled \$2.3 million and employee contributions totaled \$0.9 million for the fiscal year ended September 30, 2015. The Department contributed 100 percent of its statutorily required contributions for the current and preceding two years.

## Net Pension Liability, Deferrals, and Pension Expense

At September 30, 2015 the Department reported a liability of \$10.0 million for its proportionate share of the FRS Pension Plan's net pension liability, which was measured as of June 30, 2015. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of July 1, 2015. The Department's proportionate share of the net pension liability was based on the Department's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. As of June 30, 2015 the Department's proportionate share was 0.078% which was a decrease of 0.001 from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015 the Department recognized pension expense of \$(1,495,168) related to the FRS Pension Plan. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$245,790	\$1,060,399
Change of assumptions	-	666,685
Net difference between projected and actual earnings on Pension Plan investments	6,124,935	3,537,943
Changes in proportion and differences between Department Pension Plan contributions and proportionate share of contributions	1,072,684	163,850
Department Pension Plan contributions subsequent to the measurement date	-	844,953
Total	<u>\$7,443,409</u>	<u>\$6,273,830</u>

The Department’s contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2016	\$(538,737)
2017	(538,737)
2018	(538,737)
2019	(538,737)
2020	108,011
Thereafter	<b>\$32,403</b>

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

- **Inflation:** 2.6 percent
- **Discount Rate:** 7.65 percent, net of pension plan investment expense, including inflation
- **Salary Increases:** 3.25% average, including inflation
- **Mortality:** was calculated using the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns but on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-term bonds	18.00%	4.18%	4.05%	5.15%
High-yield bonds	3.00%	6.79%	6.25%	10.95%
Broad US equities	26.50%	8.51%	6.95%	18.90%
Developed foreign equities	21.20%	8.66%	6.85%	20.40%
Emerging market equities	5.30%	11.58%	7.60%	31.15%
Private equity	6.00%	11.80%	8.11%	30.00%
Hedge funds/ Absolute return	7.00%	5.81%	5.35%	10.00%
Real estate (property)	12.00%	7.11%	6.35%	13.00%
Total	100.00%			
Assumed inflation - mean		2.60%		2.00%

Note 1: As outlined in the Pension Plan’s investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all the projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Department's Proportionate Share of Net Pension Liability to Changes in the Discount Rate** - The following represents the Department's proportionate share of the net pension liability calculated using the 7.65% discount rate as well as what the Department's proportionate share would be if it were calculated using a discount rate one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	Discount Rates		
	1% decrease (6.65%)	Current 7.65% Discount Rate	1% increase (8.65%)
Department's proportionate share of the net pension liability	\$11,429,241	\$10,030,459	\$8,864,085

**Pension Plan Fiduciary Net Position** - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Retiree Health Insurance Subsidy (HIS) Program:**

**Benefits Provided** - For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly payment of \$5 for each year of creditable service completed at retirement, with a minimum HIS payment of \$30 and a maximum of \$150 per month. To be eligible to receive an HIS Plan benefit, a retiree under State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions** - The HIS Program is funded by required contributions from participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active Pension Plan members. For the fiscal year ended September 30, 2015 the contribution rate was 1.26% of payroll. The Department contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Department's contributions to the HIS Program totaled \$28,850 for the fiscal year ended September 30, 2015. The Department contributed 100 percent of its statutorily required contributions for the current and preceding two years.

**Net Pension Liability, Deferrals and Pension Expense**

As of September 30, 2015 the Department reported a liability of \$6.2 million for its proportionate share of the HIS Program's net pension liability, which was measured as of June 30, 2015. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of July 1, 2015. The Department's proportionate share of the net pension liability was based on the Department's fiscal year 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating

members for the same period. As of June 30, 2015 the Department's proportionate share was 0.060%, which was a decrease of .001% from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015 the Department recognized pension expense of \$248,041 related to the HIS Program. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources:

Description	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	-	-
Change of assumptions	-	\$459,908
Net difference between projected and actual earnings on Pension Plan investments	-	3,164
Changes in proportion and differences between Department Pension Plan contributions and proportionate share of contributions	83,577	82,784
Department Pension Plan contributions subsequent to the measurement date	-	10,782
Total	<u>\$83,577</u>	<u>\$556,638</u>

The Department's contributions to the HIS Program subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2016	\$74,842
2017	74,842
2018	74,842
2019	74,842
2020	74,051
Thereafter	<b>\$88,861</b>

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

- **Inflation:** 2.60 percent
- **Investment Rate of Return:** 3.80 percent, municipal bond rate
- **Salary Increases:** 3.25 percent, average, including inflation
- **Mortality:** was calculated using the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

**Discount Rate** - The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent of discounting

at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity to Changes in the Discount Rate** - The following table represents the Department's proportionate share of the net pension liability calculated using the 3.80% discount rate as well as what the Department's proportionate share would be if it were calculated using a discount rate one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	Discount Rates		
	1% decrease (2.80%)	Current 3.80% Discount Rate	1% increase (4.80%)
Department's proportionate share of the net pension liability	\$7,025,703	\$6,165,853	\$5,448,868

**Florida Retirement System Investment Plan Vesting Provisions**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll, which is included in the FRS contribution rates, and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Department. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Department's employer contributions to the Investment Plan totaled \$0.2 million for the fiscal year ended September 30, 2015.

**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 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 cost sharing between the employer and plan members to that point.

For the fiscal year ended September 30, 2015 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, 2015, 2014 and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual required contribution (ARC)	\$82,000	\$83,000	\$137,000
Interest on net OPEB obligation	(12,172)	(6,393)	(4,315)
Adjustment to annually required contribution	10,570	5,540	3,776
Annual OPEB cost	<u>80,398</u>	<u>82,147</u>	<u>136,461</u>
Contributions made	(120,965)	(135,116)	(133,230)
(Decrease) increase in net OPEB obligation	<u>(40,567)</u>	<u>(52,969)</u>	<u>3,231</u>
Net OPEB obligation, beginning of year	33,802	86,771	83,540
Net OPEB (asset) obligation, end of year	<u><u>\$(6,765)</u></u>	<u><u>\$33,802</u></u>	<u><u>\$86,771</u></u>

**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)	\$923,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$923,000</u></u>
Funded ratio (actuarial value of plan / AAL)	0.0%
Covered payroll (active plan members)	\$29,254,317
UAAL as a percentage of, covered payroll	3.2%

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 following table:

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	8.0%
Ultimate healthcare inflation rate	5.0%

## 12. INTEREST COSTS

Total interest costs incurred by the Department were \$8,464,578 and \$8,938,050, of which \$1,865,160 and \$1,355,250 were capitalized as part of capital assets, for the fiscal years ended September 30, 2015 and 2014, 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 fiscal years ended September 30, 2015 and 2014, was approximately \$22,320,000 and \$20,992,000, 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 Federal Emergency Management Agency (FEMA) reimbursed the Department certain costs related to Hurricanes Frances and Wilma in fiscal years 2005 and 2006, respectively. Subsequent audits of these reimbursements determined up to \$2,626,448 of the reimbursement was for costs FEMA disallowed. The County is appealing the decision and, due to uncertainty regarding the amount, if any, which will be actually repaid, has not recognized a liability in the financial statements.

The Department is also 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
For the Last Ten Fiscal Years\*

**(REQUIRED SUPPLEMENTARY INFORMATION)**

**Schedule of Proportionate Share of Net Pensions Liability**

	<u>2015</u>	<u>2014</u>
Department's proportion of the FRS net pension liability	0.078%	0.079%
Department's proportionate share of the FRS net pension	\$ 10,030,459	\$ 4,847,927
Department's covered-employee payroll	\$ 29,503,880	\$ 28,927,640
Department's proportionate share of the FRS net pension liability as a percentage of its covered payroll	34.0%	16.8%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

NOTE: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 and 2015 is available.

**Schedule of Contributions to Florida Retirement System Pension Plan**

	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 2,260,802	\$ 2,159,631
FRS contributions in relation to the contractually required contribution	\$ 2,260,802	\$ 2,159,631
FRS contribution deficiency (excess)	\$ -	\$ -
Department's covered-employee payroll	\$ 29,254,317	\$ 28,934,668
FRS contributions as a percentage of covered employee payroll	7.7%	7.5%

NOTE: The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for 2014 and 2015 is available.

**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**HEALTH INSURANCE SUBSIDY PENSION PLAN**  
For the Last Ten Fiscal Years

**(REQUIRED SUPPLEMENTARY INFORMATION)**

**Schedule of Proportionate Share of Net Pensions Liability**

	<u>2015</u>	<u>2014</u>
Department's proportion of the HIS net pension liability	0.06%	0.06%
Department's proportionate share of the HIS net pension	\$ 6,165,853	\$ 5,730,171
Department's covered-employee payroll	\$ 29,503,880	\$ 28,927,640
Department's proportionate share of the HIS net pension liability as a percentage of its covered payroll	20.90%	19.81%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

NOTE: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years 2014 and 2015 is available.

**Schedule of Contributions to Health Insurance Subsidy Pension Plan**

	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 28,850	\$ 27,559
HIS contributions in relation to the contractually required contribution	<u>\$ 28,850</u>	<u>\$ 27,559</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Department's covered-employee payroll	\$ 29,254,317	\$ 28,934,668
HIS contributions as a percentage of covered employee payroll	0.10%	0.10%

NOTE: The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for 2014 and 2015 is available.

**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, 2015 and 2014  
**(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, 2015

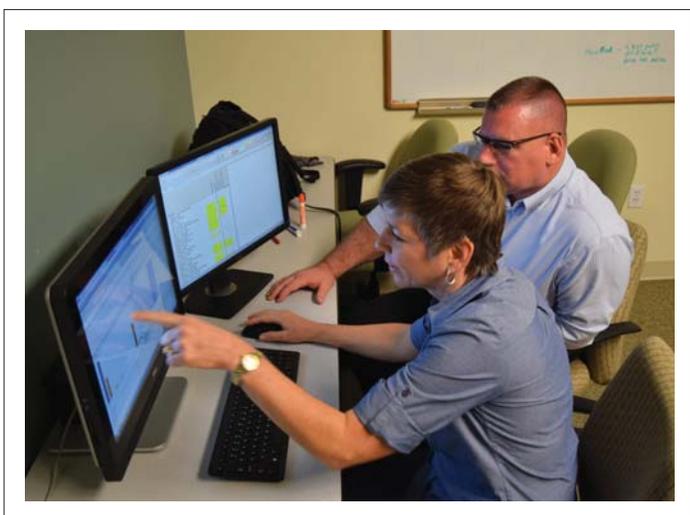
	<u>Original Budget</u>	<u>Current Budget</u>	<u>Actual Results</u>	<u>Variance</u>	<u>%</u>
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 165,303,000	\$ 165,303,000	\$ 170,471,157	\$ 5,168,157	3%
Other operating revenue	5,010,000	5,010,000	6,332,292	1,322,292	26%
<b>Total operating revenues</b>	<b><u>170,313,000</u></b>	<b><u>170,313,000</u></b>	<b><u>176,803,449</u></b>	<b><u>6,490,449</u></b>	<b>4%</b>
<b>OPERATING EXPENSES:</b>					
Depreciation and amortization	43,029,300	43,029,300	42,384,438	644,862	1%
Personal services	41,736,982	41,628,505	37,542,718	4,085,787	10%
Maintenance	25,297,400	24,927,400	24,990,398	(62,998)	0%
Contractual services	18,761,756	18,642,756	16,679,065	1,963,691	11%
Supplies	20,720,045	21,090,045	15,066,823	6,023,222	29%
Purchased water and wastewater treatment	10,459,000	10,459,000	10,316,536	142,464	1%
Utilities	9,097,900	9,097,900	8,155,034	942,866	10%
Equity interest in net (income) loss of joint venture	1,100,000	1,100,000	(192,746)	1,292,746	118%
Miscellaneous	2,713,767	2,873,768	2,445,537	428,231	15%
<b>Total operating expenses</b>	<b><u>172,916,150</u></b>	<b><u>172,848,674</u></b>	<b><u>157,387,803</u></b>	<b><u>15,460,871</u></b>	<b>9%</b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(2,603,150)</u></b>	<b><u>(2,535,674)</u></b>	<b><u>19,415,646</u></b>	<b><u>21,951,320</u></b>	<b>866%</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Guaranteed revenue	3,925,000	3,925,000	7,603,125	3,678,125	94%
Investment income	5,368,000	5,368,000	3,681,988	(1,686,012)	-31%
Interest expense	(8,559,140)	(8,559,140)	(6,075,536)	2,483,604	29%
Engineering fees	482,000	482,000	951,971	469,971	98%
Engineering expenses	(634,000)	(634,000)	(577,711)	56,289	9%
Other	4,090,315	3,940,410	2,735,525	(1,204,885)	-31%
<b>Total nonoperating revenues (expenses)</b>	<b><u>4,672,175</u></b>	<b><u>4,522,270</u></b>	<b><u>8,319,362</u></b>	<b><u>3,797,092</u></b>	<b>84%</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
	<b>2,069,025</b>	<b>1,986,596</b>	<b>27,735,008</b>	<b>25,748,412</b>	<b>1296%</b>
Capital contributions received, net	19,980,895	19,196,733	26,222,932	7,026,199	37%
Transfers to County	(12,567,837)	(12,611,389)	(12,611,389)	-	---
<b>CHANGE IN NET POSITION</b>	<b><u>\$ 9,482,083</u></b>	<b><u>\$ 8,571,940</u></b>	<b><u>\$ 41,346,551</u></b>	<b><u>\$ 32,774,611</u></b>	<b>382%</b>

**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, 2015

	<u>Current Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
<b>OPERATING REVENUES:</b>				
Water - base facility	\$ 40,335,000	\$ 41,876,141	\$ 1,541,141	4%
Water - commodity	41,003,000	42,321,474	1,318,474	3%
Water - contractual	2,808,000	1,811,565	(996,435)	-35%
Wastewater - base facility	43,968,000	46,018,883	2,050,883	5%
Wastewater - commodity	30,636,000	31,265,598	629,598	2%
Wastewater - contractual	717,000	877,256	160,256	22%
Reclaimed water - retail	1,628,000	1,822,814	194,814	12%
Reclaimed water - bulk	3,273,000	3,545,900	272,900	8%
Customer account charge	935,000	931,526	(3,474)	0%
Other operating revenue	5,010,000	6,332,292	1,322,292	26%
<b>Total operating revenues</b>	<b><u>170,313,000</u></b>	<b><u>176,803,449</u></b>	<b><u>6,490,449</u></b>	<b>4%</b>
<b>OPERATING EXPENSES:</b>				
Water treatment	33,641,358	31,395,213	2,246,145	7%
Water distribution	13,011,053	10,131,250	2,879,803	22%
Wastewater treatment	17,443,118	16,086,762	1,356,356	8%
Wastewater collection	16,977,536	16,304,198	673,338	4%
Purchased water and wastewater treatment	9,993,000	9,882,068	110,932	1%
Customer accounts	12,451,240	8,844,154	3,607,086	29%
Administrative and general	25,202,069	22,552,466	2,649,603	11%
<b>Total operating expenses</b>	<b><u>128,719,374</u></b>	<b><u>115,196,111</u></b>	<b><u>13,523,263</u></b>	<b>11%</b>
<b>Operating income before depreciation, amortization and equity interest in net loss of joint venture</b>	<b>41,593,626</b>	<b>61,607,338</b>	<b>20,013,712</b>	<b>48%</b>
Depreciation and amortization	43,029,300	42,384,438	644,862	1%
Equity interest in net (income) loss of joint venture	1,100,000	(192,746)	1,292,746	118%
<b>OPERATING INCOME</b>	<b><u>(2,535,674)</u></b>	<b><u>19,415,646</u></b>	<b><u>21,951,320</u></b>	<b>866%</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Guaranteed revenue	3,925,000	7,603,125	3,678,125	94%
Investment income	5,368,000	3,681,988	(1,686,012)	-31%
Interest expense	(8,559,140)	(6,075,536)	2,483,604	29%
Engineering fees	482,000	951,971	469,971	98%
Engineering expenses	(634,000)	(577,711)	56,289	9%
Other	3,940,410	2,735,525	(1,204,885)	-31%
<b>Total nonoperating revenues (expenses)</b>	<b><u>4,522,270</u></b>	<b><u>8,319,362</u></b>	<b><u>3,797,092</u></b>	<b>84%</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS AND SPECIAL ITEM</b>	<b>1,986,596</b>	<b>27,735,008</b>	<b>25,748,412</b>	<b>1296%</b>
Capital contributions received, net	19,196,733	26,222,932	7,026,199	37%
Transfers to County	(12,611,389)	(12,611,389)	-	0%
<b>CHANGE IN NET POSITION</b>	<b><u>\$ 8,571,940</u></b>	<b><u>\$ 41,346,551</u></b>	<b><u>\$ 32,774,611</u></b>	<b>382%</b>
<b>CONNECTION FEES INCLUDED IN CAPITAL CONTRIBUTIONS</b>	<b><u>\$ 7,327,000</u></b>	<b><u>\$ 8,271,112</u></b>	<b><u>\$ 944,112</u></b>	<b>13%</b>



# Statistical Section



*John Acton, Director of  
Strategic Planning and  
Mary Shaver, Water  
Utilities Asset Manager*

*Chemical containment  
Water Treatment Plant 3  
Delray Beach, FL*





# 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
<b>Financial Trends</b>	57
These schedules contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	65
These schedules contain information to help the reader assess the factors affecting the Department's ability to generate water and wastewater revenues.	
<b>Debt Capacity</b>	85
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.	
<b>Demographic and Economic Information</b>	91
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.	
<b>Operating Information</b>	95
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



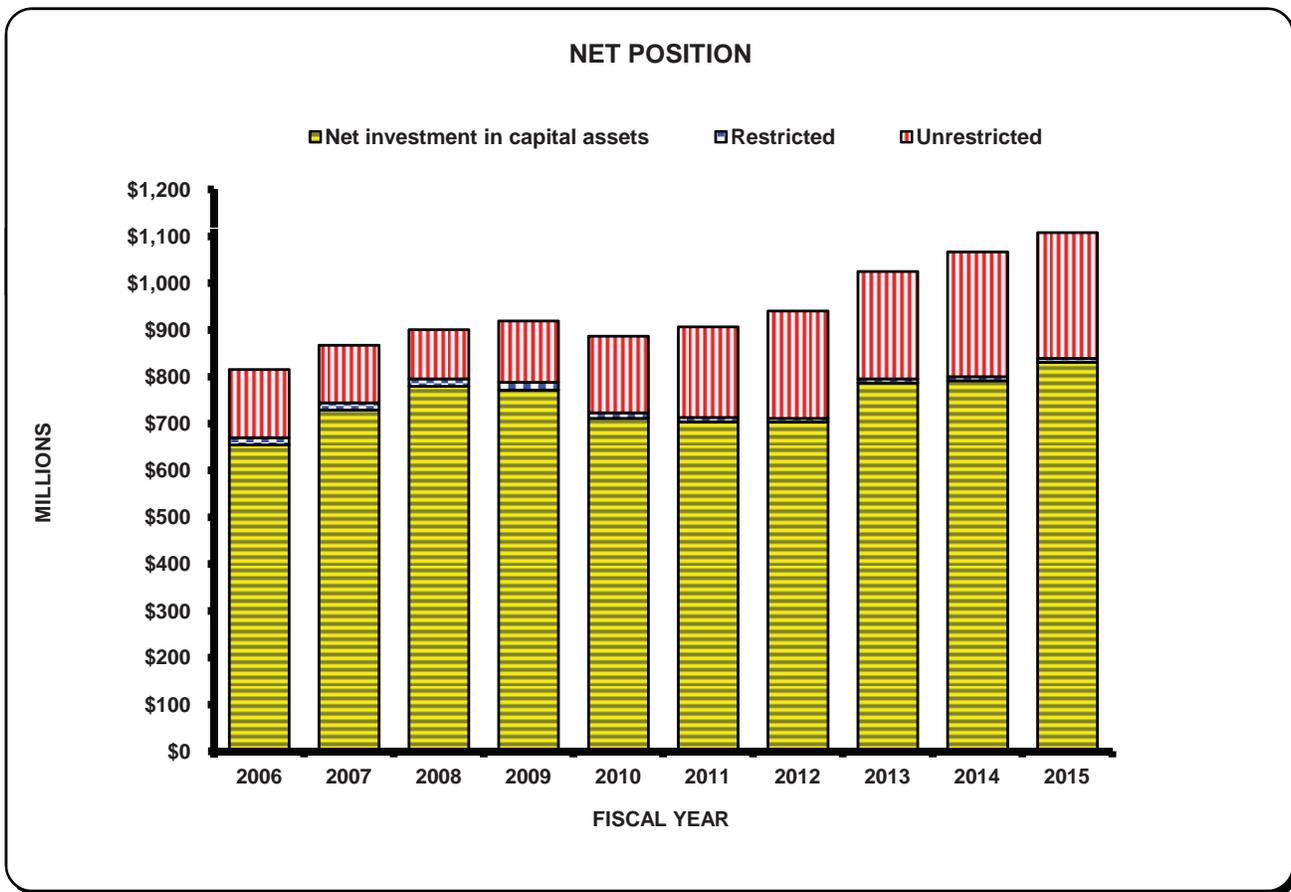
## **FINANCIAL TRENDS INFORMATION**



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

(in thousands)	2015	2014*	2013*	2012	2011	2010	2009	2008	2007	2006
Net investment										
in capital assets	\$831,039	\$791,649	\$786,867	\$703,494	\$703,855	\$711,227	\$771,926	\$779,844	\$729,379	\$655,066
Restricted	8,353	8,568	9,230	7,965	9,543	11,910	16,860	15,672	15,350	15,100
Unrestricted	268,684	266,513	228,713	229,394	193,519	163,530	130,368	105,349	122,588	145,322
<b>TOTAL NET POSITION</b>	<b>\$1,108,076</b>	<b>\$1,066,730</b>	<b>\$1,024,810</b>	<b>\$940,853</b>	<b>\$906,917</b>	<b>\$886,667</b>	<b>\$919,154</b>	<b>\$900,865</b>	<b>\$867,317</b>	<b>\$815,488</b>

\* Amounts restated per GASB 68 & 71.



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

(in thousands)	2015	2014*	2013
<b>OPERATING REVENUES:</b>			
Charges for services	\$170,471	\$164,001	\$156,772
Other operating revenue	6,332	5,939	5,625
<b>Total operating revenues</b>	<b>176,803</b>	<b>169,940</b>	<b>162,397</b>
<b>OPERATING EXPENSES:</b>			
Depreciation and amortization	42,385	41,244	40,723
Personal services	37,543	36,692	37,178
Maintenance	24,990	26,440	22,769
Contractual services	16,679	15,132	15,199
Supplies	15,067	14,507	13,332
Purchased water and wastewater treatment	10,317	6,989	6,514
Utilities	8,155	8,180	8,071
Equity interest in net (income) loss of joint venture	(193)	925	2,449
Miscellaneous	2,445	2,371	1,684
<b>Total operating expenses</b>	<b>157,388</b>	<b>152,480</b>	<b>147,919</b>
<b>OPERATING INCOME (LOSS)</b>	<b>19,415</b>	<b>17,460</b>	<b>14,478</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Guaranteed revenue	7,603	4,422	4,109
Investment income	3,682	3,518	507
Interest expense	(6,075)	(7,029)	(7,787)
Engineering fees	952	634	643
Engineering expenses	(578)	(628)	(589)
Grant reimbursement	-	-	-
Hurricane expenses	-	-	-
Other	2,736	3,180	(90)
<b>Total nonoperating revenues (expenses)</b>	<b>8,320</b>	<b>4,097</b>	<b>(3,207)</b>
<b>Income (loss) before capital contributions, transfers, special item and prior period adjustment</b>	<b>27,735</b>	<b>21,557</b>	<b>11,271</b>
Capital contributions received	26,223	19,084	28,385
Transfers to other County funds	(12,612)	(71)	-
Transfers from other County funds	-	1,383	1,789
Contributions to other governments	-	(34)	-
Special item - Contribution from Absorption of Glades Utility Authority	-	1	63,928
Special item - Contribution from Absorption of cash and capital assets to Glades Utility Authority	-	-	-
Prior period adjustment: Implementation of GASB Statements 68 & 71	-	-	(19,874)
<b>CHANGE IN NET POSITION</b>	<b>41,346</b>	<b>41,920</b>	<b>85,499</b>
<b>NET POSITION, BEGINNING OF PERIOD, AS RESTATED</b>	<b>1,066,730</b>	<b>1,024,810</b>	<b>939,311</b>
<b>NET POSITION, END OF PERIOD</b>	<b>\$1,108,076</b>	<b>\$1,066,730</b>	<b>\$1,024,810</b>

\* Amounts restated per GASB 68 & 71.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$148,391	\$146,523	\$136,263	\$125,653	\$110,116	\$96,427	\$85,594
5,379	5,039	5,353	4,573	5,206	4,776	4,196
<u>153,770</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>
39,717	40,213	38,977	41,335	37,106	32,355	29,167
35,491	36,276	37,213	34,357	32,033	29,080	25,359
18,550	20,081	16,675	14,848	13,317	11,173	10,406
16,979	13,775	11,367	10,140	9,862	8,276	7,573
14,237	13,807	12,110	14,086	12,059	10,546	8,276
5,696	5,032	2,792	3,828	2,905	3,075	2,673
8,613	9,366	9,257	10,337	9,654	9,050	8,995
1,008	1,077	1,223	1,718	1,244	1,278	911
981	1,254	1,475	1,646	2,098	2,581	2,242
<u>141,272</u>	<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>12,498</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>
4,010	2,529	2,485	2,922	3,399	5,887	7,714
5,398	6,179	5,068	6,564	4,960	7,204	5,421
(8,457)	(6,859)	(6,696)	(7,011)	(5,702)	(3,809)	(2,899)
482	270	327	454	523	1,013	677
(583)	(613)	(625)	(666)	(930)	(1,063)	(1,124)
-	-	-	-	-	-	4,297
-	-	-	-	-	-	(3,039)
3,508	1,094	11	(510)	(1,151)	2,485	(963)
<u>4,358</u>	<u>2,600</u>	<u>570</u>	<u>1,753</u>	<u>1,099</u>	<u>11,717</u>	<u>10,084</u>
<u>16,856</u>	<u>13,281</u>	<u>11,097</u>	<u>(316)</u>	<u>(3,857)</u>	<u>5,506</u>	<u>4,272</u>
18,251	11,158	12,156	17,979	37,581	44,017	50,123
-	-	-	-	-	-	-
2,521	72	792	-	-	2,500	10,594
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,572)	(4,046)	(56,381)	-	-	-	-
-	-	-	-	-	-	-
<u>34,056</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>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>
<u>\$939,311</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>

**PALM BEACH COUNTY, FLORIDA**

**WATER UTILITIES DEPARTMENT**

**OPERATING REVENUES BY SOURCE AND OPERATING EXPENSES BY FUNCTION**

Last Ten Fiscal Years

(in thousands)	2015	2014	2013
<b>OPERATING REVENUES BY SOURCE:</b>			
<b>Charges for services:</b>			
Water - base facility	\$41,876	\$40,462	\$36,987
Water - commodity	42,321	39,681	35,868
Water - contractual	1,811	2,772	3,767
Wastewater - base facility	46,019	44,573	41,015
Wastewater - commodity	31,266	29,788	27,271
Wastewater - contractual	877	748	726
Reclaimed water - retail (1)	1,823	1,589	1,583
Reclaimed water - bulk (1)	3,546	3,457	3,379
Customer account charge (2)	932	931	923
Water and wastewater - public authorities	-	-	5,253
Water restrictions surcharge (3)	-	-	-
	<u>170,471</u>	<u>164,001</u>	<u>156,772</u>
<b>Other operating revenue:</b>			
Meter sales	602	660	566
Service charges	1,324	1,466	1,520
Industrial pretreatment	1,031	1,077	1,118
Miscellaneous	3,375	2,736	2,421
<b>Other operating revenue</b>	<u>6,332</u>	<u>5,939</u>	<u>5,625</u>
<b>Total operating revenues</b>	<u>\$176,803</u>	<u>\$169,940</u>	<u>\$162,397</u>
<b>OPERATING EXPENSES BY FUNCTION:</b>			
Water treatment	\$31,395	\$33,332	\$28,000
Water distribution	10,131	9,393	8,531
Wastewater treatment	16,087	15,863	11,689
Wastewater collection	16,304	16,077	13,932
Purchased water and wastewater treatment	9,882	6,556	6,514
Purchased reclaimed water	-	-	-
Water and wastewater - public authorities	-	-	10,561
Customer accounts	8,844	7,424	5,825
Administrative and general	22,553	21,666	19,695
<b>Operating expenses before depreciation and amortization and equity interest in net loss of joint venture</b>	<u>115,196</u>	<u>110,311</u>	<u>104,747</u>
Depreciation and amortization	42,385	41,244	40,723
Equity interest in net (income) loss of joint venture	(193)	925	2,449
<b>Total operating expenses</b>	<u>\$157,388</u>	<u>\$152,480</u>	<u>\$147,919</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$33,627	\$32,033	\$30,388	\$25,448	\$21,536	\$19,373	\$16,084
33,023	34,595	32,714	30,748	27,625	27,617	25,532
3,423	4,255	2,757	5,005	1,960	484	794
37,782	35,988	34,126	30,603	28,003	25,252	21,216
25,151	24,567	23,615	21,177	19,254	18,184	16,598
708	874	680	694	701	720	709
1,546	-	1,267	1,347	730	-	-
2,901	-	-	-	-	464	431
931	917	928	3,066	4,834	4,797	4,661
9,299	9,795	9,788	-	-	-	-
-	-	-	7,565	6,203	-	-
<b><u>148,391</u></b>	<b><u>143,024</u></b>	<b><u>136,263</u></b>	<b><u>125,653</u></b>	<b><u>110,846</u></b>	<b><u>96,891</u></b>	<b><u>86,025</u></b>
491	414	427	560	656	844	883
1,558	1,492	1,494	1,470	1,249	1,067	737
1,044	1,053	991	1,104	952	757	739
2,286	5,579	2,441	1,439	1,619	1,644	1,406
<b><u>5,379</u></b>	<b><u>8,538</u></b>	<b><u>5,353</u></b>	<b><u>4,573</u></b>	<b><u>4,476</u></b>	<b><u>4,312</u></b>	<b><u>3,765</u></b>
<b><u>\$153,770</u></b>	<b><u>\$151,562</u></b>	<b><u>\$141,616</u></b>	<b><u>\$130,226</u></b>	<b><u>\$115,322</u></b>	<b><u>\$101,203</u></b>	<b><u>\$89,790</u></b>
\$26,870	\$28,214	\$26,368	\$27,551	\$23,495	\$19,276	\$17,218
8,080	7,540	8,043	9,825	8,659	7,568	6,116
12,158	13,118	10,836	10,968	10,981	10,526	9,576
12,369	11,882	10,975	11,793	10,938	9,991	9,513
5,721	3,367	2,745	3,828	2,889	3,075	2,673
-	1,203	-	-	-	-	-
9,311	9,795	9,788	-	-	-	-
6,279	6,095	5,750	7,409	7,133	6,753	5,612
19,760	18,377	16,384	17,867	17,833	16,592	14,816
<b><u>100,548</u></b>	<b><u>99,591</u></b>	<b><u>90,889</u></b>	<b><u>89,241</u></b>	<b><u>81,928</u></b>	<b><u>73,781</u></b>	<b><u>65,524</u></b>
39,717	40,213	38,977	41,335	37,106	32,355	29,167
1,008	1,077	1,223	1,719	1,244	1,278	911
<b><u>\$141,273</u></b>	<b><u>\$140,881</u></b>	<b><u>\$131,089</u></b>	<b><u>\$132,295</u></b>	<b><u>\$120,278</u></b>	<b><u>\$107,414</u></b>	<b><u>\$95,602</u></b>



## **REVENUE CAPACITY INFORMATION**

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

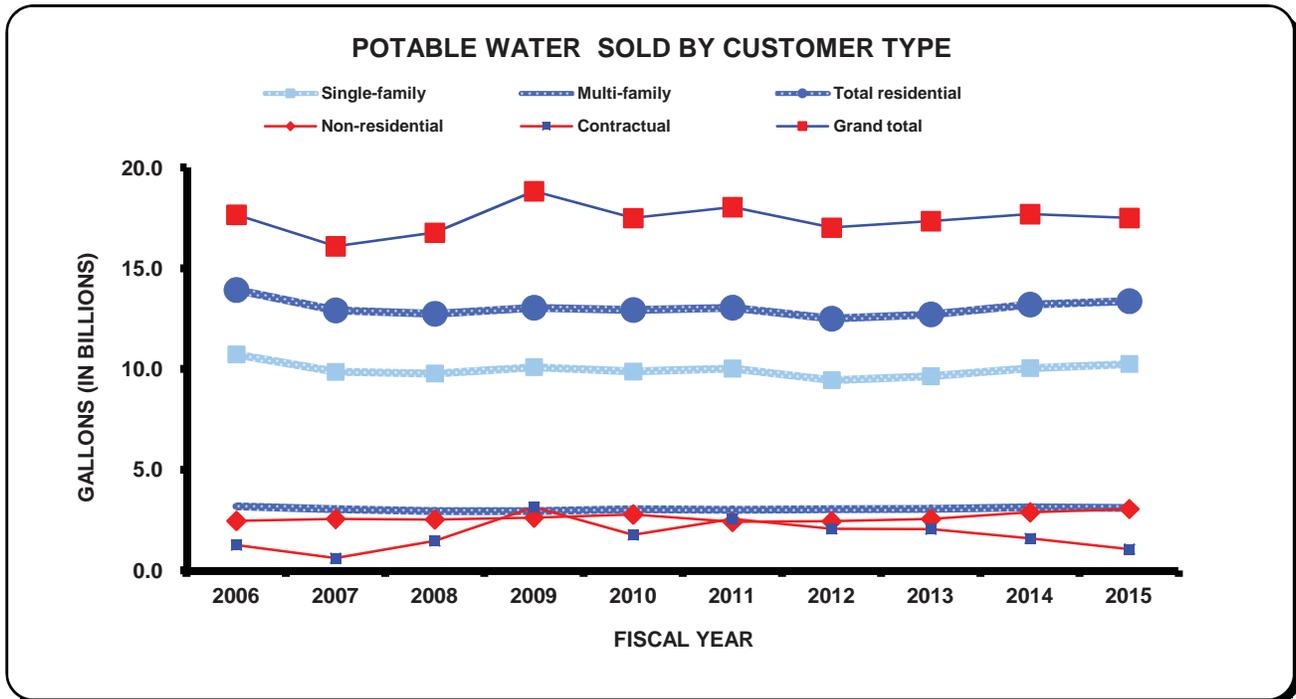
(in millions of gallons)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Residential:</b>										
Single-family	10,256	10,053	9,653	9,454	10,031	9,887	10,101	9,782	9,871	10,732
Multi-family	3,119	3,152	3,068	3,051	3,024	3,050	2,952	2,969	3,047	3,197
<b>Total residential</b>	<b>13,375</b>	<b>13,205</b>	<b>12,721</b>	<b>12,505</b>	<b>13,055</b>	<b>12,937</b>	<b>13,053</b>	<b>12,751</b>	<b>12,918</b>	<b>13,929</b>
Non-residential	3,057	2,889	2,562	2,444	2,418	2,779	2,629	2,536	2,564	2,467
Contractual	1,063	1,597	2,059	2,069	2,565	1,775	3,145	1,476	614	1,268
Other <sup>(1)</sup>	5	4	4	4	2	5	5	7	3	
<b>Grand total</b>	<b>17,500</b>	<b>17,695</b>	<b>17,346</b>	<b>17,022</b>	<b>18,040</b>	<b>17,496</b>	<b>18,832</b>	<b>16,770</b>	<b>16,099</b>	<b>17,664</b>
<b>Charges for Services</b>										
(in thousands)	\$176,803	\$169,940	\$156,772	\$148,391	\$146,523	\$136,263	\$125,653	\$110,116	\$96,427	\$85,594
<b>Calculated Total Direct Rate</b>										
per Thousand Gallons	\$10.10	\$9.60	\$9.04	\$8.72	\$8.12	\$7.79	\$6.67	\$6.57	\$5.99	\$4.85

**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 74 - 83.

<sup>(1)</sup> 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, 2015 and 2006 (Nine Years Ago)

CUSTOMER	2015			2006		
	Operating Revenues (in thousands)	Rank	%	Operating Revenues (in thousands)	Rank	%
Florida Power & Light Company	\$8,608	1	4.87	\$ -	-	-
Century Village West Condominiums	2,223	2	1.26	1,399	1	1.56
School District of Palm Beach County	1,802	3	1.02	599	3	0.67
GEO Group, Inc.	1,120	4	0.63	-	-	-
Palm Beach County Sheriff's Office	655	5	0.37	403	4	0.45
Inter Connect Village of Palm Springs	557	6	0.32	-	-	-
MHC Lake Worth Village LLC	551	7	0.31	-	-	-
Ytech-384 Units Belle Glade Investments	506	8	0.29	-	-	-
Fountains Condo Oper Inc.	483	9	0.27	-	-	-
Casa Del Monte LLC	480	10	0.27	254	10	0.28
City of Lake Worth	-	-	-	350	6	0.39
Village of Palm Springs	-	-	-	392	5	0.44
City of Boynton Beach Inter Connect	-	-	-	665	2	0.74
Hometown Lake Worth LLC	-	-	-	296	7	0.33
The Fountains Condo	-	-	-	276	8	0.31
Golden Lakes Village Condos	-	-	-	272	9	0.30
Subtotal (10 largest)	16,985		9.61	4,906		5.47
Balance from other customers	159,818		90.39	84,884		94.53
Grand totals	<u>\$176,803</u>		<u>100.00</u>	<u>\$89,790</u>		<u>100.00</u>

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>
2015	\$0.00	\$27.10	\$32.94	\$0.00	\$60.04	2.9%
2014	-	26.36	32.01	-	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%

**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.

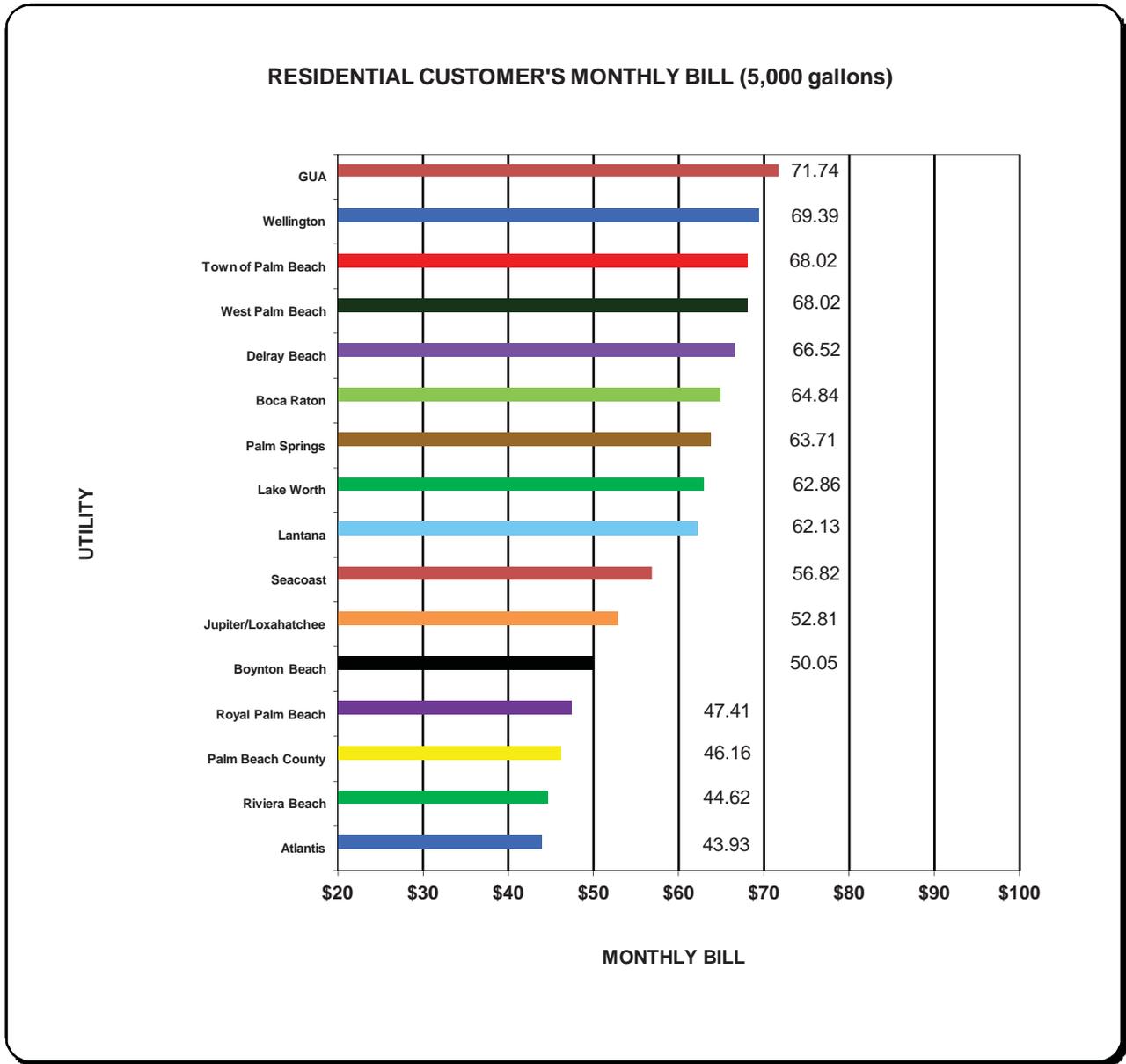
Water restrictions surcharge is calculated as 15% of base facility fee and 15% of commodity fee. The surcharge was instituted with May 2008 billing and was not to be charged for more than one year.

\*\*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, 2015



**Source:** Utility survey

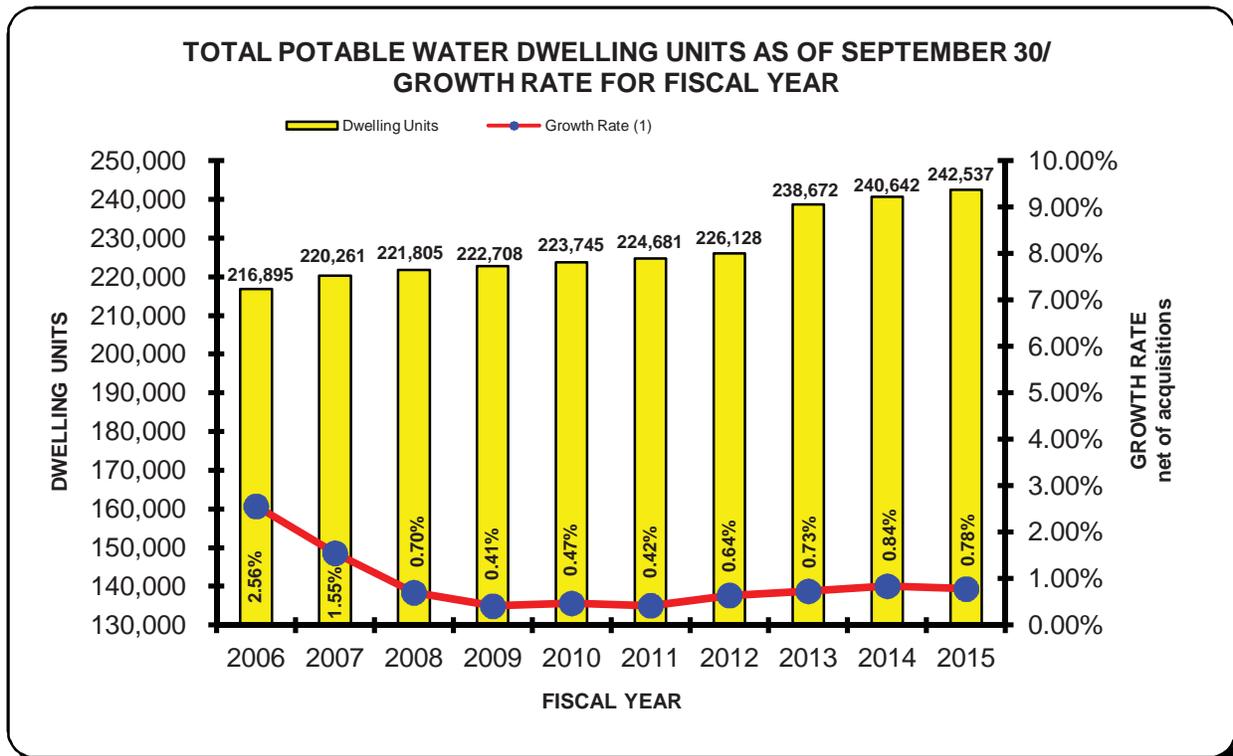
**Notes:**

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**

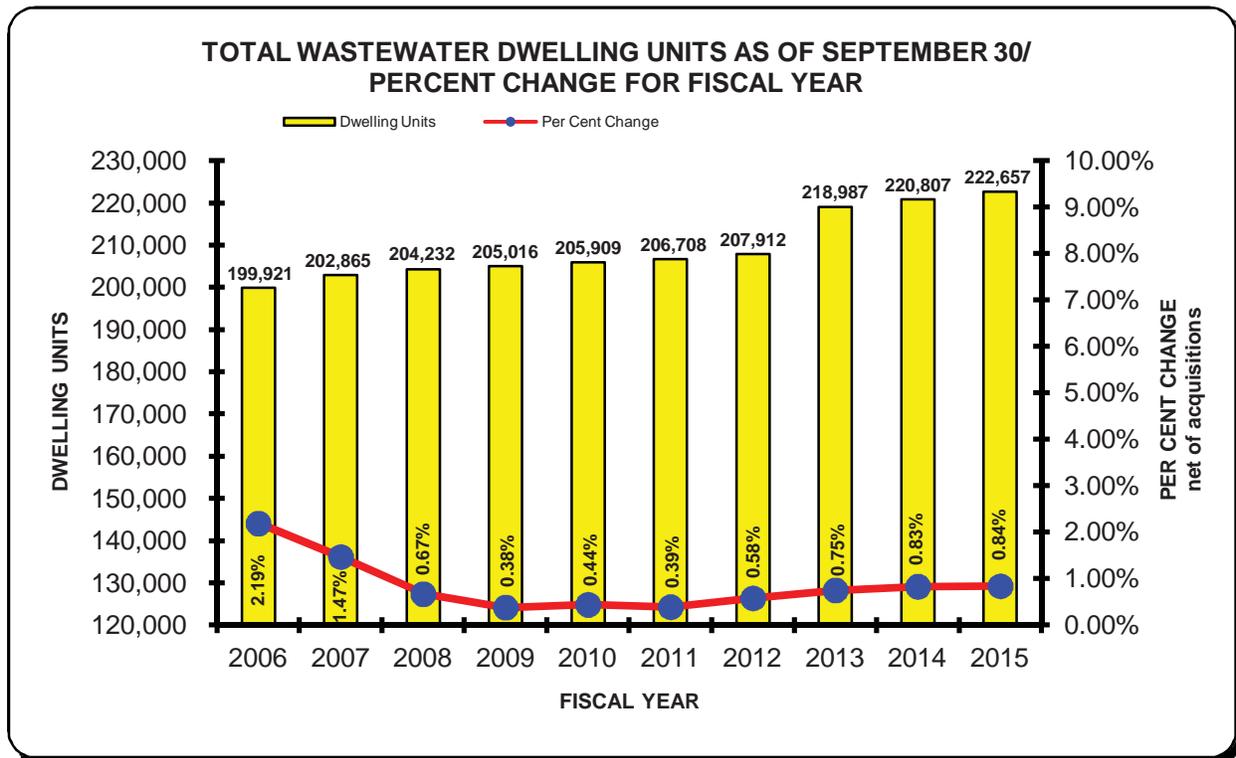
Fiscal Year	Single Family		Multi-Family		Non-Residential <sup>(2)</sup>		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2015	149,080	61.47%	85,971	35.45%	7,486	3.08%	242,537
2014	147,915	61.47%	85,369	35.48%	7,358	3.05%	240,642
2013 <sup>(4)</sup>	146,410	61.34%	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 <sup>(3)</sup>	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

**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 <sup>(1)</sup>		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2015	132,981	59.73%	83,485	37.49%	6,191	2.78%	222,657
2014	131,820	59.70%	82,860	37.53%	6,127	2.77%	220,807
2013 <sup>(3)</sup>	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 <sup>(2)</sup>	116,052	58.05%	79,186	39.61%	4,683	2.34%	199,921

**Notes:**

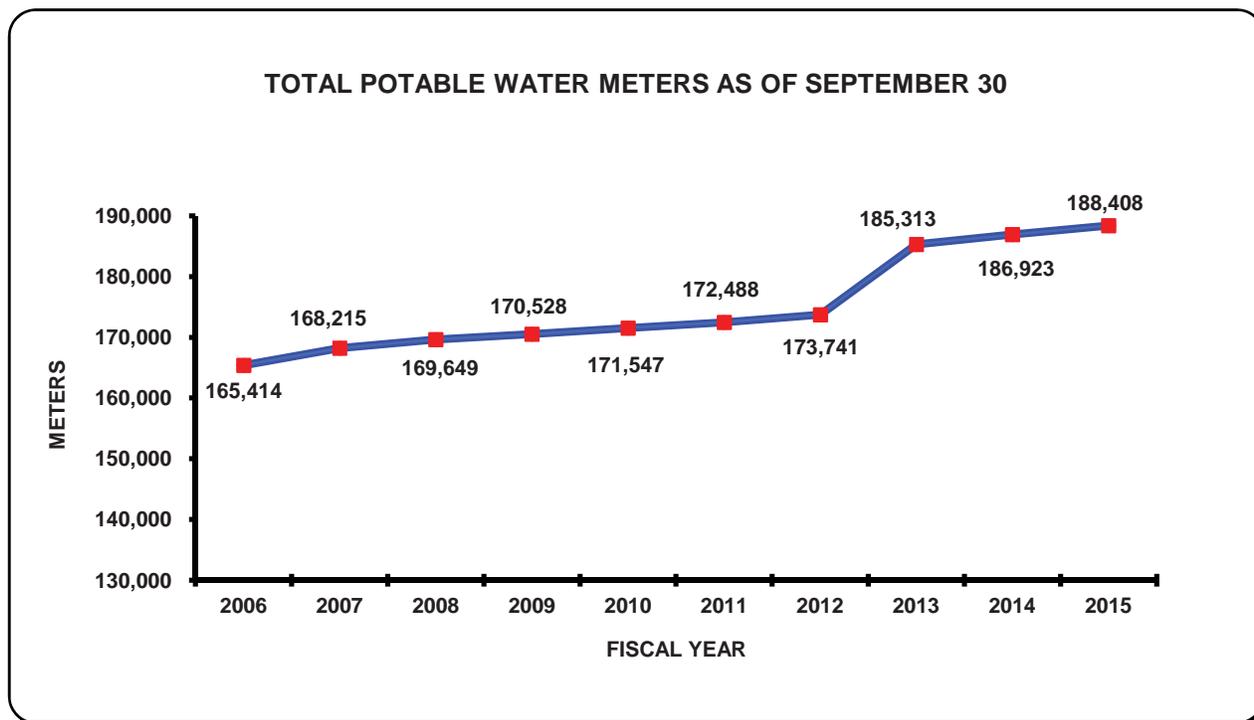
<sup>(1)</sup> Non-residential does not include contractual/wholesale. Fiscal years 2006 - 2004 have been restated to use the same methodology that was used in 2007 and all subsequent years.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 <sup>(1)</sup>		Contractual/ Wholesale <sup>(1)</sup>		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2015	149,023	79.10%	31,893	16.93%	7,464	3.96%	28	0.01%	188,408
2014	147,858	79.10%	31,677	16.94%	7,358	3.94%	30	0.02%	186,923
2013 <sup>(3)</sup>	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 <sup>(2)</sup>	129,796	78.47%	29,600	17.89%	6,005	3.63%	13	0.01%	165,414

**Notes:**

- <sup>(1)</sup> 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.
- <sup>(2)</sup> On April 27, 2006, the Department purchased the Village of Royal Palm Beach's Utility System. 10,894 meters were acquired.
- <sup>(3)</sup> 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

	2015	2014	2013	2012	2011	2010	2009 <sup>(1)</sup>	2009 <sup>(2)</sup>	2008 <sup>(3)</sup>	2007 <sup>(2)</sup>	2007 - 2003
<b>CUSTOMER ACCOUNT FEE (per meter)</b>											
Multi-Family accounts only	\$ 2.50	\$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	n/a	\$2.50	\$2.50	\$2.50	\$2.50
<b>POTABLE WATER RATES</b>											
Base Facility Fee											
Single-Family (per meter)											
5/8" x 3/4"	\$ 12.77	\$12.42	\$11.97	\$11.42	\$10.95	\$10.36	\$9.82	\$6.55	\$6.30	\$6.30	\$5.15
1"	\$ 31.20	\$30.34	\$29.23	\$27.88	\$26.74	\$25.30	\$23.99	\$19.23	\$18.50	\$18.50	\$14.95
1 1/2 "	\$ 46.66	\$45.38	\$43.72	\$41.70	\$40.00	\$37.85	\$35.89	\$29.88	\$28.75	\$28.75	\$23.20
2"	\$ 97.29	\$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)	\$ 9.52	\$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	\$ 1.29	\$1.25	\$1.20	\$1.14	\$1.09	\$1.03	\$0.98	\$0.88	\$0.85	\$0.85	\$0.75
5-10	\$ 2.85	\$2.77	\$2.67	\$2.55	\$2.45	\$2.32	\$2.20	\$1.97	\$1.90	\$1.90	\$1.60
11-25	\$ 7.18	\$6.98	\$6.72	\$6.41	\$6.15	\$5.82	\$5.52	\$4.94	\$4.75	\$4.75	\$3.80
Over 25	\$ 8.93	\$8.68	\$8.36	\$7.97	\$7.64	\$7.23	\$6.85	\$6.13	\$5.90	\$5.90	\$3.80
<b>WASTEWATER RATES</b>											
Base Facility Fee											
Single-Family (per meter)											
5/8" x 3/4"	\$ 14.33	\$13.94	\$13.43	\$12.81	\$12.29	\$11.63	\$11.03	\$9.87	\$9.50	\$9.50	\$7.80
1"	\$ 42.29	\$41.13	\$39.62	\$37.79	\$36.25	\$34.30	\$32.52	\$29.10	\$28.00	\$28.00	\$22.60
1 1/2 "	\$ 64.95	\$63.16	\$60.85	\$58.04	\$55.67	\$52.68	\$49.95	\$44.70	\$43.00	\$43.00	\$35.10
2"	\$ 142.02	\$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	\$ 1.74	\$1.69	\$1.63	\$1.55	\$1.49	\$1.41	\$1.34	\$1.20	\$1.15	\$1.15	\$1.00
5-10	\$ 4.09	\$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

	2015	2014	2013	2012	2011	2010	2009 <sup>(1)</sup>	2009 <sup>(4)</sup>	2008 <sup>(4)</sup>	2007 <sup>(2)</sup>	2007 - 2003
<b>CUSTOMER ACCOUNT FEE (per meter)</b>											
Multi-Family accounts only	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	n/a	n/a	n/a	n/a
All accounts	n/a	\$2.50	\$2.50	\$2.50	\$2.50						
<b>FIRE LINE RATES</b>											
Base Facility Fee per size of backflow device											
2"	\$ 14.21	\$13.82	\$13.31	\$12.69	\$12.17	\$11.52	\$10.92	\$9.77	\$9.40	\$9.40	\$8.00
3"	\$ 26.75	\$26.01	\$25.06	\$23.90	\$22.92	\$21.69	\$20.56	\$18.40	\$17.70	\$17.70	\$15.00
4"	\$ 44.57	\$43.34	\$41.75	\$39.82	\$38.19	\$36.14	\$34.26	\$30.66	\$29.50	\$29.50	\$25.00
6"	\$ 89.13	\$86.68	\$83.51	\$79.65	\$76.39	\$72.29	\$68.54	\$61.33	\$59.00	\$59.00	\$50.00
8" and above	\$ 142.63	\$138.70	\$133.62	\$127.44	\$122.23	\$115.66	\$109.66	\$98.13	\$94.40	\$94.40	\$80.00
<b>RECLAIMED WATER RATES</b>											
Base Facility Fee											
Single-Family (per meter)											
5/8" x 3/4"	\$ 6.24	\$6.07	\$6.26	\$5.97	\$5.35 <sup>(3)</sup>	\$5.06 <sup>(3)</sup>	\$4.80 <sup>(3)</sup>	\$2.60	\$2.50	\$0.00	\$0.00
5/8" x 3/4" (connection fee paid)	\$ 3.06	\$2.98	\$3.08	\$2.94	\$2.63 <sup>(3)</sup>	\$2.49 <sup>(3)</sup>	\$2.36 <sup>(3)</sup>	n/a	n/a	n/a	n/a
1"	n/a	n/a	\$10.00	\$0.00	\$0.00						
1 1/2 "	n/a	n/a	\$120.00	\$0.00	\$0.00						
2"	n/a	n/a	\$160.00	\$0.00	\$0.00						
Multi-Family (per dwelling unit)	n/a	n/a	\$2.50	\$0.00	\$0.00						
Commodity Fee per thousand gallons	\$0.26 <sup>(3)</sup>	\$0.25 <sup>(3)</sup>	\$0.24 <sup>(3)</sup>	\$0.23 <sup>(3)</sup>	\$0.22 <sup>(3)</sup>	\$0.21 <sup>(3)</sup>	\$0.20 <sup>(3)</sup>	\$0.16	\$0.15	n/a	n/a
Fixed Commodity Fee (meter size)											
5/8" x 3/4"	n/a	n/a	n/a	\$5.00	\$5.00						
1"	n/a	n/a	n/a	\$10.00	\$10.00						
All others see non-residential rates											

**Notes:**

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- (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

	2015	2014	2013	2012	2011	2010	2009 <sup>(1)</sup>	2009 <sup>(2)</sup>	2008 <sup>(3)</sup>	2007 <sup>(2)</sup>	2007 - 2003
<b>CUSTOMER ACCOUNT FEE</b>											
<b>(per meter)</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
<b>POTABLE WATER RATES</b>											
Base Facility Fee											
5/8" x 3/4"	\$ 24.03	\$23.37	\$22.51	\$21.47	\$20.59	\$19.48	\$18.47	\$14.29	\$13.75	\$13.75	\$10.65
1"	\$ 81.80	\$79.55	\$76.64	\$73.10	\$70.11	\$66.34	\$62.90	\$54.05	\$52.00	\$52.00	\$42.65
1 1/2 "	\$ 130.14	\$126.56	\$121.93	\$116.29	\$111.54	\$105.55	\$100.07	\$87.31	\$84.00	\$84.00	\$63.95
2"	\$ 220.79	\$214.71	\$206.85	\$197.29	\$189.23	\$179.06	\$169.77	\$149.68	\$144.00	\$144.00	\$119.45
3"	\$ 584.88	\$568.78	\$547.96	\$522.62	\$501.26	\$474.33	\$449.71	\$400.19	\$385.00	\$385.00	\$294.00
4"	\$ 902.14	\$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	\$ 1.49	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 14	\$ 4.09	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
1"											
0-57	\$ 1.49	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 57	\$ 4.09	\$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	\$ 1.49	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 94	\$ 4.09	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
2"											
0-138	\$ 1.49	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 138	\$ 4.09	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
3"											
0-557	\$ 1.49	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 557	\$ 4.09	\$3.98	\$3.83	\$3.65	\$3.50	\$3.31	\$3.14	\$2.81	\$2.70	\$2.70	\$0.85
4"											
0-675	\$ 1.49	\$1.45	\$1.40	\$1.34	\$1.29	\$1.22	\$1.16	\$1.04	\$1.00	\$1.00	\$0.85
Over 675	\$ 4.09	\$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	\$ 1.49	\$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	n/a	\$1.04	\$1.00	\$1.00	\$0.85
Over 675	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.81	\$2.70	\$2.70	\$0.85

**Notes:**

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- (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

	2015	2014	2013	2012	2011	2010	2009 <sup>(1)</sup>	2009 <sup>(2)</sup>	2008 <sup>(3)</sup>	2007 <sup>(2)</sup>	2007 - 2003
<b>WASTEWATER RATES</b>											
Base Facility Fee											
5/8" x 3/4"	\$ 30.21	\$29.38	\$28.30	\$26.99	\$25.89	\$24.50	\$23.23	\$20.79	\$20.00	\$20.00	\$16.20
1"	\$ 115.57	\$112.39	\$108.28	\$103.27	\$99.05	\$93.73	\$88.86	\$79.52	\$76.50	\$76.50	\$64.65
1 1/2 "	\$ 188.84	\$183.64	\$176.92	\$168.74	\$161.84	\$153.15	\$145.20	\$129.93	\$125.00	\$125.00	\$97.00
2"	\$ 338.41	\$329.10	\$317.05	\$302.39	\$290.03	\$274.45	\$260.20	\$232.84	\$224.00	\$224.00	\$181.20
3"	\$ 868.68	\$844.77	\$813.84	\$776.21	\$744.48	\$704.49	\$667.92	\$597.69	\$575.00	\$575.00	\$446.00
4"	\$ 1,329.45	\$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	\$ 2.03	\$1.97	\$1.90	\$1.81	\$1.74	\$1.65	\$1.56	\$1.40	\$1.35	\$1.35	\$1.10

**Notes:**

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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

	2015	2014	2013	2012	2011	2010	2009 <sup>(1)</sup>	2009 <sup>(1)</sup>	2008 <sup>(2)</sup>	2007 <sup>(2)</sup>	2007 - 2003
<b>CUSTOMER ACCOUNT FEE</b>											
(per meter)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
<b>FIRE LINE RATES</b>											
Base Facility Fee per size of backflow device											
2"	\$ 14.21	\$13.82	\$13.31	\$12.69	\$12.17	\$11.52	\$10.92	\$9.77	\$9.40	\$9.40	\$8.00
3"	\$ 26.25	\$26.01	\$25.06	\$23.90	\$22.92	\$21.69	\$20.56	\$18.40	\$17.70	\$17.70	\$15.00
4"	\$ 44.57	\$43.34	\$41.75	\$39.82	\$38.19	\$36.14	\$34.26	\$30.66	\$29.50	\$29.50	\$25.00
6"	\$ 89.13	\$86.68	\$83.51	\$79.65	\$76.39	\$72.29	\$68.54	\$61.33	\$59.00	\$59.00	\$50.00
8"	\$ 142.63	\$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:**

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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.

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**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

	2015 <sup>(4)</sup>	2014 <sup>(4)</sup>	2013 <sup>(4)</sup>	2012 <sup>(4)</sup>	2011 <sup>(4)</sup>	2010 <sup>(1) (4)</sup>	2009 <sup>(2) (4)</sup>	2009	2008	2007 <sup>(3)</sup>	2007 - 2003
<b>CUSTOMER ACCOUNT FEE</b>											
(per meter)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50	\$2.50	\$2.50	\$2.50
<b>RECLAIMED WATER RATES</b>											
Base Facility Fee											
5/8" x 3/4"	\$ 6.68	\$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)	\$ 3.29	\$3.20	\$3.08	\$2.94	\$2.82	\$2.67	\$3.54	n/a	n/a	n/a	n/a
1"	\$ 35.64	\$34.66	\$33.39	\$31.85	\$30.55	\$28.91	\$38.40	\$20.79	\$20.00	\$0.00	\$0.00
1" (connection fee paid)	\$ 17.54	\$17.06	\$16.44	\$15.68	\$15.04	\$14.23	\$18.88	n/a	n/a	n/a	n/a
1 1/2"	\$ 89.13	\$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)	\$ 43.86	\$42.65	\$41.09	\$39.19	\$37.59	\$35.57	\$47.20	n/a	n/a	n/a	n/a
2"	\$ 191.62	\$186.35	\$179.53	\$171.23	\$164.23	\$155.41	\$206.40	\$112.26	\$108.00	\$0.00	\$0.00
2" (connection fee paid)	\$ 94.30	\$91.70	\$88.34	\$84.26	\$80.82	\$76.48	\$101.48	n/a	n/a	n/a	n/a
3"	\$ 418.92	\$407.39	\$392.48	\$374.33	\$359.03	\$339.74	\$451.20	\$244.27	\$235.00	\$0.00	\$0.00
3" (connection fee paid)	\$ 206.15	\$200.48	\$193.14	\$184.21	\$176.68	\$167.19	\$221.84	n/a	n/a	n/a	n/a
4"	\$ 1,145.36	\$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)	\$ 563.63	\$548.12	\$528.05	\$503.63	\$483.04	\$457.09	\$606.52	n/a	n/a	n/a	n/a
6"	\$ 2,446.70	\$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)	\$ 1,204.01	\$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"	\$ 4,349.67	\$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)	\$ 2,140.45	\$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"	\$ 6,774.07	\$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)	\$ 3,333.49	\$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	\$ 0.26	\$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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006 - 2003
<b>RECLAIMED WATER RATES</b>										
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 Nine Fiscal Years**

2015 - 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, 2015, the Department had the following numbers of customers to whom this rate schedule applies:

    Single-family: 10,941 meters; 10,941 potable water units; 10,942 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 Nine Fiscal Years**

2015 - 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, 2015, the Department had the following numbers of customers to whom this rate schedule applies:

    Non-residential: 564 meters; 567 potable water units; 515 wastewater units

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

2015 - 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, 2015, the Department had 153 customers to whom this rate schedule applies.

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

<u>RESIDENTIAL</u>	<u>2016 - 2020</u>
<b>POTABLE WATER RATES</b>	
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
<b>WASTEWATER RATES</b>	
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
<b><u>NON-RESIDENTIAL</u></b>	
<b>POTABLE WATER RATES</b>	
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
<b>WASTEWATER RATES</b>	
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
<b><u>FIRELINE</u></b>	
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, 2015, the Department had the following numbers of customers to whom this rate schedule applies:

Potable Water: 11,135 Wastewater: 9,675

## **DEBT CAPACITY INFORMATION**



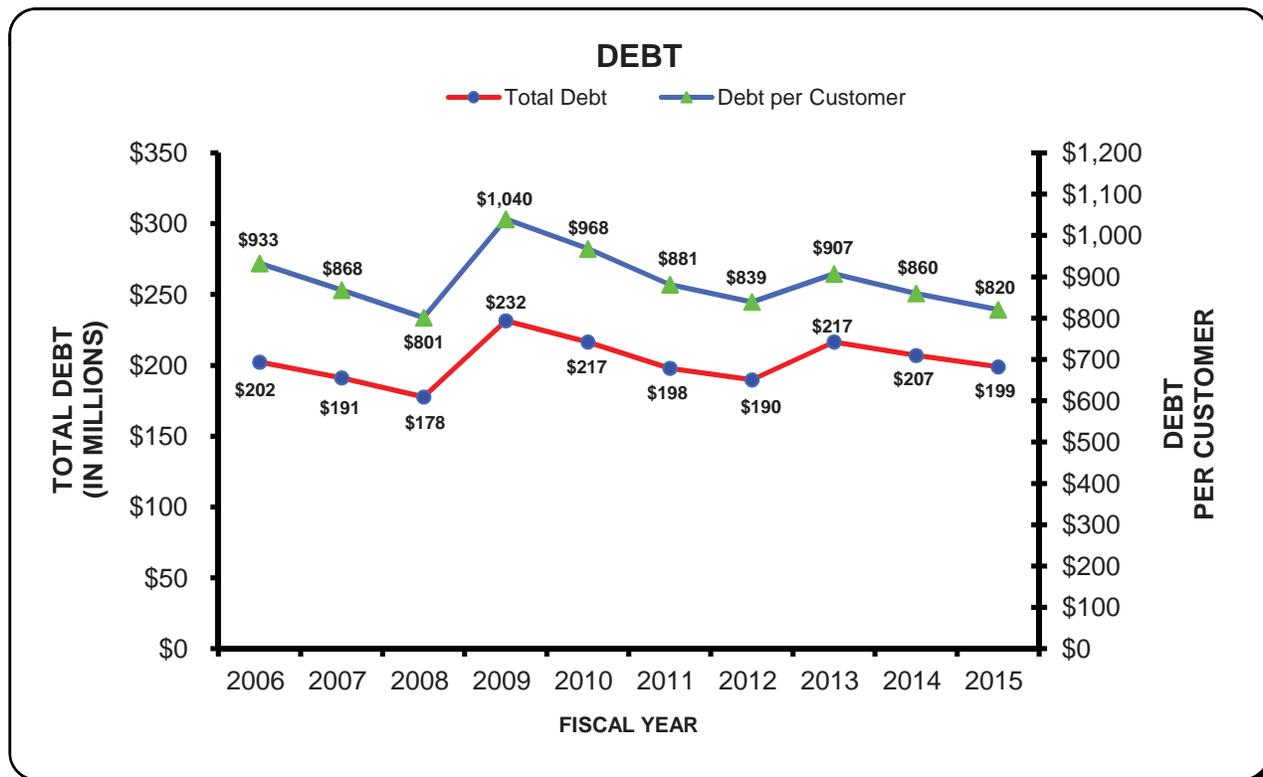
**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

	Water & Sewer Revenue Bonds	Pro Rata Share of Joint Venture Debt	Total Debt	Debt per Customer
2015	\$198,976,869	\$ - (1)	\$198,976,869	\$820
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

**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 70 for customer data.

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

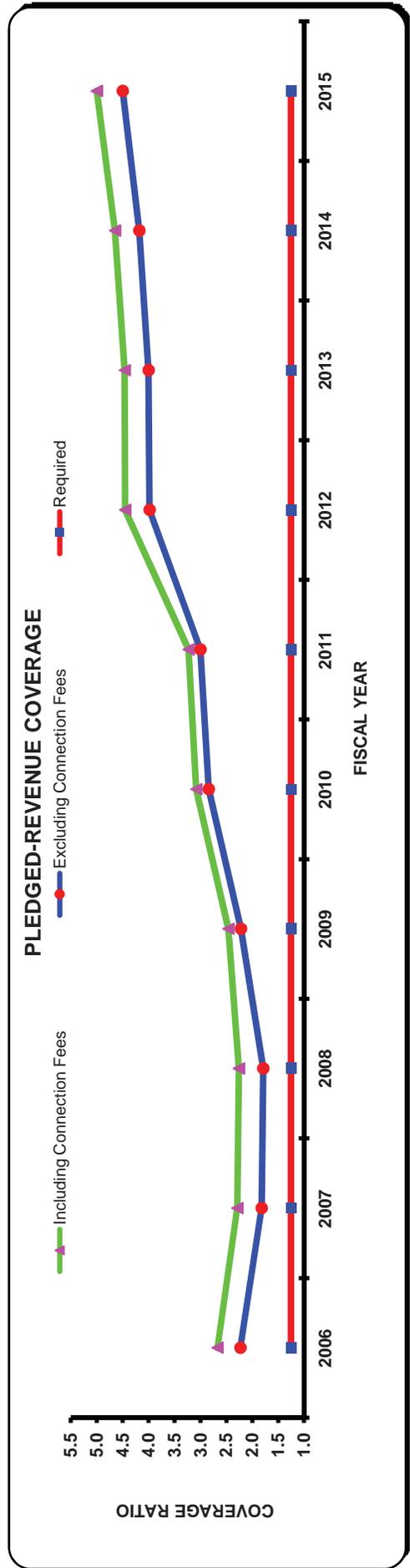


**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**PLEDGED-REVENUE COVERAGE**  
 Last Ten Fiscal Years

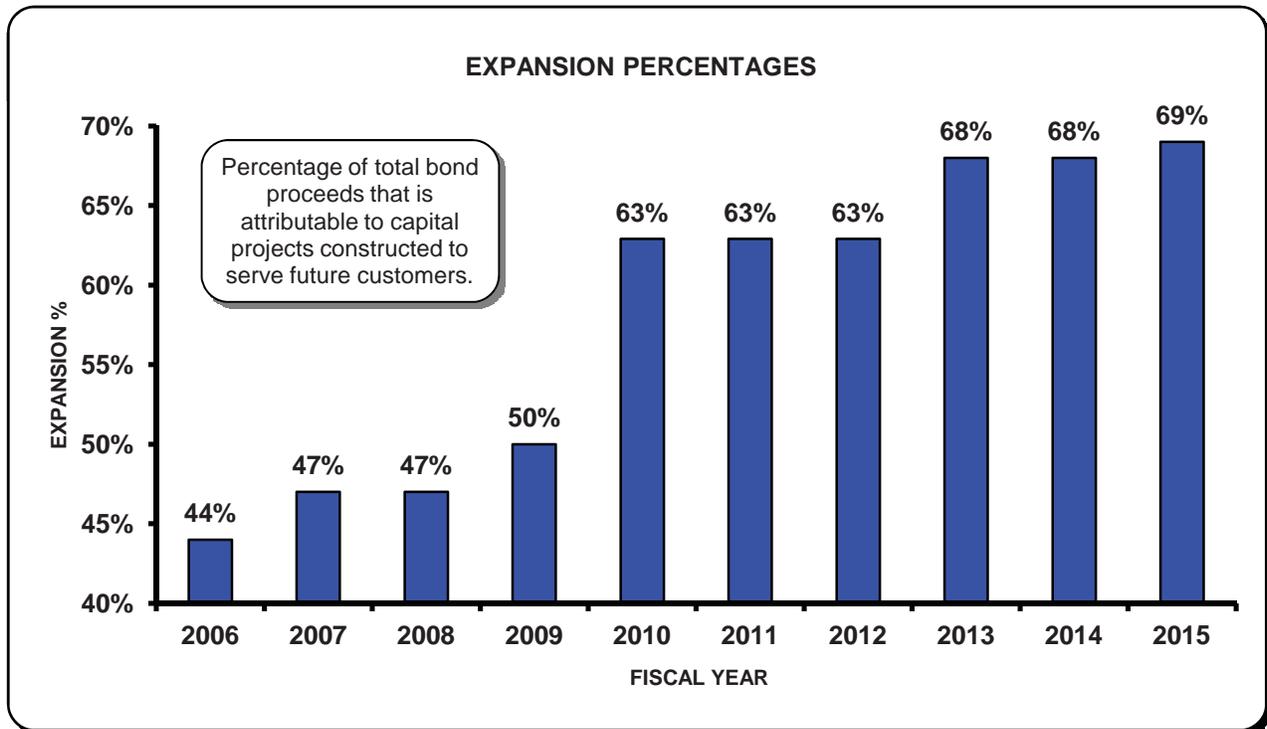
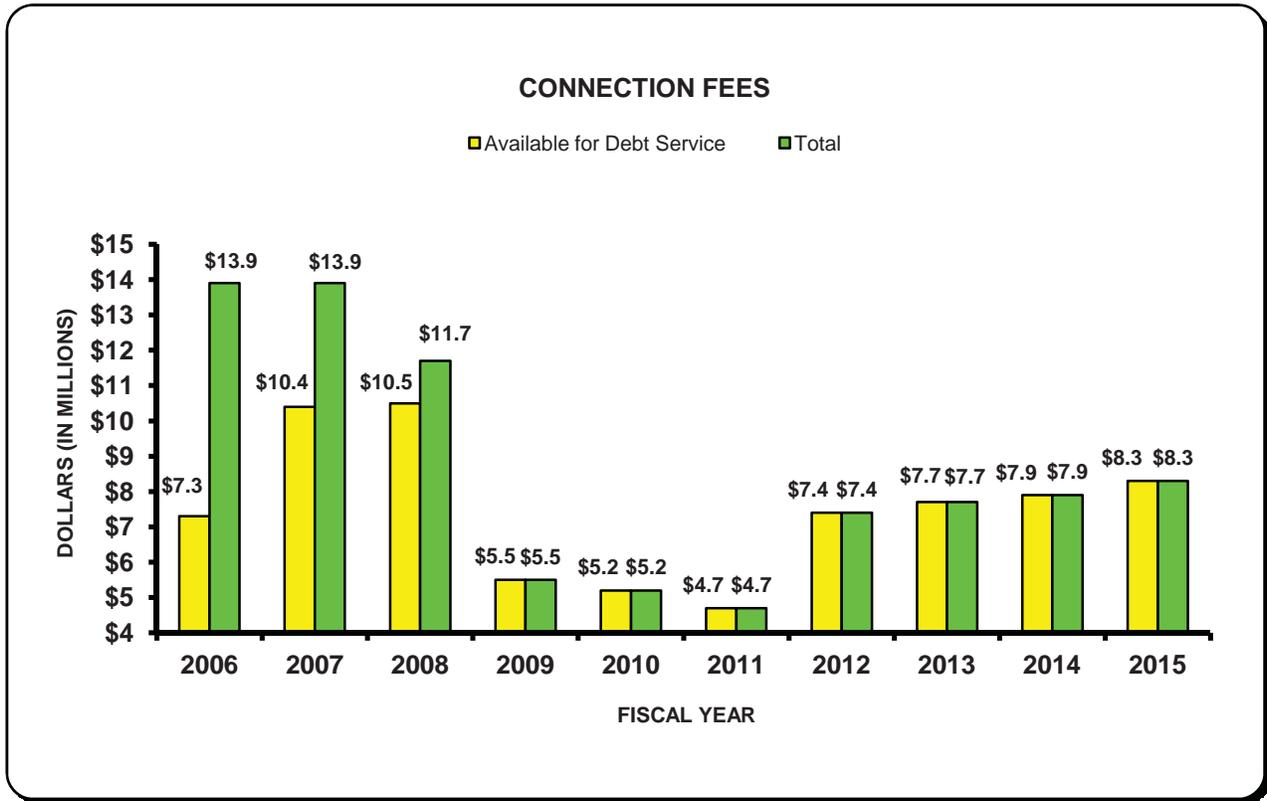
Fiscal Year Ended Sept 30	Available for Debt Service				Debt Service Requirements			Coverage Ratio			
	Operating Revenues	Operating Expenses <sup>(1)</sup>	Nonoperating Revenues (Expenses) <sup>(2)</sup>	Net Revenues	Connection Fees <sup>(3)</sup>	Revenues & Connection Fees	Principal	Interest	Total Debt Service	Excluding Connection Fees	Including Connection Fees
2015	\$176,803,449	\$116,443,238	\$14,514,826	\$74,875,037	\$8,271,112	\$83,146,149	\$8,166,052	\$8,464,578	\$16,630,630	4.50x	5.00x
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	4.18	4.65
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

**Notes:**

- <sup>(1)</sup> Operating expenses exclude depreciation and amortization and equity interest in net loss of joint venture.
- <sup>(2)</sup> Nonoperating revenues (expenses) exclude interest on debt, gain or loss on disposal of fixed assets, and grants.
- <sup>(3)</sup> 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.



## 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
2015	1,378,417	N/A	N/A	685,491	5.3%
2014	1,360,248	\$93,526,272	\$66,914	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

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 2015 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.

\* Population data has been restated to reflect the 2010 Census.

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

EMPLOYER	2015			2006		
	Employees	Rank	%	Employees	Rank	%
Palm Beach County School Board	22,000	1	3.21	21,616	1	3.35
Palm Beach County Government	11,505	2	1.68	6,594	3	1.02
Tenet Healthcare Corp (1)	6,100	3	0.89	4,794	7	0.74
NextEra Energy (Florida Power & Light)	3,854	4	0.56	2,850	8	0.44
Hospital Corporation of America (HCA) (2)	2,714	5	0.40	5,200	5	0.81
Florida Atlantic University	2,655	6	0.39	-	-	-
Bethesda Memorial Hospital	2,600	7	0.38	-	-	-
Boca Raton Regional Hospital	2,500	8	0.36	-	-	-
Veterans Health Administration	2,500	9	0.36	-	-	-
Jupiter Medical Center	2,000	10	0.29	-	-	-
G4S (Wackenhut Corp)	-	-	-	2,825	9	0.44
State Government	-	-	-	9,200	2	1.43
Federal Government	-	-	-	6,300	4	0.98
Boca Raton Resort & Club	-	-	-	2,200	10	0.34
United Rental Highway Techs	-	-	-	5,000	6	0.77
<b>Total</b>	<b>58,428</b>		<b>8.52</b>	<b>66,579</b>		<b>10.32</b>
<b>Balance from other employers</b>	<b>627,347</b>		<b>91.48</b>	<b>578,566</b>		<b>89.68</b>
<b>Grand totals</b>	<b>685,775</b>		<b>100.00</b>	<b>645,145</b>		<b>100.00</b>

**Source:** Business Development Board of Palm Beach County

**Notes:**

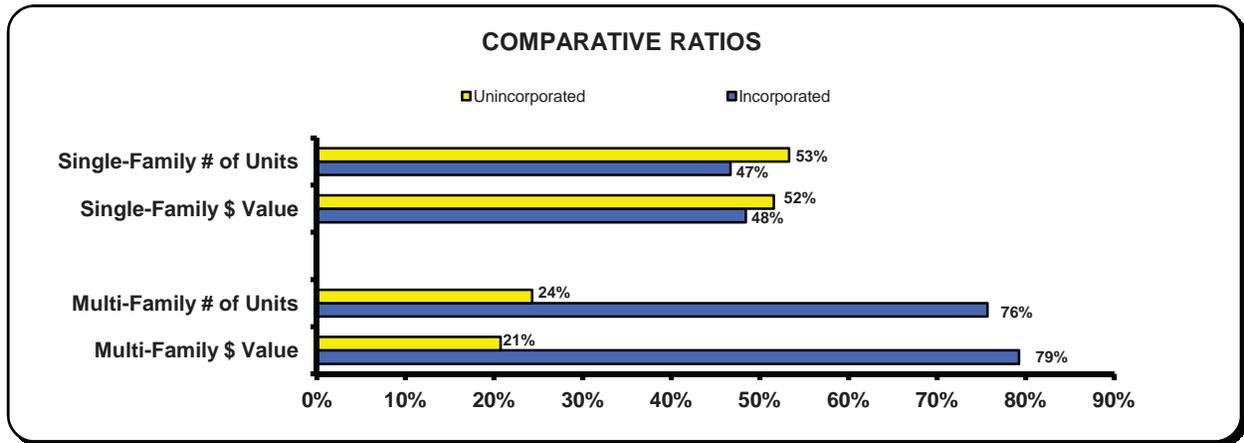
Although the Department's service area is primarily unincorporated, some municipalities or parts of municipalities are included in the service area. See the Department's Service Area and Major Facilities map on page 10.

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
2015	1,756	260	1,033	1,306	2,789	1,566
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
<b>Totals</b>	<b>10,921</b>	<b>2,997</b>	<b>9,565</b>	<b>9,335</b>	<b>20,486</b>	<b>12,332</b>

**VALUE (in millions):**

	Unincorporated		Incorporated		Total	
	Single	Multi-Family	Single	Multi-Family	Single	Multi-Family
2015	\$564	\$38	\$349	\$170	\$913	\$208
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
<b>Totals</b>	<b>\$3,548</b>	<b>\$357</b>	<b>\$3,330</b>	<b>\$1,364</b>	<b>\$6,878</b>	<b>\$1,721</b>

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**



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

<b>Function</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010 <sup>(1)</sup></b>	<b>2009</b>	<b>2008 <sup>(2)</sup></b>	<b>2007</b>	<b>2006 <sup>(3)</sup></b>
Water:										
Treatment	103	100	101	100	101	98	110	113	93	91
Distribution	84	88	89	89	89	92	93	92	93	90
Wastewater:										
Treatment	41	38	39	39	39	39	40	41	39	37
Collection	84	92	88	89	90	91	90	95	97	88
Customer accounts	58	56	55	55	56	57	57	62	61	61
Administration	106	96	91	86	87	82	85	79	79	71
Western Region <sup>(1)</sup>	65	62	67	71	68	70	-	-	-	-
Engineering	27	29	29	29	29	29	30	36	36	36
Total positions	<u>568</u>	<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>

**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>2015</u>	<u>2014</u>	<u>2013</u>
<b>INCREASE IN SERVICES:</b>			
Potable water meters	1,487	1,610	11,572
Potable water dwelling units	1,868	1,970	12,544
Wastewater dwelling units	1,850	1,820	11,075
<b>WATER SUPPLY, TREATMENT, AND DISTRIBUTION SYSTEMS:</b>			
<b>RAW WATER WELLS:</b>			
Wells	113.28	105	103
Permitted yearly withdrawal (millions)	35,194	35,194	35,194
Permitted maximum mgd	140.33	140.33	139.02
<b>TREATMENT PLANTS:</b>			
Average finished water mgd	59.32	58.82	52.04
Primary plants	5	5	5
Combined permitted treatment capacity mgd	113.28	113.28	113.28
Plant 2 (West Lake Worth)	16.40	16.40	16.40
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)	-	-	-
Plant 11 (Western Region)	10.00	10.00	10.00
<b>DISTRIBUTION SYSTEM:</b>			
Miles of pipe	2,407	2,385	2,364
Storage and repump stations	16	17	17
Interconnects	26	26	24
Fire hydrants	18,155	17,839	17,593
Valves	35,304	34,554	34,048
Air relief valves	654	646	637

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 70 - 72 and 102 - 103 for additional operating statistics.

Source: Department's Records

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
1,253	935	1,020	878	1,427	2,801	15,678
1,447	936	1,037	903	1,544	3,366	17,319
1,204	799	893	784	1,367	2,944	16,154
109	102	102	109	105	94	94
38,792	33,284	33,284	38,792	36,043	32,600	32,600
106.28	137.39	137.39	144.45	144.45	134.09	134.09
53.01	53.78	51.94	57.59	53.31	52.80	55.05
5	5	5	6	6	5	5
104.28	104.38	104.38	114.38	114.38	97.88	97.88
14.40	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	30.00	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	3.00	6.50	6.50
-	-	-	10.00	10.00	-	-
2,152	2,141	2,121	2,126	2,162	2,081	2,064
17	17	17	17	17	18	10
21	20	14	15	15	14	14
16,582	16,353	16,235	16,066	15,866	15,630	14,834
32,584	32,234	32,026	31,213	31,392	30,820	30,633
617	616	611	620	609	573	484

(continued)

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

(continued)      2015      2014      2013

**WASTEWATER COLLECTION AND TREATMENT SYSTEMS:**

**TREATMENT PLANTS:**

Maximum 3-month rolling average mgd	45.30	46.98	42.30
Average wastewater treated mgd	39.59	41.41	38.46
Primary plants	4	4	3
Combined permitted treatment capacity mgd	67.20	66.70	66.70
Southern Region Reclamation Facility	35.00	35.00	35.00
Department's share @ East Central Regional Wastewater Facilities	24.50	24.00	24.00
Western Region Belle Glade WTP	6.50	6.50	6.50
Western Region Pahokee WTP	1.20	1.20	1.20
Northern Region Wastewater Treatment Plant (Royal Palm Beach)	-	-	-

**COLLECTION SYSTEM:**

Miles of gravity wastewater line	1,256	1,248	1,238
Pump stations	899	893	886
Miles of force main	595	589	588
Valves	3,805	3,608	3,541
Air relief valves	763	752	746
Manholes	31,714	31,443	31,132

**EFFLUENT DISPOSAL:**

Deep injection wells	7	7	7
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**RECLAIMED WATER:**

Average reclaimed water provided mgd	8.83	8.49	8.90
Permitted for reclaimed water irrigation mgd	33.37	32.08	30.85
Combined wetlands mgd (included in average mgd)	3.53	3.18	2.72
Green Cay Wetlands mgd	0.94	0.82	0.66
Wakodahatchee Wetlands mgd	0.96	0.79	0.83
Century Village mgd	1.63	1.57	1.23
Miles of pipe	61	60	57
Flush hydrants	107	101	101
Valves	511	482	477
Air relief valves	106	100	100
Vacuum relief valves	24	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 70 - 72 and 102 - 103 for additional operating statistics.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
43.87	45.45	39.60	38.00	34.98	33.41	36.70
38.81	42.77	37.90	37.10	34.25	33.38	35.45
2	2	2	2	2	3	3
59.00	58.50	58.50	58.50	58.50	56.70	56.70
35.00	35.00	35.00	35.00	35.00	35.00	35.00
24.00	23.50	23.50	23.50	23.50	19.50	19.50
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2.20	2.20
1,165	1,157	1,152	1,145	1,142	1,132	1,103
803	768	764	767	764	762	750
532	530	524	518	533	519	469
3,383	3,335	3,288	3,190	3,126	3,042	2,803
726	721	711	705	696	671	524
29,457	29,246	29,117	29,033	28,849	28,623	27,866
6	5	5	6	6	4	4
9.71	14.22	12.40	12.78	10.30	11.69	10.40
22.00	22.00	22.00	22.00	22.00	22.00	22.00
1.92	2.63	2.05	1.86	1.17	0.99	1.30
0.67	0.93	0.73	0.51	0.55	0.13	0.70
0.63	0.90	0.82	0.75	0.62	0.86	0.60
0.62	0.80	0.50	0.60	-	-	-
55	55	36	33	27	24	23
99	99	97	92	84	84	73
471	467	336	353	294	245	240
98	99	48	44	44	38	34

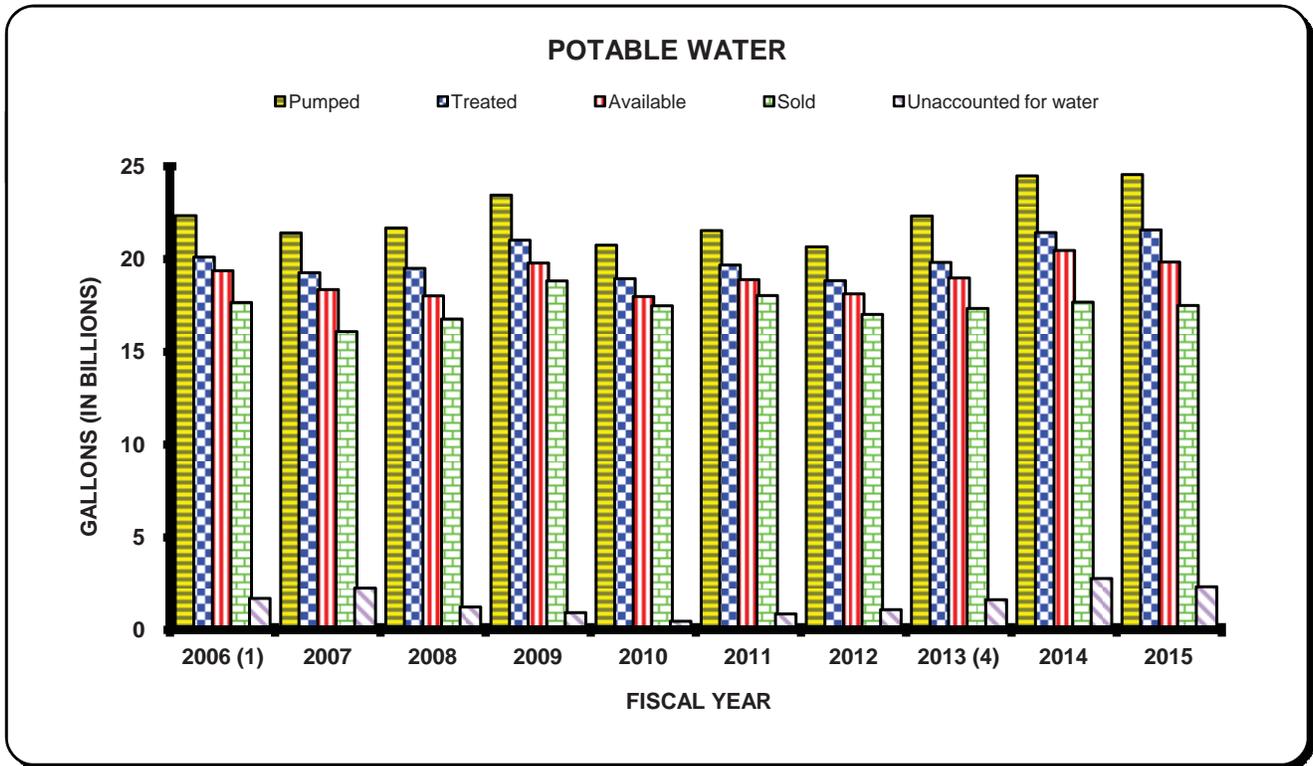
**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**POTABLE WATER VARIANCE ANALYSIS**  
 Last Ten Fiscal Years

(in million gallons)	2015	2014	2013 <sup>(4)</sup>	2012	2011	2010	2009	2008	2007	2006 <sup>(1)</sup>
Pumped	24,563	24,495	22,340	20,672	21,538	20,758	23,463	21,681	21,422	22,353
Treated <sup>(2)</sup>	21,586	21,447	19,824	18,845	19,690	18,960	21,021	19,512	19,285	20,119
Available <sup>(3)</sup>	19,843	20,476	18,991	18,139	18,909	17,987	19,787	18,028	18,368	19,389
Sold	17,500	17,695	17,346	17,022	18,040	17,496	18,832	16,770	16,099	17,664
Unaccounted for water	2,343	2,781	1,645	1,117	869	491	955	1,258	2,269	1,725
"Unaccounted for water" as a percentage of water available	11.8%	13.6%	8.7%	6.2%	4.6%	2.7%	4.8%	7.0%	12.4%	8.9%

**Notes:**

- <sup>(1)</sup> The Village of Royal Palm Beach's Utility System was acquired on April 27, 2006.
- <sup>(2)</sup> The variance between Pumped and Treated is accounted for by water used within the water plants.
- <sup>(3)</sup> 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.
- <sup>(4)</sup> On May 1, 2013, the Department absorbed the Glades Utility Authority (GUA). The percentage includes the GUA data.

Source: Department's Records



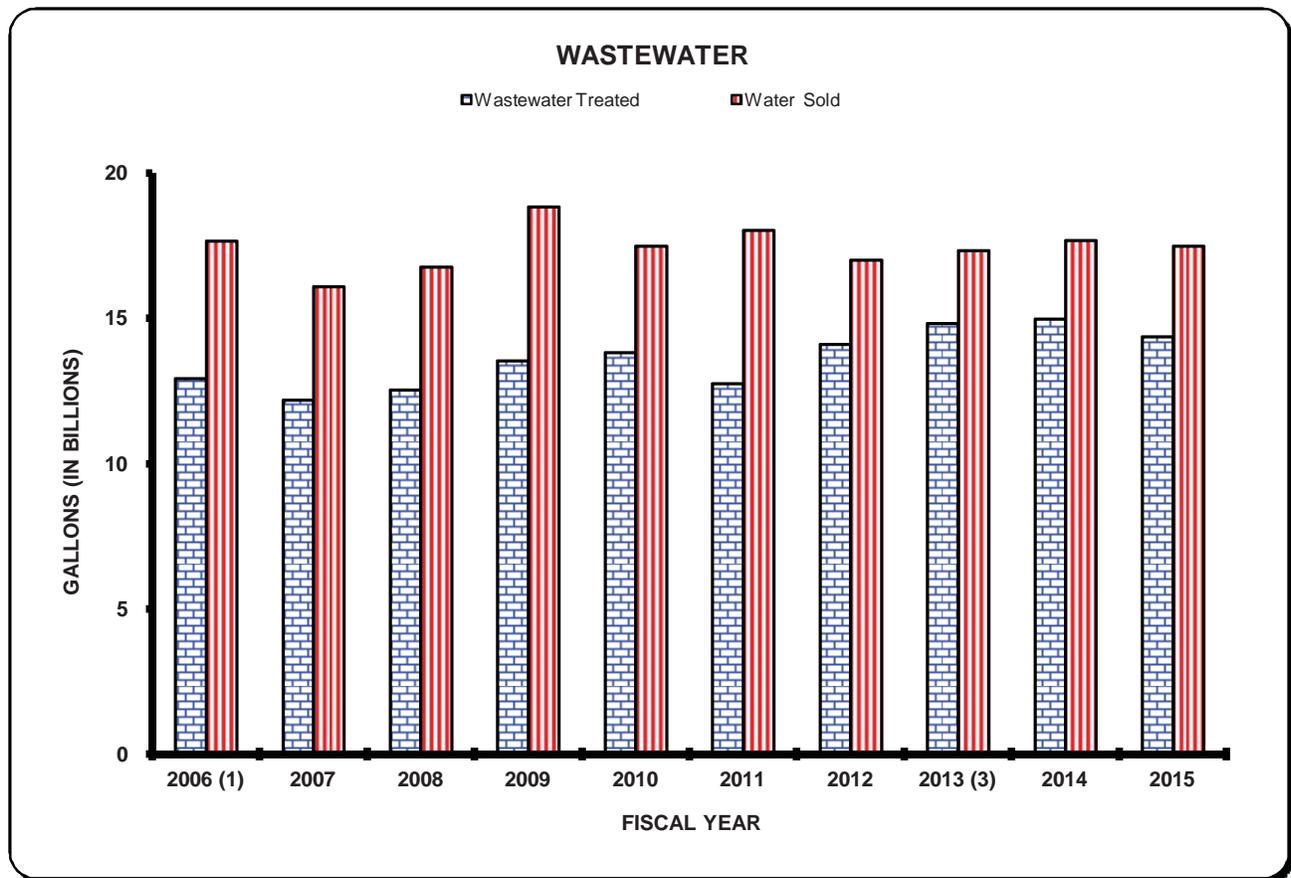
**PALM BEACH COUNTY, FLORIDA**  
**WATER UTILITIES DEPARTMENT**  
**WASTEWATER TREATED**  
**Last Ten Fiscal Years**

(in million gallons)	2015	2014	2013 <sup>(3)</sup>	2012	2011	2010	2009	2008	2007	2006 <sup>(1)</sup>
Department plants	9,702	9,807	9,180	8,615	7,820	8,359	7,981	7,694	7,874	8,672
ECR <sup>(2)</sup>	4,666	5,175	5,653	5,499	4,949	5,463	5,567	4,843	4,311	4,266
<b>Total Treated</b>	<b>14,368</b>	<b>14,982</b>	<b>14,833</b>	<b>14,114</b>	<b>12,769</b>	<b>13,822</b>	<b>13,548</b>	<b>12,537</b>	<b>12,185</b>	<b>12,938</b>
Daily Average	39.4	41.0	40.6	38.7	35.0	37.9	37.1	34.3	33.4	35.4

**Notes:**

- <sup>(1)</sup> 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.
- <sup>(2)</sup> 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.
- <sup>(3)</sup> On May 1, 2013, the Department absorbed the Glades Utility Authority (GUA). The amount treated includes GUA data.

**Source:** Department's Records



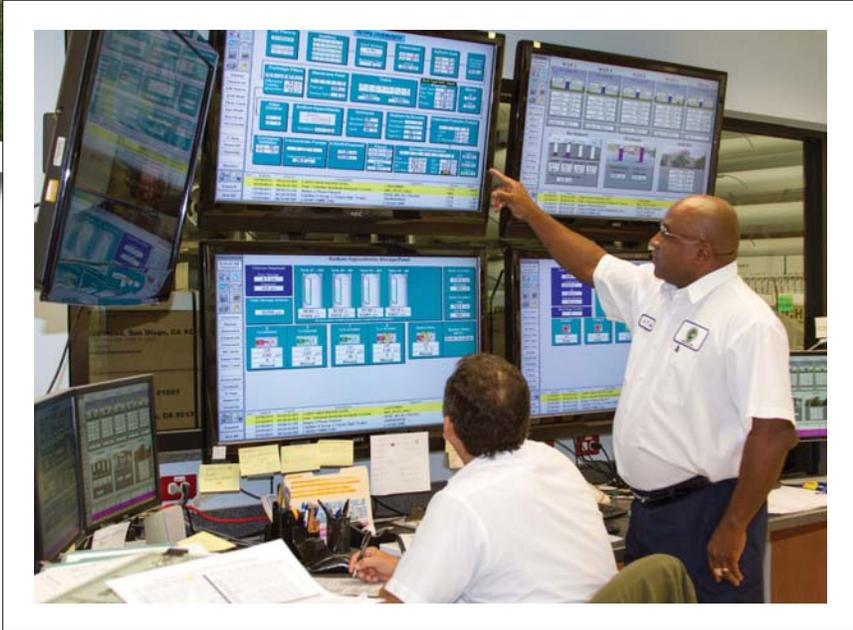


# Compliance Report



*High service pumps  
Lake Region Water Treatment Plant  
Belle Glade, FL*

*Water plant operators  
Water Treatment Plant 9  
Boca Raton, FL*





**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, 2015, 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 May 27, 2016, which contained unmodified opinions on those financial statements, and included an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

***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.

*RSM US LLP*

West Palm Beach, Florida  
May 27, 2016



## **Palm Beach County Water Utilities Department**

**A Department of the Palm Beach County Board of County Commissioners**

**8100 Forest Hill Boulevard**

**West Palm Beach, FL 33413**

**561-493-6000**

**[pbcwater.com](http://pbcwater.com)**



**BEST WATER, BEST SERVICE & BEST ENVIRONMENTAL STEWARDSHIP.**