



**PENSACOLA, FLORIDA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Prepared by:  
Department of Finance  
Patricia Sheldon, CPA, CGFO, CPFO  
Director of Finance



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## **INTRODUCTORY SECTION**

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Letter of Transmittal

Organization Chart

Principal Officials

Certificate of Achievement for Excellence in  
Financial Reporting



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February 14, 2020

Citizens of Escambia County and  
Members of the Board  
Emerald Coast Utilities Authority  
Pensacola, Florida

The management and staff of the Emerald Coast Utilities Authority (the “Authority”) are pleased to present the Comprehensive Annual Financial Report for the year ended September 30, 2019. The financial statements are audited in conformity with Chapter 166.241(1), Florida Statutes, and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Government Profile**

The Authority was created by State legislation in 1981 to acquire, consolidate, manage and operate the water and wastewater systems in Escambia County, Florida. The Authority’s service area covers most of southern Escambia County, which is located in the northwestern part of the State of Florida. The Authority is an independent special district and is governed by a board of five members who are elected from districts located in Escambia County. The Authority employs an executive director, who is the chief executive officer of the Authority.

The Authority provides reliable high-quality potable water to 96,000 customers. The wastewater system serves 75,000 customers conveying wastewater to three treatment plants with a total capacity of 33.1 million gallons. The Authority began providing sanitation service in 1992 through an acquisition of the system previously operated by Escambia County. Since that time, mandatory garbage collection has been implemented in Escambia County and automated pick-up and recycling have been implemented throughout the service area. The Authority also purchased two additional residential systems in 1994. In January 2015 the Authority began providing solid waste and recycling collection services to residential customers in the northern half of neighboring Santa Rosa County. The Authority serves 116,000 sanitation customers in Escambia and Santa Rosa Counties. In September 2016, the Authority opened a Material Recycling Facility in an effort to keep recyclable materials out of the County landfill.

Vicki Campbell  
District One

Lois Benson  
District Two

Cedric L. Alexander  
District Three

Dale Perkins  
District Four

Larry Walker  
District Five

## **Financial Information**

The Authority's financial accounting system is based on the full accrual basis in accordance with generally accepted accounting principles in the United States of America (GAAP). All activities of the Authority are accounted for within a single proprietary (enterprise) fund. The intent of the governing body is that the cost of providing goods or services to the general public is financed primarily through user charges. Operational and maintenance costs, including minor equipment purchases, are funded from customer fees and charges. The acquisition and construction of capital assets are funded by bonds, loans, Federal and State grants, contributions from customers and developers, and customer revenues.

The Authority's Board annually approves an operating budget and a five-year capital improvement budget. Budgetary controls are maintained by the Authority. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is by total appropriations. The Executive Director may approve transfers of appropriations within the budget. However, changes in total appropriations require Board approval. Budget-to-actual comparisons are provided in the Comprehensive Annual Financial Report (CAFR) separately for the combined water and wastewater system, the sanitation system, and for the materials recycling system, as well as for the Authority as a whole. Although these systems do not meet the definition of separate "funds", the Authority has established a policy that each system be self-supporting in accordance with sound accounting policy.

**Local economy.** Escambia County's unemployment rate remained unchanged at 3% during 2019. The County continues to maintain a diverse economic base that includes military, industry, shipping, tourism and recreation, agriculture, services, and retail sales trade that fosters economic growth. This sustained growth has led to an increase in per capita personal income and in residential housing construction.

**Long-term financial planning.** Capital construction planning involves an evaluation and ranking process that begins in advance of the operating budget process. The Board and Committee members, Authority staff, and the public give input culminating in a plan that clearly expresses the capital needs of the Authority. It is the Authority's philosophy that new projects are only undertaken if current and future operating revenues are sufficient to fund the associated operating costs. The fiscal year 2020 capital improvement budget targets funding for system repairs, the Sanitary Sewer Overflow/Inflow and Infiltration program, replacement of antiquated water lines, new equipment to serve additional sanitation customers, replacement of a portion of the fleet, and replacement of certain equipment for the composting activity. Funding for the 2020 capital improvement budget will come from operating revenues, the Capital Improvement Fee, impact fees, funds received from agreements with other entities, and an equipment lease for additional sanitation vehicles. The current capital improvement plan (CIP), funded annually, totals \$318.5 million over the next five year planning period. Details about the fiscal year 2020-2024 CIP budget can be found in the separately issued CIP Budget document found online at [www.ecua.fl.gov/news/reports](http://www.ecua.fl.gov/news/reports).

**Rates and charges.** The Authority remains financially sound through conservative budgeting and continuously monitoring costs compared to the budget. Authority staff continues to make a concerted effort to be frugal with expenditures, which helps to keep annual rate increases minimal. In order to provide adequate service to its customers, the Authority must receive sufficient revenue to cover



operating and maintenance expenses, planned cash outlays, debt service payments and required cash reserves. Rates are reviewed annually during the budget process based on a cost of service analysis. Effective October 1, 2019 for fiscal year 2020, the Authority Board approved a 2.3% increase in water and wastewater rates and a 5% sanitation rate increase for Escambia County customers. Sanitation rates for the Santa Rosa County customers will increase 1.34% effective January 1, 2020 based on the CPI as of October 31, 2019 for the preceding twelve months as established in the contract. In comparison, fiscal 2019 water and wastewater rates increased 4%, Escambia County sanitation rates increased 5%, and Santa Rosa County sanitation rates increased 2.13%.

**Independent Audit.** Chapter 218.39 of the Florida Statutes requires that the Authority's financial statements be audited by an independent certified public accounting firm. This requirement has been satisfied by the certified public accounting firm of Mauldin & Jenkins, LLC. Their report on the Authority's financial statements is included in the financial section of this report.

### **Awards and Acknowledgements**

The Authority has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its CAFR for the fiscal year ended September 30, 2018. This is the thirty-first consecutive year the Authority has received this prestigious national award. The certificate recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to receive this award, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles 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. Preparation of this CAFR would not have been possible without the dedicated effort of the entire Finance Department staff. We would also like to thank the Board for their leadership and support for maintaining the highest standards of professionalism in the management of the Authority's finances.

Respectfully submitted,

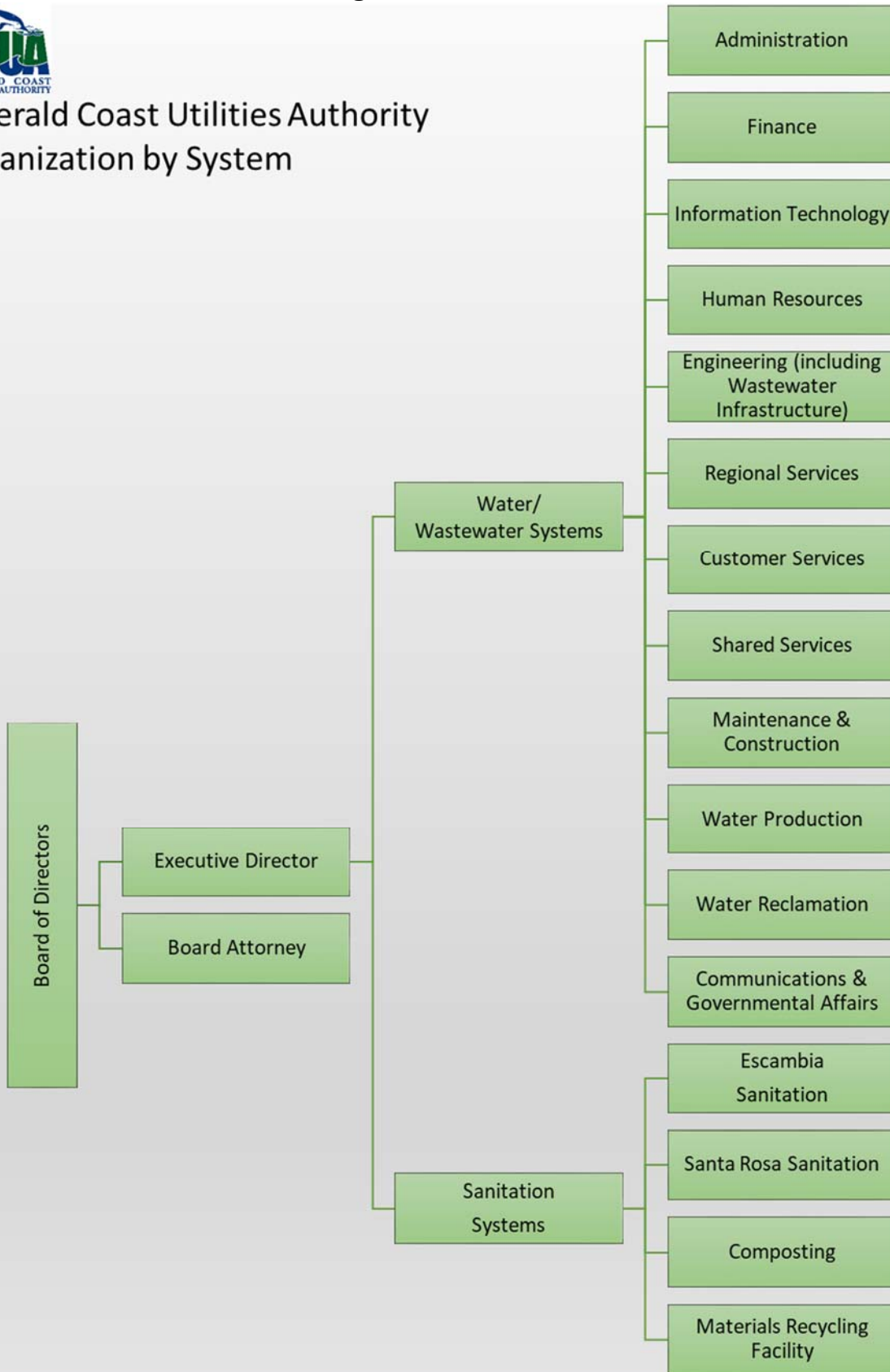
*William E. Johnson*  
Executive Director

*Patricia L. Sheldon*  
Director of Finance

# Organizational Chart



## Emerald Coast Utilities Authority Organization by System



# Emerald Coast Utilities Authority

## Principal Officials

### Elected Board Members

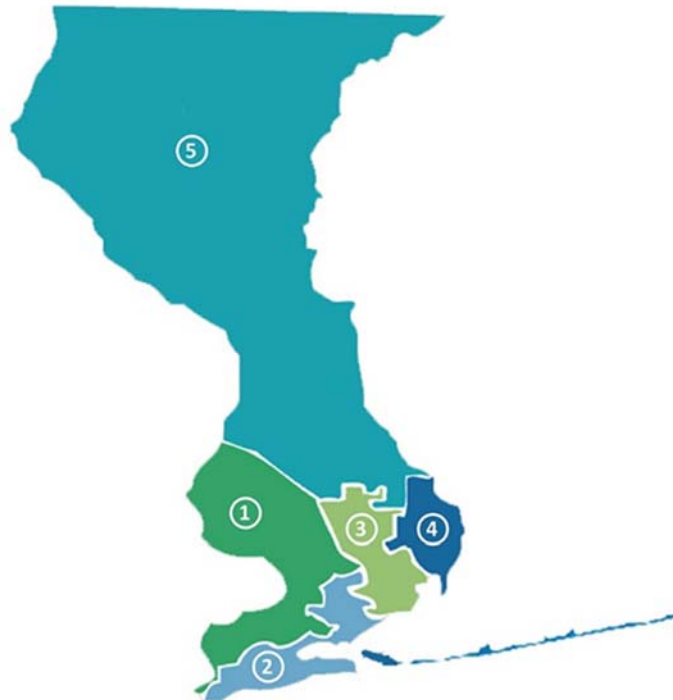
Vicki Campbell, District 1

Lois Benson, District 2, Chair

Cedric L. Alexander, District 3

Dale Perkins, District 4, Vice Chair

Larry Walker, District 5



### Authority Official

William E. Johnson

Executive Director



Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting

Presented to

**Emerald Coast Utilities Authority**  
**Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO

## **FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors of the  
Emerald Coast Utilities Authority  
Pensacola, Florida**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Emerald Coast Utilities Authority (the "Authority"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 respective financial position of the Authority as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 10 through 20), the Schedule of Changes in the Total OPEB Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability – Florida Retirement System, the Schedule of Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program, the Schedule of Contributions – Florida Retirement System, and the Schedule of Authority Contributions – Health Insurance Subsidy Program (on pages 59 through 68) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, schedule of revenues and expenses compared to budget, individual schedules for the Water and Wastewater, Sanitation and Recycling systems, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual schedules for the Water and Wastewater, Sanitation and Recycling systems are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 individual schedules for the Water and Wastewater, Sanitation and Recycling systems are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, schedule of revenues and expenses compared to budget, and statistical section 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.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
February 14, 2020



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**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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Management's Discussion and Analysis offers readers of the Authority's financial statements an overview of the financial activities for the fiscal year ended on September 30, 2019. Please read it in conjunction with the letter of transmittal, the financial statements, and the accompanying notes.

**Financial Highlights**

- The Authority's financial position continues to be strong with adequate cash and debt service coverage. Assets and deferred outflows exceeded its liabilities and deferred inflows on September 30, 2019 by \$577.6 million (net position), a \$34 million increase over the previous fiscal year, or 6.3%. Of this amount, \$112.2 million (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors. Of the remaining \$465.4 million, approximately \$423.4 million is the net investment in capital assets while the remainder is restricted for utility plant expansion (\$6.3 million) and debt service and other bond requirements (\$35.7 million).
- Operating revenue increased by \$9.6 million, or 6.7% over fiscal year 2018 due to rate increases, the establishment of a capital funding fee for Sanitation, and customer growth. Additionally, with less than average rainfall during the fiscal year, the Authority sold more potable water. Rainfall during fiscal year 2019 was 67 inches compared to 10 year average of 73 inches.
- Operating expenses (exclusive of depreciation and amortization expense) for fiscal year 2019 increased by \$3.3 million, or 4%, primarily due to increased personal service costs, contractual services, repairs and maintenance costs, and tipping fees.
- Debt service coverage increased from 206% to 221% at the end of the fiscal year. No new parity debt was issued by the Authority during fiscal year 2019; however, the Authority entered to a \$3.4 million capital lease to fund capital equipment.
- The Authority experienced a 3% increase in water customers, a 5% increase in wastewater, and a 6% increase in sanitation customers during fiscal year 2019. The Authority sold 10.4 billion gallons of potable water and processed 7.6 billion gallons of wastewater at its three water reclamation facilities during fiscal year 2019. Authority collection trucks picked up over 143.7 thousand tons of residential, yard and recycling waste in the two county area.
- The Authority generated \$10.8 million in capital contributions during 2019. This amount consists of \$6.5 million of impact fees and other cash contributions for capital projects along with non-cash developer contributions in the form of water/wastewater infrastructure. The donation of developer infrastructure is consistent with the previous year, indicating that developer activity is on the rise in Escambia County.
- The capital improvement fee for funding capital improvements within the Water and Wastewater system generated \$9.4 million in revenue. The capital funding fee implemented during fiscal year 2019 for the sanitation system generated \$1.4 million during the first year of implementation.

**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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These funds are used to pay for either new or on-going capital projects and/or related debt service to finance the projects.

**Overview of the Annual Financial Report**

The Comprehensive Annual Financial Report (CAFR) is presented in four sections: Introductory, Financial, Statistical, and Other Reports. The Introductory section includes a letter of transmittal, the Authority's Organization Chart, and a list of Principal Officials. The Financial section includes Management's Discussion and Analysis, Financial Statements with accompanying notes, and the Supplementary Information schedules. The Statistical section includes selected financial, operational, and demographic information generally presented on a multi-year basis. Other reports by the auditor regarding internal accounting controls and compliance with laws and regulations are included in the final section of this report, along with the auditor's management letter.

The Authority is a single enterprise fund even though it provides various utility services. The financial statements present the financial position of the Authority using full accrual accounting methods similar to those used by private sector companies. The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The **statement of net position** presents information on all of the Authority's assets, liabilities, and deferred inflows and outflows, with the difference reported as net position. Net position over time may serve as a useful indicator of the Authority's financial position.

The **statement of revenues, expenses, and changes in net position** presents the results of the business activities during the reporting period and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. This statement can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges.

The **statement of cash flows** presents changes in cash and cash equivalents, resulting from operating, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or the depreciation of capital assets.

The **notes to the financial statements** provide required disclosures and other information essential to fully understand the data provided in the financial statements. The notes present information about the Authority's significant accounting policies, account balances and activities, material risks, obligations, commitments and contingencies.

The **supplementary information** section presents additional financial data, budgetary comparisons, and schedules that focus on the Water and Wastewater System, the Sanitation System, and the Recycling System. The schedule of revenue and expenses compared-to-budget can be used to determine the

**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

Authority's compliance with the budget. The separate schedules reflecting financial information for each system can be used to determine if the separate systems have recovered all associated costs for that system. It is the Board's philosophy that each system should be self-supporting.

**Financial Analysis**

A comparative summary of the Authority's statement of net position as of September 30, 2019, and 2018, is shown below.

Comparative Summary of the Statement of Net Position  
As of September 30, 2019 and 2018  
(In Thousands)

	2019	2018	Increase (Decrease)	
			Change	%
Current assets	\$ 64,764	\$ 59,953	\$ 4,811	8.0%
Non-current assets-other than capital assets	145,470	143,212	2,258	1.6%
Total Capital Assets (Net)	774,201	769,754	4,447	0.6%
Total Assets	984,435	972,919	11,516	1.2%
				-
Total Deferred Outflows of Resources	13,604	15,518	(1,914)	12.3%
Current liabilities	50,594	52,857	(2,263)	-4.3%
Non-current liabilities	366,220	388,295	(22,075)	-5.7%
Total Liabilities	416,814	441,152	(24,338)	-5.5%
Total Deferred Inflows of Resources	3,649	3,942	(293)	-7.4%
Net investment in capital assets	423,417	393,297	30,120	7.7%
Restricted - debt service and bond requirements	35,674	33,235	2,439	7.3%
Restricted - expansion of utility plant	6,284	4,171	2,113	50.7%
Unrestricted	112,201	112,640	(439)	-0.4%
Total Net Position	\$ 577,576	\$ 543,343	\$ 34,233	6.3%

At the end of fiscal year 2019, the Authority is able to report positive balances in all three categories reported in net position, namely net investment in capital assets, restricted net position, and unrestricted net position. The largest portion of the Authority's net position reflects its investment in capital assets (i.e., land, buildings, improvements, and equipment) less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be

**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The Authority's restricted net position represents resources that are subject to restrictions as to how they may be used, namely bond covenants and other restrictions delineated by Board approved Resolutions. The remaining portion, unrestricted net position represents assets that may be used to meet any of the Authority's on-going obligations to customers and creditors.

The Authority's net position increased by 6.3% to \$577.6 million as of September 30, 2019, mainly due to customer growth and rate increases. Water and wastewater revenue increased by 6.5% and 4.9%, respectively, due to the 4% rate increase during fiscal year 2019 and growth in general within the service area. Additionally, with less than average rainfall during the fiscal year, the Authority sold more potable water. Rainfall during fiscal year 2019 was 67 inches compared to 10 year average of 73 inches.

Sanitation revenue increased 5.5% over the previous fiscal year due to an increased number of customers and a 5% rate increase for Escambia County customers and a 2.13% rate increase for Santa Rosa County and Town of Jay customers.

In 2019, the Authority completed \$22.6 million of projects that were under construction in prior years, added \$3.9 million of new capital project completions, received \$4.3 million of capital assets through non-cash contributions, disposed of \$2.4 million of assets and recorded \$30.8 million in depreciation. The following lists the Authority's completed capital projects for fiscal year 2019:

- Replacement of the Eastshore Dr. and Oakcrest Lift Stations
- Construction was completed on the Ultraviolet (UV) Disinfection System for the Bayou Marcus Water Reclamation Facility
- Replacement of the thirty-inch ductile iron force main along Blue Angel Parkway was completed in February 2019
- 125,000 linear feet of sewer main was cleaned and inspected, 40,000 linear feet of sewer main was repaired, 200 manholes were rehabilitated, and 585 sewer service laterals in the public right-of-way were rehabilitated or replaced.
- The Creekwood Lift Station upgrades were completed.
- Various utility relocations were completed on many City, County, State, and Federal road projects including the installation of approximately 62,000 linear feet of water main, 24,000 linear feet of gravity sewer main, and 8,500 linear feet of sewer force main throughout the area of Nine Mile Road.
- An additional \$22.5 million worth of projects are still under construction at the end of the fiscal year.

**EMERALD COAST UTILITIES AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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Total Liabilities decreased \$24.3 million (5.5%) during fiscal year 2019. The Authority entered into a \$3.4 million capital lease for sanitation trucks. This was offset by normal debt service payments.

A comparison of current unrestricted assets as compared to current unrestricted liabilities for business-type activities can be a good indication of the Authority's ability to meet its current and existing operation responsibilities. The comparison ratios are as follows:

Fiscal year ending September 30:	2019	2018
Current unrestricted assets	\$43,203	\$37,693
Current unrestricted liabilities	\$7,523	\$8,266
Ratio of current assets to current liabilities	5.7	4.6

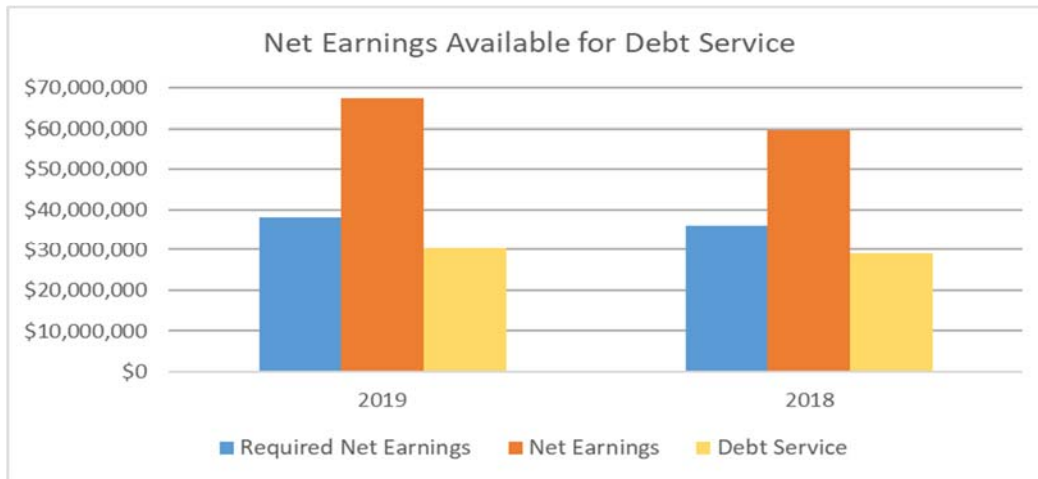
The ratio of current assets to current liabilities is a commonly used balance sheet indicator of cash solvency. A ratio greater than 1.0 is generally viewed as an acceptable indicator of an entity's ability to pay its current obligations. The Authority's current year ratio indicates adequate operating cash flows.

#### **Debt and Debt Service Coverage**

In the Authority's bond resolution, the Authority covenants that it will fix, establish, and revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals, and other charges for the use of the product, services and facilities of the System which will always provide gross revenues in each year sufficient to pay 100% of all costs of operation and maintenance of the system, and 125% of the bond service requirement due in each year on all outstanding bonds. The rate covenant in the bond resolution obligates the Authority to review rates annually and to revise such rates and charges as necessary to meet the coverage test and to pay 100% of all costs of operations and maintenance of the System during that fiscal year.

Debt service coverage for 2019 and 2018 was 221% and 206%, respectively, both of which exceeded the debt service covenants requirement of 125%. The Authority believes the ratio is appropriate for the degree of risk in the organization, and it is clear evidence of the strength of its equity. The following table presents the required net earnings as defined by the bond covenants, actual net earnings available for debt service, and total annual debt service. Additional debt service coverage is shown in the statistical section of this report.

**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**



At the end of the current fiscal year, the Authority had total notes and bonded debt outstanding of \$274.4 million. The Authority did not issue any new bonds or notes during fiscal year 2019. Decreases in the amount outstanding were attributable to normal debt service principal reductions for the revenue bonds and notes. The following table summarizes the Authority's outstanding bonded debt and notes:

Outstanding Bonded Debt and Notes:  
Emerald Coast Utilities Authority  
Outstanding Bonded Debt and Notes

	2019	2018
Utility Systems Revenue Bonds	\$ 49,463,000	\$ 52,335,000
Utility Systems Revenue Notes	\$ 224,930,000	\$ 241,650,000
	<u>\$ 274,395,019</u>	<u>\$ 293,985,000</u>

See Note 7 in the Notes to the Financial Statements section additional information on the Authority's debt.



**EMERALD COAST UTILITIES AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

**Revenues**

The following Condensed Statement of Revenues, Expenses, and Changes in Net Position, shows the results of operations for the current and the prior fiscal years:

Comparative Summary of the Changes in Net Position  
For the Years Ended September 30, 2019 and 2018  
(In Thousands)

	2019	2018	Increase (Decrease)	
			Change	%
<b>Operating Revenues:</b>				
Customer charges for services	\$ 131,709	\$ 140,111	\$ (8,402)	-6.0%
Other revenues	22,385	4,366	18,019	412.7%
Total operating revenues	154,094	144,477	9,617	6.7%
<b>Operating Expenses:</b>				
Water & wastewater system	89,030	88,805	225	0.3%
Sanitation system	29,082	28,786	296	1.0%
Materials recycling system	3,419	2,282	1,137	49.8%
Total operating expenses	121,531	119,873	1,658	1.4%
Operating Income	32,563	24,604	7,959	32.3%
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	5,278	1,683	3,595	213.6%
Interest expense	(13,173)	(13,215)	42	-0.3%
Insurance reimbursements	66	74	(8)	-10.8%
(Loss) on disposal on assets	(1,339)	(1,137)	(202)	17.8%
Total non-operating revenues (expenses)	(9,168)	(12,595)	3,427	-27.2%
Gain before contributions	23,395	12,009	11,386	94.8%
Capital Contributions	10,838	8,982	1,856	20.7%
Change in net position	34,233	20,991	13,242	63.1%
Total Net Position - Beginning	543,343	522,352	20,991	4.0%
Total Net Position - Ending	\$ 577,576	\$ 543,343	\$ 34,233	6.3%

The \$10.4 million (7.2%) increase in total operating revenues is the result of customer growth and rate increases. There is a demand for housing in northwestern Escambia County due to the expansion of the Navy Federal Credit Union's Call Center complex and the opening of new public schools nearby. Housing development is projected to continue through 2020 as the call center expansion continues. The number of water customers grew by 901 (3%) while the number of wastewater customers increased by 1,143 (5%). Sanitation customers increased by 3,852 (6%).

**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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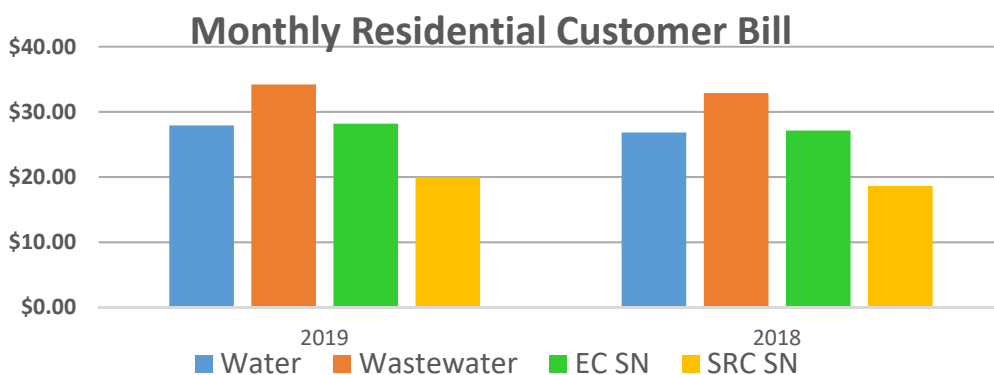
The Authority Board approved rate increases of 4% for water and wastewater customers effective October 1, 2018 and 5% for Escambia County sanitation customers effective November 1, 2018. Effective January 1, 2019, Santa Rosa County sanitation customers received a 2.13% rate increase based on the CPI as of October 31 for the preceding twelve months as established in the contract plus a \$2.83 increase in the monthly tipping fee.

The Board also approved a Capital Funding Fee on Escambia sanitation customers beginning November 1, 2018. In the first year of implementation, the fee generated \$1.4 million in revenue to be used for capital improvements and equipment and/or debt service related to the purchase of such capital.

Recycling revenue increased partly due to an increase in the amount of materials we sold. The MRF processed a total of 49,147 tons of recyclables during fiscal 2019 as compared to 42,163 tons of recyclables during fiscal year 2018, a 16.7% increase. Additionally, bringing the operations in-house rather than using a third party contractor attributed to the increase in revenues.

Non-cash developer contributions increased 26% from the previous fiscal year and water and wastewater connection fees increased 6.32% indicating that residential housing construction is underway in the new developments. Non-cash contributions reflect the utility system contributions by builders and developers. The increase and decrease over the years are a reflection of the variances in construction starts in Escambia County. The utility system contributions are primarily residential and have been completed in accordance with plans and specifications approved by the Authority. These contributions are not budgeted, as they are generally non-cash, of limited relevance to rate setting, and the timing is not subject to the Authority control.

The table below shows the average monthly residential customer's bill for the fiscal years 2019 and 2018. The charges are calculated using the typical residential consumption of 6,100 gallons of water and 4,600 gallons of wastewater.



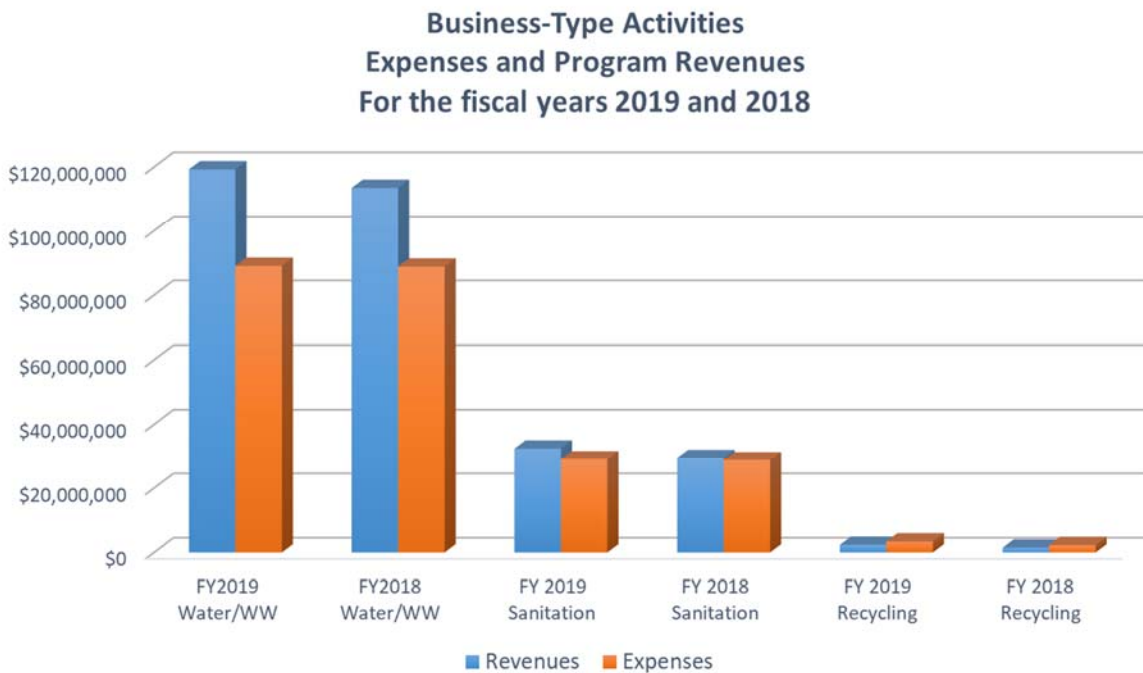
**Expenses**

Operational expenses are broken down into three categories: water and wastewater service, sanitation service and recycling service. Operating expenses \$121.5 million, a 1.4% increase over the previous fiscal year. Water and wastewater operating expenses increased \$225,000 (.25%) mainly due to minimal increases in contractual services, and personal service related expenses. Sanitation operating expenses

**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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increased approximately \$296,000 (1.03%) due to increases in personal service related expenses, contractual services, supplies, repair and maintenance costs, and tipping fees. Operating expenses for the Materials Recycling Facility (MRF) increased \$1.1 million (49.8%) over the previous fiscal year due to personal service costs, contractual services, repair and maintenance costs, and tipping fees. May 1, 2018, the Authority terminated its contract with a third party to operate the MRF. Because of this change, operating expenses increased significantly as the Authority hired employees and brought operations in-house.

The graph below compares the expenses to the program revenues supporting the operations.



**Capital Assets**

During 2019, the Authority spent \$30 million for construction and equipment, consisting of the following: \$12 million to upgrade or replace sewer lines, \$3 million to relocate utility lines in conjunction with Federal and State road projects, \$3 million for vehicles, \$2 million to upgrade or replace lift stations and \$2 million to upgrade or replace water distribution lines.

**EMERALD COAST UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The following lists some of the Authority's completed capital projects for fiscal year 2019:

- \$1 million for the replacement of the Eastshore Dr. and Oakcrest Lift Stations
- \$4.9 million to complete the Thousand Oaks sewer expansion project
- \$2.9 million for on-going costs for the force main evaluation in connection with the Authority's I&I Consent Order
- Construction totaling \$2.2 million was completed on the Ultraviolet (UV) Disinfection System for the Bayou Marcus Water Reclamation Facility
- \$1.4 million to complete the replacement of the thirty-inch ductile iron force main along Blue Angel Parkway was completed in February 2019
- 125,000 linear feet of sewer main was cleaned and inspected, 40,000 linear feet of sewer main was repaired, 200 manholes were rehabilitated, and 585 sewer service laterals in the public right-of-way were rehabilitated or replaced.
- \$5.6 million for various utility relocations were completed on many City, County, State, and Federal road projects including the installation of approximately 62,000 linear feet of water main, 24,000 linear feet of gravity sewer main, and 8,500 linear feet of sewer force main throughout the area of Nine Mile Road.
- \$5.7 million on various vehicles, trucks, and other equipment
- \$22.6 million worth of projects are still under construction at the end of the fiscal year.

See Note 6 in the Notes to the Financial Statements section for additional information on the Authority's capital assets.

**Economic Factors and Next Year's Budget and Rates**

The 2020 budget approved by the Board establishes funding at a level that maintains current programs and provides for enhancements to our existing level of service as well as funding \$35.7 million for capital improvements. The capital improvement program will be funded with fiscal year 2019 carry forward funds, current year revenues, capital improvement fees, impact fees, a capital lease, and funds received from agreements with other entities. The Authority does not plan to issue debt during fiscal year 2020 other than a \$3.5 million lease for sanitation vehicle replacements. The capital improvement budget includes \$8 million for the Inflow and Infiltration construction phase of the Florida Department of Environment Protection consent order. The remaining \$27.7 million is for other normal infrastructure projects and vehicle and equipment replacements. The operating budget, which includes a 2.3% rate increase for water and wastewater customers, continues to support costs associated with compliance for inflow and infiltration and lab tests mandated by the consent order, the community awareness campaign, and management of the land and timber around the CWRF, as well as normal increases in operating costs. The budget also includes funding for two new positions in the Finance billing division due to growth in the service area, the purchase of two mini-excavators for use at the lift stations and field operations, additional lab costs associated with additional required lab testing, and a new vehicle with field sampling equipment.

The Authority Board approved a 5% increase in the Escambia sanitation rates. The sanitation rates for Santa Rosa County are established by a contract that allows for rate increases on January 1 of each year by the consumer price index as of October 31 for the preceding twelve months. Santa Rosa County sanitation customers will see a 1.34% rate increase effective January 1, 2020. The sanitation budget

**EMERALD COAST UTILITIES AUTHORITY  
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contains funding for increases in normal operating costs such as repair and maintenance, along with the purchase of additional collection and recycling cans and the purchase of new sanitation trucks.

No rate setting is involved with the MRF. The Authority is now managing operations in-house and has interlocal agreements with several nearby cities and counties to accept their recyclable materials. Revenues from the sale of the recovered materials and the tipping fees from entity's that utilize the facility pay for the entire operation, including debt service.

**Requests for Information**

This financial report is designed to provide the Authority's ratepayers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Emerald Coast Utilities Authority, Director of Finance, PO Box 17089, Pensacola, FL 32522-7089, or e-mail [patricia.sheldon@ecua.fl.gov](mailto:patricia.sheldon@ecua.fl.gov).



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## **BASIC FINANCIAL STATEMENTS**



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**EMERALD COAST UTILITIES AUTHORITY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

**ASSETS**

Current assets:

Cash and cash equivalents (note 3)	\$12,533,335
Receivables (net of allowance for uncollectibles) (note 4)	18,836,729
Grants receivable	635,491
Due from other governmental units	1,300,011
Inventory (note 1)	9,713,580
Restricted cash and investments: (note 5)	
Debt service sinking fund	16,589,387
Customer deposits	4,971,854
Prepaid expenses	183,424
<b>Total current assets</b>	<b>64,763,811</b>

Noncurrent assets:

Due from other governmental units	9,100,000
Restricted cash and investments (see note 5):	
Restricted by debt agreements	22,215,380
Restricted for capital improvement program	111,306,419
Self-insurance reserves (note 10)	1,023,848
Capital assets: (note 1 & 6)	
Land and other non-depreciable assets	84,648,601
Capital assets (net of depreciation)	688,042,496
Intangible assets (net of accumulated amortization)	1,509,460
Unamortized debt issuance costs (net of accumulated amortization) (note 1)	1,824,263
<b>Total noncurrent assets</b>	<b>919,670,467</b>
<b>Total assets</b>	<b>984,434,278</b>

**Deferred Outflows of Resources:**

Loss on bond refunding	1,708,926
Other postemployment benefits (note 12)	573,477
Pensions (note 11)	11,321,493
<b>Total deferred outflows of resources</b>	<b>\$13,603,896</b>

(continued)

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

**EMERALD COAST UTILITIES AUTHORITY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

**LIABILITIES**

Current liabilities:

Vouchers payable	\$3,599,341
Due to other governmental units	378,350
Salaries and benefits payable	2,169,483
Compensated absences payable (note 1 & 7)	1,014,613
Current portion of long-term debt (note 7)	333,333
Payable from restricted assets:	
Customer deposits	4,971,854
Current portion of long-term debt (note 7)	28,469,260
Accrued interest payable	3,131,326
Contracts payable	5,949,592
Claims liabilities (note 11)	548,617
Other current liabilities	27,823
<b>Total current liabilities</b>	<b>50,593,592</b>

Non-current liabilities:

Long term debt (note 6)	323,689,723
Compensated absences payable (note 1 & 7)	1,315,596
Other post-employment benefits (note 12)	3,673,537
Net pension liability (note 11)	37,065,924
Claims liabilities (note 10)	475,231
<b>Total non-current liabilities</b>	<b>366,220,011</b>
<b>Total liabilities</b>	<b>416,813,603</b>

**Deferred Inflows of Resources:**

Other post-employment benefits (note 12)	279,186
Pensions (note 11)	3,369,850
<b>Total deferred inflows of resources</b>	<b>3,649,036</b>

**NET POSITION**

Net investment in capital assets	423,417,167
Restricted:	
Debt Service and other bond requirements	35,673,441
Expansion of utility plant	6,283,553
Unrestricted	112,201,374
<b>Total net position</b>	<b>\$577,575,535</b>

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

**EMERALD COAST UTILITIES AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Operating revenues:</b>	
Charges for services:	
Water	\$43,871,623
Wastewater	57,186,950
Sanitation	30,650,717
Recycling	2,375,086
Connection charges	695,953
Sewer improvement fees	6,050,158
Capital improvement/funding fees	10,769,182
Charges for overhead	0
Other	2,494,275
<b>Total operating revenues</b>	<u>154,093,944</u>
<b>Operating expenses:</b>	
Personal services	48,973,248
Contractual services	5,190,489
Professional services	910,929
Materials and supplies	9,329,828
Repairs & maintenance	8,623,583
Utilities	6,870,556
Tipping fees	6,635,470
Overhead allocation	0
Other	4,148,059
Depreciation and amortization	30,849,093
<b>Total operating expenses</b>	<u>121,531,255</u>
<b>Operating income</b>	<u>32,562,689</u>
<b>Non-operating revenues (expenses):</b>	
Interest income	5,278,523
Interest expense	(13,172,706)
Insurance reimbursements	65,566
Gain (loss) on disposal of assets	(1,339,340)
<b>Total non-operating revenues (expenses)</b>	<u>(9,167,957)</u>
<b>Income before contributions</b>	<u>23,394,732</u>
Capital contributions - impact fees and other	6,574,185
Capital contributions - noncash	4,263,540
<b>Total contributions</b>	<u>10,837,725</u>
<b>Change in net position</b>	<u>34,232,457</u>
<b>Net position at beginning of year</b>	<u>543,343,078</u>
<b>Net position at end of year</b>	<u><u>\$577,575,535</u></u>

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



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**EMERALD COAST UTILITIES AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$154,521,826
Cash payments to suppliers for goods and services	(56,701,975)
Cash payments to employees for services	(32,423,418)
Insurance reimbursements	65,566
<b>Net cash provided by operating activities</b>	<u>65,461,999</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(32,146,581)
Contributions for capital assets	6,574,185
Received from note financing	3,396,609
Principal paid on long-term debt	(29,264,322)
Interest paid on long-term debt	(13,071,502)
Proceeds from sale of assets	122,875
<b>Net cash used in capital and related financing activities</b>	<u>(64,388,736)</u>
<b>Cash flow from investing activities:</b>	
Interest income	3,761,811
Proceeds from sales/maturities of investments	3,404,388
Purchases of investments	(4,524,952)
<b>Net cash provided by investing activities</b>	<u>2,641,247</u>
<b>Net increase in cash &amp; cash equivalents</b>	3,714,510
Cash and cash equivalents at beginning of year	<u>108,085,074</u>
Cash and cash equivalents at end of year	<u><u>\$111,799,584</u></u>
<b>Reconciliation of cash, cash equivalents , and investments at end of year to Statement of Net Position:</b>	
Current assets:	
Cash and cash equivalents	\$12,533,335
Restricted cash and investments	156,106,888
	<u>168,640,223</u>
Less investments	<u>(56,840,639)</u>
Total cash and cash equivalents at end of year	<u><u>\$111,799,584</u></u>

(continued)

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

**EMERALD COAST UTILITIES AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Reconciliation of operating income to net cash**

**provided by operating activities:**

Operating income	\$32,562,689
Insurance reimbursements	65,566
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	30,849,093
(Increase) decrease in assets:	
Accounts receivable	(779,728)
Due from grants receivable	(226,439)
Due from other funds	(689,884)
Due from other governments	1,301,425
Inventory	(1,162,777)
Prepaid expenses	(15,435)
Deferred outflows	1,568,432
Increase (decrease) in liabilities:	
Vouchers payable	(731,619)
Salaries and benefits payable	(421,587)
Customer deposits	105,740
Compensated absences	(178,397)
Due to other funds	689,884
Due to other governments	(32,430)
Other current liabilities	(384,486)
Other post-employment benefits	385,120
Claims payable	(458,229)
Deferred inflows	(292,729)
Net cash provided by operating activities	\$65,461,999

**Non-cash investing, capital and financing activities**

Capital contributions from developers	\$4,263,540
Unrealized appreciation in fair value of investments	\$1,568,954

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



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## **NOTES TO FINANCIAL STATEMENTS**



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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Emerald Coast Utilities Authority (formerly, the Escambia County Utilities Authority) (the “Authority”) was formed pursuant to the provisions of Chapter 81-376 Laws of Florida, Special Acts of 1981 as amended. The Authority is governed by a Board of five members elected from districts located in Escambia Authority, Florida. The purpose of the Authority as mandated by the Legislature is to acquire, consolidate, manage and operate the water and wastewater systems in Escambia Authority.

In addition to its water and wastewater utility, the Authority also operates a sanitation collection utility for both residential and commercial services and a material recycling facility to handle recyclable material. The Authority has established policies that both the sanitation system and the recycling facility be self-supporting.

The Emerald Coast Utilities Authority is an independent special district as defined by Section 218.31, Florida Statutes and is not included for financial reporting purposes as a component unit of Escambia Authority or the City of Pensacola, Florida. There are no organizations that should be considered for inclusion as component units in the Authority’s financial statements.

**Measurement Focus and Basis of Accounting** - The Authority is accounted for as an enterprise fund and uses the flow of economic resources measurement focus and the accrual basis of accounting in the preparation of its annual financial statements, whereby revenues are recognized when earned and expenses are recognized when incurred. The accounting and reporting policies of the Authority conform to the accounting rules prescribed by the Governmental Accounting Standards Board (GASB).

The Authority’s financial statements are reported using the accrual basis of accounting, distinguishing operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the Authority’s enterprise fund are charges to customers of sales and services. Operating expenses include the cost of providing utility and recycling services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash and Cash Equivalents** includes cash on hand, demand deposits, certificates of deposit, money market accounts, savings accounts, investments in the State Board of Administration Florida Local Government Surplus Funds Trust Fund (SBA) and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

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**Investments** are stated at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application, except for the Authority’s position in the Local Government Surplus Funds Trust Fund, which are external 2a7-like investment pool stated at share price. All valuations are based on quoted market prices. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The Authority’s investment policy provides asset allocation, issuer, and maturity limits to protect the Authority’s cash and investments. The policy allows for a short-term strategy (maturities of 12 months or less) to provide for operating funds and a longer-term strategy (maturities not exceeding 5 years) for the “core” portion of the portfolio. As defined by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments* and for External Investment Pools, money market investments are reported at amortized costs rather than fair value.

**Accounts Receivable** consisting of unbilled revenues for services delivered during the last month of the fiscal year are accrued based on services rendered for September. Also included are outstanding balances relating to finance agreements. Receivables related to operating revenues are recorded as current assets, net of an allowance for doubtful account of \$1,256,000. The allowance is based upon management’s specific identification of receivables that may become uncollectible.

**Inventory**, consisting primarily of supplies held for use in maintaining the system is stated at weighted average cost and expenses are recognized when inventories are used.

**Restricted Assets** are Authority assets that are restricted by specific provisions of rates and charges resolutions, bond resolutions, and other agreements. Assets so designated are identified as restricted assets on the statement of net position.

**Capital Assets**, which include property, plant, equipment, intangibles, and infrastructure assets (e.g. water and sewer pipes) are capitalized at cost when purchased, except for property contributed by customers and developers, which are capitalized at their acquisition value at the date received as estimated by engineers. The Authority’s capitalization threshold is \$1,000 and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is provided using the composite straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally as follows:

Buildings	20 to 50 years
Improvements	20 to 50 years
Equipment	5 to 10 years

**Capitalization of Interest** was not recorded for fiscal year 2019 upon the early implementation of GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”. All other interest is charged to operations as incurred.

**Intangible Assets** are amounts paid for solid waste collection rights within unincorporated areas of Escambia Authority. The amounts are being amortized over 30 years using the straight-line method.

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**Debt Issuance Costs** are amortized over the estimated life of the issue using the straight-line method. The Authority follows GASB Statement No. 62 which allows matching the regulated rate recovery of the costs if certain criteria are met.

**Bond Discounts and Premiums** are deferred in the year of issuance and amortized using the effective interest method over the life of the issuance.

**Compensated Absences** represent the liability under the Authority's policy to permit employees to accumulate a limited amount of earned but unused leave benefits, which are paid upon separation of service. Unpaid compensated absences are recorded as a liability when the benefits are earned.

**Other Post-Employment Benefits** represent the liability under the provisions of GASB statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits (OPEB) to report expense and related liabilities (assets), of postemployment benefits other than pensions.

**Claims Liabilities** represent liabilities for reported claims based on an actuarial review of claims pending and historical experience.

**Pension** represents the Authority's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System ("FRS") defined benefit plan and the Health Insurance Subsidy ("HIS") defined benefit plan, and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Deferred Outflows and Inflows of Resources** are reported in a separate section from assets and liabilities on the statement of net position. Separate from assets is the statement element, deferred outflows of resources, which represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Separate from liabilities is the statement element, deferred inflows of resources, which represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Authority has three items that qualify for reporting as deferred outflows of resources, which are the deferred amount on refunding, the deferred outflows related to pensions, and the deferred outflows related to other post-employment benefits. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue. In fiscal year 2019, the Authority reported approximately \$1.7 million related to the refunding of debt. The Authority's other two items that qualify for reporting as deferred inflows of resources relate to the Authority's pensions

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and other post-employment benefits. The deferred outflows and inflows of resources related to pension and other postemployment benefits are further discussed in Notes 11 and 12.

**Net Position** is the Authority's equity classified as net position and is further classified in the following components:

**Net investment in capital assets** consists of all capital assets, net of accumulated depreciation reduced by outstanding debt that is attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

**Restricted for debt service and other bond requirements** represents assets whose use is subject to constraints that are externally imposed by creditors (such as through debt covenants), along with constraints placed on use by revenue bond resolution.

**Restricted for expansion of utility plant** consists of impact fees received and to be used only for expansion of the utility plant.

**Unrestricted net position** represents assets that are neither restricted nor invested in capital assets. Authority management has the discretion to make managerial decisions regarding the use of these assets.

**Use of restricted resources** occurs first when an expense is incurred for purposes for which both restricted and unrestricted resources are available. It is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**Revenue and Unearned Revenue** represents the customer billing for water, wastewater and sanitation services monthly on a cycle basis. Unbilled revenue between the end of the cycle and the end of the month is accrued. Connection charges are based on actual costs and, accordingly, are recorded as revenue. Connection charges collected in advance are recorded as unearned revenue.

**Operating Revenues and Expenses** generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority's water, wastewater, and sanitation systems are customer charges for water, wastewater and sanitation services. The Recycling System derives revenue from the sale of processed recyclable materials. While the Authority originally contracted with a third-party vendor to process and sell the recyclables for a portion of the year, the risk and responsibility for delivery of the service remained with the Authority during that time. No assets or rights to assets transferred to the third-party vendor; therefore, the arrangement did not meet the criteria outlined in GASB Statement No. 60 for a service concession arrangement. The Authority has since brought the processing operation back in-house. Operating expenses include the cost of providing utility and recycling services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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**Capital Contributions** are recognized in the statements of revenues, expenses and changes in net position when earned, and include impact fees, construction grants and property received from customers and developers.

**Estimates** are used in the preparation of financial statements in conformity with generally accepted accounting principles. This requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The Authority's Board approves total budget appropriations only. The Executive Director is authorized to transfer budget amounts between departmental and object codes. However, any revisions that alter the total appropriations must be approved by the Board. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to an object code basis (personal services, contractual services, professional services, etc.). All appropriations lapse at year end.

Formal budgetary integration is employed as a management tool during the year.

**Budgetary Basis of Accounting:**

The budget is prepared on a basis that differs significantly from generally accepted accounting principles. The primary differences are as follows:

- 1) The budget does not include a provision for depreciation expense or amortization of debt issuance costs. It also does not include adjustments for pension and other post-employment benefits related expenses.
- 2) The budget includes provisions for capital outlay and debt retirement which are not included in the results of operations under generally accepted accounting principles.

The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

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**NOTE 3 – CASH AND INVESTMENTS**

The investment of surplus funds and restricted reserve funds is governed by the Authority’s investment policy under the provisions of Section 218.415, Florida Statutes. Investments authorized by the Authority’s investment policy and state statute include intergovernmental investment pools, money market funds, including money market mutual funds, interest bearing time deposits or savings accounts in qualified public depositories, direct obligations of the U.S. Treasury and U.S. agencies and instrumentalities, and other investments authorized by law or by resolution for a special district.

**Deposits –Cash and Cash equivalents**

The Authority’s cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Acts, as required by Chapter 280, Florida Statutes. As such, these deposits are considered to be entirely covered by federal depository insurance or pooled collateral held the State Treasurer under the provisions of Chapter 280, Florida Statutes. As of September 30, 2019 the carrying value of the Authority’s bank deposit accounts was \$29,082,969 and the bank balance was \$28,807,510.

**Investment Portfolio**

As of September 30, 2019, investment holdings detailed in the table below are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Measurement and Application*.

	Fair Value	Weighted Average Maturity (Years)
Certificates of Deposit	\$ 3,154,355	0.205
Local Government Surplus Funds Trust Fund *	81,661,115	0.101
Money Market Mutual Fund **	1,055,500	0.090
Money Market Mutual Fund **	116,930	0.090
U.S. Treasury Securities	36,617,265	2.298
Federal Instrumentalities	8,881,404	1.056
Corporate Notes	10,245,204	0.776
State and Local Government Debt	979,836	0.169
Total Investments	<u>\$ 142,711,609</u>	

\* Florida Prime (SBA)'s September 30, 2019 Financial Statement Disclosures report available on the website <https://www.sbafla.com/prime/> is the source of the Fund's weighted average maturity

\*\* Federated Government Obligations Fund fact sheet as of September 30, 2019 provided the weighted average maturity



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Interest Rate Risk

To the extent possible, an attempt is made to match investment maturities with known cash needs and anticipated cash flow requirements. For operating funds, investment maturities are matched with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twelve (12) months. For core funds, investments of reserves, project funds, debt proceeds and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years.

The Authority utilizes “weighted average duration” as a measurement of interest rate risk and as of September 30, 2019, the investments had a weighted average duration of 1.788 years.

The Authority had securities with embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate as follows:

CUSIP	Description	Maturity Date	Fair Value	Call Schedule	Call Date
740189AL9	Precision Castparts Corp.	6/15/2020	\$2,016,473	continuous	5/15/2020
037833BS8	Apple, Inc.	2/23/2021	755,191	continuous	1/23/2021
			\$2,771,664		

Credit Risk

The Authority’s investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below:

- 1) The Local Government Surplus Funds Trust Fund or any other authorized intergovernmental investment pool shall be rated “AAAm” by Standard & Poor’s or the equivalent by another rating agency.
- 2) Money Market Mutual Funds rated “AAAm” by Standard & Poor’s or the equivalent by another rating agency.
- 3) U.S. Government Treasury Securities, U.S. Government Agencies, and Federal Instrumentalities guaranteed by the U.S. Government or sponsored agencies.
- 4) Commercial Paper that is rated, at the time of purchase, in the highest tier by a minimum of two nationally recognized statistical rating organizations.

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- 5) Corporate Notes issued by a corporation or bank denominated in U.S. Dollar, that have a long-term debt rating, at the time of purchase, at a minimum single "A" category by any two nationally recognized statistical rating organizations.
- 6) Banker's Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" by Standard & Poor's.
- 7) State and/or Local Government Taxable and/or Tax-Exempt Debt, general obligation or revenue obligation, that have a long-term debt rating, at the time of purchase, at a minimum single "A" category by any two nationally recognized statistical rating organizations or at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.

The Local Government Surplus Funds Trust Fund is an external 2a7-like investment pool, in which the fair value of the Authority's position in the pool is the same as the value of the pool shares. There are no restrictions on redemptions. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

At September 30, 2019, the Authority's investments had the following credit quality:

Security Type	Standard & Poor's Credit Rating	Portfolio Asset Allocation
Certificates of Deposit	N/A	2.21%
Local Government Surplus Funds Trust Fund*	AAAm	57.22%
Money Market Mutual Funds	AAAm	0.82%
Corporate Notes	AAA	0.28%
Corporate Notes	AA+	1.40%
Corporate Notes	AA	1.57%
Corporate Notes	A+	0.25%
Corporate Notes	A	1.78%
Corporate Notes	AA-	1.90%
State and Local Government Debt	AA-	0.69%

\*Florida Prime (SBA)'s 09/30/2019 Monthly Summary Report available on the website, <https://www.sbafla.com/prime/>, is the source of the Fund's Credit Rating from Standard & Poor's.

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Custodial Credit Risk

The Authority's investment policy requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Authority should be properly designated as an asset of the Authority. The securities must be held in an account separate and apart from the assets of the financial institution. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2019, the Authority's securities portfolio was held with a third-party custodian as required by the Authority's investment policy.

Concentration of Credit Risk

The Authority's investment policy has established asset allocation and issuer limits on the following investments to reduce concentration of credit risk of the Authority's investment portfolio.

	Asset Allocation Maximum	Individual Issuer Limit
Local Government Surplus Funds Trust Fund	100%	N/A
Other Intergovernmental Investment Pools	25%	N/A
Money Market Mutual Funds	50%	25%
U.S. Government Treasury Securities *	100%	N/A
Interest Bearing Time Deposits or Saving Accounts	20%	10%
U.S. Government Agencies	50%	10%
Federal Instrumentalities	100%	25%
Commercial Paper	25%	5%
Corporate Notes	20%	5%
Banker's Acceptances	25%	5%
State/Local Government Tax and/or Tax-Exempt Debt	25%	N/A

\* Treasury Strips are limited to 10% of available funds

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As of September 30, 2019, the Authority had the following issuer concentrations based on fair value:

	Portfolio Asset Fair Value	Allocation
Certificates of Deposit	\$ 3,154,355	2.210%
Local Government Surplus Funds Trust Fund	\$ 81,661,115	57.221%
Money Market Mutual Funds	\$ 1,172,430	0.822%
U.S. Treasury Securities	\$ 36,617,265	25.658%
Federal Instrumentalities:		
Federal National Mortgage Association	\$ 4,560,322	3.195%
Federal Home Loan Mortgage Corporation	\$ 2,805,674	1.966%
Federal Farm Credit Banks	\$ 1,515,408	1.062%
Corporate Notes:		
Precision Castparts Corp.	\$ 2,016,473	1.413%
American Honda Finance Corp.	\$ 2,034,406	1.426%
Toyota Motor Credit Corp.	\$ 700,319	0.491%
Walmart, Inc.	\$ 2,245,373	1.573%
Johnson & Johnson	\$ 151,213	0.106%
Apple, Inc.	\$ 1,993,225	1.397%
Intel Corp.	\$ 352,266	0.247%
International Business Machines Corp.	\$ 501,342	0.351%
Microsoft Corp.	\$ 250,587	0.176%
State and Local Government Debt:		
Port Authority New York & New Jersey Consolidated Bonds	\$ 979,836	0.687%
	<u>\$ 142,711,609</u>	<u>100%</u>

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Fair Value of Investments:

The Authority categorizes its fair value measurements within the fair value hierarchy established under generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 input are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All the Authority’s investments are classified at Level 2.

Securities classified in Level 2 are valued using the following approaches:

- Money Market Mutual Funds: published fair value per share (unit) for each fund;
- U.S. Treasury Securities and Federal Instrumentalities: quoted prices for identical securities in markets that are not active;
- Corporate Notes and State and Local Government Debt: quoted prices for similar securities in active markets.

The Local Government Surplus Funds Trust Fund is measured at cost and excluded from the fair value hierarchy disclosure.

**NOTE 4 – RECEIVABLES**

**Receivables** at year end for the Authority’s system in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts	Notes	Accrued Interest	Gross Receivables	Allowance for Uncollectible	Net
Water/Wastewater	\$16,647,138	\$439,738	\$66,916	\$17,153,792	(\$1,131,800)	\$16,021,992
Sanitation	2,507,107	0	0	2,507,107	(124,200)	2,382,907
Materials Recycling	431,830	0	0	431,830	0	431,830
Total business-type activities	<u>\$19,586,075</u>	<u>\$439,738</u>	<u>\$66,916</u>	<u>\$20,092,729</u>	<u>(\$1,256,000)</u>	<u>\$18,836,729</u>

There were no unrecorded receivables at September 30, 2019.

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**NOTE 5 – RESTRICTED CASH AND INVESTMENTS**

Cash and investments are restricted either by bond resolutions and other debt agreements or by management’s intent to use the assets for specific purposes. Restricted cash and investments are outlined as follows:

	Water/ Wastewater	Sanitation	Totals
<b>Current restricted cash and investments:</b>			
Customer Deposits	\$4,912,529	\$59,325	\$4,971,854
Restricted sinking fund	<u>15,071,390</u>	<u>1,517,997</u>	<u>16,589,387</u>
	<u>19,983,919</u>	<u>1,577,322</u>	<u>21,561,241</u>
<b>Non-current restricted cash and investments:</b>			
<b>Restricted by debt agreements:</b>			
Debt service reserve for Series 2010 Loan	3,154,355	0	3,154,355
Lease funds in escrow	0	3,424,256	3,424,256
Operations & Maintenance	5,156,269	2,525,681	7,681,950
Renewal & replacement	<u>7,689,988</u>	<u>264,831</u>	<u>7,954,819</u>
	<u>16,000,612</u>	<u>6,214,768</u>	<u>22,215,380</u>
<b>Restricted for capital improvement program:</b>			
Capital improvement program	89,457,392	69,816	89,527,208
Impact Fees	6,283,553	0	6,283,553
Capital improvement fees	<u>14,544,319</u>	<u>951,339</u>	<u>15,495,658</u>
	110,285,264	1,021,155	111,306,419
<b>Self-insurance reserves</b>	<u>1,023,848</u>	<u>0</u>	<u>1,023,848</u>
<b>Total restricted cash &amp; cash equivalents</b>	<u>\$147,293,643</u>	<u>\$8,813,245</u>	<u>\$156,106,888</u>

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**NOTE 6 – CAPITAL ASSETS**

**Capital Assets** activity for the year ended September 30, 2019 was as follows:

	Balance at 10/01/2018	Increases	Transfers / Decreases	Balance at 09/30/2019
<i>Capital assets not depreciated:</i>				
Land	\$28,492,928	\$22,383	\$0	\$28,515,311
Construction in progress	56,260,044	22,552,852	(22,679,606)	56,133,290
Total capital assets not depreciated	<u>\$84,752,972</u>	<u>\$22,575,235</u>	<u>(\$22,679,606)</u>	<u>\$84,648,601</u>
<i>Capital assets depreciated:</i>				
Buildings and building improvements	\$44,896,946	\$59,054	\$0	\$44,956,000
Improvements other than buildings	884,749,646	8,196,435	22,673,173	915,619,254
Improvements under capital lease	18,496,683	0	0	18,496,683
Equipment	63,790,669	4,964,259	(1,913,941)	66,840,987
Equipment under capital lease	24,897,773	1,018,983	0	25,916,756
Total capital assets depreciated	<u>1,036,831,717</u>	<u>14,238,731</u>	<u>20,759,232</u>	<u>1,071,829,680</u>
<i>Less accumulated depreciation:</i>				
Buildings and building improvements	8,159,682	1,139,917	0	9,299,599
Improvements other than buildings	278,867,540	21,108,891	3,502	299,979,933
Improvements under capital lease	14,507,874	1,652,886	0	16,160,760
Equipment	40,755,304	3,242,268	(1,816,324)	42,181,248
Equipment under capital lease	12,963,666	3,201,978	0	16,165,644
Total accumulated depreciation	<u>355,254,066</u>	<u>30,345,940</u>	<u>(1,812,822)</u>	<u>383,787,184</u>
Total capital assets depreciated, net	<u>\$681,577,651</u>	<u>(\$16,107,209)</u>	<u>\$22,572,054</u>	<u>\$688,042,496</u>
Intangible assets	\$14,996,954	\$0	\$0	\$14,996,954
Less accumulated amortization	12,984,341	503,153	0	13,487,494
Total intangible assets depreciated, net	<u>\$2,012,613</u>	<u>(\$503,153)</u>	<u>\$0</u>	<u>\$1,509,460</u>

**Capitalized Interest**

No interest was capitalized during fiscal year 2019 due to the early implementation of GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period".

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**NOTE 7 – LIABILITIES**

**Long-term debt:**

At September 30, 2019, long-term debt consisted of the following:

	Interest Rates %	Annual Principal	Final Maturity	Amount Outstanding 9/30/2019
<b>Bonds:</b>				
Sanitation System Refunding Revenue Bond, Series 2012	2.75%	\$ 931,000 to \$ 979,000	1/1/2022	\$ 2,868,000
Utility System Refunding Revenue Bonds, Series 2015	2% - 5%	\$ 2,065,000 to \$ 1,030,000	1/1/2036	46,595,000
<b>Total long-term bonds</b>				<u>49,463,000</u>
<b>Notes:</b>				
Utility System Revenue Note, Series 2008	4.91%	\$ 8,200,000 to \$ 14,830,000	7/1/2028	99,815,000
Utility System Revenue Note, Series 2010	6.00%	\$ 1,950,000 to \$ 2,995,000	1/1/2031	29,261,000
Utility System Refunding Revenue Note, Series 2011	3.03%	\$ 983,000 to \$ 1,362,000	1/1/2023	4,958,000
Utility System Refunding Revenue Note, Series 2013	2.30%	\$ 1,350,000 to \$ 1,855,000	1/1/2028	15,515,000
Utility System Refunding Revenue Note, Series 2014	3.12%	\$ 830,000 to \$ 1,030,000	1/1/2027	7,415,000
Utility System Refunding Revenue Note, Series 2016	2.11%	\$ 1,978,000 to \$ 2,548,000	1/1/2032	29,281,000
Utility System Revenue Note, Series 2017	2.59%	\$ 1,592,000 to \$ 12,540,000	1/1/2030	38,685,000
<b>Total long-term notes</b>				<u>224,930,000</u>
<b>Loans:</b>				
State of Florida Department of Environmental Protection Revolving Loans	2.04% - 3.27%	\$ 3,458,729 to \$ 4,497,182	10/15/2031	53,574,601
Closed Loop loan - payments due quarterly	0.00%	\$ 83,333 to \$ 333,332	12/31/2025	2,083,333
<b>Total long-term loans</b>				<u>55,657,934</u>
<b>Capital Leases:</b>				
Sanitation Equipment - due semi-annually	2.48%	\$ 756,020 to \$ 1,484,375	2/28/2023	5,101,608
Sanitation Trucks	3.31%	\$ 365,733 to \$ 430,212	12/1/2024	2,381,564
Sanitation Trucks	3.26%	\$ 268,946 to \$ 446,588	1/25/2026	3,178,675
Sub-total for sanitation vehicles & equipment leases				10,661,847
AMR equipment	4.41%	\$ 788,494 to \$ 1,114,151	9/30/2027	7,699,671
CNG Station - payments due monthly	2.09%	\$ 207,282 to \$ 220,647	9/30/2022	665,864
CNG Station - payments due monthly	2.09%	\$ 79,706 to \$ 104,233	2/28/2034	491,960
Composting equipment - payments due semi-annually	2.59%	\$ 89,226 to \$ 101,478	4/30/2024	482,255
<b>Total long-term leases</b>				<u>20,001,597</u>
<b>Long-term debt</b>				350,052,531
<b>Unamortized bond premiums, net</b>				2,439,785
<b>Total long-term debt</b>				352,492,316
<b>Less current maturities</b>				28,802,593
<b>Total long-term debt</b>				<u>\$ 323,689,723</u>

There are a number of covenants in the debt agreements. One such covenant requires that the Authority's net revenue each year be equal to at least 125% of annual bond debt service requirements. Debt service coverage for 2019 was 221%.



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**Long-Term Debt Changes** in long-term bonds, notes payable, capital leases, and compensated absences during 2019 are as follows:

Long-Term Debt	Beginning Balance 10/1/2018	Additions	(Reductions)	Long-Term Debt Outstanding 9/30/2019	Amounts Due Within One Year of 09/30/2019
<b>Bonds:</b>					
Sanitation System Refunding Revenue Bond, Series 2012	\$3,770,000	\$0	(\$902,000)	\$2,868,000	\$931,000
Utility System Refunding Revenue Bonds, Series 2015	48,565,000	0	(1,970,000)	46,595,000	2,065,000
<b>Total long-term bonds</b>	<u>52,335,000</u>	<u>0</u>	<u>(2,872,000)</u>	<u>49,463,000</u>	<u>2,996,000</u>
<b>Notes:</b>					
Utility System Revenue Note, Series 2008	107,595,000	0	(7,780,000)	99,815,000	8,200,000
Utility System Revenue Note, Series 2010	31,136,000	0	(1,875,000)	29,261,000	1,950,000
Utility System Refunding Revenue Note, Series 2011	6,211,000	0	(1,253,000)	4,958,000	1,287,000
Utility System Refunding Revenue Note, Series 2013	17,190,000	0	(1,675,000)	15,515,000	1,690,000
Utility System Refunding Revenue Note, Series 2014	8,215,000	0	(800,000)	7,415,000	830,000
Utility System Refunding Revenue Note, Series 2016	31,218,000	0	(1,937,000)	29,281,000	1,978,000
Utility System Revenue Note, Series 2017	40,085,000	0	(1,400,000)	38,685,000	1,592,000
<b>Total long-term notes</b>	<u>241,650,000</u>	<u>0</u>	<u>(16,720,000)</u>	<u>224,930,000</u>	<u>17,527,000</u>
<b>Loans:</b>					
State of Florida Department of Environmental Protection Revolving Loans	57,974,185	0	(4,399,584)	53,574,601	4,497,182
Closed Loop loan	2,416,667	0	(333,334)	2,083,333	333,333
<b>Total long-term loans</b>	<u>60,390,852</u>	<u>0</u>	<u>(4,732,918)</u>	<u>55,657,934</u>	<u>4,830,515</u>
<b>Capital Leases:</b>					
Sanitation vehicles & equipment capital lease	11,049,265	3,396,609	(3,784,027)	10,661,847	2,225,188
AMR capital lease	8,488,165	0	(788,494)	7,699,671	823,316
CNG Station capital leases	1,435,481	0	(277,657)	1,157,824	309,022
Composting equipment capital lease	571,481	0	(89,226)	482,255	91,552
<b>Total long-term leases</b>	<u>21,544,392</u>	<u>3,396,609</u>	<u>(4,939,404)</u>	<u>20,001,597</u>	<u>3,449,078</u>
<b>Total bonds, loans, and leases</b>	<u>375,920,244</u>	<u>3,396,609</u>	<u>(29,264,322)</u>	<u>350,052,531</u>	<u>28,802,593</u>
Unamortized bond premiums, net	2,591,028	0	(151,243)	2,439,785	-
<b>Total long-term debt</b>	<u>378,511,272</u>	<u>3,396,609</u>	<u>(29,415,565)</u>	<u>352,492,316</u>	<u>28,802,593</u>
<b>Compensated Absences</b>	<u>2,508,606</u>	<u>880,412</u>	<u>(1,058,809)</u>	<u>2,330,209</u>	<u>1,014,613</u>
	<u>\$381,019,878</u>	<u>\$4,277,021</u>	<u>(\$30,474,374)</u>	<u>\$354,822,525</u>	<u>\$29,817,206</u>

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**Annual debt service requirements to maturity** to retire long-term bonds, notes, and loans are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$25,353,515	\$11,959,362	\$37,312,877
2021	26,293,313	11,007,854	37,301,167
2022	27,271,359	10,010,561	37,281,920
2023	27,635,706	9,046,499	36,682,205
2024	29,047,187	7,996,388	37,043,575
2025 - 2029	140,962,766	23,206,495	164,169,261
2030 - 2034	48,642,088	3,477,241	52,119,329
2035 - 2039	4,845,000	408,343	5,253,343
<b>Total bond, note, and loan debt service requirements</b>	<u>\$330,050,934</u>	<u>\$77,112,743</u>	<u>\$407,163,677</u>

**Capital Leases** are utilized to acquire assets that are categorized either as improvements under capital lease or equipment under capital lease. Future debt service payments under these capital leases are as follows:

Fiscal Year Ending September 30,	Present Value of Net Minimum Lease Payments	Amount Representing Interest	Total Minimum Future Lease Payments
2020	\$ 3,475,122	\$ 669,360	\$ 4,144,482
2021	3,556,931	562,046	4,118,977
2022	3,667,782	451,162	4,118,944
2023	2,791,661	338,845	
2024	2,084,598	253,486	2,338,084
2025 - 2029	4,425,503	327,252	4,752,755
<b>Total capital lease debt service requirements</b>	<u>\$20,001,597</u>	<u>\$2,602,151</u>	<u>\$19,473,242</u>

**Advance refunding of outstanding debt** in prior years permitted the Authority to issue refunding revenue bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service coverage savings. The Authority has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to insure payment of debt service on the refunded bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the Authority's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2019, fourteen bond issues are outstanding with an aggregate principal amount of \$92,595,000.

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**NOTE 8 – SEGMENT INFORMATION**

The Authority has incurred debt to finance capital acquisitions for each of its systems. All systems are accounted for in a single enterprise fund (i.e., the Authority). However, investors in the revenue bonds and notes rely solely on the revenue generated by the individual system for repayment. Summary financial information by system is presented as follows:

**Condensed Statement of Net Position**

	Water and Wastewater	Sanitation	Materials Recycling
<b>Assets:</b>			
Current assets (1)	\$77,089,419	\$6,697,690	\$431,841
Noncurrent assets	878,382,947	31,929,897	9,357,623
<b>Total assets</b>	<u>955,472,366</u>	<u>38,627,587</u>	<u>9,789,464</u>
<b>Deferred outflows of resources</b>	<u>10,039,506</u>	<u>3,564,390</u>	<u>0</u>
<b>Total assets and deferred outflows</b>	<u>\$965,511,872</u>	<u>\$42,191,977</u>	<u>\$9,789,464</u>
<b>Liabilities:</b>			
Current liabilities (1)	\$43,759,969	\$17,217,330	\$9,071,432
Long-term liabilities	342,730,917	21,728,950	1,760,144
<b>Total liabilities</b>	<u>386,490,886</u>	<u>38,946,280</u>	<u>10,831,576</u>
<b>Deferred inflows of resources</b>	<u>2,631,509</u>	<u>1,017,527</u>	<u>0</u>
<b>Net Position:</b>			
Net investment in capital assets	405,882,946	10,259,931	7,274,290
Restricted	34,357,293	7,599,701	0
Unrestricted	136,149,238	(15,631,462)	(8,316,402)
<b>Total net position</b>	<u>576,389,477</u>	<u>2,228,170</u>	<u>(1,042,112)</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$965,511,872</u>	<u>\$42,191,977</u>	<u>\$9,789,464</u>

(1) Includes interfund receivables and interfund liabilities that are eliminated in the basic financial statements.

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**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	Water and Wastewater	Sanitation	Materials Recycling
<b>Operating revenues:</b>			
Customer charges	\$101,058,573	\$30,650,717	\$2,375,086
Other operating revenue (2)	22,391,944	1,811,740	0
<b>Total operating revenue</b>	<u>123,450,517</u>	<u>32,462,457</u>	<u>2,375,086</u>
<b>Operating expenses:</b>			
Depreciation and amortization	27,154,969	2,967,924	726,200
Other operating expenses (2)	61,875,230	30,308,174	2,692,874
<b>Total operating expenses</b>	<u>89,030,199</u>	<u>33,276,098</u>	<u>3,419,074</u>
<b>Operating income (loss)</b>	<u>34,420,318</u>	<u>(813,641)</u>	<u>(1,043,988)</u>
<b>Non-operating revenues (expenses):</b>			
Investment income	5,230,390	48,133	0
Interest expense	(12,623,650)	(549,056)	0
Insurance reimbursements	65,566	0	0
Other non-operating revenues (expenses)	(916,324)	(423,016)	0
<b>Total non-operating revenues (expenses)</b>	<u>(8,244,018)</u>	<u>(923,939)</u>	<u>0</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>26,176,300</u>	<u>(1,737,580)</u>	<u>(1,043,988)</u>
Capital contributions	10,837,660	65	0
Transfers	(3,608,816)	3,608,816	0
<b>Change in net position</b>	<u>33,405,144</u>	<u>1,871,301</u>	<u>(1,043,988)</u>
<b>Net position at beginning of year</b>	<u>542,984,333</u>	<u>356,869</u>	<u>1,876</u>
<b>Net position at end of year</b>	<u>\$576,389,477</u>	<u>\$2,228,170</u>	<u>(\$1,042,112)</u>

(2) – Includes overhead charges between departments that are eliminated in the basic financial statements.

**Condensed Statement of Cash Flows**

	Water and Wastewater	Sanitation	Materials Recycling
<b>Net cash provided by (used for):</b>			
Operating activities	\$59,085,322	\$5,962,821	\$413,856
Capital and related financing activities	(59,630,984)	(4,343,896)	(413,856)
Investing activities	2,593,114	48,133	0
<b>Net increase (decrease) Cash and cash equivalents</b>	<u>2,047,452</u>	<u>1,667,058</u>	<u>0</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>100,938,887</u>	<u>7,146,187</u>	<u>0</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$102,986,339</u>	<u>\$8,813,245</u>	<u>\$0</u>

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**NOTE 9 –CAPITAL CONTRIBUTIONS**

Capital contributions include contributions from other governments and grant funds awarded to the Authority. Capital contributions for the years ended September 30, 2019 are as follows:

**Capital contributions - cash:**

Impact fees	\$5,133,750
Other governmental entities	<u>1,440,435</u>
	<u>\$6,574,185</u>

**Capital contributions - noncash:**

Property contributed by developers and others	<u>\$4,263,540</u>
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**NOTE 10- RISK MANAGEMENT**

The Authority has established a self-insurance program to cover its risk of loss related to general liabilities and workers' compensation claims. The Authority purchases excess insurance coverage for workers' compensation claims with a \$300,000 deductible in order to protect itself against catastrophic losses. Settled claims have not exceeded this excess coverage in any of the last three fiscal years. The Authority's policy fully covers its risks related to workers' compensation claims incurred after July 1, 2015. Excess insurance coverage is not purchased for general liabilities claims because the sovereign immunity limits of the State of Florida essentially restricts general liabilities claims to \$200,000 per person and \$300,000 per occurrence. General liabilities claims above \$200,000 would have to be approved by the State Legislature.

Claims expenses and liabilities are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used to compute claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The Authority does not discount its claims liabilities. Management believes that there are no significant liabilities for claims incurred but not reported at September 30, 2019.

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Changes in the estimated liability for self-insured losses for the past two years are as follows:

	2019	2018
Claims liabilities, beginning of year	\$ 1,482,077	\$ 2,089,170
Claims incurred and changes in estimates	745,185	702,496
Claims paid	(1,203,414)	(1,309,589)
Unpaid claims, ending	1,023,848	1,482,077
Estimated claims due within one year	(548,617)	(1,088,575)
Estimated claims due longer than a year	\$ 475,231	\$ 393,502

At September 30, 2019, the Authority has restricted cash of \$1,023,848 for purposes of funding its claims liabilities.

**NOTE 11- RETIREMENT PLANS**

**Florida Retirement System:**

The Authority participates in the Florida Retirement System (FRS) which is a cost sharing multiple employer contributory retirement system administered by the State of Florida (State). The FRS was established in 1970 by Chapter 121, Florida Statutes. In 2002, the FRS was amended to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. Rules governing the operation and administration of the system may be found in Chapter 60S of the Florida Administrative Code. Chapter 112, Florida Statutes established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan to assist retired members of any state-administered retirement system in paying the cost of health insurance.

The FRS offers two retirement options – the FRS Pension Plan and the FRS Investment Plan. An employee may participate in only one of the plans. The FRS Investment Plan is a defined contribution plan in which participants are vested after one year of service. Members in the Investment Plan decide how their funds are allocated between various investment accounts and the funds are portable upon termination if the participant is vested. Members in the Investment Plan are not eligible for participation in the Deferred Retirement Option Program (DROP).

The State of Florida Retirement System issues a publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. Also available are the pension systems actuarial reports to support the schedules of employer allocations and schedules of pension amounts by employer. These reports are available online at [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

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The CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Research and Education Section  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**FRS Pension Plan:**

Plan Description – The FRS Pension Plan (Pension Plan) is a cost-sharing, multiple employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. Retirees receive a lifetime pension benefit with joint and survivor payment options.

Benefits Provided – The FRS Pension Plan covers Authority employees hired before January 1, 1996 and all employees hired after September 30, 2007. The Pension Plan provides retirement and disability benefits, death benefits and survivor's benefits. Retirement benefits are set by State Statutes and are based on a formula comprised of age, average compensation, length of FRS service, and membership class. Average compensation is computed as the average of an individual's 5 highest years of earnings for employees hired before July 1, 2011 or the 8 highest years of earnings for employees hired on or after July 1, 2011. Benefits fully vest after 6 years of creditable service for members initially enrolled in the FRS before July 1, 2011 and 8 years for members initially enrolled on or after July 1, 2011. The amount of benefit payments is also affected by the retirement income option chosen by the plan participant.

Effective July 1, 2011, all FRS members, excluding Deferred Retirement Option Program (DROP) members and re-employed retirees are required to contribute 3% of their gross salary to FRS on a pre-tax basis.

The Deferred Retirement Option Program (DROP) is an elective program available for members of the FRS when the member first reaches eligibility for normal retirement. The DROP permits employees eligible for normal retirement under the Pension Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Contributions – The Authority is required to contribute at an actuarially determined rate. These rates are a percent of annual covered employees' salaries. Contribution rates are the same whether the employee is in the Pension Plan or the Investment Plan. The employer contribution rates at September 30, 2019 were 8.47% for regular participants, 25.41% for senior management, 48.82% for elected officials, and 14.60% for DROP participants. Employees are required to contribute 3% of their annual salary, while members participating in DROP are not required to make the 3% contribution.

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The Authority's contributions to the Pension Plan totaled \$2,393,868 for the year ended September 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2019 the Authority reported a net pension liability of \$26,587,834 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Authority's proportionate share of net pension liability was based on the Authority's fiscal year contributions relative to the fiscal year contributions of all participating members. At June 30, 2019, the Authority's proportionate share was 0.077203567%.

For the year ended September 30, 2019 the Authority recognized pension expense of \$6,735,114 related to the Pension Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,577,000	\$ 16,500
Change in assumptions	6,828,901	-
Net difference between projected and actual earnings on Pension Plan investments	-	1,470,978
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	348,623	721,948
Authority Pension Plan contributions subsequent to measurement date	559,803	-
	<u>\$ 9,314,327</u>	<u>\$ 2,209,426</u>



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The deferred outflows of resources to the Pension Plan totaling \$559,803 resulting from Authority contributions to the Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year Ending September 30	
2020	\$ 2,515,116
2021	657,913
2022	1,750,957
2023	1,277,670
2024	274,598
Thereafter	68,844
	\$ 6,545,098

Actuarial Assumptions – The total pension liability in the July 1, 2019 actuarial valuations was determined using the following actuarial assumptions:

	2019
Inflation	2.60%
Salary increases, average, including inflation	3.25%
Investment rate of return, net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was decreased from 7.00% to 6.90%. The GASB discount rate calculations consists of two building block components: 1) a real (in excess of inflation) return of 4.3%, which is consistent with the capital market outlook model developed during 2019 by the outside investment consultant to the Florida State Board of Administration; 2) a long-term average annual inflation assumption of 2.6% as most recently adopted in October 2019 by the FRS Actuarial Assumption Conference. The table below contains a summary of assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the 2.6% inflation assumption. The assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The target allocation and best estimates of arithmetic and geometric real rates of return for each major class are summarized in the following table:

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Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash Equivalents	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate	10%	6.7%	6.1%	11.7%
Private equity	11%	11.2%	8.4%	25.8%
Strategic investments	6%	5.9%	5.7%	6.7%
Assumed inflation - mean			2.6%	1.7%

\*As outlined in the Plan's investment policy

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the July 1, 2019 valuation. The FRS Pension Plan's fiduciary net position was projected to be available to make all 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 Authority's Proportionate Share of the Net Pension Liability to Changes in Discount Rate – The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability to the Authority if the discount rate was 1.00% higher (7.90%) or 1.00% lower (5.90%) than the current discount rate of 6.90% at June 30, 2019.

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Authority's proportionate share of the net pension liability	\$ 45,961,511	\$ 26,587,834	\$ 10,407,536

Pension Plan Fiduciary Net Position – Detailed information about the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems CAFR.

Payables to the Pension Plan – At September 30, 2019 the Authority reported payables of \$196,339 for the outstanding amount of contributions to the Pension Plan required for the year ended September 30, 2019.

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**HIS Program:**

Plan Description – The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs.

Benefits Provided – For the year ended September 30, 2019 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum payment of \$30 and a maximum payment of \$150 per month pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under State-administered retirement system must provide proof of health insurance coverage, which includes Medicare.

Contributions – The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. At September 30, 2019, the contribution rate was 1.66%. The Authority contributed 100% of its statutorily required contributions for the current and preceding four years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized.

The Authority's contributions to the HIS Program totaled \$520,009 for the year ended September 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2019 the Authority reported a net pension liability of \$10,478,091 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Authority's proportionate share of net pension liability was based on the Authority's fiscal year contributions relative to the fiscal year contributions of all participating members. At June 30, 2019 the Authority's proportionate share was .093646368%.

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For the year ended September 30, 2019 the Authority recognized pension expense of \$942,886 related to the HIS Program. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,268	\$ 12,830
Change in assumptions	1,213,261	856,394
Net difference between projected and actual earnings on HIS investments	6,761	-
Changes in proportion and differences between Authority HIS contributions and proportionate share of contributions	541,025	291,200
Authority HIS contributions subsequent to measurement date	118,851	-
	<u>\$ 2,007,166</u>	<u>\$ 1,160,424</u>

The deferred outflows of resources related to pensions totaling \$118,851 resulting from Authority contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

Year Ending September 30	
2020	\$ 342,985
2021	264,554
2022	146,660
2023	(45,875)
2024	(28,145)
Thereafter	47,712
	<u>\$ 727,891</u>

**Actuarial Assumptions** – Actuarial valuations for the HIS Program are conducted biennially. The HIS pension liability in the July 1, 2019 actuarial valuations was determined using the following actuarial assumptions:

Inflation	2.60%
Salary increases, average, including inflation	3.25%
Investment rate of return, net of pension plan investment expense, including inflation	3.50%

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Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study conducted for the FRS Pension Plan.

Discount Rate – The municipal bond rate used to measure the total pension liability was 3.50% for the June 30, 2019 measurement date. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the plan (Bond Buyer General Obligation 20-Bond Municipal Bond Index).

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in Discount Rate – The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability to the Authority if the discount rate was 1.00% higher (4.50%) or 1.00% lower (2.50%) than the current discount rate of 3.50% at June 30, 2019.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Authority's proportionate share of the net pension liability	\$ 11,961,279	\$ 10,478,091	\$ 9,242,765

Pension Plan Fiduciary Net Position – Detailed information about the HIS Program’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems CAFR.

Payables to the Pension Plan – At September 30, 2019 the Authority reported payables of \$39,252 for the outstanding amount of contributions to the HIS Program required for the year ended September 30, 2019.

*Retirement Plan and Trust for the General Employees:*

The Authority also sponsors a defined contribution retirement plan covering Authority employees hired after December 31, 1995 and before October 1, 2007 who elected to continue participation in the plan. The Authority established the defined contribution retirement plan to cover substantially all Authority employees hired subsequent to December 31, 1995. Effective October 1, 2007, employees who are eligible to participate in the Authority’s defined contribution retirement plan could elect to transfer their participation from the Authority’s plan to the FRS Pension Plan. Under the Authority’s Plan, which is administered by the Florida League of Cities, Inc., the Authority contributes 8% of the employees’ gross salaries. The Plan does not allow for employee contributions. An employee becomes fully vested after six years of employment. The Authority contributed a total of \$19,680 for the year ended September 30, 2019 which is equal to the required contribution.

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**NOTE 12- OTHER POSTEMPLOYMENT BENEFITS**

The Authority has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement sets forth rules for how governmental employers should account for Other Postemployment Benefits (“OPEB”).

**Plan Description:**

The Authority provides healthcare and life insurance benefits for retirees and their spouses in the form of an implicit rate subsidy, as described below. Since this OPEB is directly tied to insurance coverage for active employees, a separate single employer benefit plan has not been established to account for the benefits and obligations related to the implicit rate subsidy. There is no trust fund or equivalent arrangement that meets the criteria in paragraph 4 of GASB Statement No. 75 into which the Authority would make contributions to advance-fund the obligation. Therefore, ultimate subsidies, which are provided over time, are financed directly by general assets of the Authority, which are invested in accordance with the investment policy previously described.

**Benefits Provided:**

Retirees are required to pay the full amount of the insurance company’s stated premium in order to remain covered under the medical plan; however, the premiums charged are based on a blending of the experience among younger active employees and older retired employees.

Since older retirees generally have higher costs, this means that the Authority is subsidizing the cost of the retiree and spouse coverage because it pays all or a significant portion of that premium on behalf of the active employees. This practice is categorized as an “implicit rate subsidy”. The Authority has assumed an obligation to pay for the implicit subsidy for the covered lifetimes of the current retirees and their spouses, as well for the covered lifetimes of the current employees after they retire in the future.

The plan also provides all retirees with \$10,000 and spouses of retirees with \$5,000 of life insurance benefits at a subsidized cost.

The Authority engaged an actuarial firm to determine the estimated obligation associated with the plan. At September 30, 2018, the date of the latest actuarial valuation, plan participation consisted of:

OPEB plan participants	593
Retirees receiving benefits	<u>171</u>
	764

**Total OPEB Liability:**

The Authority’s total OPEB liability of \$3,673,537 at September 30, 2019, was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

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Actuarial Assumptions and Other Inputs:

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	varies by service
Discount rate	3.64%
Initial Healthcare cost trend rate	8.00%
Ultimate Healthcare cost trend rate	4.00%
Years to Ultimate	54
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

The GASB 75 discount rate is based on a high-quality municipal bond rates published by S&P Dow Jones Indices the week closest but not later than the measurement date. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple rates, the lowest rating is used.

Mortality rates were based on the Generational RP-2000 with Projections Scale BB tables. These rates align with those used in the July 1, 2018 Florida Retirement System actuarial valuation report.

The actuarial assumptions used in the September 30, 2018 valuation were based on census data as of September 30, 2018.

Changes in the Total OPEB Liability were as follows:

Total OPEB liability, September 30, 2018	<u>\$3,288,417</u>
Service cost	205,868
Interest	120,274
Differences between Expected and Actual Experience	341,702
Changes in assumptions	(165,936)
Benefit payments	<u>(116,788)</u>
Net changes	<u>385,120</u>
Total OPEB liability, September 30, 2019	<u>\$3,673,537</u>

Changes of assumptions reflects a change in the discount rate from 3.50% percent for 2018 to 3.64% for 2019.

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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following represents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.64%	3.64%	4.64%
Total OPEB liability	\$4,166,037	\$3,673,537	\$3,267,231

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following represents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	3.00% - 7.00%	4.00% - 8.00%	5.00% - 9.00%
Total OPEB liability	\$3,413,614	\$3,673,537	\$3,981,957

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2019, the Authority recognized OPEB expense of \$353,532.

At September 30, 2019, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$292,887	\$ 0
Changes in assumptions	135,800	279,186
Changes in contributions subsequent to measurement date	144,790	0
Total	\$573,477	\$279,186



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The deferred outflows of resources related to OPEB totaling \$144,790 resulting from Authority contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	
2020	\$27,390
2021	27,390
2022	27,390
2023	27,390
2024	27,390
Thereafter	<u>12,551</u>
	<u>\$149,501</u>

**NOTE 13 - DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority 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 unforeseeable emergency. As required by Internal Revenue Code Section 457, all assets are held in trust for the exclusive benefit of the participants.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**Construction Commitments:** The Authority has contractual commitments of approximately \$7.2 million for construction projects at September 30, 2019.

**NOTE 15 – SUBSEQUENT EVENTS**

**Legal Contingencies:** The Authority is involved in various lawsuits and claims incidental to the normal course of its operations. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Authority.

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**NOTE 16 – EVENTS OCCURRING AFTER REPORTING DATE**

The Authority has evaluated events and transactions that occurred between September 30, 2019 and February 14, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



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**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:			
Service cost	\$ 205,868	\$ 196,420	\$ 191,000
Interest	120,274	98,129	104,000
Differences between expected and actual experience	341,702	-	-
Changes in assumptions	(165,936)	(171,195)	194,000
Benefit payments	(116,788)	(102,937)	(93,000)
Net change in total OPEB liability	385,120	20,417	396,000
Total OPEB liability - beginning of year	3,288,417	3,268,000	2,872,000
Total OPEB liability - end of year	<u>\$ 3,673,537</u>	<u>\$ 3,288,417</u>	<u>\$ 3,268,000</u>
Covered-employee payroll **	\$ 28,695,892	\$ 25,843,185	\$ 25,843,185
Total OPEB liability as a percentage of covered-employee payroll	12.80%	12.72%	12.65%

\*Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2017 was not available.

\*\* Covered employee payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2019.

**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS\***

	2019	2018	2017	2016	2015	2014
Emerald Coast Utilities Authority's proportion of net pension liability	<b>0.077203567%</b>	0.078760723%	0.081646413%	0.078801572%	0.080760945%	0.080132467%
Emerald Coast Utilities Authority's proportionate share of net pension liability	<b>\$ 26,587,834</b>	\$ 23,723,138	\$ 24,158,751	\$ 19,897,459	\$ 10,431,360	\$ 4,889,259
Emerald Coast Utilities Authority's covered payroll	<b>\$ 31,844,344</b>	\$ 30,971,597	\$ 31,034,869	\$ 28,607,880	\$ 27,253,773	\$ 25,657,425
Emerald Coast Utilities Authority's proportionate share of net pension liability as a percentage of its covered payroll	83.49%	76.60%	77.84%	69.55%	38.27%	19.06%
Plan fiduciary net position as a percentage of the total pension liability	<b>82.61%</b>	84.26%	83.89%	84.88%	92.00%	96.09%

\*The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**HEALTH INSURANCE SUBSIDY PROGRAM**  
**LAST TEN FISCAL YEARS\***

	2019	2018	2017	2016	2015	2014
Emerald Coast Utilities Authority's proportion of net pension liability	<b>0.093646368%</b>	0.094811879%	0.097368696%	0.092669862%	0.089813731%	0.086353010%
Emerald Coast Utilities Authority's proportionate share of net pension liability	<b>\$ 10,478,091</b>	\$ 10,034,996	\$ 10,411,110	\$ 10,800,289	\$ 9,159,587	\$ 8,074,217
Emerald Coast Utilities Authority's covered payroll	<b>\$ 31,844,344</b>	\$ 30,971,597	\$ 31,034,869	\$ 28,607,880	\$ 27,253,773	\$ 25,657,425
Emerald Coast Utilities Authority's proportionate share of net pension liability as a percentage of its covered payroll	<b>32.90%</b>	32.40%	33.55%	37.75%	33.61%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	<b>2.63%</b>	2.15%	1.64%	0.97%	0.50%	0.99%

\*The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

EMERALD COAST UTILITIES AUTHORITY  
 SCHEDULE OF CONTRIBUTIONS  
 FLORIDA RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS\*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,393,868	\$ 2,403,030	\$ 2,124,834	\$ 2,048,599	\$ 1,970,003	\$ 1,829,049
Contributions in relation to the contractually required contribution	<u>(2,393,868)</u>	<u>(2,403,030)</u>	<u>(2,124,834)</u>	<u>(2,048,599)</u>	<u>(1,970,003)</u>	<u>(1,828,049)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Emerald Coast Utilities Authority's covered payroll	\$ 31,940,773	\$ 31,067,591	\$ 30,182,539	\$ 28,870,691	\$ 27,881,118	\$ 25,830,081
Contribution as a percentage of covered payroll	7.49%	7.73%	7.04%	7.10%	7.07%	7.08%

\*The amounts presented for each fiscal year were determined as of September 30. Information prior to fiscal year 2014 was not available.



EMERALD COAST UTILITIES AUTHORITY  
 SCHEDULE OF CONTRIBUTIONS  
 HEALTH INSURANCE SUBSIDY PROGRAM  
 LAST TEN FISCAL YEARS\*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 520,009	\$ 515,479	\$ 592,534	\$ 469,401	\$ 451,157	\$ 380,263
Contributions in relation to the contractually required contribution	<u>(520,009)</u>	<u>(515,479)</u>	<u>(592,534)</u>	<u>(469,401)</u>	<u>(451,157)</u>	<u>(380,263)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Emerald Coast Utilities Authority's covered payroll	 <b>\$ 31,940,773</b>	 \$ 31,067,591	 \$ 30,182,539	 \$ 28,870,691	 \$ 27,881,118	 \$ 25,830,081
Contribution as a percentage of covered payroll	<b>1.63%</b>	1.66%	1.96%	1.63%	1.62%	1.47%

\*The amounts presented for each fiscal year were determined as of September 30. Information prior to fiscal year 2014 was not available.



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## **SUPPLEMENTARY INFORMATION**



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**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
<b>Operating revenues:</b>					
Charges for services:					
Water	\$43,871,623	\$0	\$43,871,623	\$43,871,623	\$0
Wastewater	57,186,950	0	57,186,950	57,186,950	0
Sanitation	30,650,717	0	30,650,717	30,650,717	0
Recycling	2,375,086	0	2,375,086	2,375,100	(14)
Connection charges	695,953	0	695,953	695,953	0
Sewer improvement fees	6,050,158	0	6,050,158	6,050,158	0
Capital improvement/funding fees	10,769,182	0	10,769,182	10,769,182	0
Other	2,494,275	0	2,494,275	2,494,275	0
<b>Total operating revenues</b>	<u>154,093,944</u>	<u>0</u>	<u>154,093,944</u>	<u>154,093,958</u>	<u>(14)</u>
<b>Operating expenses:</b>					
Personal services	48,973,248	(4,036,679)	44,936,569	44,936,571	2
Contractual services	5,190,489	0	5,190,489	5,190,492	3
Professional services	910,929	0	910,929	910,932	3
Materials and supplies	9,329,828	0	9,329,828	9,329,820	(8)
Repairs & maintenance	8,623,583	0	8,623,583	8,623,585	2
Utilities	6,870,556	0	6,870,556	6,870,554	(2)
Tipping fees	6,635,470	0	6,635,470	6,635,468	(2)
Other	4,148,059	0	4,148,059	4,148,090	31
Depreciation and amortization	30,849,093	(30,849,093)	0	0	0
<b>Total operating expenses</b>	<u>121,531,255</u>	<u>(34,885,772)</u>	<u>86,645,483</u>	<u>86,645,512</u>	<u>29</u>
<b>Operating income (loss)</b>	<u>32,562,689</u>	<u>34,885,772</u>	<u>67,448,461</u>	<u>67,448,446</u>	<u>15</u>
<b>Non-operating revenues (expenses):</b>					
Interest income	5,278,523	(1,568,954)	3,709,569	3,709,569	0
Interest expense	(13,172,706)	0	(13,172,706)	(13,172,707)	1
Insurance reimbursements	65,566	0	65,566	65,566	0
Gain (loss) on disposal of assets	(1,339,340)	1,339,340	0	0	0
<b>Total non-operating revenues (expenses)</b>	<u>(9,167,957)</u>	<u>(229,614)</u>	<u>(9,397,571)</u>	<u>(9,397,572)</u>	<u>1</u>
<b>Income (loss) before contributions and transfers</b>	<u>23,394,732</u>	<u>34,656,158</u>	<u>58,050,890</u>	<u>58,050,874</u>	<u>16</u>
Capital contributions - impact fees and other	6,574,185	0	6,574,185	6,574,185	0
Capital contributions - noncash	4,263,540	(4,263,540)	0	0	0
Principal sinking fund requirements	0	(29,264,322)	(29,264,322)	(29,264,322)	0
<b>Total contributions and transfers</b>	<u>10,837,725</u>	<u>(33,527,862)</u>	<u>(22,690,137)</u>	<u>(22,690,137)</u>	<u>0</u>
<b>Change in net position</b>	<u>\$34,232,457</u>	<u>\$1,128,296</u>	<u>\$35,360,753</u>	<u>\$35,360,737</u>	<u>\$16</u>

**EMERALD COAST UTILITIES AUTHORITY  
SCHEDULE OF OF NET POSITION**

**SEPTEMBER 30, 2019**

	Water/ Wastewater	Sanitation	Materials Recycling	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$12,533,335	\$0	\$0	\$12,533,335
Receivables (net of allowance for uncollectibles)	16,021,992	2,382,907	431,830	18,836,729
Grants receivable	635,491	0	0	635,491
Due from Sanitation system	10,823,564	0	0	10,823,564
Due from Materials Recycling system	8,631,575	0	0	8,631,575
Due from other governmental units	1,300,000	0	11	1,300,011
Inventory	6,976,119	2,737,461	0	9,713,580
Restricted cash and cash equivalents:				
Debt service sinking fund	15,071,390	1,517,997	0	16,589,387
Customer deposits	4,912,529	59,325	0	4,971,854
Prepaid expenses	183,424	0	0	183,424
<b>Total current assets</b>	<u>77,089,419</u>	<u>6,697,690</u>	<u>431,841</u>	<u>84,218,950</u>
Noncurrent assets:				
Due from other governmental units	9,100,000	0	0	9,100,000
Restricted cash and investments:				
Restricted by debt agreements	16,000,612	6,214,768	0	22,215,380
Restricted for capital improvement program	110,285,264	1,021,155	0	111,306,419
Self-insurance reserves	1,023,848	0	0	1,023,848
Capital assets:				
Land and other non-depreciable assets	83,220,162	1,428,439	0	84,648,601
Capital assets (net of depreciation)	656,939,700	21,745,173	9,357,623	688,042,496
Intangible assets (net of accumulated amortization)	0	1,509,460	0	1,509,460
Unamortized debt issuance costs (net of accumulated amortization)				
	<u>1,813,361</u>	<u>10,902</u>	<u>0</u>	<u>1,824,263</u>
<b>Total noncurrent assets</b>	<u>878,382,947</u>	<u>31,929,897</u>	<u>9,357,623</u>	<u>919,670,467</u>
<b>Total assets</b>	<u>955,472,366</u>	<u>38,627,587</u>	<u>9,789,464</u>	<u>1,003,889,417</u>
Deferred Outflows of Resources:				
Loss on bond refunding	1,454,101	254,825	0	1,708,926
Other postemployment benefits	425,049	148,428	0	573,477
Pensions	8,160,356	3,161,137	0	11,321,493
<b>Total deferred outflows of resources</b>	<u>\$10,039,506</u>	<u>\$3,564,390</u>	<u>\$0</u>	<u>\$13,603,896</u>

(continued)

**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULE OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Water/ Wastewater	Sanitation	Materials Recycling	Total
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	\$2,547,934	\$981,845	\$69,562	\$3,599,341
Due to other funds	0	10,823,564	8,631,575	19,455,139
Due to other governmental units	360,971	17,379	0	378,350
Salaries and benefits payable	1,709,490	433,175	26,818	2,169,483
Compensated absences payable	809,188	195,281	10,144	1,014,613
Current portion of long-term debt	0	0	333,333	333,333
Payable from restricted assets:				
Customer deposits	4,912,529	59,325	0	4,971,854
Current portion of long-term debt	25,010,232	3,459,028	0	28,469,260
Accrued interest payable	2,998,262	133,064	0	3,131,326
Contracts payable	4,907,612	1,041,980	0	5,949,592
Claims liabilities	475,928	72,689	0	548,617
Other current liabilities	27,823	0	0	27,823
<b>Total current liabilities</b>	<u>43,759,969</u>	<u>17,217,330</u>	<u>9,071,432</u>	<u>70,048,731</u>
Non-current liabilities:				
Long term debt	310,720,785	11,218,938	1,750,000	323,689,723
Compensated absences	1,016,885	288,567	10,144	1,315,596
Other post-employment benefits	2,836,667	836,870	0	3,673,537
Net pension liability	27,771,092	9,294,832	0	37,065,924
Claims liabilities	385,488	89,743	0	475,231
<b>Total non-current liabilities</b>	<u>342,730,917</u>	<u>21,728,950</u>	<u>1,760,144</u>	<u>366,220,011</u>
<b>Total liabilities</b>	<u>386,490,886</u>	<u>38,946,280</u>	<u>10,831,576</u>	<u>436,268,742</u>
<b>Deferred Inflows of Resources:</b>				
Other post-employment benefits	206,926	72,260	0	279,186
Pensions	2,424,583	945,267	0	3,369,850
<b>Total deferred inflows of resources</b>	<u>2,631,509</u>	<u>1,017,527</u>	<u>0</u>	<u>3,649,036</u>
<b>NET POSITION</b>				
Net investment in capital assets	405,882,946	10,259,931	7,274,290	423,417,167
Restricted:				
Debt Service and other bond requirements	28,073,740	7,599,701	0	35,673,441
Expansion of utility plant	6,283,553	0	0	6,283,553
Unrestricted	136,149,238	(15,631,462)	(8,316,402)	112,201,374
<b>Total net position</b>	<u>\$576,389,477</u>	<u>\$2,228,170</u>	<u>(\$1,042,112)</u>	<u>\$577,575,535</u>

**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Water/ Wastewater	Sanitation	Materials Recycling	Total
<b>Operating revenues:</b>				
Charges for services:				
Water	\$43,871,623	\$0	\$0	\$43,871,623
Wastewater	57,186,950	0	0	57,186,950
Sanitation	0	30,650,717	0	30,650,717
Recycling	0	0	2,375,086	2,375,086
Connection charges	695,953	0	0	695,953
Sewer improvement fees	6,050,158	0	0	6,050,158
Capital improvement/funding fees	9,407,845	1,361,337	0	10,769,182
Charges for overhead	4,194,116	0	0	4,194,116
Other	2,043,872	450,403	0	2,494,275
<b>Total operating revenues</b>	<u>123,450,517</u>	<u>32,462,457</u>	<u>2,375,086</u>	<u>158,288,060</u>
<b>Operating expenses:</b>				
Personal services	36,048,438	12,068,328	856,482	48,973,248
Contractual services	2,535,237	1,620,416	1,034,836	5,190,489
Professional services	856,718	29,890	24,321	910,929
Materials and supplies	7,355,374	1,766,683	207,771	9,329,828
Repairs & maintenance	4,857,011	3,465,619	300,953	8,623,583
Utilities	6,702,504	57,962	110,090	6,870,556
Tipping fees	0	6,555,059	80,411	6,635,470
Overhead allocation	0	4,194,116	0	4,194,116
Other	3,519,948	550,101	78,010	4,148,059
Depreciation and amortization	27,154,969	2,967,924	726,200	30,849,093
<b>Total operating expenses</b>	<u>89,030,199</u>	<u>33,276,098</u>	<u>3,419,074</u>	<u>125,725,371</u>
<b>Operating income (loss)</b>	<u>34,420,318</u>	<u>(813,641)</u>	<u>(1,043,988)</u>	<u>32,562,689</u>
<b>Non-operating revenues (expenses):</b>				
Interest income	5,230,390	48,133	0	5,278,523
Interest expense	(12,623,650)	(549,056)	0	(13,172,706)
Insurance reimbursements	65,566	0	0	65,566
Gain (loss) on disposal of assets	(916,324)	(423,016)	0	(1,339,340)
<b>Total non-operating revenues (expenses)</b>	<u>(8,244,018)</u>	<u>(923,939)</u>	<u>0</u>	<u>(9,167,957)</u>
<b>Income (loss) before contributions and transfers</b>	<u>26,176,300</u>	<u>(1,737,580)</u>	<u>(1,043,988)</u>	<u>23,394,732</u>
Capital contributions - impact fees and other	6,574,120	65	0	6,574,185
Capital contributions - noncash	4,263,540	0	0	4,263,540
Transfers in	0	3,608,816	0	3,608,816
Transfers (out)	(3,608,816)	0	0	(3,608,816)
<b>Total contributions and transfers</b>	<u>7,228,844</u>	<u>3,608,881</u>	<u>0</u>	<u>10,837,725</u>
<b>Change in net position</b>	<u>33,405,144</u>	<u>1,871,301</u>	<u>(1,043,988)</u>	<u>34,232,457</u>
<b>Net position at beginning of year</b>	<u>542,984,333</u>	<u>356,869</u>	<u>1,876</u>	<u>543,343,078</u>
<b>Net position at end of year</b>	<u><u>\$576,389,477</u></u>	<u><u>\$2,228,170</u></u>	<u><u>(\$1,042,112)</u></u>	<u><u>\$577,575,535</u></u>





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**EMERALD COAST UTILITIES AUTHORITY  
SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Water/ Wastewater	Sanitation	Materials Recycling	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$119,786,507	\$32,360,244	\$2,375,075	\$154,521,826
Cash payments to suppliers for goods and services	(36,374,686)	(18,993,586)	(1,333,703)	(56,701,975)
Cash payments to employees for services	(24,392,065)	(7,403,837)	(627,516)	(32,423,418)
Insurance reimbursements	65,566	0	0	65,566
<b>Net cash provided by operating activities</b>	<u>59,085,322</u>	<u>5,962,821</u>	<u>413,856</u>	<u>65,461,999</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(29,731,439)	(2,334,619)	(80,523)	(32,146,581)
Contributions for capital assets	6,574,120	65	0	6,574,185
Received from debt financing	0	3,396,609	0	3,396,609
Principal paid on long-term debt	(23,965,894)	(4,965,095)	(333,333)	(29,264,322)
Interest paid on long-term debt	(12,603,496)	(468,006)	0	(13,071,502)
Proceeds from sale of assets	95,725	27,150	0	122,875
<b>Net cash used in capital and related financing activities</b>	<u>(59,630,984)</u>	<u>(4,343,896)</u>	<u>(413,856)</u>	<u>(64,388,736)</u>
<b>Cash flow from investing activities:</b>				
Interest income	3,713,678	48,133	0	3,761,811
Proceeds from sales/maturities of investments	3,404,388	0	0	3,404,388
Purchases of investments	(4,524,952)	0	0	(4,524,952)
<b>Net cash provided by investing activities</b>	<u>2,593,114</u>	<u>48,133</u>	<u>0</u>	<u>2,641,247</u>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	2,047,452	1,667,058	0	3,714,510
Cash and cash equivalents at beginning of year	<u>100,938,887</u>	<u>7,146,187</u>	<u>0</u>	<u>108,085,074</u>
Cash and cash equivalents at end of year	<u>\$102,986,339</u>	<u>\$8,813,245</u>	<u>\$0</u>	<u>\$111,799,584</u>
<b>Reconciliation of cash, cash equivalents , and investments at end of year to Statement of Net Position:</b>				
Current assets:				
Cash and cash equivalents	\$12,533,335	\$0	\$0	\$12,533,335
Restricted cash and investments	<u>147,293,643</u>	<u>8,813,245</u>	<u>0</u>	<u>156,106,888</u>
	159,826,978	8,813,245	0	168,640,223
Less investments	<u>(56,840,639)</u>	<u>0</u>	<u>0</u>	<u>(56,840,639)</u>
Total cash and cash equivalents at end of year	<u>\$102,986,339</u>	<u>\$8,813,245</u>	<u>\$0</u>	<u>\$111,799,584</u>

(continued)

**EMERALD COAST UTILITIES AUTHORITY  
SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Water/ Wastewater	Sanitation	Materials Recycling	Total
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$34,420,318	(\$813,641)	(\$1,043,988)	\$32,562,689
Insurance reimbursements	65,566	0	0	65,566
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	27,154,969	2,967,924	726,200	30,849,093
(Increase) decrease in assets:				
Accounts receivable	(592,997)	(146,695)	(40,036)	(779,728)
Due from grants receivable	(226,439)	0	0	(226,439)
Due from other funds	(689,884)	0	0	(689,884)
Due from other governments	1,300,000	1,436	(11)	1,301,425
Inventory	(767,675)	(395,102)	0	(1,162,777)
Prepaid expenses	(15,435)	0	0	(15,435)
Deferred outflows	1,393,354	175,078	0	1,568,432
Increase (decrease) in liabilities:				
Vouchers payable	(512,955)	(156,791)	(61,873)	(731,619)
Salaries and benefits payable	(471,409)	64,224	(14,402)	(421,587)
Customer deposits	62,694	43,046	0	105,740
Compensated absences	(225,472)	41,468	5,607	(178,397)
Due to other funds	0	(152,475)	842,359	689,884
Due to other governments	(33,178)	748	0	(32,430)
Other current liabilities	(384,486)	0	0	(384,486)
Other post-employment benefits	285,442	99,678	0	385,120
Claims payable	31,111	(489,340)	0	(458,229)
Deferred inflows	(290,035)	(2,694)	0	(292,729)
Net cash provided by operating activities	<u>\$59,085,322</u>	<u>\$5,962,821</u>	<u>\$413,856</u>	<u>\$65,461,999</u>
<b>Non-cash investing, capital and financing activities</b>				
Capital contributions from developers	<u>\$4,263,540</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,263,540</u>
Unrealized appreciation in fair value of investments	<u>\$1,568,954</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,568,954</u>

**EMERALD COAST UTILITIES AUTHORITY**  
**WATER AND WASTEWATER SYSTEM**  
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
<b>Operating revenues:</b>					
Charges for services:					
Water	\$43,871,623	\$0	\$43,871,623	\$43,871,623	\$0
Wastewater	57,186,950	0	57,186,950	57,186,950	0
Connection charges	695,953	0	695,953	695,953	0
Sewer improvement fees	6,050,158	0	6,050,158	6,050,158	0
Capital improvement/funding fees	9,407,845	0	9,407,845	9,407,845	0
Charges for overhead	4,194,116	(3,608,816)	585,300	585,300	0
Other	2,043,872	0	2,043,872	2,043,872	0
<b>Total operating revenues</b>	<u>123,450,517</u>	<u>(3,608,816)</u>	<u>119,841,701</u>	<u>119,841,701</u>	<u>0</u>
<b>Operating expenses:</b>					
Personal services	36,048,438	(2,647,476)	33,400,962	33,400,964	2
Contractual services	2,535,237	0	2,535,237	2,535,239	2
Professional services	856,718	0	856,718	856,721	3
Materials and supplies	7,355,374	0	7,355,374	7,355,367	(7)
Repairs & maintenance	4,857,011	0	4,857,011	4,857,013	2
Utilities	6,702,504	0	6,702,504	6,702,502	(2)
Other	3,519,948	0	3,519,948	3,519,948	0
Depreciation	27,154,969	(27,154,969)	0	0	0
<b>Total operating expenses</b>	<u>89,030,199</u>	<u>(29,802,445)</u>	<u>59,227,754</u>	<u>59,227,754</u>	<u>0</u>
<b>Operating income</b>	<u>34,420,318</u>	<u>26,193,629</u>	<u>60,613,947</u>	<u>60,613,947</u>	<u>0</u>
<b>Non-operating revenues (expenses):</b>					
Interest income	5,230,390	(1,568,954)	3,661,436	3,661,436	0
Interest expense	(12,623,650)	0	(12,623,650)	(12,623,651)	1
Insurance reimbursements	65,566	0	65,566	65,566	0
Gain (loss) on disposal of assets	(916,324)	916,324	0	0	0
<b>Total non-operating revenues (expenses)</b>	<u>(8,244,018)</u>	<u>(652,630)</u>	<u>(8,896,648)</u>	<u>(8,896,649)</u>	<u>1</u>
<b>Income before contributions and transfers</b>	<u>26,176,300</u>	<u>25,540,999</u>	<u>51,717,299</u>	<u>51,717,298</u>	<u>1</u>
Capital contributions - impact fees and other	6,574,120	0	6,574,120	6,574,120	0
Capital contributions - noncash	4,263,540	(4,263,540)	0	0	0
Transfers (out)	(3,608,816)	3,608,816	0	0	0
Principal sinking fund requirements	0	(23,965,894)	(23,965,894)	(23,965,894)	0
<b>Total contributions and transfers</b>	<u>7,228,844</u>	<u>(24,620,618)</u>	<u>(17,391,774)</u>	<u>(17,391,774)</u>	<u>0</u>
<b>Change in net position</b>	<u>\$33,405,144</u>	<u>\$920,381</u>	<u>\$34,325,525</u>	<u>\$34,325,524</u>	<u>\$1</u>

**EMERALD COAST UTILITIES AUTHORITY**  
**SANITATION SYSTEM**  
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
<b>Operating revenues:</b>					
Charges for services:					
Sanitation	\$30,650,717	\$0	\$30,650,717	\$30,650,717	\$0
Capital improvement/funding fees	1,361,337	0	1,361,337	1,361,337	0
Other	450,403	0	450,403	450,403	0
<b>Total operating revenues</b>	<u>32,462,457</u>	<u>0</u>	<u>32,462,457</u>	<u>32,462,457</u>	<u>0</u>
<b>Operating expenses:</b>					
Personal services	12,068,328	(1,389,203)	10,679,125	10,679,125	0
Contractual services	1,620,416	0	1,620,416	1,620,416	0
Professional services	29,890	0	29,890	29,890	0
Materials and supplies	1,766,683	0	1,766,683	1,766,683	0
Repairs & maintenance	3,465,619	0	3,465,619	3,465,619	0
Utilities	57,962	0	57,962	57,962	0
Tipping fees	6,555,059	0	6,555,059	6,555,057	(2)
Overhead allocation	4,194,116	(3,608,816)	585,300	585,300	0
Other	550,101	0	550,101	550,131	30
Depreciation and amortization	2,967,924	(2,967,924)	0	0	0
<b>Total operating expenses</b>	<u>33,276,098</u>	<u>(7,965,943)</u>	<u>25,310,155</u>	<u>25,310,183</u>	<u>28</u>
<b>Operating income (loss)</b>	<u>(813,641)</u>	<u>7,965,943</u>	<u>7,152,302</u>	<u>7,152,274</u>	<u>28</u>
<b>Non-operating revenues (expenses):</b>					
Interest income	48,133	0	48,133	48,133	0
Interest expense	(549,056)	0	(549,056)	(549,056)	0
Gain (loss) on disposal of assets	(423,016)	423,016	0	0	0
<b>Total non-operating revenues (expenses)</b>	<u>(923,939)</u>	<u>423,016</u>	<u>(500,923)</u>	<u>(500,923)</u>	<u>0</u>
<b>Income (loss) before contributions and transfers</b>	<u>(1,737,580)</u>	<u>8,388,959</u>	<u>6,651,379</u>	<u>6,651,351</u>	<u>28</u>
Capital contributions - impact fees and other	65	0	65	65	0
Capital contributions - noncash	0	0	0	0	0
Transfers in	3,608,816	(3,608,816)	0	0	0
Transfers (out)	0	0	0	0	0
Principal sinking fund requirements	0	(4,965,095)	(4,965,095)	(4,965,095)	0
<b>Total contributions and transfers</b>	<u>3,608,881</u>	<u>(8,573,911)</u>	<u>(4,965,030)</u>	<u>(4,965,030)</u>	<u>0</u>
<b>Change in net position</b>	<u>\$1,871,301</u>	<u>(\$184,952)</u>	<u>\$1,686,349</u>	<u>\$1,686,321</u>	<u>\$28</u>

**EMERALD COAST UTILITIES AUTHORITY  
MATERIALS RECYCLING SYSTEM  
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
<b>Operating revenues:</b>					
Charges for services:					
Recycling	\$2,375,086	\$0	\$2,375,086	\$2,375,100	(\$14)
<b>Total operating revenues</b>	<u>2,375,086</u>	<u>0</u>	<u>2,375,086</u>	<u>2,375,100</u>	<u>(14)</u>
<b>Operating expenses:</b>					
Personal services	856,482	0	856,482	856,482	0
Contractual services	1,034,836	0	1,034,836	1,034,837	1
Professional services	24,321	0	24,321	24,321	0
Materials and supplies	207,771	0	207,771	207,770	(1)
Repairs & maintenance	300,953	0	300,953	300,953	0
Utilities	110,090	0	110,090	110,090	0
Tipping fees	80,411	0	80,411	80,411	0
Other	78,010	0	78,010	78,011	1
Depreciation	726,200	(726,200)	0	0	0
<b>Total operating expenses</b>	<u>3,419,074</u>	<u>(726,200)</u>	<u>2,692,874</u>	<u>2,692,875</u>	<u>1</u>
<b>Operating income (loss)</b>	<u>(1,043,988)</u>	<u>726,200</u>	<u>(317,788)</u>	<u>(317,775)</u>	<u>(13)</u>
<b>Income (loss) before transfers</b>	<u>(1,043,988)</u>	<u>726,200</u>	<u>(317,788)</u>	<u>(317,775)</u>	<u>(13)</u>
Principal sinking fund requirements	0	(333,333)	(333,333)	(333,333)	0
<b>Total transfers</b>	<u>0</u>	<u>(333,333)</u>	<u>(333,333)</u>	<u>(333,333)</u>	<u>0</u>
<b>Change in net position</b>	<u>(\$1,043,988)</u>	<u>\$392,867</u>	<u>(\$651,121)</u>	<u>(\$651,108)</u>	<u>(\$13)</u>

## STATISTICAL SECTION - UNAUDITED

This part of the Authority'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 Authority's overall financial health.

### **Contents**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being has changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the Authority's revenue sources.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules present information to help the reader understand the environment within which the Authority's financial activities take place.

#### **Operating Information**

These schedules contain service data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides.



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**EMERALD COAST UTILITIES AUTHORITY**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(THOUSANDS OMITTED)**  
**(UNAUDITED)**

	2019	2018	2017	2016 **	2015	2014 *	2013	2012	2011	2010
Net investment in capital assets	\$ 423,417	\$ 393,297	\$ 407,912	\$ 399,285	\$ 393,658	\$ 333,049	\$ 314,996	\$ 340,956	\$ 386,293	\$ 439,104
Restricted	41,958	37,406	33,897	32,460	25,871	46,141	50,420	48,228	45,881	40,971
Unrestricted	112,201	112,640	80,543	80,329	84,299	110,260	133,986	105,647	37,649	12,926
Total net position	\$ 577,576	\$ 543,343	\$ 522,352	512,074	503,828	489,450	499,402	494,831	469,823	493,001

\* Amount includes restatement for pensions totaling \$17,739,101.

\*\* Amount includes restatement for other postemployment benefits totaling \$1,600,952.

**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULES OF REVENUE AND EXPENSES**  
**LAST TEN FISCAL YEARS**  
**(THOUSANDS OMITTED)**  
**(UNAUDITED)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Operating Revenue:</b>										
Customer charges	\$ 131,709	\$ 124,770	\$ 118,853	\$ 114,358	\$ 110,060	\$ 104,024	\$ 99,494	\$ 96,815	\$ 94,520	\$ 87,359
Connection charges	696	655	408	385	370	324	356	310	263	232
Sewer improvement fees	6,050	6,050	5,981	5,859	5,877	5,902	5,878	5,895	5,892	5,918
Capital improvement fees	10,769	9,290	897	0	0	0	0	0	0	0
Recycling	2,375	1,479	1,650	0	0	0	0	0	0	0
Other	2,495	2,233	2,163	2,269	2,157	2,126	2,188	2,603	4,963	2,266
Total operating revenue	<b>154,094</b>	<b>144,477</b>	<b>129,952</b>	<b>122,871</b>	<b>118,464</b>	<b>112,376</b>	<b>107,916</b>	<b>105,623</b>	<b>105,638</b>	<b>95,775</b>
<b>Operating Expenses Before Depreciation and Amortization:</b>										
Personal services	48,973	46,552	45,721	44,134	38,888	36,189	34,999	33,788	33,711	34,574
Contractual services	5,190	4,000	3,200	2,858	4,605	4,492	2,635	2,440	2,677	3,061
Professional services	911	918	891	967	1,329	1,242	726	826	677	740
Supplies	9,330	9,842	8,809	7,816	8,351	7,326	7,215	7,190	6,712	6,023
Repairs and maintenance	8,624	8,444	7,661	6,603	5,922	6,330	4,823	4,453	3,405	3,459
Heat, light and power	6,871	6,861	6,858	6,899	7,025	7,007	6,399	6,709	7,565	6,652
Tipping fees	6,635	5,761	5,577	5,688	4,975	4,846	4,378	4,243	4,130	3,774
Other	4,148	5,013	5,067	4,307	4,051	3,601	3,459	3,405	3,276	3,592
Total operating expenses before depreciation and amortization	<b>90,682</b>	<b>87,391</b>	<b>83,784</b>	<b>79,272</b>	<b>75,146</b>	<b>71,033</b>	<b>64,634</b>	<b>63,054</b>	<b>62,153</b>	<b>61,875</b>
<b>Operating Income Before Depreciation and Amortization:</b>										
	<b>63,412</b>	<b>57,086</b>	<b>46,168</b>	<b>43,599</b>	<b>43,318</b>	<b>41,343</b>	<b>43,282</b>	<b>42,569</b>	<b>43,485</b>	<b>33,900</b>
<b>Depreciation and Amortization:</b>										
	<b>30,849</b>	<b>32,482</b>	<b>33,602</b>	<b>30,482</b>	<b>28,466</b>	<b>26,340</b>	<b>27,489</b>	<b>28,632</b>	<b>24,961</b>	<b>22,751</b>
Operating income	<b>32,563</b>	<b>24,604</b>	<b>12,566</b>	<b>13,117</b>	<b>14,852</b>	<b>15,003</b>	<b>15,793</b>	<b>13,937</b>	<b>18,524</b>	<b>11,149</b>

(continued)

EMERALD COAST UTILITIES AUTHORITY  
SCHEDULES OF REVENUE AND EXPENSES  
LAST TEN FISCAL YEARS  
(THOUSANDS OMITTED)  
(UNAUDITED)  
(Continued)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Nonoperating Revenue (Expenses):</b>										
Investment income	\$ 5,278	\$ 1,683	\$ 1,060	\$ 1,170	\$ 1,195	\$ 629	\$ 456	\$ 575	\$ 816	\$ 2,297
Settlement income	0	0	0	0	0	0	0	0	413	813
Interest expense	(13,173)	(13,214)	(12,746)	(13,370)	(13,342)	(13,821)	(15,787)	(15,791)	(15,037)	(12,907)
Insurance recoveries, net	66	74	197	120	210	91	0	0	0	0
Gain (loss) on disposal of assets	(1,339)	(1,137)	(99)	(875)	4,752	(488)	(168)	(586)	(30,987)	(865)
Total nonoperating revenue (expenses)	<u>(9,168)</u>	<u>(12,594)</u>	<u>(11,588)</u>	<u>(12,955)</u>	<u>(7,185)</u>	<u>(13,589)</u>	<u>(15,499)</u>	<u>(15,802)</u>	<u>(44,795)</u>	<u>(10,662)</u>
<b>Income (Loss) Before Capital Contributions</b>	<b>23,395</b>	<b>12,009</b>	<b>978</b>	<b>162</b>	<b>7,667</b>	<b>1,414</b>	<b>294</b>	<b>(1,865)</b>	<b>(26,271)</b>	<b>487</b>
Capital contributions - cash	<b>6,574</b>	<b>5,599</b>	<b>5,602</b>	<b>4,926</b>	<b>4,356</b>	<b>5,304</b>	<b>3,135</b>	<b>25,616</b>	<b>2,403</b>	<b>18,700</b>
Capital contributions - noncash	<b>4,264</b>	<b>3,383</b>	<b>3,698</b>	<b>1,557</b>	<b>2,355</b>	<b>1,069</b>	<b>1,142</b>	<b>1,258</b>	<b>689</b>	<b>2,376</b>
<b>Change in Net Position</b>	<b>\$ 34,233</b>	<b>\$ 20,991</b>	<b>\$ 10,278</b>	<b>\$ 6,645</b>	<b>\$ 14,378</b>	<b>\$ 7,787</b>	<b>\$ 4,571</b>	<b>\$ 25,009</b>	<b>\$ (23,179)</b>	<b>\$ 21,563</b>

**EMERALD COAST UTILITIES AUTHORITY**  
**OUTSTANDING DEBT BY TYPE AND PER CUSTOMER**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**OUTSTANDING DEBT BY TYPE**

Year	State Revolving Loans	Capital Leases	Water and Wastewater System Bonds	Sanitation System Bonds	Water and Wastewater System Notes	Recycling System Loan	Total
2010	\$ 41,285,144	\$ 13,706,821	\$ 147,113,709	\$ 9,640,248	\$ 129,885,000	\$ -	\$ 341,630,922
2011	\$ 57,960,646	\$ 13,148,796	\$ 138,761,341	\$ 9,025,521	\$ 172,084,000	\$ -	\$ 390,980,304
2012	\$ 80,944,920	\$ 24,539,850	\$ 117,169,768	\$ 8,544,000	\$ 183,464,000	\$ -	\$ 414,662,538
2013	\$ 78,522,250	\$ 24,052,878	\$ 83,441,246	\$ 7,910,000	\$ 205,719,000	\$ -	\$ 399,645,374
2014	\$ 74,638,815	\$ 22,662,335	\$ 64,462,186	\$ 7,128,000	\$ 212,693,000	\$ -	\$ 381,584,336
2015	\$ 70,608,605	\$ 30,441,399	\$ 36,332,025	\$ 6,327,000	\$ 207,311,000	\$ -	\$ 351,020,029
2016	\$ 66,489,111	\$ 26,498,638	\$ 74,970,185	\$ 5,498,000	\$ 195,497,000	\$ -	\$ 368,952,934
2017	\$ 62,278,322	\$ 23,088,812	\$ 53,275,081	\$ 4,647,000	\$ 216,223,189	\$ 2,750,001	\$ 362,262,405
2018	\$ 57,974,185	\$ 21,544,392	\$ 51,228,410	\$ 3,770,000	\$ 241,577,618	\$ 2,416,667	\$ 378,511,272
<b>2019</b>	<b>\$ 53,574,601</b>	<b>\$ 20,001,597</b>	<b>\$ 46,595,000</b>	<b>\$ 2,868,000</b>	<b>\$ 224,930,000</b>	<b>\$ 2,083,333</b>	<b>\$ 350,052,531</b>

**OUTSTANDING DEBT PER CUSTOMER \***

Year	Water and Wastewater System Debt	Water and Wastewater System Customers	Water and Wastewater System Debt Per Customer	Sanitation System Debt	Sanitation System Customers	Sanitation System Debt Per Customer
2010	\$ 331,990,674	88,723	\$ 3,742	\$ 9,640,248	79,417	\$ 121
2011	\$ 381,954,783	88,653	\$ 4,308	\$ 9,025,521	78,995	\$ 114
2012	\$ 394,144,817	89,240	\$ 4,417	\$ 20,517,721	80,078	\$ 256
2013	\$ 379,640,225	89,690	\$ 4,233	\$ 20,005,149	80,812	\$ 248
2014	\$ 364,067,619	90,569	\$ 4,020	\$ 17,516,717	81,675	\$ 214
2015	\$ 325,766,459	91,801	\$ 3,549	\$ 25,253,570	102,851	\$ 246
2016	\$ 347,696,023	91,878	\$ 3,784	\$ 21,256,911	106,686	\$ 199
2017	\$ 341,701,312	93,296	\$ 3,663	\$ 17,811,091	109,544	\$ 163
2018	\$ 359,848,152	95,308	\$ 3,776	\$ 16,246,453	112,487	\$ 144
<b>2019</b>	<b>\$ 333,291,232</b>	<b>96,209</b>	<b>\$ 3,464</b>	<b>\$ 14,677,966</b>	<b>116,339</b>	<b>\$ 126</b>

\* Recycling System is not based on user charges. Debt per customer information is not applicable.

**EMERALD COAST UTILITIES AUTHORITY  
PARITY DEBT SERVICE COVERAGE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Year	Operating Revenue and Interest Income	Operating Expenses Before Depreciation and Amortization	Net Revenue Available For Debt Service	Debt Service	Actual Coverage	Required Coverage
2010	\$ 96,531,362	\$ 61,875,496	\$ 34,655,866	\$ 23,897,498	1.45	1.25
2011	\$ 106,768,233	\$ 62,153,475	\$ 44,614,758	\$ 24,567,207	1.82	1.25
2012	\$ 105,981,395	\$ 63,053,532	\$ 42,927,863	\$ 26,149,721	1.64	1.25
2013	\$ 108,296,990	\$ 64,633,524	\$ 43,663,466	\$ 26,216,817	1.67	1.25
2014	\$ 113,024,920	\$ 71,032,338	\$ 41,992,582	\$ 25,911,407	1.62	1.25
2015	\$ 119,370,418	\$ 75,146,372	\$ 44,224,046	\$ 26,323,772	1.68	1.25
2016	\$ 124,097,387	\$ 79,271,761	\$ 44,825,626	\$ 26,162,934	1.71	1.25
2017	* \$ 129,843,276	\$ 83,314,882	\$ 46,528,394	\$ 26,345,556	1.77	1.25
2018	* \$ 145,588,400	\$ 85,810,337	\$ 59,778,103	\$ 28,952,906	2.06	1.25
<b>2019</b>	<b>\$ 155,428,427</b>	<b>\$ 87,989,288</b>	<b>\$ 67,439,139</b>	<b>\$ 30,460,422</b>	<b>2.21</b>	<b>1.25</b>

\* Operating revenue and expenses from the recycling system is excluded.

**NUMBER OF ACTIVE CUSTOMERS AT FISCAL YEAR END  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Year</u>	<u>Water</u>	Percent Inc/(Dec) from previous fiscal year	<u>Sewer</u>	Percent Inc/(Dec) from previous fiscal year	Ratio of Sewer Customers To Water Customers	<u>Sanitation</u>	Percent Inc/(Dec) from previous fiscal year
2010	88,723	0 %	65,268	1 %	74%	79,417	2%
2011	88,653	(0) %	65,633	1 %	74%	78,995	-1%
2012	89,240	1 %	66,668	2 %	75%	80,078	1%
2013	89,690	1 %	67,565	1 %	75%	80,812	1%
2014	90,569	1 %	68,871	2 %	76%	81,675	1%
2015	91,081	1 %	69,526	1 %	76%	102,851	26%
2016	91,878	1 %	70,609	2 %	77%	106,686	4%
2017	93,296	2 %	71,955	2 %	77%	109,544	3%
2018	95,308	2 %	74,082	3 %	78%	112,487	3%
<b>2019</b>	<b>96,209</b>	<b>3 %</b>	<b>75,225</b>	<b>5 %</b>	<b>78%</b>	<b>116,339</b>	<b>6%</b>

**EMERALD COAST UTILITIES AUTHORITY  
PRINCIPAL CUSTOMERS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 2019 AND 2010  
(UNAUDITED)**

**2019**

Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Operating Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS Pcola)	0	\$ -	\$ 2,186,069	\$ 2,186,069	1.4%
Pall Gelman Sciences	92.9	\$ 242,776	\$ 615,230	\$ 858,006	0.6%
Escambia County Jail	74.3	\$ 198,074	\$ 560,497	\$ 758,571	0.5%
NAVFAC SE (Corry Station SW )	0.0	\$ -	\$ 709,542	\$ 709,542	0.5%
Baptist Hospital	58.2	\$ 181,754	\$ 416,412	\$ 598,166	0.4%
Portofino Island Resort	46.5	\$ 234,624	\$ 282,949	\$ 517,573	0.3%
Pensacola Christian Collage	43.0	\$ 123,788	\$ 293,233	\$ 417,021	0.3%
Columbia West Florida Regional Medical Center	37.2	\$ 103,615	\$ 287,500	\$ 391,115	0.3%
University of West Florida	0.0	\$ 985	\$ 319,377	\$ 320,362	0.2%
Sacred Heart Hospital	28.7	\$ 97,766	\$ 205,518	\$ 303,284	0.2%
DM Oakwood Terrace	27.7	\$ 74,520	\$ 213,724	\$ 288,244	0.2%
Navy Federal Credit Union	40.0	\$ 140,557	\$ 136,684	\$ 277,241	0.2%
U.S. Navy--Saufley Field	33.2	\$ 81,876	\$ 163,218	\$ 245,094	0.2%
Area Housing Commission	21.7	\$ 69,692	\$ 167,586	\$ 237,278	0.2%
WG Portfolio (Escambia Housing)	21.3	\$ 68,955	\$ 164,054	\$ 233,009	0.2%
	<u>524.7</u>	<u>\$ 1,618,982</u>	<u>\$ 6,721,593</u>	<u>\$ 8,340,575</u>	<u>5.7%</u>

**2010**

Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS Pensacola)	0	\$ -	\$ 1,872,605	\$ 1,872,605	2.0%
NAVFAC SE (Corry Station SW )	0	\$ -	\$ 636,185	\$ 636,185	0.7%
Baptist Hospital	83.1	\$ 170,134	\$ 431,843	\$ 601,977	0.6%
Escambia County Jail	72.8	\$ 137,501	\$ 328,948	\$ 466,448	0.5%
Pall Gelman Sciences	66.7	\$ 123,304	\$ 303,290	\$ 426,593	0.4%
Escambia Housing	53.2	\$ 111,890	\$ 286,411	\$ 398,301	0.4%
Portofino Island Resort	35.6	\$ 136,090	\$ 209,695	\$ 345,785	0.4%
Sacred Heart Hospital	45.6	\$ 97,912	\$ 230,358	\$ 328,270	0.3%
Columbia West Florida Regional Medical Center	38.6	\$ 75,026	\$ 207,930	\$ 282,956	0.3%
University of West Florida	0.0	\$ 492	\$ 278,310	\$ 278,802	0.3%
U.S. Navy--Saufley Field	71.2	\$ 68,880	\$ 164,121	\$ 233,001	0.2%
Pensacola Christian College	32.2	\$ 68,512	\$ 150,916	\$ 219,428	0.2%
Crown Health Care & Laundry	32.8	\$ 61,018	\$ 141,436	\$ 202,454	0.2%
Perdido Housing	24.5	\$ 50,364	\$ 132,051	\$ 182,414	0.2%
DM Oakwood Terrace	23.9	\$ 45,475	\$ 128,783	\$ 174,258	0.2%
	<u>580.2</u>	<u>\$ 1,146,599</u>	<u>\$ 5,502,880</u>	<u>\$ 6,649,478</u>	<u>6.9%</u>

**EMERALD COAST UTILITIES AUTHORITY  
PRINCIPAL PRIVATE SECTOR EMPLOYERS IN ESCAMBIA COUNTY  
FOR THE FISCAL YEARS ENDED SEPTEMBER 2019 AND 2010  
(UNAUDITED)**

**2019**

Name	Number of Employees	Percentage of Total Employment
Local Government	9,067	6.30
Navy Federal Credit Union	7,729	5.37
Baptist Health Care	6,633	4.61
Sacred Heart Health Systems	4,820	3.35
University of West Florida	3,026	2.10
Gulf Power Company	1,774	1.23
Ascend Performance Materials	1,288	0.89
West Florida Healthcare	1,200	0.83
Pensacola State College	1,128	0.78
Alorica (fka West Corp)	800	0.56
Covenant Hospice	787	0.55
General Electric	700	0.49
Emerald Coast Utilities Authority	631	0.44
	30,516	21.20%

Total Civilian Employment in Escambia County      143,925

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program, in cooperation with the Florida Department of Economic Opportunity, Bureau of Workforce Statistics and Economic Research.

**2010**

Name	Number of Employees	Percentage of Total Employment
Local Government	15,790	7.30%
Federal Government	7,403	3.40%
State Government	5,970	2.80%
Sacred Heart Health System	5,000	2.30%
Baptist Health Care	3,163	1.50%
Lakeview Center	2,000	0.90%
Ascend Performance Materials	1,400	0.70%
Gulf Power Company	1,400	0.70%
West Florida Regional Medical Center	1,300	0.60%
University of West Florida	1,231	0.60%
Navy Federal Credit Union	1,200	0.60%
Pensacola Christian College	1,000	0.50%
West Corporation	800	0.40%
	47,657	22.30%

Source: Florida West (Economic Development), City of Pensacola, Town of Century, Escambia County School Board, Pensacola State College, ECUA, and the University of West Florida



**EMERALD COAST UTILITIES AUTHORITY  
RECORDED RAINFALL  
(UNAUDITED)**

Pensacola, Florida  
October 2018 - September 2019

Month	Monthly Rainfall (inches)
October	3.75
November	5.62
December	16.55
January	2.84
February	2.27
March	1.54
April	5.45
May	2.81
June	7.64
July	4.73
August	12.34
September	1.57
	<b>67.11</b>
	<b>67.11</b>

Pensacola, Florida  
Last Ten Fiscal Years

Year	Annual Rainfall (inches)
2010	83.65
2011	48.15
2012	70.49
2013	69.52
2014	84.98
2015	61.21
2016	77.75
2017	88.34
2018	78.14
<b>2019</b>	<b>67.11</b>

Source: National Oceanic and Atmospheric Association

[www.ncdc.noaa.gov](http://www.ncdc.noaa.gov)

**EMERALD COAST UTILITIES AUTHORITY  
WATER CONSUMPTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Year</u>	<u>Pumped (Millions of gallons)</u>	<u>Consumption Billed (Millions of gallons)</u>	<u>Unaccounted For (Millions of gallons)</u>	<u>Percentage Unaccounted For</u>
2010	12,253	10,511	1,742	14.22%
2011	12,725	11,592	1,133	8.90%
2012	11,435	10,636	799	6.99%
2013	11,041	9,838	1,203	10.90%
2014	11,382	10,217	1,165	10.24%
2015	11,684	10,262	1,422	12.17%
2016	11,472	10,686	786	6.85%
2017	11,425	10,041	1,384	12.11%
2018	11,576	10,081	1,495	12.91%
<b>2019</b>	<b>11,917</b>	<b>10,340</b>	<b>1,577</b>	<b>13.23%</b>
	<u>116,910</u>	<u>104,204</u>	<u>12,706</u>	10.87%

**EMERALD COAST UTILITIES AUTHORITY  
SEWAGE PLANT FLOWS  
(MILLIONS OF GALLONS)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Pensacola, Florida  
Last Ten Fiscal Years

<u>Year</u>	<u>Central Water Reclamation Facility (1)</u>	<u>Main Street Wastewater Treatment Plant (2)</u>	<u>BayouMarcus Water Reclamation Facility</u>	<u>Pensacola Beach Wastewater Treatment Plant</u>	<u>Total</u>
2010		6,002	2,374	329	8,705
2011	3,736	1,312	2,116	300	7,464
2012	5,227	-	1,944	330	7,501
2013	5,186		2,252	287	7,725
2014	5,575		2,345	287	8,207
2015	5,102		2,147	326	7,575
2016	5,422		2,195	370	7,987
2017	5,403		2,019	336	7,758
2018	5,200		1,895	331	7,426
<b>2019</b>	<b>5,256</b>	<b>-</b>	<b>1,974</b>	<b>344</b>	<b>7,574</b>
	<u>46,107</u>	<u>7,314</u>	<u>21,261</u>	<u>3,240</u>	<u>77,922</u>

Notes: (1) The Central Water Reclamation Facility began accepting sewage flows August 30, 2010.  
(2) The Main Street Wastewater Treatment Plant was taken offline April 28, 2011.

**Emerald Coast Utilities Authority  
Operating Indicators \*  
Last Ten Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Water:</u>										
New connections	1106	1147	767	669	614	588	666	524	438	424
Average daily consumption (MGD)	32.619	31.679	31.277	31.326	31.972	31.142	30.227	31.180	34.816	33.560
Maximum daily flow (MGD)	32.270	36.593	35.898	35.826	36.956	53.280	50.697	50.180	54.033	45.590
Minimum daily flow (MGD)	27.643	27.683	27.656	27.028	27.569	22.328	22.109	22.460	22.436	24.680
Raw water pumped and treated (MG)	993	965	952	956	11,684	11,382	11,041	11,435	12,725	12,253
<u>Wastewater:</u>										
New connections	920	1132	782	754	709	885	1024	629	494	556
Treatment capacity (MGD)	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1	30.6
Average daily treated flow (MGD)	21.00	20.92	21.24	21.81	21.60	22.12	21.16	20.51	20.58	23.78
Percent of capacity utilized	63.43	63.21	63.50	64.97	65.27	66.80	62.80	47.60	72.50	75.50
Percent of unused capacity	36.57	36.79	36.50	35.03	34.73	33.20	37.20	52.40	27.50	24.50
<u>Sanitation System:</u>										
Residential (tons/year)	104,174	91,236	90,399	85,315	67,826	74,779	74,949	71,931	70,239	73,555
Yard Waste (tons/year)	19,597	19,597	20,344	22,519	21,644	25,122	22,626	17,990	17,711	14,479
Recycling waste (tons/year) <sup>(1)</sup>	12,921	13,600	13,157	-	13,490	12,064	11,132	10,357	9,148	7,864
Bulk waste (tons/year)	6,972	7,101	8,184	6,985	6,496	7,064	5,538	3,590	2,602	3,015
<b>Total Residential Tons</b>	<b>143,664</b>	<b>131,534</b>	<b>132,084</b>	<b>114,819</b>	<b>109,456</b>	<b>119,029</b>	<b>114,245</b>	<b>103,868</b>	<b>99,700</b>	<b>98,913</b>
<u>Commercial:</u>										
Avg number of residential customers/month	96,597	95,265	91,492	91,022	87,513	81,554	73,763	79,810	79,516	78,711
Refuse collected (tons/customer/year)	1.487	1.381	1.444	1.261	1.251	1.460	1.549	1.301	1.254	1.257
Commercial (tons/year)	15,570	13,986	13,461	13,625	12,529	11,217	10,418	10,179	10,388	6,678
Roll-off (tons/year)	3,906	3,575	3,171	3,648	4,929	3,461	3,212	1,333	1,128	1,627
<b>Total Commercial Tons</b>	<b>19,476</b>	<b>17,561</b>	<b>16,632</b>	<b>17,273</b>	<b>17,458</b>	<b>14,678</b>	<b>13,630</b>	<b>11,512</b>	<b>11,516</b>	<b>8,305</b>
<u>Commercial Customers:</u>										
Avg number of commercial customers/month	1,798	1,664	1,506	1,434	1,304	1,257	1,153	1,291	1,343	1,395
Refuse collected (tons/customers/year)	10.834	10.553	11.044	12.045	13.388	11.677	11.821	8.917	8.575	5.953

\* Source: ECUA Departmental Statistics generated internally

**EMERALD COAST UTILITIES AUTHORITY  
MISCELLANEOUS STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**HOME SALES**

Year	Single Family		Townhouse/Condominium	
	Number	Average Price	Number	Average Price
2010	2,782	120,900	413	254,111
2011	2,708	123,040	509	257,420
2012	2,984	121,471	576	222,141
2013	3,613	131,126	658	229,816
2014	4,142	134,338	697	219,194
2015	4,728	137,986	733	252,688
2016	4,913	153,169	703	248,667
2017	6,763	160,222	1,093	325,838
2018	* 6,890	192,453	950	329,264
<b>2019</b>	<b>7,242</b>	<b>199,807</b>	<b>136</b>	<b>275,735</b>

Source: Metro Market Trends

\* Haas Center University of West Florida

**CONSTRUCTION STARTS  
RESIDENTIAL**

YEAR	Single Family Units	Multi-Family Units	Total Number Of Units	Value (\$000)
2010	529	391	927	134,364
2011	609	2	644	118,215
2012	621	2	606	116,817
2013	777	10	758	152,435
2014	669	246	883	157,605
2015	761	10	1,251	216,201
2016	816	107	1,419	229,286
2017	836	92	928	228,500
2018	1,183	44	1,227	278,182
<b>2019</b>	<b>1,299</b>	<b>406</b>	<b>1,705</b>	<b>350,481</b>

Source: Escambia County Building Inspection Department

U. S. Census Bureau - updated annually to reflect reported units.

**EMERALD COAST UTILITIES AUTHORITY  
MISCELLANEOUS STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**ESCAMBIA COUNTY STATISTICS**

<u>Year</u>	Estimated Personal Income	Per Capita Personal Income	Unemployment Rate
2010	\$ 9,999,561	\$ 33,667	11.2%
2011	\$ 10,299,824	\$ 34,567	9.2%
2012	\$ 10,782,146	\$ 36,047	8.6%
2013	\$ 11,406,889	\$ 37,682	6.1%
2014	\$ 11,740,067	\$ 38,389	5.8%
2015	\$ 11,379,979	\$ 36,632	5.2%
2016	\$ 11,945,028	\$ 38,408	5.1%
2017	\$ 12,475,686	\$ 39,582	3.4%
2018	\$ 12,808,448	\$ 40,536	3.0%
<b>2019</b>	<b>\$ 13,421,960</b>	<b>\$ 42,537</b>	<b>3.0%</b>

Source: Personal income data provided by the U.S. Bureau of Economic Analysis. Estimates for 2009-2011 reflect county population estimates available as of April 2012. Unemployment data provided by US Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program, in cooperation with Florida Department of Economic Opportunity, Bureau of Workforce Statistics and Economic Research.

**FULL-TIME EQUIVALENT  
EMPLOYEES BY ACTIVITY**

<u>Year</u>	Water and Wastewater System	Sanitation System	Materials Recycling Facilities System	Total
2010	415	115		530
2011	414	117		531
2012	416	117		533
2013	435	116		551
2014	435	116		551
2015	445	116		561
2016	452	152		604
2017	452	158	2	612
2018	454	161	2	617
<b>2019</b>	<b>454</b>	<b>161</b>	<b>16</b>	<b>631</b>

Source: Emerald Coast Utilities Authority's annual budget

**EMERALD COAST UTILITIES AUTHORITY  
MISCELLANEOUS STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**ESCAMBIA COUNTY POPULATION**

<u>Year</u>		<u>Population</u>	<u>Change</u>	<u>Percent Change</u>
2010	(1)	311,184	(1,796)	-0.57%
2011		307,412	(3,772)	-1.21%
2012		299,261	(8,151)	-2.65%
2013		301,120	1,859	0.62%
2014		305,817	4,697	1.56%
2015		305,872	55	0.02%
2016		309,986	4,114	1.35%
2017		313,381	3,395	1.10%
2018		315,972	2,591	0.83%
<b>2019</b>		<b>318,641</b>	<b>5,260</b>	<b>1.68%</b>

Source: Florida Statistical Abstract  
Bureau of Economic and Business Research, University of Florida  
Florida Legislature, Office of Economic and Demographic Research  
EMSI Complete Employment - 2011

Note: (1) Reflects results of 2010 Census.

**EMERALD COAST UTILITIES AUTHORITY**  
**MISCELLANEOUS STATISTICS \***  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**CAPITAL ASSET STATISTICS BY ACTIVITY**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Water:</b>										
Wells	31	31	31	31	32	32	32	32	32	32
Water mains (miles)	1,760	1,749	1,692	1,689	1,685	1,685	1,746	1,684	1,680	1,678
Storage Capacity (MGD)	20	20	17	15	16	16	14	14	14	14
<b>Wastewater:</b>										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Sanitary sewer (miles)	1,286	1,272	1,254	1,249	1,243	1,237	1,222	1,209	1,202	1,198
Treatment capacity (MGD)	33	33	33	33	33	33	33	33	33	31
<b>Sanitation:</b>										
Collection vehicles	130	110	122	125	125	104	104	95	94	94

\* Source: ECUA Departmental Statistics generated internally



**Emerald Coast Utilities Authority**  
**Schedule of Insurance**  
**As of September 30, 2019**

**Florida Municipal Insurance Trust provides the following coverages:**

<b>Types of Coverage</b>	<b>Insurer/ Policy No.</b>	<b>Details of Coverage</b>	<b>Liability Limits</b>	<b>Policy Period</b>
<b>Workers' Compensation</b>	Preferred Governmental Insurance Trust Policy No.: WC FL1 0174601 18-01	Statutory coverage: \$10,000 deductible per claim	(1) \$1,000,000 Each Accident (2) \$1,000,000 by Disease (3) \$1,000,000 Aggregate by Disease	10/1/2018 to 10/1/2019
<b>Automobiles</b>	Florida Municipal Insurance Trust Policy No.: 0162	All scheduled vehicles \$25,000 Deductible on Collision \$25,000 Deductible on Liability	\$1,000,000 \$108,781 Total Stop Loss - Auto Liability \$75,000 Total Stop Loss - Auto Physical Damage	10/1/2018 to 10/1/2019
<b>Property Coverage</b>	Florida Municipal Insurance Trust Policy No.: 0162	(1) All Risk Coverage for structures, equipment and contents on schedules (2) Covers structures, equipment, and contents (3) Property Schedules Property Schedules Comprehensive Coverage. Pays loss from an accident to a covered object while in use or connected ready for use (as part of property coverage)	(1) \$100,000,000 maximum blanket coverage. All Risk for real property and contents per occurrence \$100,000 deductible. Named storm deductible of 5%. (2) \$100,000,000 Total Coverage (1) \$100,000,000 per accident	10/1/2018 to 10/1/2019 10/01/2018 to 10/01/2019
<b>Boiler &amp; Machinery Equipment Breakdown</b>	Florida Municipal Insurance Trust (Included in property coverage) Policy No.: 0162	\$100,000 Deductible	(2) The limit of liability is paid on a repair or replacement basis.	
<b>Business Interruption Coverage/Business Income</b>	Florida Municipal Insurance Trust (Included in property coverage) Policy No.: 0162	Covers actual loss of earnings sustained by ECUA resulting from necessary interruption of business.	\$6,000,000; \$2,000,000 limit at each: (1) Bayou Marcus WWTP, (2) Pensacola Beach WWTP, (3) CWRF	10/01/2018 to 10/01/2019
<b>Business Interruption Coverage/Extra Expense</b>	Florida Municipal Insurance Trust (Included in property coverage) Policy No.: 0162	Covers necessary extra expense incurred by ECUA to continue as nearly as practicable the normal operation of business following damage to or destruction of real and personal property.	\$1,000,000	10/01/2018 to 10/01/2019
<b>Inland Marine</b>	Florida Municipal Insurance Trust (Included in property coverage) Policy No.: 0162	Per scheduled and unscheduled equipment	\$1,000,000 unscheduled max per policy period for Equipment under \$15K. Items over \$15K must be scheduled.	10/01/2018 to 10/01/2019

**Public Risk Insurance Agency provides the following coverages:**

<b>Types of Coverage</b>	<b>Insurer/ Policy No.</b>	<b>Details of Coverage</b>	<b>Liability Limits</b>	<b>Policy Period</b>
<b>Environmental Pollution</b>	XL/ Indian Harbor Insurance Company (PRIA)	Pollution Liability including coverage for Fuel Storage Tanks	\$1,000,000	10/01/2018 - 10/01/2021
<b>Crime - All Coverages</b>	Policy No.: PEC004665501 The Travelers Companies (PRIA) Policy No.: 106380356	Environmental Impairment Liability (1) Losses inside and outside of premises (2) Employee Dishonesty	\$10,000 SIR per claim \$1,000,000	10/01/2018 - 10/01/2019

**Public Risk Insurance Agency Coverages Continued:**

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Road Restoration Bond	Western Surety Company (PRIA)	Damages to DOT Roads	State of Florida Requirements	11/18/2018 to 11/18/2019
	Policy No.: 929323580		\$10,000 Road Restoration Bond	
Cyber Liability Insurance	Illinois Union Insurance Company (PRIA)	Cyber Liability / Data Breach	<b>A. Liability Limits</b> 1. Privacy limit \$1,000,000 2. Data Breach Fund \$100,000 3. Network Security Liability \$1,000,000 B. Regulatory proceeding \$1,000,000 C. Policy Aggregate \$1,000,000	10/01/2018 to 10/01/2019

**Emerald Coast Utilities Authority  
Schedule of Insurance (continued)  
As of September 30, 2019**

**Wright National Flood Insurance Company provides the following coverages with Public Risk Insurance Agency as the Agent of Record:**

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Flood Coverage	Wright National Flood Insurance Company	(PRIA - Agent)	Conditions: Including flood in zones A-E	
	Policy No.: 09 1150776890 07	\$1,250/ \$1,250 Bldg/Contents Deductibles	\$500,000 Bldg/ \$500,000 Contents	01/07/2019 - 01/07/2020
	Policy No.: 09 1150566401 09	"	\$500,000 Bldg/ \$500,000 Contents	08/23/2019 - 08/23/2020
	Policy No.: 09 1150048479 10	"	\$250,000 Bldg/ \$412,000 Contents	08/23/2019 - 08/23/2020
	Policy No.: 09 1150021831 10	"	\$363,000 Bldg/ \$441,000 Contents	08/03/2019 - 08/03/2020
	Policy No.: 09 1150443043 09	"	\$292,800 Bldg/ \$106,500 Contents	06/15/2019 - 06/15/2020
	Policy No.: 09 1150443042 09	"	\$ 39,900 Bldg/ \$ 30,500 Contents	06/15/2019 - 06/15/2020
	Policy No.: 09 1150443051 09	"	\$ 22,000 Bldg/ \$262,500 Contents	06/15/2019 - 06/15/2020
	Policy No.: 09 1151457055 02	"	\$245,400 Bldg/ \$100,000 Contents	04/15/2019 - 04/15/2020
	Policy No.: 09 1151457052 02	"	\$346,500 Bldg/ \$221,800 Contents	04/15/2019 - 04/15/2020
	Policy No.: 09 1151457059 02	"	\$173,300 Bldg/ \$ 50,000 Contents	04/15/2019 - 04/15/2020

**ECUA as Self-insured coverages:**

<u>Types of Coverage</u>	<u>Name of Coverage</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Comprehensive General Liability	ECUA Self-insured	Bodily Injury and property damage to others	State of Florida (Sovereign Immunity)	10/01/2018 - 10/01/2019
Directors & Officers Liability - Public Officials E & O - (Public Entity Liability Policy)	ECUA Self-insured	Pays on behalf of public officials and employees all losses which they shall be legally obligated to pay for civil claims against them because of wrongful acts. Provides defense cost for such losses.	\$200,000 per person \$300,000 per occurrence State of Florida (Sovereign Immunity) \$200,000 per person \$300,000 per occurrence	10/01/2018 - 10/01/2019

## **OTHER REPORTS**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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**To the Board of Directors of the  
Emerald Coast Utilities Authority  
Pensacola, 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 financial statements of Emerald Coast Utilities Authority (the "Authority"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 14, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

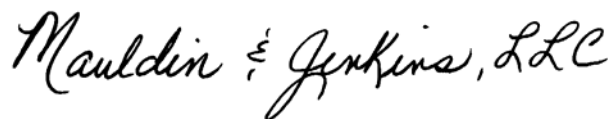
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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bradenton, Florida  
February 14, 2020

**EMERALD COAST UTILITIES AUTHORITY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	___ yes <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	___ yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___ yes <u>X</u> no

**Federal Programs and State Financial Assistance Projects**

There was not an audit of major federal award programs or state financial assistance projects as of September 30, 2019, due to the total amount expended being less than \$750,000.

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV**  
**STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

Not applicable.



## INDEPENDENT ACCOUNTANT'S REPORT

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**To the Board of Directors of the  
Emerald Coast Utilities Authority  
Pensacola, Florida**

We have examined the Emerald Coast Utilities Authority's (the "Authority") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Authority and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mauldin &amp; Jenkins, LLC".

Bradenton, Florida  
February 14, 2020





## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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**To the Board of Directors of the  
Emerald Coast Utilities Authority  
Pensacola, Florida**

### **Report on the Financial Statements**

We have audited the financial statements of the Emerald Coast Utilities Authority (the "Authority"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 14, 2020.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reporting Requirements**

We have issued our 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 *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 14, 2020, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings or recommendations were made in the preceding financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

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Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2, *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida  
February 14, 2020



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