



PENSACOLA, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared by:
Department of Finance
Justin Smith, CPA
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 9, 2021

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, 2020. 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 97,000 customers. The wastewater system serves 76,000 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 118,000 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 2020. 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 2021 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 2021 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 \$332.6 million over the next five year planning period. Details about the fiscal year 2021-2025 CIP budget can be found in the separately issued CIP Budget document found online at 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, 2020 for fiscal year 2021, the Authority Board did not increase water and wastewater rates and approved a 2% sanitation rate increase for Escambia County customers. The contract to provide sanitation services in Santa Rosa County ends December 31, 2020 and is not being renewed. In comparison, fiscal 2020 water and wastewater rates increased 2.3%, 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, 2019. This is the thirty-second 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,

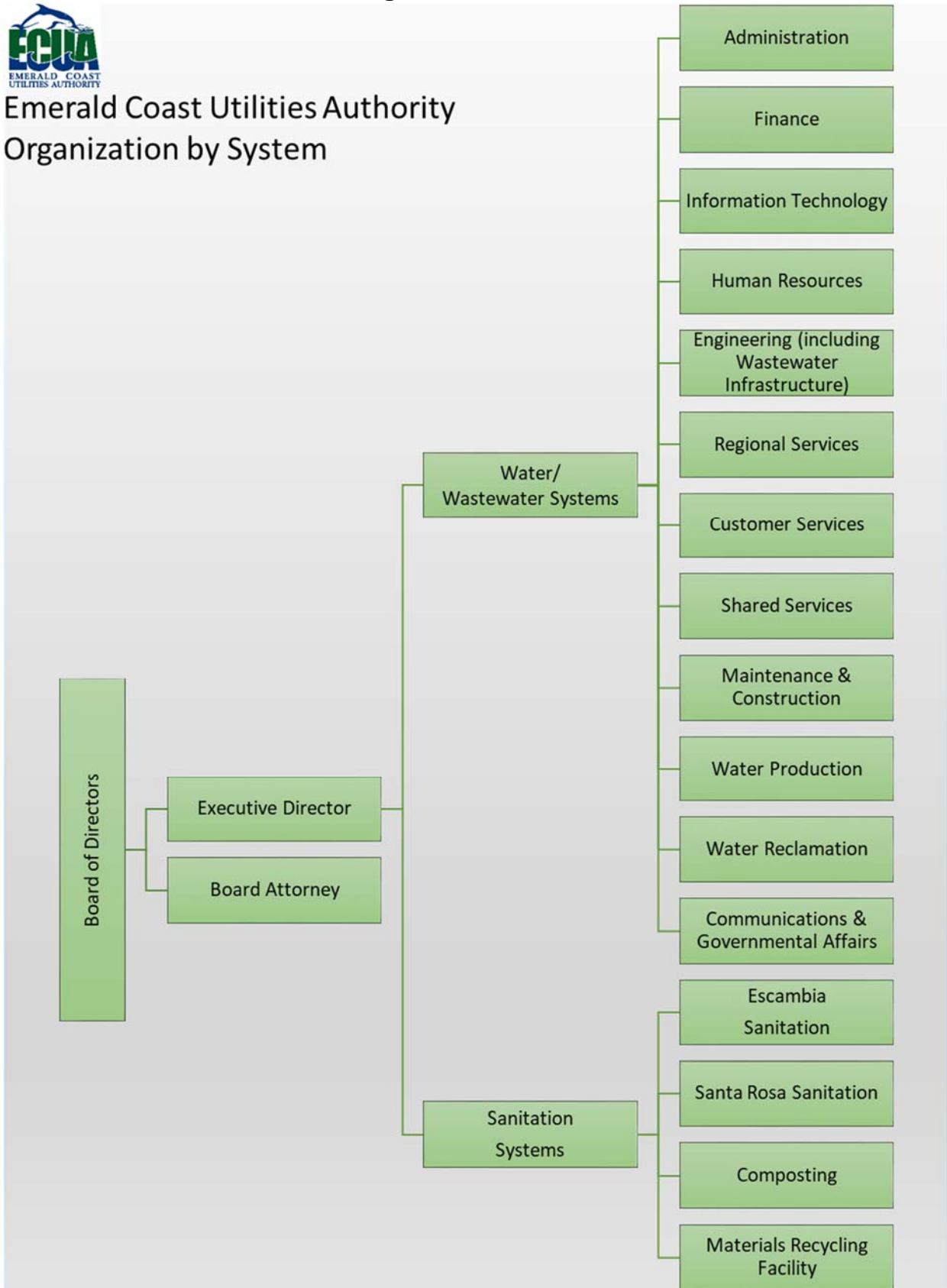
J. Bruce Woody
Executive Director

Justin Smith
Director of Finance

Organizational Chart



Emerald Coast Utilities Authority Organization by System



Emerald Coast Utilities Authority

Principal Officials

Elected Board Members

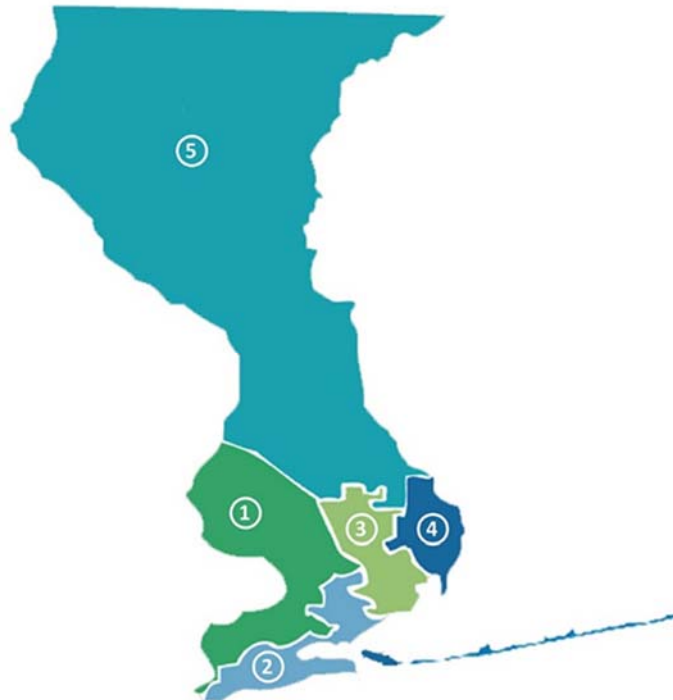
Vicki Campbell, District 1

Lois Benson, District 2, Chair

Larry Williams, District 3

Dale Perkins, District 4

Kevin Stephens, District 5, Vice Chair



Authority Official

J. Bruce Woody, P.E.

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, 2019

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

**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, 2020, 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, 2020, 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021, 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 9, 2021



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**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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, 2020. 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, 2020 by \$618.4 million (net position), a \$41 million increase over the previous fiscal year, or 7.1%. Of this amount, \$124.2 million (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors. Of the remaining \$494.2 million, approximately \$455.6 million is the net investment in capital assets while the remainder is restricted for utility plant expansion (\$6.0 million) and debt service and other bond requirements (\$32.5 million).
- Operating revenue increased by \$4.4 million, or 2.9% over fiscal year 2019 due to rate increases and customer growth. Rainfall during fiscal year 2020 was 77 inches, which is slightly above the 10 year average of 72 inches. Even with this amount of rainfall this fiscal year the average customer consumed 4% more potable water than fiscal year 2019.
- Operating expenses (exclusive of depreciation and amortization expense) for fiscal year 2020 increased by \$1.7 million, or 1.9%, primarily due to increased personal service costs and tipping fees.
- Debt service coverage decreased from 221% to 211% at the end of the fiscal year. No new parity debt was issued by the Authority during fiscal year 2020; however, the Authority entered to a \$3.2 million capital lease to fund capital equipment.
- The Authority experienced a 3% increase in water customers, a 4% increase in wastewater, and a 6% increase in sanitation customers during fiscal year 2020. The Authority sold 10.9 billion gallons of potable water and processed 7.3 billion gallons of wastewater at its three water reclamation facilities during fiscal year 2020. Authority collection trucks picked up over 161.5 thousand tons of residential, yard and recycling waste in the two county area.
- The Authority generated \$16 million in capital contributions during 2020. This amount consists of \$8.7 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 increased 71.6% over fiscal year 2019, 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 \$9.5 million in revenue. The capital funding fee implemented during fiscal year 2019 for the sanitation system generated \$1.5 million in revenue. These funds are used to pay for either new or on-going capital projects and/or related debt service to finance the projects.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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 Authority's compliance with the budget. The separate schedules reflecting financial information for each

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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, 2020, and 2019, is shown below.

Comparative Summary of the Statement of Net Position
As of September 30, 2020 and 2019
(In Thousands)

	2020	2019	Increase (Decrease)	
			Change	%
Current assets	\$ 82,752	\$ 64,764	\$ 17,988	27.8%
Non-current assets-other than capital assets	138,545	145,470	(6,925)	-4.8%
Total Capital Assets (Net)	<u>781,014</u>	<u>774,201</u>	<u>6,813</u>	<u>0.9%</u>
Total Assets	<u>1,002,311</u>	<u>984,435</u>	<u>17,876</u>	<u>1.8%</u>
Total Deferred Outflows of Resources	<u>13,785</u>	<u>13,604</u>	<u>181</u>	<u>1.3%</u>
Current liabilities	54,162	50,594	3,568	7.1%
Non-current liabilities	<u>345,440</u>	<u>366,220</u>	<u>(20,780)</u>	<u>-5.7%</u>
Total Liabilities	399,602	416,814	(17,212)	-4.1%
Total Deferred Inflows of Resources	<u>2,617</u>	<u>3,649</u>	<u>(1,032)</u>	<u>-28.3%</u>
Net investment in capital assets	455,629	423,417	32,212	7.6%
Restricted - debt service and bond requirements	32,549	35,674	(3,125)	-8.8%
Restricted - expansion of utility plant	5,982	6,284	(302)	-4.8%
Unrestricted	<u>119,717</u>	<u>112,201</u>	<u>7,516</u>	<u>6.7%</u>
Total Net Position	<u>\$ 613,877</u>	<u>\$ 577,576</u>	<u>\$ 36,301</u>	<u>6.3%</u>

At the end of fiscal year 2020, 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 provided from other sources since the capital assets themselves cannot be used to liquidate these

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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 \$613.9 million as of September 30, 2020, mainly due to customer growth and rate increases. Water and wastewater revenue increased by 8.0% and 0.6%, respectively, due to the 2.3% rate increase during fiscal year 2020 and growth in general within the service area.

In 2020, the Authority completed \$36.6 million of projects that were under construction in prior years, added \$14.6 million of new capital project completions, received \$7.3 million of capital assets through non-cash contributions, disposed of \$4.9 million of assets and recorded \$37.8 million in depreciation.

Total Liabilities decreased \$17.2 million (4.1%) during fiscal year 2020. The Authority entered into a \$3.2 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:	2020	2019
Current unrestricted assets	\$62,780	\$43,203
Current unrestricted liabilities	\$13,467	\$7,523
Ratio of current assets to current liabilities	4.7	5.7

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.

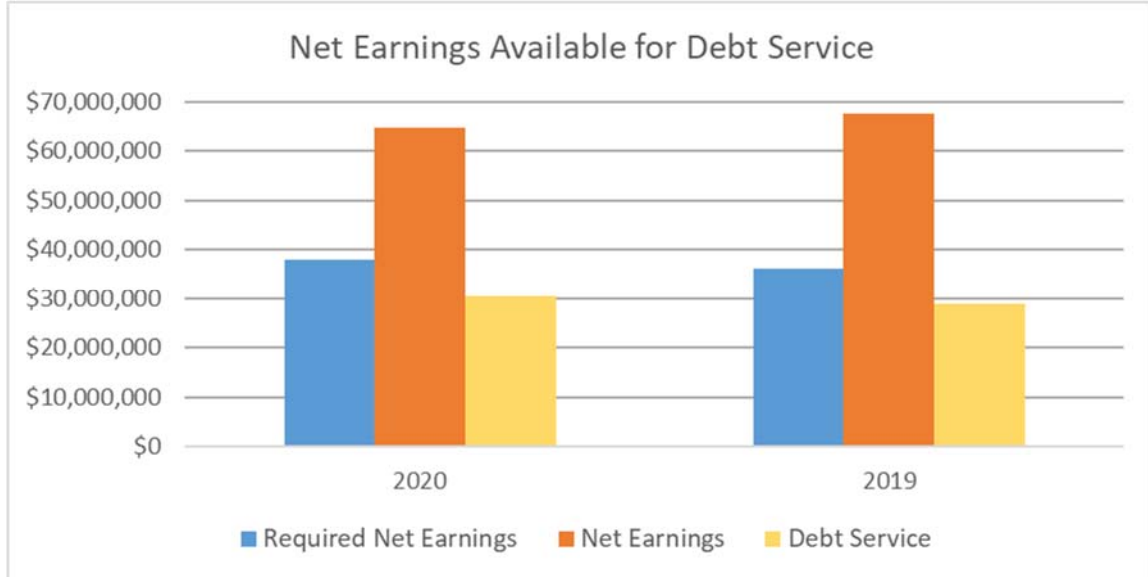
Debt and Debt Service Coverage

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 2020 and 2019 was 211% and 221%, 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

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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.



At the end of the current fiscal year, the Authority had total notes and bonded debt outstanding of \$253.9 million. The Authority did not issue any new bonds or notes during fiscal year 2020. 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

	2020	2019
Utility Systems Revenue Bonds	\$ 46,467,000	\$ 49,463,000
Utility Systems Revenue Notes	\$ 207,403,000	\$ 224,930,000
	<u>\$ 253,872,020</u>	<u>\$ 274,393,000</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, 2020

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, 2020 and 2019
(In Thousands)

	2020	2019	Increase (Decrease)	
			Change	%
Operating Revenues:				
Customer charges for services	\$ 135,533	\$ 131,709	\$ 3,824	2.9%
Other revenues	22,948	22,385	563	2.5%
Total operating revenues	158,481	154,094	4,387	2.9%
Operating Expenses:				
Water & wastewater system	94,914	89,030	5,884	6.6%
Sanitation system	32,332	29,082	3,250	11.2%
Materials recycling system	2,949	3,419	(470)	-13.7%
Total operating expenses	130,195	121,531	8,664	7.1%
Operating Income	28,286	32,563	(4,277)	-13.1%
Non-Operating Revenues (Expenses):				
Investment income	3,367	5,278	(1,911)	-36.2%
Interest expense	(12,220)	(13,173)	953	-7.2%
Insurance reimbursements	558	66	492	745.5%
Gain (Loss) on disposal on assets	310	(1,339)	1,649	-123.2%
Total non-operating revenues (expenses)	(7,985)	(9,168)	1,183	-12.9%
Gain before contributions	20,301	23,395	(3,094)	-13.2%
Capital Contributions	16,000	10,838	5,162	47.6%
Change in net position	36,301	34,233	2,068	6.0%
Total Net Position - Beginning	577,576	543,343	34,233	6.3%
Total Net Position - Ending	\$ 613,877	\$ 577,576	\$ 36,301	6.3%

The \$4.4 million (2.9%) 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

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

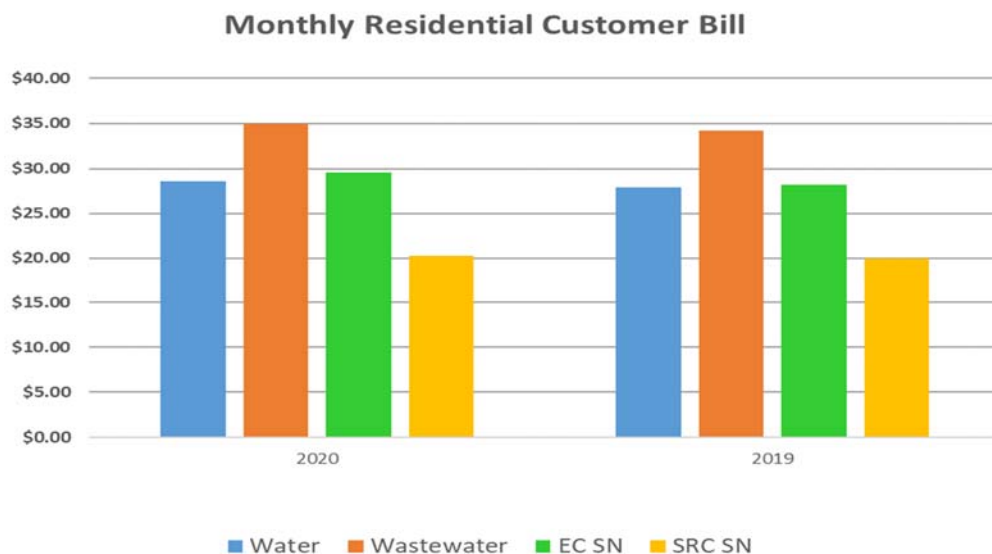
Navy Federal Credit Union’s Call Center complex and the opening of new public schools nearby. Housing development is projected to continue through 2021 as the call center expansion continues. The number of water customers grew by 1,796 (3%) while the number of wastewater customers increased by 1,597 (4%). Sanitation customers increased by 2,344 (6%).

The Authority Board approved rate increases of 2.3% for water and wastewater customers and 5% for Escambia County sanitation customers effective October 1, 2019. Effective January 1, 2020, Santa Rosa County sanitation customers received a 1.3% rate increase based on the CPI as of October 31 for the preceding twelve months as established in the contract.

Recycling revenue increased due to an increase in the value of materials processed. The MRF processed a total of 40,314 tons of recyclables during fiscal 2020 as compared to 49,147 tons of recyclables during fiscal year 2019, a decrease of approximately 18%. The decrease in the amount of recyclables processed is due to fewer recyclables being delivered by Santa Rosa and Okaloosa counties during the fiscal year along with the two week shut down in September 2020 following Hurricane Sally. However, the Authority renegotiated contracts during Fiscal Year 2020 that provided increased tipping fee revenue for materials delivered by other governmental agencies and private haulers.

Non-cash developer contributions increased 71.7% from the previous fiscal year and water and wastewater connection fees increased 26.5% 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 2020 and 2019. The charges are calculated using the typical residential consumption of 6,100 gallons of water and 4,600 gallons of wastewater.



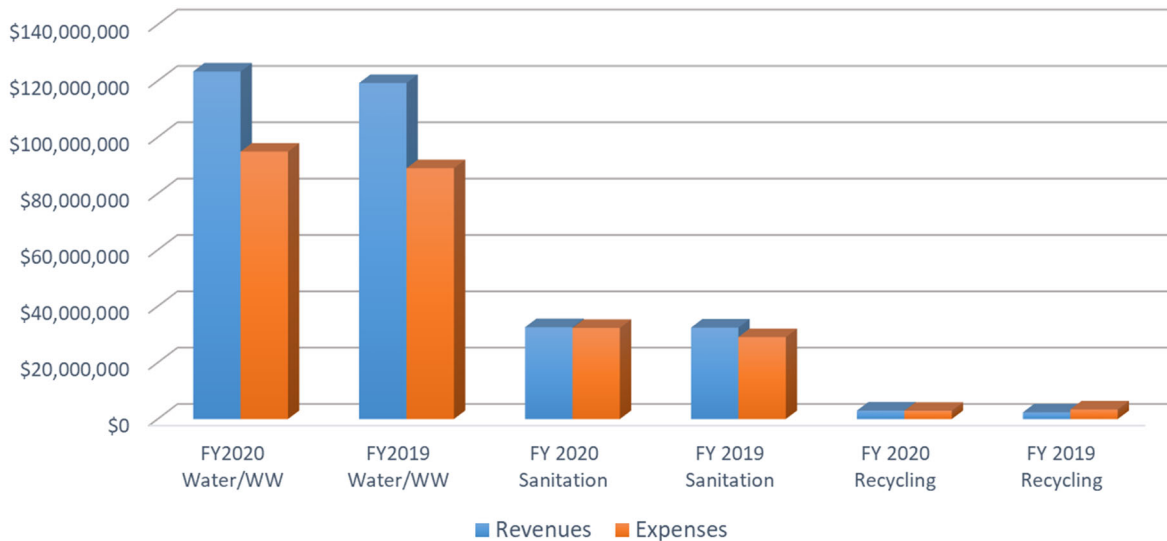
**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Expenses

Operational expenses are broken down into three categories: water and wastewater service, sanitation service and recycling service. Operating expenses totaled \$130.2 million for fiscal year 2020, a 7.1% increase over the previous fiscal year. Water and wastewater operating expenses increased \$5.9 million (6.6%) primarily due to a \$4.9 million increase to depreciation expense, along with slight increases to personnel costs. Sanitation operating expenses increased approximately \$3.2 million (11.2%) primarily due to a \$1.9 million increase to depreciation expense and an \$874,000 increase to tipping fees. Operating expenses for the Materials Recycling Facility (MRF) decreased by \$470,000 (13.7%) over the previous fiscal year due to reductions in personnel costs, contractual services, and repairs and maintenance. The Authority has been operating the MRF in-house now since May 1, 2018 and these savings are due to operational efficiencies gained by bringing the operations in-house.

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

**Business-Type Activities
Expenses and Program Revenues
For the fiscal years 2020 and 2019**



Capital Assets

During 2020, the Authority spent \$36 million for construction and equipment, consisting of the following: \$9 million to upgrade or replace sewer lines, \$8 million for vehicles, \$3 million to upgrade or replace lift stations and \$3 million to upgrade or replace water distribution lines.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

The following lists some of the Authority's completed capital projects for fiscal year 2020:

- Construction totaling \$4.8 million was completed on the Guillemard Emergency Storage Tank
- Construction totaling \$1.8 million was completed on the water sealing at the Central Water Reclamation Facility
- \$4.5 million for on-going costs for the sanitary sewer repairs in connection with the Authority's I&I Consent Order
- \$9.4 million for on-going costs to repair and replace Cured In Place Later Lining
- \$2.6 million for on-going costs to repair and replace water meters throughout the system
- Construction totaling \$4.2 was completed on the Carriage Hills Tank and Water Treatment Facility.
- 105,000 linear feet of sewer main was cleaned and inspected, 31,000 linear feet of sewer main was repaired using trenchless lining methods, 230 manholes were rehabilitated or replaced, and 800 sewer service laterals in the public right-of-way were rehabilitated or replaced.
- \$11.2 million on various vehicles, trucks, and other equipment
- \$10.8 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 2021 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 \$42.2 million for capital improvements. The capital improvement program will be funded with fiscal year 2020 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 2021. 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 \$34.2 million is for other normal infrastructure projects and vehicle and equipment replacements. The operating budget, which includes a 0% 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 Information Technology department, one new position in the Water Reclamation lab, one new utility construction inspector, and a new regulatory compliance coordinator in the Water Production department. These new positions are needed to keep up with the amount of growth in the service area.

The Authority Board approved a 2% increase in the Escambia sanitation rates. The contract to provide sanitation services in Santa Rosa County ends December 31, 2020 and will not be renewed. The 2021 budget only reflects three months of revenues and expenditures in Santa Rosa County to complete the current contract. The sanitation budget contains funding for increases in normal operating costs such as repair and maintenance, along with the purchase of additional collection and recycling cans.

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.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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 justin.smith@ecua.fl.gov.

BASIC FINANCIAL STATEMENTS

**EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

ASSETS

Current assets:

Cash and cash equivalents (note 3)	\$29,156,724
Receivables (net of allowance for uncollectibles) (note 4)	20,491,869
Grants receivable	1,268,035
Due from other governmental units	1,300,000
Inventory (note 1)	10,442,449
Restricted cash and investments: (note 5)	
Debt service sinking fund	16,518,419
Customer deposits	3,453,995
Prepaid expenses	120,522
Total current assets	82,752,013

Noncurrent assets:

Due from other governmental units	7,800,000
Restricted cash and investments (see note 5):	
Restricted by debt agreements	18,928,456
Restricted for capital improvement program	109,285,025
Self-insurance reserves (note 10)	872,628
Capital assets: (note 1 & 6)	
Land and other non-depreciable assets	59,135,750
Capital assets (net of depreciation)	720,872,562
Intangible assets (net of accumulated amortization)	1,006,306
Unamortized debt issuance costs (net of accumulated amortization) (note 1)	1,658,413
Total noncurrent assets	919,559,140
Total assets	1,002,311,153

Deferred Outflows of Resources:

Loss on bond refunding	1,363,236
Other postemployment benefits (note 12)	534,085
Pensions (note 11)	11,888,049
Total deferred outflows of resources	13,785,370

(continued)

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

EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

LIABILITIES

Current liabilities:

Vouchers payable	\$6,777,107
Due to other governmental units	803,906
Salaries and benefits payable	2,551,045
Compensated absences payable (note 1 & 7)	1,191,449
Current portion of long-term debt (note 7)	333,333
Unearned revenue	1,746,307
Payable from restricted assets:	
Customer deposits	3,453,995
Current portion of long-term debt (note 7)	29,952,109
Accrued interest payable	2,897,805
Contracts payable	3,926,452
Claims liabilities (note 11)	465,398
Other current liabilities	63,506
Total current liabilities	54,162,412

Non-current liabilities:

Long term debt (note 6)	296,463,505
Compensated absences payable (note 1 & 7)	1,533,959
Other post-employment benefits (note 12)	3,937,600
Net pension liability (note 11)	43,097,374
Claims liabilities (note 10)	407,230
Total non-current liabilities	345,439,668
Total liabilities	399,602,080

Deferred Inflows of Resources:

Other post-employment benefits (note 12)	238,361
Pensions (note 11)	2,379,259
Total deferred inflows of resources	2,617,620

NET POSITION

Net investment in capital assets	455,628,907
Restricted:	
Debt Service and other bond requirements	32,549,070
Expansion of utility plant	5,981,818
Unrestricted	119,717,028
Total net position	\$613,876,823

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, 2020

Operating revenues:	
Charges for services:	
Water	\$47,387,226
Wastewater	57,502,522
Sanitation	30,643,349
Recycling	2,513,518
Connection charges	880,267
Sewer improvement fees	6,131,442
Capital improvement/funding fees	11,028,764
Other	2,393,612
Total operating revenues	<u>158,480,700</u>
Operating expenses:	
Personal services	51,569,743
Contractual services	4,161,480
Professional services	762,101
Materials and supplies	9,144,848
Repairs & maintenance	8,426,819
Utilities	6,621,671
Tipping fees	7,504,054
Other	4,195,306
Depreciation and amortization	37,808,260
Total operating expenses	<u>130,194,282</u>
Operating income	<u>28,286,418</u>
Non-operating revenues (expenses):	
Interest income	3,366,609
Interest expense	(12,220,476)
Insurance reimbursements	558,497
Gain on disposal of assets	310,115
Total non-operating revenues (expenses)	<u>(7,985,255)</u>
Income before contributions	<u>20,301,163</u>
Capital contributions - impact fees and other	8,681,247
Capital contributions - noncash	7,318,878
Total contributions	<u>16,000,125</u>
Change in net position	<u>36,301,288</u>
Net position at beginning of year	<u>577,575,535</u>
Net position at end of year	<u><u>\$613,876,823</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, 2020**

Cash flows from operating activities:	
Cash received from customers	\$157,597,578
Cash payments to suppliers for goods and services	(52,054,506)
Cash payments to employees for services	(32,592,684)
Net cash provided by operating activities	<u>72,950,388</u>
Cash flows from noncapital financing activities:	
Transfers in	42,326
Transfers out	(42,326)
Net cash provided by (used in) noncapital financing activities	<u>0</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(38,727,314)
Contributions for capital assets	8,681,247
Received from note financing	3,208,626
Principal paid on long-term debt	(28,800,752)
Interest paid on long-term debt	(12,093,702)
Proceeds from sale of assets	431,424
Insurance reimbursements	76,220
Net cash used in capital and related financing activities	<u>(67,224,251)</u>
Cash flow from investing activities:	
Interest income	2,388,340
Proceeds from sales/maturities of investments	35,784,723
Purchases of investments	(36,851,649)
Net cash provided by investing activities	<u>1,321,414</u>
Net increase in cash & cash equivalents	7,047,551
Cash and cash equivalents at beginning of year	<u>111,799,584</u>
Cash and cash equivalents at end of year	<u><u>\$118,847,135</u></u>
Reconciliation of cash, cash equivalents , and investments at end of year to Statement of Net Position:	
Current assets:	
Cash and cash equivalents	\$29,156,724
Restricted cash and investments	149,058,523
	<u>178,215,247</u>
Less investments	<u>(58,885,835)</u>
Total cash and cash equivalents at end of year	<u><u>\$119,329,412</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, 2020**

Reconciliation of operating income to net cash

provided by operating activities:

Operating income	\$28,286,418
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	37,808,260
Capitalized labor	(720,577)
(Increase) decrease in assets:	
Accounts receivable	(1,655,140)
Due from grants receivable	(632,544)
Due from other funds	2,895,131
Due from other governments	1,300,011
Inventory	(728,869)
Prepaid expenses	62,902
Deferred outflows	(527,164)
Increase (decrease) in liabilities:	
Vouchers payable	3,177,766
Salaries and benefits payable	381,562
Customer deposits	(1,517,859)
Compensated absences	395,199
Due to other funds	(2,895,131)
Due to other governments	425,556
Unearned revenue	1,746,307
Other current liabilities	35,683
Net pension liability	6,031,450
Other post-employment benefits	264,063
Claims payable	(151,220)
Deferred inflows	(1,031,416)
Net cash provided by operating activities	\$72,950,388

Non-cash investing, capital and financing activities

Capital contributions from developers	\$7,318,878
Unrealized appreciation in fair value of investments	\$993,101

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



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NOTES TO FINANCIAL STATEMENTS



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 \$1,227,200. 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 2020 due to the early implementation of GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period” during fiscal year 2019. 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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 2020, the Authority reports approximately \$1.4 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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020 the carrying value of the Authority’s bank deposit accounts was \$24,645,007 and the bank balance was \$25,070,423.

Investment Portfolio

As of September 30, 2020, 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	\$ 3,239,615	0.205
Local Government Surplus Funds Trust Fund ^(a)	65,422,532	0.132
Florida Palm Public Assets ^(b)	25,022,615	0.126
Money Market Mutual Fund ^(c)	1,063,535	0.132
Money Market Mutual Fund ^(d)	683,113	0.159
U.S. Treasury Securities	36,169,465	1.839
Federal Instrumentalities	18,088,375	2.215
Corporate Notes	3,146,966	1.085
State and Local Government Debt	734,024	3.609
Total Investments	<u>\$ 153,570,240</u>	

(a) Florida Prime (SBA)'s September 30, 2020 Financial Statement Disclosures report available on the website <https://www.sbafla.com/prime/>

b) FL Palm Public Assets Report on Holdings as of September 30, 2020

c) Federated Government Obligations Fund fact sheet as of September 30, 2020

d) Goldman Sachs Financial Square Government Fund fact sheet and Bloomberg Analysis

COMPREHENSIVE ANNUAL FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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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, 2020, 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
	Federal Home Loan				
3134GVWD6	Mortgage Corp	5/17/2023	\$ 2,004,300	continuous	5/17/2021
037833BS8	Apple, Inc.	2/23/2021	757,057	continuous	1/23/2021
037833DE7	Apple, Inc.	1/13/2023	524,947	continuous	12/13/2022
			<u>\$ 3,286,304</u>		

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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.
- 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 and the Florida Palm Trust Fund are 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.

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At September 30, 2020, the Authority's investments had the following credit quality:

Security Type	Standard & Poor's Credit Rating	Portfolio Asset Allocation
Certificates of Deposit	N/A	2.11%
Local Government Surplus Funds Trust Fund*	AAAm	42.58%
Florida Palm **	AAAm	16.29%
Money Market Mutual Funds	AAAm	0.73%
Money Market Mutual Funds	AAAm ²	0.44%
Corporate Notes	AAA	0.10%
Corporate Notes	AA+	1.49%
Corporate Notes	A+	0.45%
State and Local Government Debt	AA+	0.48%

*Florida Prime (SBA)'s 09/30/2020 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.

** FL Palm Public Assets Report on Holdings as of September 30, 2020

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, 2020, the Authority's securities portfolio was held with a third-party custodian as required by the Authority's investment policy.

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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, 2020, the Authority had the following issuer concentrations based on fair value:

	Portfolio Asset Fair Value	Allocation
Certificates of Deposit	\$ 3,239,615	2.110%
Local Government Surplus Funds Trust Fund	65,422,532	42.601%
Money Market Mutual Funds	1,746,648	1.137%
Florida Palm	25,022,615	16.294%
U.S. Treasury Securities	36,169,465	23.552%
Federal Instrumentalities:		
Federal National Mortgage Association	4,195,561	2.732%
Federal Home Loan Mortgage Corporation	10,603,314	6.905%
Federal Farm Credit Banks	3,289,500	2.142%
Corporate Notes:		
Toyota Motor Credit Corp.	698,895	0.455%
Johnson & Johnson	151,436	0.099%
Apple, Inc.	2,296,635	1.495%
State and Local Government Debt:		
Arizona St. Transportation Board	734,024	0.478%
	\$ 153,570,240	100%

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.

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The Local Government Surplus Funds Trust Fund and the Florida Palm Public Funds are 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	\$18,334,220	\$180,195	\$39,000	\$18,553,415	(\$1,116,800)	\$17,436,615
Sanitation	2,893,404	0	0	2,893,404	(110,400)	2,783,004
Materials Recycling	272,250	0	0	272,250	0	272,250
Total business-type activities	<u>\$21,499,874</u>	<u>\$180,195</u>	<u>\$39,000</u>	<u>\$21,719,069</u>	<u>(\$1,227,200)</u>	<u>\$20,491,869</u>

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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
Current restricted cash and investments:			
Customer Deposits	\$3,387,415	\$66,580	\$3,453,995
Restricted sinking fund	15,083,657	1,434,762	16,518,419
	<u>18,471,072</u>	<u>1,501,342</u>	<u>19,972,414</u>
Non-current restricted cash and investments:			
Restricted by debt agreements:			
Debt service reserve for Series 2010 Loan	3,239,615	0	3,239,615
Lease funds in escrow	0	438	438
Operations & Maintenance	5,234,140	2,464,695	7,698,835
Renewal & replacement	7,693,785	295,783	7,989,568
	<u>16,167,540</u>	<u>2,760,916</u>	<u>18,928,456</u>
Restricted for capital improvement program:			
Capital improvement program	95,725,648	15,121	95,740,769
Impact Fees	5,981,818	0	5,981,818
Sewer improvement fees	282,435	0	282,435
Capital improvement fees	5,499,487	1,780,516	7,280,003
	<u>107,489,388</u>	<u>1,795,637</u>	<u>109,285,025</u>
Self-insurance reserves	<u>872,628</u>	<u>0</u>	<u>872,628</u>
Total restricted cash & cash equivalents	<u>\$143,000,628</u>	<u>\$6,057,895</u>	<u>\$149,058,523</u>

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NOTE 6 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2020 was as follows:

	Balance at 10/01/2019	Increases	Transfers / Decreases	Balance at 09/30/2020
<i>Capital assets not depreciated:</i>				
Land	\$28,515,311	\$85,648	(\$76,526)	\$28,524,433
Construction in progress	56,133,290	26,095,058	(51,617,031)	30,611,317
Total capital assets not depreciated	<u>\$84,648,601</u>	<u>\$26,180,706</u>	<u>(\$51,693,557)</u>	<u>\$59,135,750</u>
<i>Capital assets depreciated:</i>				
Buildings and building improvements	\$44,956,000	\$0	\$0	\$44,956,000
Improvements other than buildings	915,619,254	58,994,772	0	974,614,026
Improvements under capital lease	18,496,683	0	0	18,496,683
Equipment	66,840,987	5,605,930	(4,023,074)	68,423,843
Equipment under capital lease	25,916,756	5,586,252	(804,509)	30,698,499
Total capital assets depreciated	<u>1,071,829,680</u>	<u>70,186,954</u>	<u>(4,827,583)</u>	<u>1,137,189,051</u>
<i>Less accumulated depreciation:</i>				
Buildings and building improvements	9,299,599	1,142,624	0	10,442,223
Improvements other than buildings	299,979,933	28,205,884	0	328,185,817
Improvements under capital lease	16,160,760	99,115	0	16,259,875
Equipment	42,181,248	4,813,141	(4,011,733)	42,982,656
Equipment under capital lease	16,165,644	3,044,343	(764,069)	18,445,918
Total accumulated depreciation	<u>383,787,184</u>	<u>37,305,107</u>	<u>(4,775,802)</u>	<u>416,316,489</u>
Total capital assets depreciated, net	<u>\$688,042,496</u>	<u>\$32,881,847</u>	<u>(\$51,781)</u>	<u>\$720,872,562</u>
Intangible assets	\$14,996,954	\$0	\$0	\$14,996,954
Less accumulated amortization	13,487,494	503,154	0	13,990,648
Total intangible assets depreciated, net	<u>\$1,509,460</u>	<u>(\$503,154)</u>	<u>\$0</u>	<u>\$1,006,306</u>

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NOTE 7 – LIABILITIES

Long-term debt:

At September 30, 2020, long-term debt consisted of the following:

	Interest Rates %	Annual Principal	Final Maturity	Amount Outstanding 9/30/2020
Bonds:				
Sanitation System Refunding Revenue Bond, Series 2012	2.75%	\$ 958,000 to \$ 979,000	1/1/2022	\$ 1,937,000
Utility System Refunding Revenue Bonds, Series 2015	2% - 5%	\$ 2,175,000 to \$ 1,030,000	1/1/2036	44,530,000
Total long-term bonds				<u>46,467,000</u>
Notes From Direct Borrowing:				
Utility System Revenue Note, Series 2008	4.91%	\$ 8,630,000 to \$ 14,830,000	7/1/2028	91,615,000
Utility System Revenue Note, Series 2010	6.00%	\$ 2,027,000 to \$ 2,995,000	1/1/2031	27,311,000
Utility System Refunding Revenue Note, Series 2011	3.03%	\$ 983,000 to \$ 1,362,000	1/1/2023	3,671,000
Utility System Refunding Revenue Note, Series 2013	2.30%	\$ 1,350,000 to \$ 1,855,000	1/1/2028	13,825,000
Utility System Refunding Revenue Note, Series 2014	3.12%	\$ 855,000 to \$ 1,030,000	1/1/2027	6,585,000
Utility System Refunding Revenue Note, Series 2016	2.11%	\$ 2,021,000 to \$ 2,548,000	1/1/2032	27,303,000
Utility System Revenue Note, Series 2017	2.59%	\$ 1,656,000 to \$ 12,540,000	1/1/2030	37,093,000
Total long-term notes from direct borrowing				<u>207,403,000</u>
Loans From Direct Borrowing:				
State of Florida Department of Environmental Protection Revolving Loans	2.04% - 3.27%	\$ 3,458,729 to \$ 4,497,182	10/15/2031	49,077,419
Closed Loop loan - payments due quarterly	0.00%	\$ 83,333 to \$ 333,332	12/31/2025	1,750,000
Total long-term loans from direct borrowing				<u>50,827,419</u>
Capital Leases:				
Sanitation Equipment - due semi-annually	2.48%	\$ 756,020 to \$ 1,484,375	2/28/2023	3,688,630
Sanitation Trucks 2018	3.31%	\$ 377,715 to \$ 430,212	12/1/2024	2,017,783
Sanitation Trucks 2019	3.26%	\$ 268,946 to \$ 525,012	1/25/2026	2,732,087
Sanitation Trucks 2020	1.82%	\$ 483,591 to \$ 433,907	7/1/2027	3,208,626
Sub-total for sanitation vehicles & equipment leases				11,647,126
AMR equipment	4.41%	\$ 85,966 to \$ 1,114,151	9/30/2027	6,876,355
CNG Station - payments due monthly	2.09%	\$ 215,746 to \$ 238,830	9/30/2022	454,576
CNG Station - payments due monthly	2.09%	\$ 99,970 to \$ 104,233	2/28/2034	394,226
Composting equipment - payments due semi-annually	2.59%	\$ 93,938 to \$ 101,478	4/30/2024	390,703
Total long-term leases				<u>19,762,986</u>
Long-term debt				324,460,405
Unamortized bond premiums, net				<u>2,288,542</u>
Total long-term debt				326,748,947
Less current maturities				<u>30,285,442</u>
Total long-term debt				<u>\$ 296,463,505</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 2020 was 211%.

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Long-Term Debt Changes in long-term bonds, notes payable, capital leases, and compensated absences during 2020 are as follows:

Long-Term Debt	Beginning Balance 10/1/2019	Additions	(Reductions)	Long-Term Debt Outstanding 9/30/2020	Amounts Due Within One Year of 09/30/2020
Bonds:					
Sanitation System Refunding Revenue Bond, Series 2012	\$2,868,000	\$0	(\$931,000)	\$1,937,000	\$958,000
Utility System Refunding Revenue Bonds, Series 2015	46,595,000	0	(2,065,000)	44,530,000	2,175,000
Total long-term bonds	49,463,000	0	(2,996,000)	46,467,000	3,133,000
Notes From Direct Borrowing:					
Utility System Revenue Note, Series 2008	99,815,000	0	(8,200,000)	91,615,000	8,630,000
Utility System Revenue Note, Series 2010	29,261,000	0	(1,950,000)	27,311,000	2,027,000
Utility System Refunding Revenue Note, Series 2011	4,958,000	0	(1,287,000)	3,671,000	1,326,000
Utility System Refunding Revenue Note, Series 2013	15,515,000	0	(1,690,000)	13,825,000	1,715,000
Utility System Refunding Revenue Note, Series 2014	7,415,000	0	(830,000)	6,585,000	855,000
Utility System Refunding Revenue Note, Series 2016	29,281,000	0	(1,978,000)	27,303,000	2,021,000
Utility System Revenue Note, Series 2017	38,685,000	0	(1,592,000)	37,093,000	1,656,000
Total long-term notes from direct borrowing	224,930,000	0	(17,527,000)	207,403,000	18,230,000
Loans From Direct Borrowing:					
State of Florida Department of Environmental Protection Revolving Loans	53,574,601	0	(4,497,182)	49,077,419	4,596,980
Closed Loop loan	2,083,333	0	(333,333)	1,750,000	333,333
Total long-term loans from direct borrowing	55,657,934	0	(4,830,515)	50,827,419	4,930,313
Capital Leases:					
Sanitation vehicles & equipment capital lease	10,661,847	3,208,626	(2,223,347)	11,647,126	2,722,973
AMR capital lease	7,699,671	0	(823,316)	6,876,355	859,676
CNG Station capital leases	1,157,824	0	(309,022)	848,802	315,542
Composting equipment capital lease	482,255	0	(91,552)	390,703	93,938
Total long-term leases	20,001,597	3,208,626	(3,447,237)	19,762,986	3,992,129
Total bonds, loans, and leases	350,052,531	3,208,626	(28,800,752)	324,460,405	30,285,442
Unamortized bond premiums, net	2,439,785	0	(151,243)	2,288,542	-
Total long-term debt	352,492,316	3,208,626	(28,951,995)	326,748,947	30,285,442
Compensated Absences	2,330,209	892,137	(496,938)	2,725,408	1,191,449
	\$354,822,525	\$4,100,763	(\$29,448,933)	\$329,474,355	31,476,891

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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
2021	\$ 26,293,313	\$11,007,853	\$ 37,301,166
2022	27,271,359	10,039,421	37,310,780
2023	27,635,706	9,046,499	36,682,205
2024	29,253,408	7,996,388	37,249,796
2025	29,453,516	6,903,367	36,356,883
2026 - 2030	135,524,962	17,675,848	153,200,810
2031 - 2035	28,235,155	2,492,266	30,727,421
2036 - 2040	1,030,000	20,600	1,050,600
Total bond, note, and loan debt service requirements	<u>\$304,697,419</u>	<u>\$65,182,242</u>	<u>\$369,879,661</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
2021	\$ 3,992,129	\$ 618,325	\$ 4,610,454
2022	4,127,782	499,528	4,627,310
2023	3,241,533	379,155	3,620,688
2024	2,551,085	285,593	2,836,678
2025	2,441,807	201,091	2,642,898
2026 - 2030	3,408,650	171,761	3,580,411
Total capital lease debt service requirements	<u>\$19,762,986</u>	<u>\$2,155,453</u>	<u>\$21,918,439</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, 2020, fourteen bond issues are outstanding with an aggregate principal amount of \$81,935,000

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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
Assets:			
Current assets (1)	\$91,979,500	\$7,343,777	\$402,956
Noncurrent assets	879,034,785	31,062,920	9,047,223
Total assets	971,014,285	38,406,697	9,450,179
Deferred outflows of resources	10,192,274	3,593,096	0
Total assets and deferred outflows	\$981,206,559	\$41,999,793	\$9,450,179
Liabilities:			
Current liabilities (1)	\$44,914,111	\$17,497,347	\$8,310,962
Long-term liabilities	321,380,562	22,629,906	1,429,200
Total liabilities	366,294,673	40,127,253	9,740,162
Deferred inflows of resources	1,915,916	701,704	0
Net Position:			
Net investment in capital assets	435,890,295	12,441,389	7,297,223
Restricted	34,460,432	4,070,455	0
Unrestricted	142,645,243	(15,341,008)	(7,587,206)
Total net position	612,995,970	1,170,836	(289,983)
Total liabilities, deferred inflows and net position	\$981,206,559	\$41,999,793	\$9,450,179

(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
Operating revenues:			
Customer charges	\$104,889,748	\$30,643,349	\$2,513,518
Other operating revenue (2)	20,883,460	1,967,881	482,277
Total operating revenue	<u>125,773,208</u>	<u>32,611,230</u>	<u>2,995,795</u>
Operating expenses:			
Depreciation and amortization	32,104,166	4,942,119	761,975
Other operating expenses (2)	62,809,680	30,469,581	1,524,017
Total operating expenses	<u>94,913,846</u>	<u>35,411,700</u>	<u>2,285,992</u>
Operating income (loss)	<u>30,859,362</u>	<u>(2,800,470)</u>	<u>709,803</u>
Nonoperating revenues (expenses):			
Investment income	3,350,632	15,977	0
Interest expense	(11,732,429)	(488,047)	0
Insurance reimbursements	76,220	0	0
Other nonoperating revenues (expenses)	286,983	23,132	0
Total nonoperating revenues (expenses)	<u>(8,018,594)</u>	<u>(448,938)</u>	<u>0</u>
Income (loss) before capital contributions and transfers	<u>22,840,768</u>	<u>(3,249,408)</u>	<u>709,803</u>
Capital contributions	16,000,125	0	0
Transfers	(2,234,400)	2,192,074	42,326
Change in net position	<u>36,606,493</u>	<u>(1,057,334)</u>	<u>752,129</u>
Net position at beginning of year	<u>576,389,477</u>	<u>2,228,170</u>	<u>(1,042,112)</u>
Net position at end of year	<u>\$612,995,970</u>	<u>\$1,170,836</u>	<u>(\$289,983)</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
Net cash provided by (used for):			
Operating activities	\$66,654,910	\$5,904,467	\$873,288
Noncapital financing activities	0	(42,326)	42,326
Capital and related financing activities	(57,805,875)	(8,633,468)	(784,908)
Investing activities	1,305,437	15,977	0
Net increase (decrease) Cash and cash	<u>10,154,472</u>	<u>(2,755,350)</u>	<u>130,706</u>
Cash and cash equivalents, beginning of year	<u>102,986,339</u>	<u>8,813,245</u>	<u>0</u>
Cash and cash equivalents, end of year	<u>\$113,140,811</u>	<u>\$6,057,895</u>	<u>\$130,706</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, 2020 are as follows:

Capital contributions - cash:

Impact fees	\$5,324,342
Other governmental entities	<u>3,356,905</u>
	<u><u>\$8,681,247</u></u>

Capital contributions - noncash:

Property contributed by developers and others	<u><u>\$7,318,878</u></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, 2020.

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

	2020	2019
Claims liabilities, beginning of year	\$ 1,023,848	\$ 1,482,077
Claims incurred and changes in estimates	621,738	745,185
Claims paid	(772,958)	(1,203,414)
Unpaid claims, ending	872,628	1,023,848
Estimated claims due within one year	(465,398)	(548,617)
Estimated claims due longer than a year	\$ 407,230	\$ 475,231

At September 30, 2020, the Authority has restricted cash of \$872,628 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

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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, 2020 were 10.00% for regular participants, 27.29% for senior management, 49.18% for elected officials, and 16.98% 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 \$2,766,382 for the year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020 the Authority reported a net pension liability of \$31,857,853 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020, the Authority's proportionate share was 0.073504315%.

For the year ended September 30, 2020 the Authority recognized pension expense of \$6,536,780 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,219,265	\$ -
Change in assumptions	5,767,285	-
Net difference between projected and actual earnings on Pension Plan investments	1,896,847	-
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	169,998	1,332,109
Authority Pension Plan contributions subsequent to measurement date	<u>683,758</u>	<u>-</u>
	<u>\$ 9,737,153</u>	<u>\$ 1,332,109</u>

The deferred outflows of resources to the Pension Plan totaling \$683,758 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, 2021. 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:

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Year Ending September 30	
2021	\$ 1,571,931
2022	2,613,620
2023	2,161,857
2024	1,207,839
2025	166,039
Thereafter	-
	\$ 7,721,286

Actuarial Assumptions – The total pension liability in the July 1, 2020 actuarial valuations was determined using the following actuarial assumptions:

	2020
Inflation	2.40%
Salary increases, average, including inflation	3.25%
Investment rate of return, net of pension plan investment expense, including inflation	6.80%

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2019.

The long-term expected rate of return on Pension Plan investments was decreased from 6.90% to 6.80%. The GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.4% as most recently adopted in October 2020 by the FRS Actuarial Assumption Conference; 2) an inferred real (in excess of inflation) return of 4.3% which is consistent with the 4.27% real return capital market outlook model developed during 2020 by the outside investment consultant to the Florida State Board of Administration. 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 2.4% 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	Policy Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Assumed inflation - mean			2.4%	1.7%

*Summarized current target allocation policy, as provided by Aon Hewitt Investment Consulting

Discount Rate – The discount rate used to measure the total pension liability was 6.80% for the July 1, 2020 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 (7.80%) or 1.00% lower (5.80%) than the current discount rate of 6.80% at June 30, 2020.

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Authority's proportionate share of the net pension liability	\$ 50,871,638	\$ 31,857,851	\$ 15,977,458

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, 2020 the Authority reported payables of \$245,560 for the outstanding amount of contributions to the Pension Plan required for the year ended September 30, 2020.

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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, 2020 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, 2020, 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 \$536,034 for the year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020 the Authority reported a net pension liability of \$11,239,523 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020 the Authority's proportionate share was .092053016%.

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For the year ended September 30, 2020 the Authority recognized pension expense of \$1,040,620 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	\$ 459,765	\$ 8,671
Change in assumptions	1,208,569	653,534
Net difference between projected and actual earnings on HIS investments	8,974	-
Changes in proportion and differences between Authority HIS contributions and proportionate share of contributions	349,004	384,945
Authority HIS contributions subsequent to measurement date	124,584	-
	\$ 2,150,896	\$ 1,047,150

The deferred outflows of resources related to pensions totaling \$124,584 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, 2021. 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	
2021	\$ 358,804
2022	242,165
2023	52,251
2024	68,679
2025	132,430
Thereafter	124,833
	\$ 979,162

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Actuarial Assumptions – Actuarial valuations for the HIS Program are conducted biennially. The HIS pension liability in the July 1, 2020 actuarial valuations was determined using the following actuarial assumptions:

Inflation	2.40%
Salary increases, average, including inflation	3.25%
Investment rate of return, net of pension plan investment expense, including inflation	2.21%

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

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 2.21% for the June 30, 2020 measurement date. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% 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 (3.21%) or 1.00% lower (1.21%) than the current discount rate of 2.21% at June 30, 2020.

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Authority's proportionate share of the net pension liability	\$ 12,992,387	\$ 11,239,523	\$ 9,804,809

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, 2020 the Authority reported payables of \$41,640 for the outstanding amount of contributions to the HIS Program required for the year ended September 30, 2020.

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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 \$18,437 for the year ended September 30, 2020 which is equal to the required contribution.

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.

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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, 2019, the date of the latest actuarial valuation, plan participation consisted of:

OPEB plan participants	593
Retirees receiving benefits	<u>131</u>
	724

Total OPEB Liability:

The Authority’s total OPEB liability of \$3,937,600 at September 30, 2020, was measured as of September 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs:

The total OPEB liability was determined by an actuarial valuation as of September 30, 2018, updated to September 30, 2019, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	varies by service
Discount rate	3.58%
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 rate of 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 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.

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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.

Changes in the Total OPEB Liability were as follows:

Total OPEB liability, September 30, 2019	<u>\$3,673,537</u>
Service cost	232,154
Interest	139,709
Differences between Expected and Actual Experience	-
Changes in assumptions	28,490
Benefit payments	<u>(136,290)</u>
Net changes	<u>264,063</u>
Total OPEB liability, September 30, 2020	<u><u>\$3,937,600</u></u>

Changes of assumptions reflects a change in the discount rate from 3.64% percent for the reporting period ended September 30, 2019, to 3.58% for the reporting period ended September 30, 2020.

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 (2.58%) or 1% higher (4.58%) than the current discount rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB liability	<u>\$4,465,335</u>	<u>\$3,937,600</u>	<u>\$3,502,202</u>

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 of 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 3.00% - 7.00%	Healthcare Cost Trend Rate 4.00% - 8.00%	1% Increase 5.00% - 9.00%
Total OPEB liability	<u>\$3,633,823</u>	<u>\$3,937,600</u>	<u>\$4,300,490</u>

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

For the year ended September 30, 2020, the Authority recognized OPEB expense of \$411,823.

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At September 30, 2020, 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	\$244,072	\$ 0
Changes in assumptions	140,820	238,361
Changes in contributions subsequent to measurement date	149,193	0
Total	\$534,085	\$238,361

The deferred outflows of resources related to OPEB totaling \$149,193 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, 2021. 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	
2021	\$31,460
2022	31,460
2023	31,460
2024	31,460
2025	31,460
Thereafter	(10,769)
	\$146,531

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.

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NOTE 14 – COMMITMENTS AND CONTINGENCIES

Construction Commitments: The Authority has contractual commitments of approximately \$12.2 million for construction projects at September 30, 2020.

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.

NOTE 15 – SUBSEQUENT EVENTS

The Authority has evaluated events and transactions that occurred between September 30, 2020 and February 9, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.



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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:				
Service cost	\$ 232,154	\$ 205,868	\$ 196,420	\$ 191,000
Interest	139,709	120,274	98,129	104,000
Diferrences between expected and actual experience	-	341,702	-	-
Changes in assumptions	28,490	(165,936)	(171,195)	194,000
Benefit payments	<u>(136,290)</u>	<u>(116,788)</u>	<u>(102,937)</u>	<u>(93,000)</u>
Net change in total OPEB liability	<u>264,063</u>	385,120	20,417	396,000
Total OPEB liability - beginning of year	<u>3,673,537</u>	<u>3,288,417</u>	<u>3,268,000</u>	<u>2,872,000</u>
Total OPEB liability - end of year	<u><u>\$ 3,937,600</u></u>	<u><u>\$ 3,673,537</u></u>	<u><u>\$ 3,288,417</u></u>	<u><u>\$ 3,268,000</u></u>
Covered-employee payroll **	\$ 28,734,685	\$ 28,695,892	\$ 25,843,185	\$ 25,843,185
Total OPEB liability as a percentage of covered-employee payroll	13.70%	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, 2020.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Emerald Coast Utilities Authority's proportion of net pension liability	0.073504315%	0.077203567%	0.078760723%	0.081646413%	0.078801572%	0.080760945%	0.080132467%
Emerald Coast Utilities Authority's proportionate share of net pension liability	\$ 31,857,851	\$ 26,587,834	\$ 23,723,138	\$ 24,158,751	\$ 19,897,459	\$ 10,431,360	\$ 4,889,259
Emerald Coast Utilities Authority's covered payroll	\$ 32,761,385	\$ 31,844,344	\$ 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	97.24%	83.49%	76.60%	77.84%	69.55%	38.27%	19.06%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	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***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Emerald Coast Utilities Authority's proportion of net pension liability	0.092053016%	0.093646368%	0.094811879%	0.097368696%	0.092669862%	0.089813731%	0.086353010%
Emerald Coast Utilities Authority's proportionate share of net pension liability	\$ 11,239,523	\$ 10,478,091	\$ 10,034,996	\$ 10,411,110	\$ 10,800,289	\$ 9,159,587	\$ 8,074,217
Emerald Coast Utilities Authority's covered payroll	\$ 32,761,385	\$ 31,844,344	\$ 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	34.31%	32.90%	32.40%	33.55%	37.75%	33.61%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	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***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,766,382	\$ 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>(2,766,382)</u>	<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>\$ -</u>	<u>\$ 1,000</u>
Emerald Coast Utilities Authority's covered payroll	\$ 33,129,030	\$ 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	8.35%	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***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 536,034	\$ 520,009	\$ 515,479	\$ 592,534	\$ 469,401	\$ 451,157	\$ 380,263
Contributions in relation to the contractually required contribution	<u>(536,034)</u>	<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>	<u>\$ -</u>
 Emerald Coast Utilities Authority's covered payroll	 \$ 33,129,030	 \$ 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	 1.62%	 1.63%	 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, 2020

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Water	\$47,387,226	\$0	\$47,387,226	\$47,387,226	\$0
Wastewater	57,502,522	0	57,502,522	57,502,522	0
Sanitation	30,643,349	0	30,643,349	30,643,349	0
Recycling	2,513,518	0	2,513,518	2,513,518	0
Connection charges	880,267	0	880,267	880,267	0
Sewer improvement fees	6,131,442	0	6,131,442	6,131,442	0
Capital improvement/funding fees	11,028,764	0	11,028,764	11,028,764	0
Charges for overhead	2,417,256	(2,234,400)	182,856	182,856	0
Other	2,393,612	0	2,393,612	2,393,612	0
Total operating revenues	160,897,956	(2,234,400)	158,663,556	158,663,556	0
Operating expenses:					
Personal services	51,569,743	(4,016,356)	47,553,387	47,553,387	0
Contractual services	4,161,480	0	4,161,480	4,161,480	0
Professional services	762,101	0	762,101	762,101	0
Materials and supplies	9,144,848	0	9,144,848	9,144,848	0
Repairs & maintenance	8,426,819	0	8,426,819	8,426,819	0
Utilities	6,621,671	0	6,621,671	6,621,671	0
Tipping fees	7,504,054	0	7,504,054	7,504,054	0
Overhead allocation	2,417,256	(2,234,400)	182,856	182,856	0
Other	4,195,306	0	4,195,306	4,195,306	0
Depreciation and amortization	37,808,260	(37,808,260)	0	0	0
Total operating expenses	132,611,538	(44,059,016)	88,552,522	88,552,522	0
Operating income (loss)	28,286,418	41,824,616	70,111,034	70,111,034	0
Non-operating revenues (expenses):					
Interest income	3,366,609	(993,101)	2,373,508	2,373,508	0
Interest expense	(12,220,476)	0	(12,220,476)	(12,220,476)	0
Insurance reimbursements	558,497	0	558,497	558,497	0
Gain (loss) on disposal of assets	310,115	(310,115)	0	0	0
Total non-operating revenues (expenses)	(7,985,255)	(1,303,216)	(9,288,471)	(9,288,471)	0
Income (loss) before contributions and transfers	20,301,163	40,521,400	60,822,563	60,822,563	0
Capital contributions - impact fees and other	8,681,247	0	8,681,247	8,681,247	0
Capital contributions - noncash	7,318,878	(7,318,878)	0	0	0
Transfers in	2,234,400	(2,234,400)	0	0	0
Transfers (out)	(2,234,400)	2,234,400	0	0	0
Principal sinking fund requirements	0	(28,800,753)	(28,800,753)	(28,800,753)	0
Total contributions and transfers	16,000,125	(36,119,631)	(20,119,506)	(20,119,506)	0
Change in net position	\$36,301,288	\$4,401,769	\$40,703,057	\$40,703,057	\$0

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF OF NET POSITION
SEPTEMBER 30, 2020

	Water/ Wastewater	Sanitation	Materials Recycling	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$29,026,018	\$0	\$130,706	\$29,156,724
Receivables (net of allowance for uncollectibles)	17,436,615	2,783,004	272,250	20,491,869
Grants receivable	1,268,035	0	0	1,268,035
Due from Sanitation system	8,695,592	0	0	8,695,592
Due from Materials Recycling system	7,864,416	0	0	7,864,416
Due from other governmental units	1,300,000	0	0	1,300,000
Inventory	7,608,868	2,833,581	0	10,442,449
Restricted cash and cash equivalents:				
Debt service sinking fund	15,083,657	1,434,762	0	16,518,419
Customer deposits	3,387,415	66,580	0	3,453,995
Prepaid expenses	119,543	979	0	120,522
Total current assets	<u>91,790,159</u>	<u>7,118,906</u>	<u>402,956</u>	<u>99,312,021</u>
Noncurrent assets:				
Due from other governmental units	7,800,000	0	0	7,800,000
Restricted cash and investments:				
Restricted by debt agreements	16,167,540	2,760,916	0	18,928,456
Restricted for capital improvement program	107,489,388	1,795,637	0	109,285,025
Self-insurance reserves	872,628	0	0	872,628
Capital assets:				
Land and other non-depreciable assets	57,707,311	1,428,439	0	59,135,750
Capital assets (net of depreciation)	687,534,903	24,290,436	9,047,223	720,872,562
Intangible assets (net of accumulated amortization)	0	1,006,306	0	1,006,306
Unamortized debt issuance costs (net of accumulated amortization)				
	1,652,356	6,057	0	1,658,413
Total noncurrent assets	<u>879,224,126</u>	<u>31,287,791</u>	<u>9,047,223</u>	<u>919,559,140</u>
Total assets	<u>971,014,285</u>	<u>38,406,697</u>	<u>9,450,179</u>	<u>1,018,871,161</u>
Deferred Outflows of Resources:				
Loss on bond refunding	1,217,622	145,614	0	1,363,236
Other postemployment benefits	394,378	139,707	0	534,085
Pensions	8,580,274	3,307,775	0	11,888,049
Total deferred outflows of resources	<u>10,192,274</u>	<u>3,593,096</u>	<u>0</u>	<u>13,785,370</u>

(continued)

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2020

	Water/ Wastewater	Sanitation	Materials Recycling	Total
LIABILITIES				
Current liabilities:				
Vouchers payable	\$4,714,596	\$1,994,157	\$68,354	\$6,777,107
Due to other funds	0	8,695,592	7,864,416	16,560,008
Due to other governmental units	764,441	39,467	-2	803,906
Salaries and benefits payable	1,944,647	574,069	32,329	2,551,045
Compensated absences payable	987,723	191,194	12,532	1,191,449
Current portion of long-term debt	0	0	333,333	333,333
Unearned revenue	0	1,746,307	0	1,746,307
Payable from restricted assets:				
Customer deposits	3,387,415	66,580	0	3,453,995
Current portion of long-term debt	25,961,451	3,990,658	0	29,952,109
Accrued interest payable	2,772,582	125,223	0	2,897,805
Contracts payable	3,926,452	0	0	3,926,452
Claims liabilities	391,298	74,100	0	465,398
Other current liabilities	63,506	0	0	63,506
Total current liabilities	<u>44,914,111</u>	<u>17,497,347</u>	<u>8,310,962</u>	<u>70,722,420</u>
Non-current liabilities:				
Long term debt	284,608,090	10,438,748	1,416,667	296,463,505
Compensated absences	1,237,486	283,940	12,533	1,533,959
Other post-employment benefits	3,026,176	911,424	0	3,937,600
Net pension liability	32,193,552	10,903,822	0	43,097,374
Claims liabilities	315,258	91,972	0	407,230
Total non-current liabilities	<u>321,380,562</u>	<u>22,629,906</u>	<u>1,429,200</u>	<u>345,439,668</u>
Total liabilities	<u>366,294,673</u>	<u>40,127,253</u>	<u>9,740,162</u>	<u>416,162,088</u>
Deferred Inflows of Resources:				
Other post-employment benefits	177,627	60,734	0	238,361
Pensions	1,738,289	640,970	0	2,379,259
Total deferred inflows of resources	<u>1,915,916</u>	<u>701,704</u>	<u>0</u>	<u>2,617,620</u>
NET POSITION				
Net investment in capital assets	435,890,295	12,441,389	7,297,223	455,628,907
Restricted:				
Debt Service and other bond requirements	28,478,615	4,070,455	0	32,549,070
Expansion of utility plant	5,981,818	0	0	5,981,818
Unrestricted	142,645,242	(15,341,008)	(7,587,206)	119,717,028
Total net position	<u>\$612,995,970</u>	<u>\$1,170,836</u>	<u>(\$289,983)</u>	<u>\$613,876,823</u>

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Operating revenues:				
Charges for services:				
Water	\$47,387,226	\$0	\$0	\$47,387,226
Wastewater	57,502,522	0	0	57,502,522
Sanitation	0	30,643,349	0	30,643,349
Recycling	0	0	2,513,518	2,513,518
Connection charges	880,267	0	0	880,267
Sewer improvement fees	6,131,442	0	0	6,131,442
Capital improvement/funding fees	9,530,376	1,498,388	0	11,028,764
Charges for overhead	2,417,256	0	0	2,417,256
Other	1,924,119	469,493	0	2,393,612
Total operating revenues	<u>125,773,208</u>	<u>32,611,230</u>	<u>2,513,518</u>	<u>160,897,956</u>
Operating expenses:				
Personal services	38,056,473	12,810,383	702,887	51,569,743
Contractual services	2,167,250	1,206,256	787,974	4,161,480
Professional services	757,663	250	4,188	762,101
Materials and supplies	7,604,743	1,480,748	59,357	9,144,848
Repairs & maintenance	4,469,869	3,609,517	347,433	8,426,819
Utilities	6,449,972	60,619	111,080	6,621,671
Tipping fees	0	7,429,111	74,943	7,504,054
Overhead allocation	0	3,080,319	(663,063)	2,417,256
Other	3,303,710	792,378	99,218	4,195,306
Depreciation and amortization	32,104,166	4,942,119	761,975	37,808,260
Total operating expenses	<u>94,913,846</u>	<u>35,411,700</u>	<u>2,285,992</u>	<u>132,611,538</u>
Operating income (loss)	<u>30,859,362</u>	<u>(2,800,470)</u>	<u>227,526</u>	<u>28,286,418</u>
Non-operating revenues (expenses):				
Interest income	3,350,632	15,977	0	3,366,609
Interest expense	(11,732,429)	(488,047)	0	(12,220,476)
Insurance reimbursements	76,220	0	482,277	558,497
Gain (loss) on disposal of assets	286,983	23,132	0	310,115
Total non-operating revenues (expenses)	<u>(8,018,594)</u>	<u>(448,938)</u>	<u>482,277</u>	<u>(7,985,255)</u>
Income (loss) before contributions and transfers	<u>22,840,768</u>	<u>(3,249,408)</u>	<u>709,803</u>	<u>20,301,163</u>
Capital contributions - impact fees and other	8,681,247	0	0	8,681,247
Capital contributions - noncash	7,318,878	0	0	7,318,878
Transfers in	0	2,234,400	42,326	2,276,726
Transfers (out)	(2,234,400)	(42,326)	0	(2,276,726)
Total contributions and transfers	<u>13,765,725</u>	<u>2,192,074</u>	<u>42,326</u>	<u>16,000,125</u>
Change in net position	<u>36,606,493</u>	<u>(1,057,334)</u>	<u>752,129</u>	<u>36,301,288</u>
Net position at beginning of year	<u>576,389,477</u>	<u>2,228,170</u>	<u>(1,042,112)</u>	<u>577,575,535</u>
Net position at end of year	<u>\$612,995,970</u>	<u>\$1,170,836</u>	<u>(\$289,983)</u>	<u>\$613,876,823</u>



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EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Cash flows from operating activities:				
Cash received from customers	\$121,119,354	\$33,964,695	\$2,513,529	\$157,597,578
Cash payments to suppliers for goods and services	(30,495,814)	(19,942,750)	(1,615,942)	(52,054,506)
Cash payments to employees for services	(23,968,630)	(8,117,478)	(506,576)	(32,592,684)
Net cash provided by operating activities	66,654,910	5,904,467	391,011	72,950,388
Cash flows from noncapital financing activities:				
Transfers in	0	0	42,326	42,326
Transfers out	0	(42,326)	0	(42,326)
Net cash provided by (used in) noncapital financing activities	0	(42,326)	42,326	0
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(30,202,261)	(8,073,478)	(451,575)	(38,727,314)
Contributions for capital assets	8,681,247	0	0	8,681,247
Received from debt financing	0	3,208,626	0	3,208,626
Principal paid on long-term debt	(25,010,233)	(3,457,186)	(333,333)	(28,800,752)
Interest paid on long-term debt	(11,711,869)	(381,833)	0	(12,093,702)
Proceeds from sale of assets	361,021	70,403	0	431,424
Insurance reimbursements	76,220	0	482,277	558,497
Net cash used in capital and related financing activities	(57,805,875)	(8,633,468)	(302,631)	(66,741,974)
Cash flow from investing activities:				
Interest income	2,372,363	15,977	0	2,388,340
Proceeds from sales/maturities of investments	35,848,614	0	0	35,848,614
Purchases of investments	(36,851,649)	0	0	(36,851,649)
Net cash provided by investing activities	1,369,328	15,977	0	1,385,305
Net increase (decrease) in cash & cash equivalents	10,218,363	(2,755,350)	130,706	7,593,719
Cash and cash equivalents at beginning of year	102,986,339	8,813,245	0	111,799,584
Cash and cash equivalents at end of year	<u>\$113,204,702</u>	<u>\$6,057,895</u>	<u>\$130,706</u>	<u>\$119,393,303</u>
Reconciliation of cash, cash equivalents , and investments at end of year to Statement of Net Position:				
Current assets:				
Cash and cash equivalents	\$29,026,018	\$0	\$130,706	\$29,156,724
Restricted cash and investments	143,000,628	6,057,895	0	149,058,523
	172,026,646	6,057,895	130,706	178,215,247
Less investments	(58,821,944)	0	0	(58,821,944)
Total cash and cash equivalents at end of year	<u>\$113,204,702</u>	<u>\$6,057,895</u>	<u>\$130,706</u>	<u>\$119,393,303</u>

(continued)

**EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$30,859,362	(\$2,800,470)	\$227,526	\$28,286,418
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	32,104,166	4,942,119	761,975	37,808,260
Overhead allocation	(2,234,400)	2,234,400	0	0
Capitalized labor	(720,577)	0	0	(720,577)
(Increase) decrease in assets:				
Accounts receivable	(1,414,623)	(400,097)	159,580	(1,655,140)
Due from grants receivable	(632,544)	0	0	(632,544)
Due from other funds	2,895,131	0	0	2,895,131
Due from other governments	1,300,000	0	11	1,300,011
Inventory	(632,749)	(96,120)	0	(728,869)
Prepaid expenses	63,881	(979)	0	62,902
Deferred outflows	(389,247)	(137,917)	0	(527,164)
Increase (decrease) in liabilities:				
Vouchers payable	2,166,662	1,012,312	(1,208)	3,177,766
Salaries and benefits payable	235,157	140,894	5,511	381,562
Customer deposits	(1,525,114)	7,255	0	(1,517,859)
Compensated absences	399,136	(8,714)	4,777	395,199
Due to other funds	0	(2,127,972)	(767,159)	(2,895,131)
Due to other governments	403,470	22,088	(2)	425,556
Unearned revenue	0	1,746,307	0	1,746,307
Other current liabilities	35,683	0	0	35,683
Net pension liability	4,422,460	1,608,990	0	6,031,450
Other post-employment benefits	189,509	74,554	0	264,063
Claims payable	(154,860)	3,640	0	(151,220)
Deferred inflows	(715,593)	(315,823)	0	(1,031,416)
Net cash provided by operating activities	<u>\$66,654,910</u>	<u>\$5,904,467</u>	<u>\$391,011</u>	<u>\$72,950,388</u>
Non-cash investing, capital and financing activities				
Capital contributions from developers	<u>\$7,318,878</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,318,878</u>
Unrealized appreciation in fair value of investments	<u>\$993,101</u>	<u>\$0</u>	<u>\$0</u>	<u>\$993,101</u>

EMERALD COAST UTILITIES AUTHORITY
WATER AND WASTEWATER SYSTEM
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Water	\$47,387,226	\$0	\$47,387,226	\$47,387,226	\$0
Wastewater	57,502,522	0	57,502,522	57,502,522	0
Connection charges	880,267	0	880,267	880,267	0
Sewer improvement fees	6,131,442	0	6,131,442	6,131,442	0
Capital improvement/funding fees	9,530,376	0	9,530,376	9,530,376	0
Charges for overhead	2,417,256	(2,234,400)	182,856	182,856	0
Other	1,924,119	0	1,924,119	1,924,119	0
Total operating revenues	<u>125,773,208</u>	<u>(2,234,400)</u>	<u>123,538,808</u>	<u>123,538,808</u>	<u>0</u>
Operating expenses:					
Personal services	38,056,473	(2,786,551)	35,269,922	35,269,922	0
Contractual services	2,167,250	0	2,167,250	2,167,250	0
Professional services	757,663	0	757,663	757,663	0
Materials and supplies	7,604,743	0	7,604,743	7,604,743	0
Repairs & maintenance	4,469,869	0	4,469,869	4,469,869	0
Utilities	6,449,972	0	6,449,972	6,449,972	0
Other	3,303,710	0	3,303,710	3,303,710	0
Depreciation	32,104,166	(32,104,166)	0	0	0
Total operating expenses	<u>94,913,846</u>	<u>(34,890,717)</u>	<u>60,023,129</u>	<u>60,023,129</u>	<u>0</u>
Operating income	<u>30,859,362</u>	<u>32,656,317</u>	<u>63,515,679</u>	<u>63,515,679</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest income	3,350,632	(993,101)	2,357,531	2,357,531	0
Interest expense	(11,732,429)	0	(11,732,429)	(11,732,429)	0
Insurance reimbursements	76,220	0	76,220	76,220	0
Gain (loss) on disposal of assets	286,983	(286,983)	0	0	0
Total non-operating revenues (expenses)	<u>(8,018,594)</u>	<u>(1,280,084)</u>	<u>(9,298,678)</u>	<u>(9,298,678)</u>	<u>0</u>
Income before contributions and transfers	<u>22,840,768</u>	<u>31,376,233</u>	<u>54,217,001</u>	<u>54,217,001</u>	<u>0</u>
Capital contributions - impact fees and other	8,681,247	0	8,681,247	8,681,247	0
Capital contributions - noncash	7,318,878	(7,318,878)	0	0	0
Transfers (out)	(2,234,400)	2,234,400	0	0	0
Principal sinking fund requirements	0	(25,010,234)	(25,010,234)	(25,010,234)	0
Total contributions and transfers	<u>13,765,725</u>	<u>(30,094,712)</u>	<u>(16,328,987)</u>	<u>(16,328,987)</u>	<u>0</u>
Change in net position	<u>\$36,606,493</u>	<u>\$1,281,521</u>	<u>\$37,888,014</u>	<u>\$37,888,014</u>	<u>\$0</u>

EMERALD COAST UTILITIES AUTHORITY
SANITATION SYSTEM
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Sanitation	\$30,643,349	\$0	\$30,643,349	\$30,643,349	\$0
Capital improvement/funding fees	1,498,388	0	1,498,388	1,498,388	0
Other	469,493	0	469,493	469,493	0
Total operating revenues	<u>32,611,230</u>	<u>0</u>	<u>32,611,230</u>	<u>32,611,230</u>	<u>0</u>
Operating expenses:					
Personal services	12,810,383	(1,229,805)	11,580,578	11,580,578	0
Contractual services	1,206,256	0	1,206,256	1,206,256	0
Professional services	250	0	250	250	0
Materials and supplies	1,480,748	0	1,480,748	1,480,748	0
Repairs & maintenance	3,609,517	0	3,609,517	3,609,517	0
Utilities	60,619	0	60,619	60,619	0
Tipping fees	7,429,111	0	7,429,111	7,429,111	0
Overhead allocation	3,080,319	(2,234,400)	845,919	845,919	0
Other	792,378	0	792,378	792,378	0
Depreciation and amortization	4,942,119	(4,942,119)	0	0	0
Total operating expenses	<u>35,411,700</u>	<u>(8,406,324)</u>	<u>27,005,376</u>	<u>27,005,376</u>	<u>0</u>
Operating income (loss)	<u>(2,800,470)</u>	<u>8,406,324</u>	<u>5,605,854</u>	<u>5,605,854</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest income	15,977	0	15,977	15,977	0
Interest expense	(488,047)	0	(488,047)	(488,047)	0
Gain (loss) on disposal of assets	23,132	(23,132)	0	0	0
Total non-operating revenues (expenses)	<u>(448,938)</u>	<u>(23,132)</u>	<u>(472,070)</u>	<u>(472,070)</u>	<u>0</u>
Income (loss) before contributions and transfers	<u>(3,249,408)</u>	<u>8,383,192</u>	<u>5,133,784</u>	<u>5,133,784</u>	<u>0</u>
Transfers in	2,234,400	(2,234,400)	0	0	0
Transfers (out)	(42,326)	0	(42,326)	(42,326)	0
Principal sinking fund requirements	0	(3,457,186)	(3,457,186)	(3,457,186)	0
Total contributions and transfers	<u>2,192,074</u>	<u>(5,691,586)</u>	<u>(3,499,512)</u>	<u>(3,499,512)</u>	<u>0</u>
Change in net position	<u>(\$1,057,334)</u>	<u>\$2,691,606</u>	<u>\$1,634,272</u>	<u>\$1,634,272</u>	<u>\$0</u>

**EMERALD COAST UTILITIES AUTHORITY
MATERIALS RECYCLING SYSTEM
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Recycling	\$2,513,518	\$0	\$2,513,518	\$2,513,518	\$0
Total operating revenues	<u>2,513,518</u>	<u>0</u>	<u>2,513,518</u>	<u>2,513,518</u>	<u>0</u>
Operating expenses:					
Personal services	702,887	0	702,887	702,887	0
Contractual services	787,974	0	787,974	787,974	0
Professional services	4,188	0	4,188	4,188	0
Materials and supplies	59,357	0	59,357	59,357	0
Repairs & maintenance	347,433	0	347,433	347,433	0
Utilities	111,080	0	111,080	111,080	0
Tipping fees	74,943	0	74,943	74,943	0
Overhead allocation	(663,063)	0	(663,063)	(663,063)	0
Other	99,218	0	99,218	99,218	0
Depreciation	761,975	(761,975)	0	0	0
Total operating expenses	<u>2,285,992</u>	<u>(761,975)</u>	<u>1,524,017</u>	<u>1,524,017</u>	<u>0</u>
Operating income (loss)	<u>227,526</u>	<u>761,975</u>	<u>989,501</u>	<u>989,501</u>	<u>0</u>
Non-operating revenues (expenses):					
Insurance reimbursements	482,277	0	482,277	482,277	0
Total non-operating revenues	<u>482,277</u>	<u>0</u>	<u>482,277</u>	<u>482,277</u>	<u>0</u>
					<u>0</u>
Income (loss) before transfers	<u>709,803</u>	<u>761,975</u>	<u>1,471,778</u>	<u>1,471,778</u>	<u>0</u>
Transfers in	42,326	0	42,326	42,326	0
Principal sinking fund requirements	0	(333,333)	(333,333)	(333,333)	0
Total transfers	<u>42,326</u>	<u>(333,333)</u>	<u>(291,007)</u>	<u>(291,007)</u>	<u>0</u>
Change in net position	<u>\$752,129</u>	<u>\$428,642</u>	<u>\$1,180,771</u>	<u>\$1,180,771</u>	<u>\$0</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)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 **</u>	<u>2015</u>	<u>2014 *</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net investment in capital assets	\$ 455,629	\$ 423,417	\$ 393,297	\$ 407,912	\$ 399,285	\$ 393,658	\$ 333,049	\$ 314,996	\$ 340,956	\$ 386,293
Restricted	38,531	41,958	37,406	33,897	32,460	25,871	46,141	50,420	48,228	45,881
Unrestricted	119,717	112,201	112,640	80,543	80,329	84,299	110,260	133,986	105,647	37,649
Total net position	\$ 613,877	\$ 577,576	\$ 543,343	\$ 522,352	512,074	503,828	489,450	499,402	494,831	469,823

* 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)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating Revenue:										
Customer charges	\$ 135,533	\$ 131,709	\$ 124,770	\$ 118,853	\$ 114,358	\$ 110,060	\$ 104,024	\$ 99,494	\$ 96,815	\$ 94,520
Connection charges	880	696	655	408	385	370	324	356	310	263
Sewer improvement fees	6,131	6,050	6,050	5,981	5,859	5,877	5,902	5,878	5,895	5,892
Capital improvement fees	11,029	10,769	9,290	897	0	0	0	0	0	0
Recycling	2,514	2,375	1,479	1,650	0	0	0	0	0	0
Other	2,394	2,495	2,233	2,163	2,269	2,157	2,126	2,188	2,603	4,963
Total operating revenue	<u>158,481</u>	<u>154,094</u>	<u>144,477</u>	<u>129,952</u>	<u>122,871</u>	<u>118,464</u>	<u>112,376</u>	<u>107,916</u>	<u>105,623</u>	<u>105,638</u>
Operating Expenses Before Depreciation and Amortization:										
Personal services	51,570	48,973	46,552	45,721	44,134	38,888	36,189	34,999	33,788	33,711
Contractual services	4,161	5,190	4,000	3,200	2,858	4,605	4,492	2,635	2,440	2,677
Professional services	762	911	918	891	967	1,329	1,242	726	826	677
Supplies	9,145	9,330	9,842	8,809	7,816	8,351	7,326	7,215	7,190	6,712
Repairs and maintenance	8,427	8,624	8,444	7,661	6,603	5,922	6,330	4,823	4,453	3,405
Heat, light and power	6,622	6,871	6,861	6,858	6,899	7,025	7,007	6,399	6,709	7,565
Tipping fees	7,504	6,635	5,761	5,577	5,688	4,975	4,846	4,378	4,243	4,130
Other	4,196	4,148	5,013	5,067	4,307	4,051	3,601	3,459	3,405	3,276
Total operating expenses before depreciation and amortization	<u>92,387</u>	<u>90,682</u>	<u>87,391</u>	<u>83,784</u>	<u>79,272</u>	<u>75,146</u>	<u>71,033</u>	<u>64,634</u>	<u>63,054</u>	<u>62,153</u>
Operating Income Before Depreciation and Amortization:	<u>66,094</u>	<u>63,412</u>	<u>57,086</u>	<u>46,168</u>	<u>43,599</u>	<u>43,318</u>	<u>41,343</u>	<u>43,282</u>	<u>42,569</u>	<u>43,485</u>
Depreciation and Amortization:	<u>37,808</u>	<u>30,849</u>	<u>32,482</u>	<u>33,602</u>	<u>30,482</u>	<u>28,466</u>	<u>26,340</u>	<u>27,489</u>	<u>28,632</u>	<u>24,961</u>
Operating income	<u>28,286</u>	<u>32,563</u>	<u>24,604</u>	<u>12,566</u>	<u>13,117</u>	<u>14,852</u>	<u>15,003</u>	<u>15,793</u>	<u>13,937</u>	<u>18,524</u>

(continued)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Nonoperating Revenue (Expenses):											
Investment income	\$ 3,367	\$ 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	0	413	813
Interest expense	(12,220)	(13,173)	(13,214)	(12,746)	(13,370)	(13,342)	(13,821)	(15,787)	(15,791)	(15,037)	(12,907)
Insurance recoveries, net	558	66	74	197	120	210	91	0	0	0	0
Gain (loss) on disposal of assets	310	(1,339)	(1,137)	(99)	(875)	4,752	(488)	(168)	(586)	(30,987)	(865)
Total nonoperating revenue (expenses)	<u>(7,985)</u>	<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>
Income (Loss) Before Capital Contributions	20,301	23,395	12,009	978	162	7,667	1,414	294	(1,865)	(26,271)	487
Capital contributions - cash	8,681	6,574	5,599	5,602	4,926	4,356	5,304	3,135	25,616	2,403	18,700
Capital contributions - noncash	7,319	4,264	3,383	3,698	1,557	2,355	1,069	1,142	1,258	689	2,376
Change in Net Position	<u>\$ 36,301</u>	<u>\$ 34,233</u>	<u>\$ 20,991</u>	<u>\$ 10,278</u>	<u>\$ 6,645</u>	<u>\$ 14,378</u>	<u>\$ 7,787</u>	<u>\$ 4,571</u>	<u>\$ 25,009</u>	<u>\$ (23,179)</u>	<u>\$ 21,563</u>

**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
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
2019	\$ 53,574,601	\$ 20,001,597	\$ 46,595,000	\$ 2,868,000	\$ 224,930,000	\$ 2,083,333	\$ 350,052,531
2020	\$ 49,077,419	\$ 19,762,986	\$ 44,530,000	\$ 1,937,000	\$ 207,403,000	\$ 1,750,000	\$ 324,460,405

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
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
2019	\$ 333,291,232	96,209	\$ 3,464	\$ 14,677,966	116,339	\$ 126
2020	\$ 308,281,000	98,005	\$ 3,146	\$ 14,429,406	118,683	\$ 122

* 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
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
2019	* \$ 155,428,427	\$ 87,989,288	\$ 67,439,139	\$ 30,460,422	2.21	1.25
2020	* \$ 158,340,690	\$ 93,816,982	\$ 64,523,708	\$ 30,609,951	2.11	1.25

* 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
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%
2019	96,209	3 %	75,225	5 %	78%	116,339	6%
2020	98,005	3 %	76,822	4 %	78%	118,683	6%

**EMERALD COAST UTILITIES AUTHORITY
PRINCIPAL CUSTOMERS
FOR THE FISCAL YEARS ENDED SEPTEMBER 2020 AND 2011
(UNAUDITED)**

2020					
Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Operating Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS PCLOA)	0.0	\$ -	\$ 2,089,656.22	\$ 2,089,656.22	1.3%
PALL GELMAN SCIENCES	100.5	\$ 267,805.35	\$ 674,068.25	\$ 941,873.60	0.6%
NAVFAC SE (CORRYSTATION SW)	0.0	\$ -	\$ 690,666.74	\$ 690,666.74	0.4%
ESCAMBIA COUNTY JAIL	65.8	\$ 180,219.48	\$ 504,580.84	\$ 684,800.32	0.4%
PENSACOLA CHRISTIAN COLLEGE	55.5	\$ 160,352.46	\$ 413,385.26	\$ 573,737.72	0.4%
BAPTIST HOSPITAL	48.2	\$ 158,849.66	\$ 354,463.69	\$ 513,313.35	0.3%
COLUMBIA WEST FLORIDA	48.3	\$ 134,830.75	\$ 376,340.35	\$ 511,171.10	0.3%
PORTOFINO ISLAND RESORT	43.4	\$ 227,756.03	\$ 265,778.82	\$ 493,534.85	0.3%
SACRED HEART HOSPITAL	34.5	\$ 114,772.65	\$ 249,447.72	\$ 364,220.37	0.2%
ESCAMBIA HOUSING	24.2	\$ 79,535.28	\$ 190,278.89	\$ 269,814.17	0.2%
DM OAKWOOD TERRACE	25.3	\$ 69,954.21	\$ 199,290.23	\$ 269,244.44	0.2%
AREA HOUSING	23.7	\$ 76,490.05	\$ 186,924.21	\$ 263,414.26	0.2%
US NAVY - BRONSON FIELD	23.4	\$ 62,759.44	\$ 184,237.93	\$ 246,997.37	0.2%
UNIVERSITY OF WEST FLORIDA	0.0	\$ 862.69	\$ 238,152.59	\$ 239,015.28	0.2%
NAVY FEDERAL	36.1	\$ 133,602.99	\$ 98,186.91	\$ 231,789.90	0.1%
	<u>529</u>	<u>\$ 1,667,791</u>	<u>\$ 6,715,459</u>	<u>\$ 8,383,250</u>	<u>5.3%</u>

2011					
Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS PCLOA)	0.0	\$ -	\$ 1,646,979.79	\$ 1,646,979.79	1.6%
Baptist Hospital	83.8	\$ 184,640.31	\$ 467,543.38	\$ 652,183.69	0.6%
NAVFAC SE (CORRYSTATION SW)	0.0	\$ -	\$ 578,651.14	\$ 578,651.14	0.5%
Escambia County Jail	69.9	\$ 142,700.59	\$ 341,877.25	\$ 484,577.84	0.5%
Pall Gelman Sciences	63.0	\$ 125,793.03	\$ 304,594.00	\$ 430,387.03	0.4%
Portofino Island Resort	49.1	\$ 184,935.13	\$ 244,319.44	\$ 429,254.57	0.4%
Escambia Housing	51.5	\$ 117,408.90	\$ 299,634.63	\$ 417,043.53	0.4%
University of West Florida	0.0	\$ 496.59	\$ 329,990.02	\$ 330,486.61	0.3%
Columbia West Florida Regional Medical Center	41.0	\$ 85,638.32	\$ 238,915.33	\$ 324,553.65	0.3%
Sacred Heart Hospital	41.5	\$ 95,523.30	\$ 225,466.91	\$ 320,990.21	0.3%
U.S. Navy - Saufley Field	39.3	\$ 71,899.55	\$ 187,618.51	\$ 259,518.06	0.2%
Pensacola Christian College	31.6	\$ 72,765.95	\$ 152,312.44	\$ 225,078.39	0.2%
Crown Health Care & Laundry	32.7	\$ 65,347.19	\$ 152,387.40	\$ 217,734.59	0.2%
DM Oakwood Terrace	25.2	\$ 51,606.60	\$ 146,841.28	\$ 198,447.88	0.2%
Perdido Housing	22.3	\$ 50,125.46	\$ 129,828.54	\$ 179,954.00	0.2%
	<u>551</u>	<u>\$ 1,248,881</u>	<u>\$ 5,446,960</u>	<u>\$ 6,695,841</u>	<u>6.3%</u>

**EMERALD COAST UTILITIES AUTHORITY
PRINCIPAL PRIVATE SECTOR EMPLOYERS IN ESCAMBIA COUNTY
FOR THE FISCAL YEARS ENDED SEPTEMBER 2020 AND 2011
(UNAUDITED)**

2020

Name	Number of Employees	Percentage of Total Employment
Navy Federal Credit Union	8,697	6.06%
Baptist Health Care	7,347	5.12%
Sacred Heart Health Systems	4,820	3.36%
Gulf Power Company	1,774	1.24%
Ascend Performance Materials	1,288	0.90%
West Florida Healthcare	1,200	0.84%
Innisfree Hotels	750	0.52%
G E Wind Engery	700	0.49%
Santa Rosa Medical Center	521	0.36%
Medical Center Clinic	500	0.35%
	<u>18,900</u>	13.18%
Total Civilian Employment in Escambia County	143,418	

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.

2011

Name	Number of Employees	Percentage of Total Employment
Local Government	15,790	9.22%
Federal Government	7,403	4.32%
State Government	5,970	3.49%
Sacred Heart Health System	5,000	2.92%
Baptist Health Care	3,163	1.85%
Lakeview Center	2,000	1.17%
Gulf Power Company	1,400	0.82%
Ascend Performance Materials	1,400	0.82%
West Florida Hospital	1,300	0.76%
University of West Florida	1,231	0.72%
Navy Federal Credit Union	1,200	0.70%
	<u>45,857</u>	26.79%
Total Civilian Employment in Escambia County	171,190	

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 2019- September 2020

Month	Monthly Rainfall (inches)
October	4.69
November	1.09
December	7.16
January	7.36
February	2.87
March	0.52
April	4.07
May	1.66
June	7.46
July	8.85
August	13.21
September	18.51
	77.45

Pensacola, Florida
Last Ten Fiscal Years

Year	Annual Rainfall (inches)
2011	48.15
2012	70.49
2013	69.52
2014	84.98
2015	61.21
2016	77.75
2017	88.34
2018	78.14
2019	67.11
2020	77.45

Source: National Oceanic and Atmospheric Association
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>
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%
2019	11,917	10,340	1,577	13.23%
2020	12,390	10,909	1,480	11.95%
	<hr/>	<hr/>	<hr/>	
	<u>117,047</u>	<u>104,602</u>	<u>12,444</u>	10.63%

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

Pensacola, Florida
Last Ten Fiscal Years

Year	Central Water Reclamation Facility (1)	Main Street Wastewater Treatment Plant (2)	BayouMarcus Water Reclamation Facility	Pensacola Beach Wastewater Treatment Plant	Total
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
2019	5,256		1,974	344	7,574
2020	4,943	-	1,987	344	7,274
	<u>51,050</u>	<u>1,312</u>	<u>20,874</u>	<u>3,255</u>	<u>76,491</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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water:										
New connections	1530	1106	1147	767	669	614	588	666	524	438
Average daily consumption (MGD)	33.851	32.619	31.679	31.277	31.326	31.972	31.142	30.227	31.180	34.816
Maximum daily flow (MGD)	48.425	32.270	36.593	35.898	35.826	36.956	53.280	50.697	50.180	54.033
Minimum daily flow (MGD)	23.879	27.643	27.683	27.656	27.028	27.569	22.328	22.109	22.460	22.436
Raw water pumped and treated (MG)	12,390	11,917	11,580	11,424	11,472	11,684	11,382	11,041	11,435	12,725
Wastewater:										
New connections	1318	920	1132	782	754	709	885	1024	629	494
Treatment capacity (MGD)	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1	33.1
Average daily treated flow (MGD)	19.71	21.00	20.92	21.24	21.81	21.60	22.12	21.16	20.51	20.58
Percent of capacity utilized	59.55	63.43	63.21	63.50	64.97	65.27	66.80	62.80	47.60	72.50
Percent of unused capacity	40.45	36.57	36.79	36.50	35.03	34.73	33.20	37.20	52.40	27.50
Sanitation System:										
Residential (tons/year)	115,963	104,174	91,236	90,399	85,315	67,826	74,779	74,949	71,931	70,239
Yard Waste (tons/year)	23,457	19,597	19,597	20,344	22,519	21,644	25,122	22,626	17,990	17,711
Recycling waste (tons/year) ⁽¹⁾	14,033	12,921	13,600	13,157	-	13,490	12,064	11,132	10,357	9,148
Bulk waste (tons/year)	8,049	6,972	7,101	8,184	6,985	6,496	7,064	5,538	3,590	2,602
Total Residential Tons	161,502	143,664	131,534	132,084	114,819	109,456	119,029	114,245	103,868	99,700
Avg number of residential customers/month	97,973	96,597	95,265	91,492	91,022	87,513	81,554	73,763	79,810	79,516
Refuse collected (tons/customer/year)	1.648	1.487	1.381	1.444	1.261	1.251	1.460	1.549	1.301	1.254
Commercial (tons/year)	15,046	15,570	13,986	13,461	13,625	12,529	11,217	10,418	10,179	10,388
Roll-off (tons/year)	3,254	3,906	3,575	3,171	3,648	4,929	3,461	3,212	1,333	1,128
Total Commercial Tons	18,300	19,476	17,561	16,632	17,273	17,458	14,678	13,630	11,512	11,516
Avg number of commercial customers/month	1,837	1798	1664	1506	1434	1304	1257	1153	1291	1343
Refuse collected (tons/customers/year)	9.964	10.832	10.553	11.044	12.045	13.388	11.677	11.821	8.917	8.575

* 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
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
2019	6,597	190,473	1,134	379,704
2020	6,596	212,315	1,108	415,316

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)
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
2019	1,299	406	1,705	350,481
2020	1,689	336	2,025	427,012

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>	<u>Estimated Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2019	\$ 13,421,960	\$ 42,537	3.0%
2020	\$ 14,117,033	\$ 44,349	3.0%

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>	<u>Water and Wastewater System</u>	<u>Sanitation System</u>	<u>Materials Recycling Facilities System</u>	<u>Total</u>
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
2019	454	161	16	631
2020	455	165	16	636

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>
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%
2019	318,641	2,669	0.84%
2020	320,086	4,114	0.45%

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

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

CAPITAL ASSET STATISTICS BY ACTIVITY

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Water:										
Wells	31	31	31	31	31	32	32	32	32	32
Water mains (miles)	1,768	1,760	1,749	1,692	1,689	1,685	1,685	1,746	1,684	1,680
Storage Capacity (MGD)	20	20	20	17	15	16	16	14	14	14
Wastewater:										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Sanitary sewer (miles)	1,299	1,286	1,272	1,254	1,249	1,243	1,237	1,222	1,209	1,202
Treatment capacity (MGD)	33	33	33	33	33	33	33	33	33	33
Sanitation:										
Collection vehicles	110	130	110	122	125	125	104	104	95	94

* Source: ECUA Departmental Statistics generated internally

**Emerald Coast Utilities Authority
Schedule of Insurance
As of September 30, 2020**

Florida Municipal Insurance Trust provides the following coverages:

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Workers' Compensation	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	10/1/2019 to 10/1/2020
Automobiles	Florida Municipal Insurance Trust Policy No.: 0162	All scheduled vehicles \$25,000 Deductible on Collision \$25,000 Deductible on Liability	\$1,000,000 \$106,915 Total Stop Loss - Auto Liability \$75,000 Total Stop Loss - Auto Physical Damage \$10,000 Personal Injury Protection Included	10/1/2019 to 10/1/2020
Property Coverage	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	(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	10/1/2019 to 10/1/2020
Boiler & Machinery Equipment Breakdown	Florida Municipal Insurance Trust (included in property coverage) Policy No.: 0162	Comprehensive Coverage. Pays loss from an accident to a covered object while in use or connected ready for use (as part of property coverage) \$100,000 Deductible	(1) \$100,000,000 per accident (2) The limit of liability is paid on a repair or replacement basis.	10/01/2019 to 10/01/2020
Business Interruption Coverage/Business Income	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	10/01/2019 to 10/01/2020
Business Interruption Coverage/Extra Expense	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	10/01/2019 to 10/01/2020
Inland Marine	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.	10/01/2019 to 10/01/2020

Public Risk Insurance Agency provides the following coverages:

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Environmental Pollution	XL/ Indian Harbor Insurance Company (PRIA) Policy No.: PEC004665501	Pollution Liability including coverage for Fuel Storage Tanks Environmental Impairment Liability	\$1,000,000 \$10,000 SIR per claim	10/01/2018 - 10/01/2021
Crime - All Coverages	The Travelers Companies (PRIA) Policy No.: 106380356	(1) Losses inside and outside of premises (2) Employee Dishonesty	\$1,000,000	10/01/2019 - 10/01/2020

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) Policy No.: 929323580	Damages to DOT Roads	State of Florida Requirements \$10,000 Road Restoration Bond	11/18/2019 to 11/18/2020
Cyber Liability Insurance	Illinois Union Insurance Company (PRIA) Policy No.: EON G25663809 004	Cyber Liability / Data Breach \$25,000 Deductible	A. Liability Limits 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	10/01/2019 to 10/01/2020

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 08	\$1,250/ \$1,250 Bldg/Contents Deductibles	\$500,000 Bldg/ \$500,000 Contents	01/07/2020 - 01/07/2021 Bldg & Contents; 450 W. Government St, Pns
	Policy No.: 09 1150566401 10	\$1,250/ \$1,250 "	\$500,000 Bldg/ \$500,000 Contents	08/23/2020 - 08/23/2021 Bldg & Contents; 1605 N. Guillemard Street, Pns
	Policy No.: 09 1150048479 11	\$1,250/ \$1,250 "	\$250,000 Bldg/ \$412,000 Contents	08/23/2020 - 08/23/2021 Bldg & Contents; 2600 E Cervantes St, Pns
	Policy No.: 09 1150021831 11	\$1,250/ \$1,250 "	\$363,000 Bldg/ \$441,000 Contents	08/03/2020 - 08/03/2021 Bldg & Personal Property; 425 Pens Bch Blvd, New Gulf Breeze
	Policy No.: 09 1150443043 10	\$2,000/ \$2,000 "	\$292,800 Bldg/ \$106,500 Contents	06/15/2020 - 06/15/2021 Bldg & Personal Property; 2 Story Operations Bldg; Pns Bch
	Policy No.: 09 1150443042 10	\$2,000/ \$2,000 "	\$ 39,900 Bldg / \$ 30,500 Contents	06/15/2020 - 06/15/2021 Bldg & Personal Property; Maintenance, Chlorination; Pns Bch
	Policy No.: 09 1150443051 10	\$2,000/ \$2,000 "	\$ 22,000 Bldg/ \$262,500 Contents	06/15/2020 - 06/15/2021 Bldg & Personal Property; Generator Bldg & Generator; Pns Bch
	Policy No.: 09 1151457055 03	\$1,250/ \$1,250 "	\$245,400 Bldg/ \$100,000 Contents	04/15/2020 - 04/15/2021 Bldg & Personal Property; Storage Bldg, 609 S. Old Corry Field Rd., Pns
	Policy No.: 09 1151457052 03	\$1,250/ \$1,250 "	\$346,500 Bldg/ \$221,800 Contents	04/15/2020 - 04/15/2021 Bldg & Personal Property; Warehouse/Off, 609 S. Old Corry Field Rd., Pns
	Policy No.: 09 1151457059 03	\$1,250/ \$1,250 "	\$173,300 Bldg/ \$ 50,000 Contents	04/15/2020 - 04/15/2021 Bldg & Personal Property; Office, 609 S. Old Corry Field Rd., Pns

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) \$200,000 per person \$300,000 per occurrence	10/01/2019 - 10/01/2020
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.	State of Florida (Sovereign Immunity) \$200,000 per person \$300,000 per occurrence	10/01/2019 - 10/01/2020

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***

**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, 2020, 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 9, 2021.

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) as a basis for designing 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.

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 financial statements. 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 9, 2021

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020, 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 AUDITOR'S MANAGEMENT LETTER

**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, 2020, and have issued our report thereon dated February 9, 2021.

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 9, 2021, 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

Sections 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*.

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.

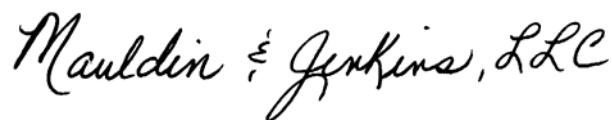
Section 10.554(1)(i)2, *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 9, 2021



INDEPENDENT ACCOUNTANT'S REPORT

**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, 2020. 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, 2020.

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 & Jenkins, LLC".

Bradenton, Florida
February 9, 2021



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