

EMERALD COAST UTILITIES AUTHORITY

PENSACOLA, FLORIDA

**STATEMENTS OF CITY FRANCHISE FEES APPLICABLE
TO COMMERCIAL SANITATION OPERATIONS**

YEARS ENDED SEPTEMBER 30, 2012, 2011, AND 2010

EMERALD COAST UTILITIES AUTHORITY
PENSACOLA, FLORIDA
STATEMENTS OF CITY FRANCHISE FEES APPLICABLE
TO COMMERCIAL SANITATION OPERATIONS
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TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statement:	
Statements of City Franchise Fees Applicable to Commercial Sanitation Operations	2
Notes to Financial Statements	3

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Emerald Coast Utilities Authority
Pensacola, Florida

We have audited the accompanying Statements of City Franchise Fees Applicable to Commercial Sanitation Operations of the Emerald Coast Utilities Authority (the "Authority") for the years ended December 31, 2012, 2011, and 2010 pursuant to *Article IV, Chapter 4-3* of the Code Ordinance of the City of Pensacola, Florida. These financial statements are the responsibility of the Authority's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of City Franchise Fees Applicable to Commercial Sanitation Operations is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Statements of City Franchise Fees Applicable to Commercial Sanitation Operations referred to above presents fairly, in all material respects, the franchise fees applicable to commercial sanitation operations of the Authority for the years ended December 31, 2012, 2011, and 2010 pursuant to *Article IV, Chapter 4-3* of the Code Ordinance of the City of Pensacola, Florida referred to above.

This report is intended solely for the information and use of the Board, management, and the City of Pensacola, Florida and is not intended to be and should not be used by anyone other than those specified parties.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
November 9, 2012

**EMERALD COAST UTILITIES AUTHORITY
STATEMENTS OF CITY FRANCHISE FEES APPLICABLE TO
COMMERCIAL SANITATION OPERATIONS
YEARS ENDED SEPTEMBER 30, 2012, 2011, AND 2010**

2012		2011		2010	
Franchise Fees		Franchise Fees		Franchise Fees	
Billed to Customers	Subsequently Paid to the City of Pensacola	Billed to Customers	Subsequently Paid to the City of Pensacola	Billed to Customers	Subsequently Paid to the City of Pensacola
\$	\$	\$	\$	\$	\$
140		270		150	
170		210		30	
120	430	260	740	110	290
210		260		220	
375		60		340	
375	960	230	550	240	800
345		200		650	
675		160		420	
645	1,665	230	590	230	1,300
495		160		550	
255		150		240	
180	930	180	490	320	1,110
<u>3,985</u>	<u>3,985</u>	<u>2,370</u>	<u>2,370</u>	<u>3,500</u>	<u>3,500</u>
\$	\$	\$	\$	\$	\$

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

**EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENT
SEPTEMBER 30, 2012, 2009, AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background:

The Emerald Coast Utilities Authority (the "Authority") collects commercial solid waste under a franchise agreement pursuant to *Article VI, Chapter 4-3* of the Code of the City of Pensacola, Florida (the "City"). The Authority is required to charge a monthly franchise fee, based on volume of service provided, to each of its commercial customers in the corporate boundaries of the City. The Authority must remit these franchise fees to the City on a quarterly basis. Each quarterly payment is based on the commercial sanitation volume billed by the Authority during the preceding quarter, and must be delivered to the City no later than 30 days after the end of the preceding quarter. The amount of the franchise fee is determined by the City, and may be changed from time to time.

Basis of Presentation:

Franchise fees billed to customers are recognized in the month billed. Franchise fees subsequently paid to the City represent the amount paid by the Authority to the City on a quarterly basis.

Subsequent Events:

Subsequent events have been considered through November 9, 2012, which is the date the accompanying Statement of Franchise Fees applicable to commercial sanitations operations was available to be issued.