



PENSACOLA, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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 Annual Comprehensive Financial Report for the year ended September 30, 2021. 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 99,000 customers. The wastewater system serves 79,000 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. The Authority serves 94,000 sanitation customers in Escambia County. 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

Larry Williams
District Three

Dale Perkins
District Four

Kevin Stephens
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 Annual Comprehensive Financial Report (ACFR) 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 increased to 4.2% during 2021. 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 2022 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, new robotic sorters for the materials recycling facility, and replacement of certain equipment for the composting activity. Funding for the 2022 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 the robotic sorters. The current capital improvement plan (CIP), funded annually, totals \$381.9 million over the next five year planning period. Details about the fiscal year 2022-2026 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, 2021 for fiscal year 2022, the Authority Board approved a 2.5% increase to water and wastewater rates and approved a 9.5% sanitation rate increase for Escambia County customers. The rate increase for water and wastewater was allocated to capital improvement projects for sewer expansion while the sanitation rate increase is being used to cover increased operating cost of the sanitation system.

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 ACFR for the fiscal year ended September 30, 2020. This is the thirty-third 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 ACFR. 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 ACFR 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 ACFR 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,

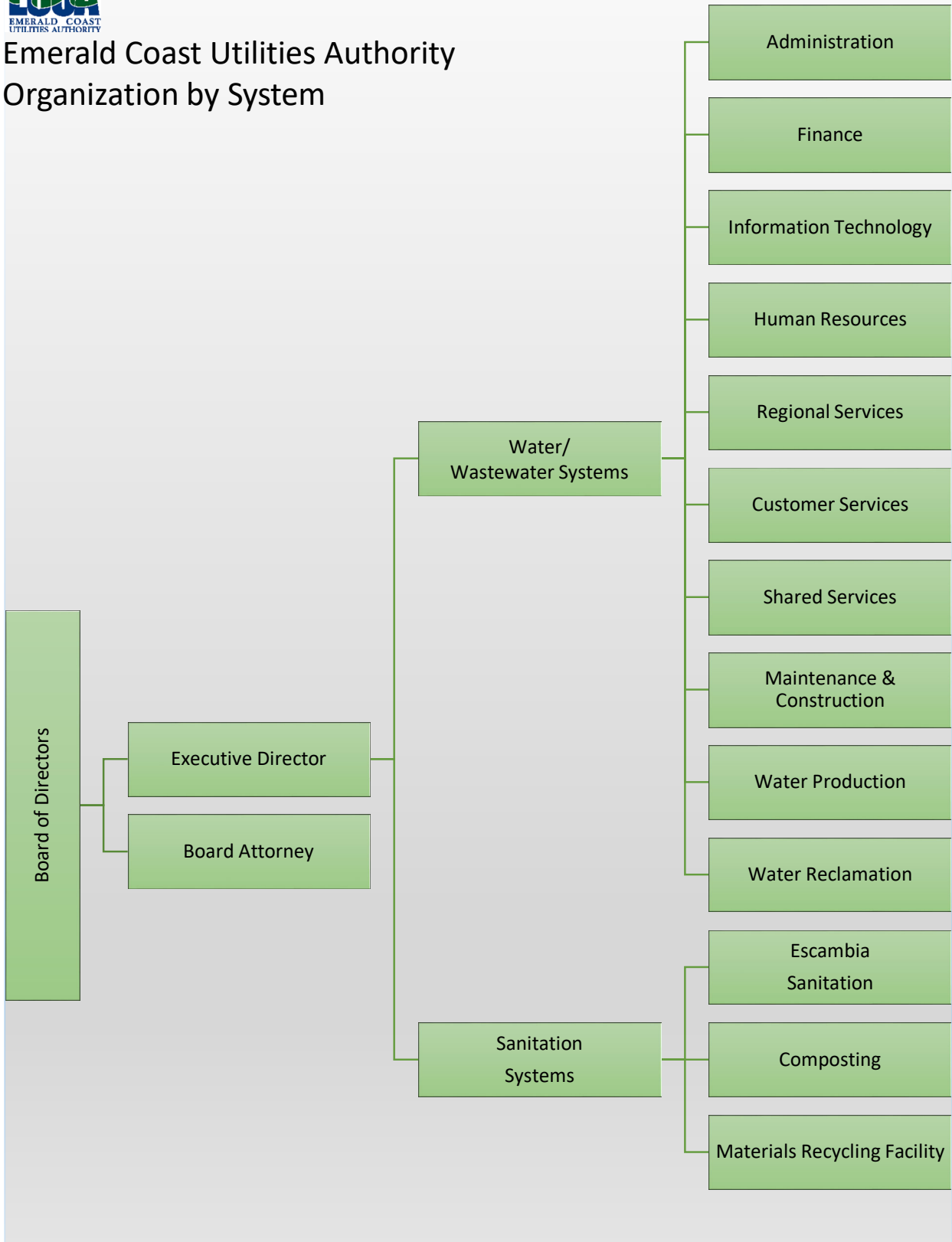
J. Bruce Woody
Executive Director

Justin Smith
Director of Finance

Organizational Chart



Emerald Coast Utilities Authority Organization by System



Emerald Coast Utilities Authority

Principal Officials

Elected Board Members

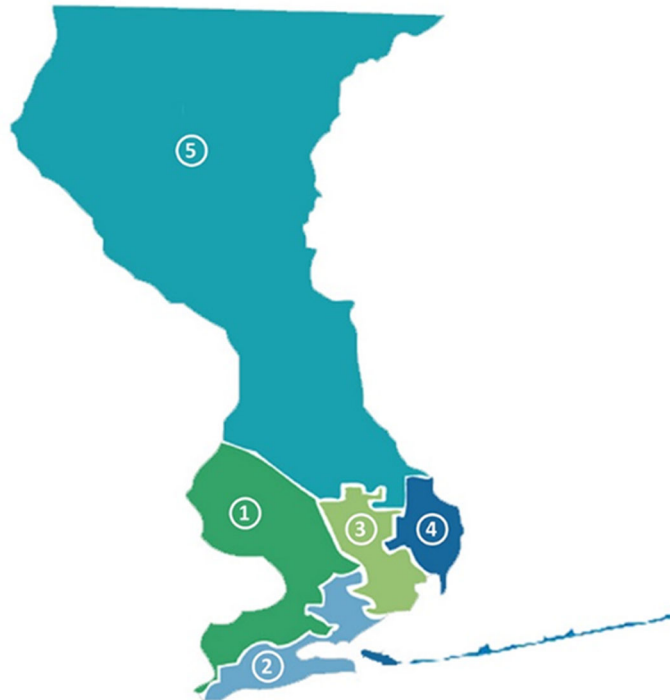
Vicki Campbell, District 1

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, 2020

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, 2021, 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, 2021, 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 19), 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 57 through 61) 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements of the Authority.

The individual schedules for the Water and Wastewater, Sanitation and Recycling systems and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards 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 8, 2022, 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 8, 2022



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**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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, 2021. 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, 2021 by \$648.6 million (net position), a \$34.8 million increase over the previous fiscal year, or 5.7%. Of this amount, \$121.8 million (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors. Of the remaining \$526.8 million, approximately \$484.3 million is the net investment in capital assets while the remainder is restricted for utility plant expansion (\$7.8 million) and debt service and other bond requirements (\$34.7 million).
- Operating revenue decreased by \$1.9 million, or 1.2% from fiscal year 2020. This is primarily due to the Sanitation contract for Santa Rosa County expiring on December 31, 2020. Rainfall during fiscal year 2021 was 85 inches, which is significantly above the 10 year average of 76 inches. This amount of rainfall also contributed to the average customer consuming 6% less potable water than fiscal year 2020.
- Operating expenses for fiscal year 2021 decreased by \$3.1 million, or 2.4%. This is primarily due to the Santa Rosa County sanitation contract expiring and the Materials Recycling Facility being shut down for approximately four months due to natural disasters.
- Debt service coverage increased from 211% to 232% at the end of the fiscal year. No new parity debt was issued by the Authority during fiscal year 2021; however, the Authority entered to a \$461.5 thousand capital lease to fund capital equipment.
- The Authority experienced a 2% increase in water customers, a 3% increase in wastewater, and a 19% decrease in sanitation customers during fiscal year 2021. The Authority sold 10.2 billion gallons of potable water and processed 8.2 billion gallons of wastewater at its three water reclamation facilities during fiscal year 2021. Authority collection trucks picked up over 155 thousand tons of residential, yard and recycling waste in the two county area.
- The Authority generated \$15.6 million in capital contributions during 2021. 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 decreased 7.6% over fiscal year 2020, indicating that developer activity has slowed down slightly in Escambia County.
- The capital improvement fee for funding capital improvements within the Water and Wastewater system generated \$9.7 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, 2021**

Overview of the Annual Financial Report

The Annual Comprehensive Financial Report (ACFR) 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 independent 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 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.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Financial Analysis

A comparative summary of the Authority's statement of net position as of September 30, 2021 and 2020 is shown below.

Comparative Summary of the Statement of Net Position
As of September 30, 2021 and 2020
(In Thousands)

	2021	2020	Increase (Decrease)	
			Change	%
Current assets	\$ 85,873	\$ 82,752	\$ 3,121	3.8%
Non-current assets-other than capital assets	135,300	138,545	(3,245)	-2.3%
Total Capital Assets (Net)	780,057	781,014	(957)	-0.1%
Total Assets	1,001,230	1,002,311	(1,081)	-0.1%
Total Deferred Outflows of Resources	10,299	13,785	(3,486)	-25.3%
Current liabilities	51,835	54,162	(2,327)	-4.3%
Non-current liabilities	288,449	345,440	(56,991)	-16.5%
Total Liabilities	340,284	399,602	(59,318)	-14.8%
Total Deferred Inflows of Resources	22,587	2,617	19,970	763.1%
Net investment in capital assets	484,341	455,629	28,712	6.3%
Restricted - debt service and bond requirements	34,727	32,549	2,178	6.7%
Restricted - expansion of utility plant	7,816	5,982	1,834	30.7%
Unrestricted	121,774	119,717	2,057	1.7%
Total Net Position	\$ 648,658	\$ 613,877	\$ 34,781	5.7%

At the end of fiscal year 2021, 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 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.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The Authority's net position increased by 5.7% to \$648.7 million as of September 30, 2021 mainly due to a decrease in expenditures and a reduction in net pension liability. There was no rate increase for water/wastewater in fiscal year 2021, however, there was a modest 0.6% increase in revenue due to customer growth.

In 2021, the Authority completed \$14.1 million of projects that were under construction in prior years, added \$14.5 million of new capital project completions, received \$6.8 million of capital assets through non-cash contributions, disposed of \$5.0 million of assets and recorded \$40.7 million in depreciation.

Total liabilities decreased \$59.3 million (14.8%) during fiscal year 2021. This is due to the Authority paying down \$30.5 million in principle on long-term debt as well as a \$25.9 million reduction in the Authority's proportionate share of the Florida Retirement System net pension liability. The Authority entered into a \$461.5 thousand 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:	<u>2021</u>	<u>2020</u>
Current unrestricted assets	\$64,356	\$62,780
Current unrestricted liabilities	\$11,960	\$13,467
Ratio of current assets to current liabilities	5.4	4.7

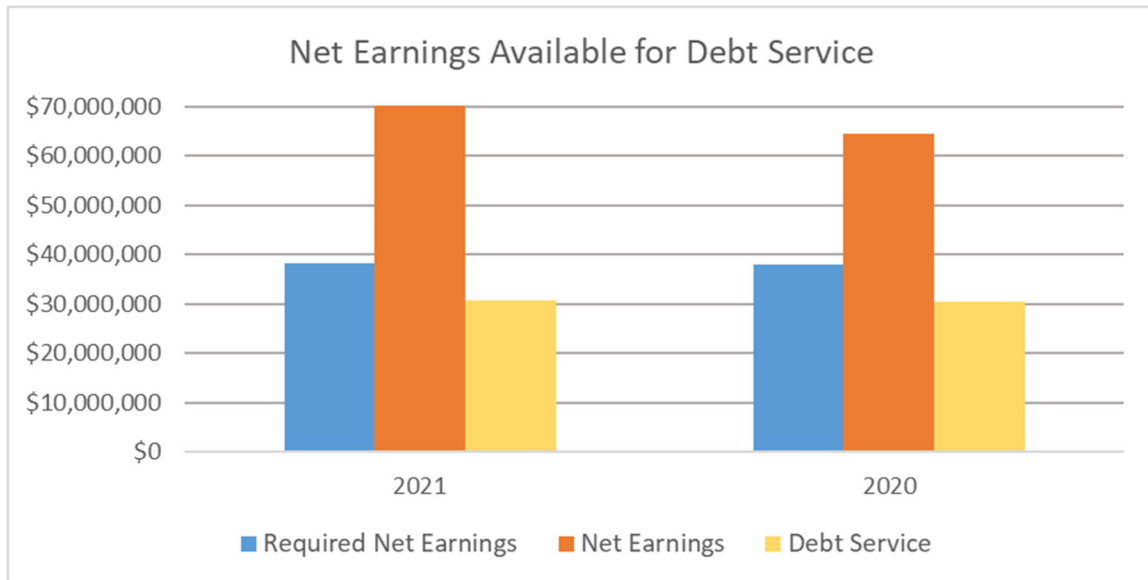
The ratio of current assets to current liabilities is a commonly used balance sheet indicator of cash solvency. A ratio greater than 1.0 is generally viewed as an acceptable indicator of an entity's ability to pay its current obligations. The Authority's current year ratio indicates adequate operating 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 2021 and 2020 was 232% and 211%, respectively, both of which exceeded the debt service covenants requirement of 125%. The Authority believes the ratio is appropriate for the degree of risk in the organization, and it is clear evidence of the strength of its equity. The following table presents the required net earnings as defined by the bond covenants, actual net earnings available for debt service, and total annual debt service. Additional debt service coverage is shown in the statistical section of this report.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**



At the end of the current fiscal year, the Authority had total notes and bonded debt outstanding of \$232.5 million. The Authority did not issue any new bonds or notes during fiscal year 2021. 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:

Emerald Coast Utilities Authority
Outstanding Bonded Debt and Notes

	2021	2020
Utility Systems Revenue Bonds	\$ 43,334,000	\$ 46,467,000
Utility Systems Revenue Notes	\$ 189,173,000	\$ 207,403,000
	<u>\$ 232,507,000</u>	<u>\$ 253,872,000</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, 2021**

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, 2021 and 2020
(In Thousands)

	2021	2020	Increase (Decrease)	
			Change	%
Operating Revenues:				
Customer charges for services	\$ 136,725	\$ 135,533	\$ 1,192	0.9%
Other revenues	20,437	22,948	(2,511)	-10.9%
Total operating revenues	157,162	158,481	(1,319)	-0.7%
Operating Expenses:				
Water and wastewater system	96,298	94,914	1,384	1.5%
Sanitation system	28,956	32,332	(3,376)	-10.4%
Materials recycling system	2,319	2,949	(630)	-21.4%
Total operating expenses	127,573	130,195	(2,622)	-2.0%
Operating Income	29,589	28,286	1,303	4.6%
Non-Operating Revenues (Expenses):				
Investment income	324	3,367	(3,043)	-90.4%
Interest expense	(11,308)	(12,220)	912	-7.5%
Insurance reimbursements	988	558	430	77.1%
Gain (Loss) on disposal on assets	(414)	310	(724)	-233.5%
Total non-operating revenues (expenses)	(10,410)	(7,985)	(2,425)	30.4%
Gain before contributions	19,179	20,301	(1,122)	-5.5%
Capital Contributions	15,602	16,000	(398)	-2.5%
Change in net position	34,781	36,301	(1,520)	-4.2%
Total Net Position - Beginning	613,877	577,576	36,301	6.3%
Total Net Position - Ending	\$ 648,658	\$ 613,877	\$ 34,781	5.7%

The \$1.3 million (0.7%) decrease in total operating revenues is the result of the contract expiring for sanitation services in Santa Rosa County. The demand for housing in northwestern Escambia County remains high as we continue to see new businesses expand into the area. The number of water customers grew by 2,274 (3%) while the number of wastewater customers increased by 1,597 (4%). Sanitation customers decreased by 24,208 (19%).

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

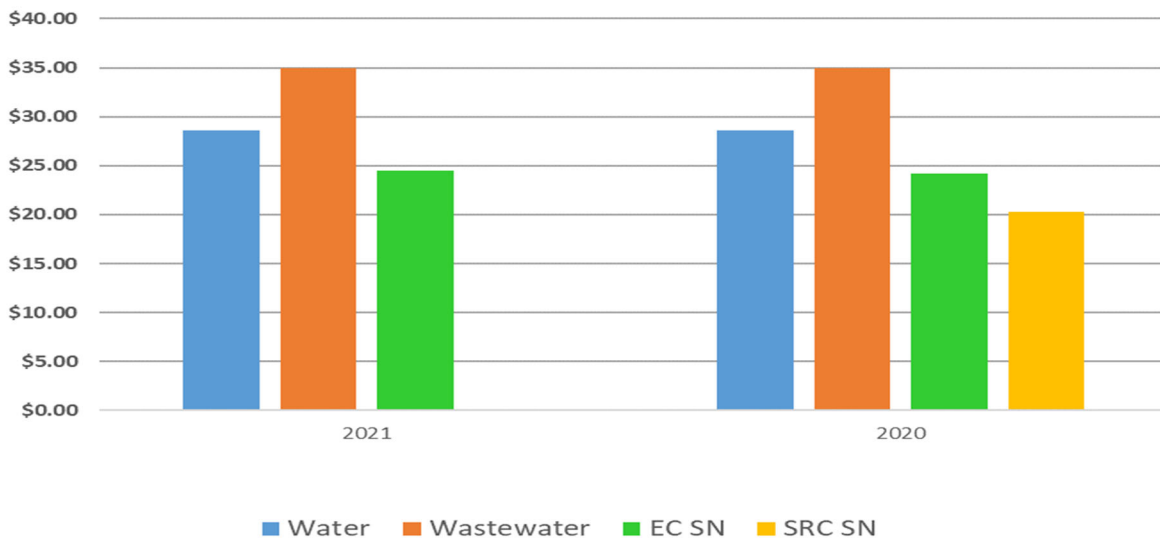
The Authority Board approved a budget with no rate increases for water and wastewater customers and 2% for Escambia County sanitation customers effective October 1, 2020. Effective December 31, 2020, the contract for sanitation collections in Santa Rosa County ended.

Recycling revenue decreased by \$306 thousand of 12.2% from fiscal year 2020. The Materials Recycling Facility (MRF) processed a total of 31,245 tons of recyclables during fiscal 2021 as compared to 40,314 tons of recyclables during fiscal year 2020, a decrease of approximately 22.5%. The MRF remained shut down in October 2020 after Hurricane Sally. The MRF was also shut down from July – September 2021 due to a fire at the facility. Despite the shut downs, the MRF was still able to generate sufficient revenue to cover expenditures for the year.

Non-cash developer contributions decreased 7.6% from the previous fiscal year and water and wastewater connection fees increased 6.6% 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 2021 and 2020. The charges are calculated using the typical residential consumption of 6,100 gallons of water and 4,600 gallons of wastewater.

Monthly Residential Customer Bill

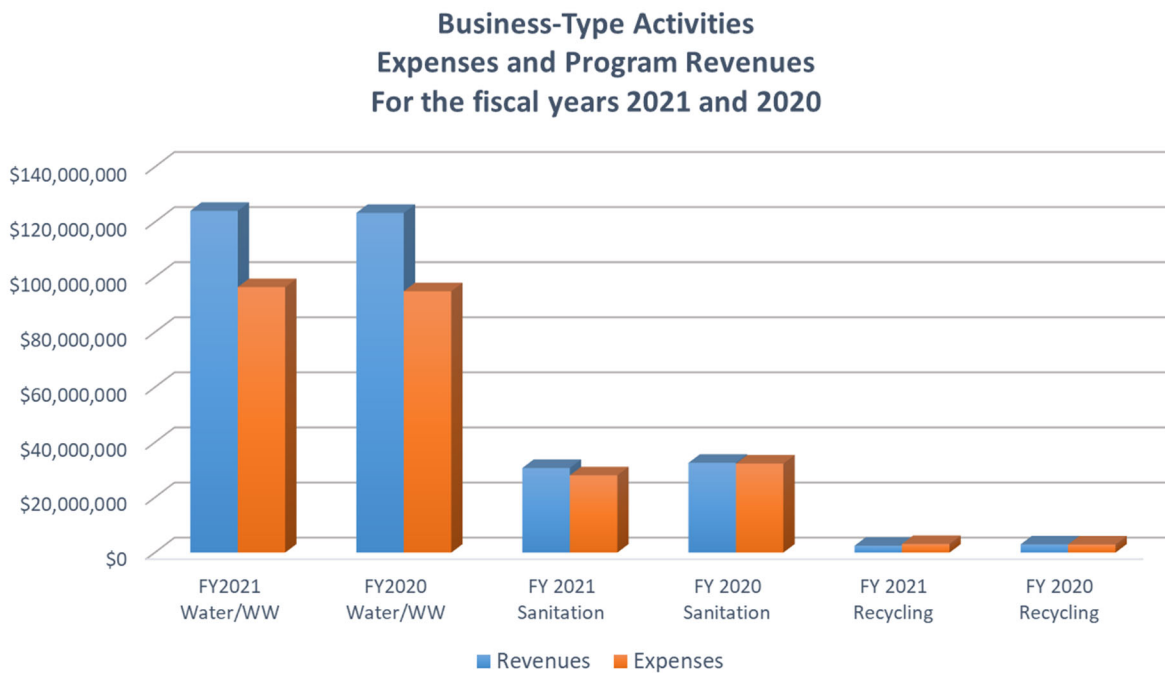


**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Expenses

Operational expenses are broken down into three categories: water and wastewater service, sanitation service and recycling service. Operating expenses totaled \$127 million for fiscal year 2021, a 2.4% decrease over the previous fiscal year. Water and wastewater operating expenses increased \$860 thousand (0.9%) primarily due to depreciation expense. Sanitation operating expenses decreased approximately \$3.4 million (10.4%) primarily due to the Santa Rosa County contract expiring and a reduction in personnel costs due to vacancies throughout the year. Operating expenses for the MRF decreased by \$648 thousand (22%) over the previous fiscal year due to reductions in personnel costs, contractual services, and repairs and maintenance. The MRF was shut down for approximately 4 months during fiscal year 2021 and the Authority incurred minimal expenses during this time frame.

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



Capital Assets

During 2021, the Authority spent \$41.4 million for construction and equipment, consisting of the following: \$15 million to upgrade or replace sewer lines, \$3.7 million for vehicles, \$2.7 million to upgrade or replace lift stations and \$7 million to upgrade or replace water distribution lines.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The following lists some of the Authority's completed capital projects for fiscal year 2021:

- Construction totaling \$1.1 million was completed on the Government Street Lift Station Pump.
- Construction totaling \$1.9 million was completed on the Well Line Road lift station.
- \$8.8 million for on-going costs for the sanitary sewer repairs in connection with the Authority's I&I Consent Order.
- \$4.5 million for on-going costs to repair and replace Cured In Place Later Lining.
- \$2.0 million for on-going costs to repair and replace water meters throughout the system.
- Construction totaling \$1.4 was completed on the Cantonment Trunk Force Main upgrade.
- \$5.7 million on various vehicles, trucks, and other equipment
- \$29.6 million worth of projects are still under construction at the end of the fiscal year.

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

Economic Factors and Next Year's Budget and Rates

The 2022 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 \$51.9 million for capital improvements. The capital improvement program will be funded with fiscal year 2021 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 2022. The capital improvement budget includes \$8.4 million for the Inflow and Infiltration construction phase of the Florida Department of Environment Protection consent order. The remaining \$43.5 million is for other normal infrastructure projects and vehicle and equipment replacements. The operating budget, which includes a 2.5% 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 Regional Services department, two new positions in the Maintenance and Construction department, and one new SCADA network technician. These new positions are needed to keep up with the amount of growth in the service area.

The Authority Board approved a 9.5% increase in the Escambia sanitation rates. 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. The budget also includes funding for two new positions in the Sanitation Administration division to perform a sanitation service field audit and six positions in the Sanitation Garage division to create an evening maintenance shift. The evening maintenance shift will allow ECUA to perform maintenance of fleet vehicles after-hours as to not interrupt the normal collection schedules.

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

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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, 2021

ASSETS

Current assets:

Cash and cash equivalents (note 3)	\$32,052,922
Receivables (net of allowance for uncollectibles) (note 4)	20,165,054
Grants receivable	511,060
Due from other governmental units	1,300,000
Inventory (note 1)	10,256,464
Restricted cash and investments: (note 5)	
Debt service sinking fund	18,312,816
Customer deposits	3,376,274
Prepaid expenses	87,821
Total current assets	86,062,411

Noncurrent assets:

Due from other governmental units	6,500,000
Restricted cash and investments (see note 5):	
Restricted by debt agreements	19,043,316
Restricted for capital improvement program	107,286,876
Self-insurance reserves (note 10)	788,600
Capital assets: (note 1 & 6)	
Land and other non-depreciable assets	57,965,339
Capital assets (net of depreciation)	721,588,402
Intangible assets (net of accumulated amortization)	503,152
Unamortized debt issuance costs (net of accumulated amortization) (note 1)	1,492,562
Total noncurrent assets	915,168,247
Total assets	1,001,230,658

Deferred Outflows of Resources:

Loss on bond refunding	1,017,549
Other post-employment benefits (note 12)	712,985
Pensions (note 11)	8,568,211
Total deferred outflows of resources	10,298,745

(continued)

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

EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

LIABILITIES

Current liabilities:

Vouchers payable	\$7,175,663
Due to other governmental units	427,324
Salaries and benefits payable	2,564,494
Compensated absences payable (note 1 & 7)	1,345,718
Current portion of long-term debt (note 7)	333,333
Payable from restricted assets:	
Customer deposits	3,376,274
Current portion of long-term debt (note 7)	31,110,521
Accrued interest payable	2,629,402
Contracts payable	2,342,046
Claims liabilities (note 10)	416,980
Other current liabilities	113,222
Total current liabilities	51,834,977

Non-current liabilities:

Long-term debt (note 6)	265,289,598
Compensated absences payable (note 1 & 7)	1,250,019
Other post-employment benefits (note 12)	4,402,083
Net pension liability (note 11)	17,135,755
Claims liabilities (note 10)	371,620
Total non-current liabilities	288,449,075
Total liabilities	340,284,052

Deferred Inflows of Resources:

Other post-employment benefits (note 12)	272,026
Pensions (note 11)	22,315,092
Total deferred inflows of resources	22,587,118

NET POSITION

Net investment in capital assets	484,340,990
Restricted:	
Debt service and other bond requirements	34,726,730
Expansion of utility plant	7,816,053
Unrestricted	121,774,460
Total net position	\$648,658,233

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



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EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Operating revenues:	
Charges for services:	
Water	\$44,854,402
Wastewater	60,367,901
Sanitation	28,770,376
Recycling	2,207,333
Connection charges	938,561
Sewer improvement fees	6,232,522
Capital improvement/funding fees	11,212,380
Other	1,935,423
Total operating revenues	<u>156,518,898</u>
Operating expenses:	
Personal services	43,811,636
Contractual services	3,884,743
Professional services	776,983
Materials and supplies	9,789,996
Repairs and maintenance	8,957,876
Utilities	7,509,265
Tipping fees	6,595,687
Other	4,999,243
Depreciation and amortization	40,723,471
Total operating expenses	<u>127,048,900</u>
Operating income	<u>29,469,998</u>
Non-operating revenues (expenses):	
Interest income	323,508
Interest expense	(11,307,922)
Insurance reimbursements	987,573
Gain (loss) on disposal of assets	(414,310)
Other income	119,691
Total non-operating revenues (expenses)	<u>(10,291,460)</u>
Income before contributions	<u>19,178,538</u>
Capital contributions - impact fees and other	8,836,592
Capital contributions - noncash	6,766,280
Total contributions	<u>15,602,872</u>
Change in net position	<u>34,781,410</u>
Net position at beginning of year	<u>613,876,823</u>
Net position at end of year	<u>\$648,658,233</u>

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, 2021**

Cash flows from operating activities:	
Cash received from customers	\$157,128,376
Cash payments to suppliers for goods and services	(52,945,396)
Cash payments to employees for services	(36,542,073)
Net cash provided by operating activities	<u>67,640,907</u>
Cash flows from noncapital financing activities:	
Transfers in	0
Transfers out	0
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	(34,484,517)
Contributions for capital assets	8,836,592
Received from note financing	461,501
Principal paid on long-term debt	(30,325,754)
Interest paid on long-term debt	(11,138,916)
Proceeds from sale of assets	302,085
Insurance reimbursements	1,107,264
Net cash used in capital and related financing activities	<u>(65,241,745)</u>
Cash flow from investing activities:	
Interest income	1,312,297
Proceeds from sales/maturities of investments	53,990,403
Purchases of investments	(55,003,990)
Net cash provided by investing activities	<u>298,710</u>
Net increase in cash and cash equivalents	2,697,872
Cash and cash equivalents at beginning of year	<u>119,393,304</u>
Cash and cash equivalents at end of year	<u><u>\$122,091,176</u></u>
Reconciliation of cash, cash equivalents, and investments at end of year to statement of net position:	
Current assets:	
Cash and cash equivalents	\$32,052,922
Restricted cash and investments	148,807,882
	<u>180,860,804</u>
Less investments	(58,769,628)
	<u><u>\$122,091,176</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, 2021**

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income	\$29,469,998
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	40,723,471
Capitalized labor	(815,750)
(Increase) decrease in assets:	
Accounts receivable	326,815
Due from grants receivable	756,975
Due from other funds	0
Due from other governments	1,300,000
Inventory	185,985
Prepaid expenses	32,701
Deferred outflows	3,140,938
Increase (decrease) in liabilities:	
Vouchers payable	398,556
Salaries and benefits payable	13,449
Customer deposits	(77,721)
Compensated absences	(129,671)
Due to other funds	0
Due to other governments	(376,582)
Unearned revenue	(1,746,307)
Other current liabilities	49,716
Net pension liability	(25,961,619)
Other post-employment benefits	464,483
Claims payable	(84,028)
Deferred inflows	19,969,498
Net cash provided by operating activities	\$67,640,907

Non-cash investing, capital and financing activities

Capital contributions from developers	\$6,766,280
Unrealized depreciation in fair value of investments	(\$1,065,902)

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



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NOTES TO FINANCIAL STATEMENTS



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ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
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SEPTEMBER 30, 2021

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 \$1,241,700. 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 \$5,000 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 2021 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 interest is charged to operations as incurred.

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

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EMERALD COAST UTILITIES AUTHORITY
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SEPTEMBER 30, 2021

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 Post-Employment Benefits (OPEB) to report expense and related liabilities (assets), of post-employment 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 2021, the Authority reports approximately \$1 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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

and other post-employment benefits. The deferred outflows and inflows of resources related to pension and other post-employment 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. 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.

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.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

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.

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EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021 the carrying value of the Authority’s bank deposit accounts was \$32,070,518 and the bank balance was \$32,141,199.

Investment Portfolio

As of September 30, 2021, 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	\$ 3,289,009	0.205
Local Government Surplus Funds Trust Fund ^(a)	55,514,624	0.134
Florida Palm Public Assets ^(b)	30,048,481	0.145
Money Market Mutual Fund ^(c)	1,063,748	0.079
Money Market Mutual Fund ^(d)	60,886	0.027
U.S. Treasury Securities	38,863,621	2.754
Federal Instrumentalities	13,387,626	2.339
Corporate Notes	5,788,761	2.233
State and Local Government Debt	729,620	2.675
Total Investments	<u>\$ 148,746,376</u>	

^(a) Florida Prime (SBA)'s September 30, 2021 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, 2021

^(c) Federated Government Obligations Fund fact sheet as of September 30, 2021

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

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EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, the investments had a weighted average duration of 1.177 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
037833DE7	Apple, Inc.	1/13/2023	\$ 515,730	continuous	12/13/2022
			<u>\$ 515,730</u>		

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.

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- 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.

At September 30, 2021, the Authority’s investments had the following credit quality:

Security Type	Standard & Poor's Credit Rating	Portfolio Asset Allocation
Certificates of Deposit	N/A	2.21%
Local Government Surplus Funds Trust Fund*	AAAm	37.32%
Florida Palm**	AAAm	20.20%
Money Market Mutual Funds	AAAm	0.72%
Money Market Mutual Funds	AAAm ²	0.04%
Corporate Notes	AA+	1.02%
Corporate Notes	AA	0.53%
Corporate Notes	A+	1.71%
Corporate Notes	A	0.64%
State and Local Government Debt	AA+	0.49%

*Florida Prime (SBA)’s 09/30/2021 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, 2021

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Custodial Credit Risk

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

As of September 30, 2021, the Authority's securities portfolio was held with a third-party custodian as required by the Authority's investment policy.

Concentration of Credit Risk

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

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

* Treasury Strips are limited to 10% of available funds

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As of September 30, 2021, the Authority had the following issuer concentrations based on fair value:

	Portfolio Asset	
	Fair Value	Allocation
Certificates of Deposit	\$ 3,289,009	2.211%
Local Government Surplus Funds Trust Fund	55,514,624	37.322%
Money Market Mutual Funds	1,124,634	0.756%
Florida Palm	30,048,481	20.201%
U.S. Treasury Securities	38,863,621	26.127%
Federal Instrumentalities:		
Federal National Mortgage Association	3,102,069	2.085%
Federal Home Loan Banks	4,842,097	3.255%
Federal Home Loan Mortgage Corporation	2,641,961	1.776%
Federal Farm Credit Banks	2,801,499	1.883%
Corporate Notes:		
Caterpillar Financial Services Crop	944,807	0.635%
PACCAR Financial Corp	508,940	0.342%
Toyota Motor Credit Corp.	1,461,993	0.983%
Amazon.com Inc.	789,777	0.531%
Apple, Inc.	1,515,756	1.019%
PepsiCo, Inc.	567,488	0.382%
State and Local Government Debt:		
Arizona St. Transportation Board	729,620	0.491%
	\$ 148,746,376	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.

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

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

The Local Government Surplus Funds Trust Fund 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	\$18,953,646	\$63,255	\$3,125	\$19,020,026	(\$1,078,500)	\$17,941,526
Sanitation	2,337,808	0	0	2,337,808	(163,200)	2,174,608
Materials Recycling	48,920	0	0	48,920	0	48,920
Total Business-Type Activities	<u>\$21,340,374</u>	<u>\$63,255</u>	<u>\$3,125</u>	<u>\$21,406,754</u>	<u>(\$1,241,700)</u>	<u>\$20,165,054</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	\$3,376,212	\$62	\$3,376,274
Restricted sinking fund	16,644,020	1,668,796	18,312,816
	<u>20,020,232</u>	<u>1,668,858</u>	<u>21,689,090</u>
Non-current restricted cash and investments:			
Restricted by debt agreements:			
Debt service reserve for Series 2010 Loan	3,289,009	0	3,289,009
Operations and Maintenance	5,850,400	1,866,869	7,717,269
Renewal and replacement	7,757,326	279,712	8,037,038
	<u>16,896,735</u>	<u>2,146,581</u>	<u>19,043,316</u>
Restricted for capital improvement program:			
Capital improvement program	97,633,475	1,365,761	98,999,236
Impact fees	7,816,053	0	7,816,053
Capital improvement fees	0	471,587	471,587
	<u>105,449,528</u>	<u>1,837,348</u>	<u>107,286,876</u>
Self-insurance reserves	<u>788,600</u>	<u>0</u>	<u>788,600</u>
Total restricted cash and cash equivalents	<u>\$143,155,095</u>	<u>\$5,652,787</u>	<u>\$148,807,882</u>

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NOTE 6 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2021 was as follows:

	Balance at 10/01/2020	Increases	Transfers/ Decreases	Balance at 09/30/2021
<i>Capital assets not depreciated:</i>				
Land	\$28,524,433	\$26,325	(\$248,316)	\$28,302,442
Construction in progress	30,611,317	13,192,025	(14,140,445)	29,662,897
Total capital assets not depreciated	<u>\$59,135,750</u>	<u>\$13,218,350</u>	<u>(\$14,388,761)</u>	<u>\$57,965,339</u>
<i>Capital assets depreciated:</i>				
Buildings and building improvements	\$44,956,000	\$184,500	\$0	\$45,140,500
Improvements other than buildings	974,614,026	35,230,703	0	1,009,844,729
Improvements under capital lease	18,496,683	0	0	18,496,683
Equipment	68,423,843	5,527,530	(3,466,715)	70,484,658
Equipment under capital lease	30,698,499	461,501	(1,546,408)	29,613,592
Total capital assets depreciated	<u>1,137,189,051</u>	<u>41,404,234</u>	<u>(5,013,123)</u>	<u>1,173,580,162</u>
<i>Less accumulated depreciation:</i>				
Buildings and building improvements	10,442,223	1,142,624	0	11,584,847
Improvements other than buildings	328,185,817	31,600,388	0	359,786,205
Improvements under capital lease	16,259,875	99,116	0	16,358,991
Equipment	42,982,656	5,173,915	(3,148,032)	45,008,539
Equipment under capital lease	18,445,918	2,204,274	(1,397,014)	19,253,178
Total accumulated depreciation	<u>416,316,489</u>	<u>40,220,317</u>	<u>(4,545,046)</u>	<u>451,991,760</u>
Total capital assets depreciated, net	<u>\$720,872,562</u>	<u>\$1,183,917</u>	<u>(\$468,077)</u>	<u>\$721,588,402</u>
Intangible assets	\$14,996,954	\$0	\$0	\$14,996,954
Less accumulated amortization	13,990,648	503,154	0	14,493,802
Total intangible assets depreciated, net	<u>\$1,006,306</u>	<u>(\$503,154)</u>	<u>\$0</u>	<u>\$503,152</u>

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NOTE 7 – LIABILITIES

Long-Term Debt

At September 30, 2021, long-term debt consisted of the following:

	Interest Rates %	Annual Principal	Final Maturity	Amount Outstanding 9/30/2021
Bonds:				
Sanitation System Refunding Revenue Bond, Series 2012	2.75%	\$ 958,000 to \$ 979,000	1/1/2022	\$ 979,000
Utility System Refunding Revenue Bonds, Series 2015	2% - 5%	\$ 2,175,000 to \$ 1,030,000	1/1/2036	42,355,000
Total long-term bonds				<u>43,334,000</u>
Notes From Direct Borrowing:				
Utility System Revenue Note, Series 2008	4.91%	\$ 8,630,000 to \$ 14,830,000	7/1/2028	82,985,000
Utility System Revenue Note, Series 2010	6.00%	\$ 2,027,000 to \$ 2,995,000	1/1/2031	25,284,000
Utility System Refunding Revenue Note, Series 2011	3.03%	\$ 983,000 to \$ 1,362,000	1/1/2023	2,345,000
Utility System Refunding Revenue Note, Series 2013	2.30%	\$ 1,350,000 to \$ 1,855,000	1/1/2028	12,110,000
Utility System Refunding Revenue Note, Series 2014	3.12%	\$ 855,000 to \$ 1,030,000	1/1/2027	5,730,000
Utility System Refunding Revenue Note, Series 2016	2.11%	\$ 2,021,000 to \$ 2,548,000	1/1/2032	25,282,000
Utility System Revenue Note, Series 2017	2.59%	\$ 1,656,000 to \$ 12,540,000	1/1/2030	35,437,000
Total long-term notes from direct borrowing				<u>189,173,000</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	44,480,439
Closed Loop loan - payments due quarterly	0.00%	\$ 83,333 to \$ 333,332	12/31/2025	1,416,667
Total long-term loans from direct borrowing				<u>45,897,106</u>
Capital Leases:				
Sanitation Equipment - due semi-annually	2.48%	\$ 756,020 to \$ 1,484,375	2/28/2023	2,240,395
Sanitation Trucks 2018	3.31%	\$ 377,715 to \$ 430,212	12/1/2024	1,640,068
Sanitation Trucks 2019	3.26%	\$ 268,946 to \$ 525,012	1/25/2026	2,270,812
Sanitation Trucks 2020	1.82%	\$ 483,591 to \$ 433,907	7/1/2027	2,774,719
Sanitation Trucks 2021	1.70%	\$ 15,559 to \$ 68,447	6/25/2028	445,943
Sub-total for sanitation vehicles and equipment leases				9,371,937
AMR equipment	4.41%	\$ 85,966 to \$ 1,114,151	9/30/2027	6,016,679
CNG Station - payments due monthly	2.09%	\$ 215,746 to \$ 238,830	9/30/2022	220,647
CNG Station - payments due monthly	2.09%	\$ 99,970 to \$ 104,233	2/28/2034	286,019
Composting equipment - payments due semi-annually	2.59%	\$ 93,938 to \$ 101,478	4/30/2024	296,764
Total long-term leases				<u>16,192,046</u>
Long-term debt				<u>294,596,152</u>
Unamortized bond premiums, net				<u>2,137,300</u>
Total long-term debt				<u>296,733,452</u>
Less current maturities				<u>31,443,854</u>
Total long-term debt				<u>\$ 265,289,598</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 2021 was 232%.

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Long-Term Debt Changes in long-term bonds, notes payable, capital leases, and compensated absences during 2021 are as follows:

Long-Term Debt	Beginning Balance 10/1/2020	Additions	(Reductions)	Long-Term Debt Outstanding 9/30/2021	Amounts Due Within One Year of 09/30/2021
Bonds:					
Sanitation System Refunding Revenue Bond, Series 2012	\$1,937,000	\$0	(\$958,000)	\$979,000	\$979,000
Utility System Refunding Revenue Bonds, Series 2015	44,530,000	0	(2,175,000)	42,355,000	2,285,000
Total long-term bonds	<u>46,467,000</u>	<u>0</u>	<u>(3,133,000)</u>	<u>43,334,000</u>	<u>3,264,000</u>
Notes From Direct Borrowing:					
Utility System Revenue Note, Series 2008	91,615,000	0	(8,630,000)	82,985,000	9,085,000
Utility System Revenue Note, Series 2010	27,311,000	0	(2,027,000)	25,284,000	2,108,000
Utility System Refunding Revenue Note, Series 2011	3,671,000	0	(1,326,000)	2,345,000	1,362,000
Utility System Refunding Revenue Note, Series 2013	13,825,000	0	(1,715,000)	12,110,000	1,735,000
Utility System Refunding Revenue Note, Series 2014	6,585,000	0	(855,000)	5,730,000	880,000
Utility System Refunding Revenue Note, Series 2016	27,303,000	0	(2,021,000)	25,282,000	2,064,000
Utility System Revenue Note, Series 2017	37,093,000	0	(1,656,000)	35,437,000	1,741,000
Total long-term notes from direct borrowing	<u>207,403,000</u>	<u>0</u>	<u>(18,230,000)</u>	<u>189,173,000</u>	<u>18,975,000</u>
Loans From Direct Borrowing:					
State of Florida Department of Environmental Protection Revolving Loans	49,077,419	0	(4,596,980)	44,480,439	4,699,026
Closed Loop loan	1,750,000	0	(333,333)	1,416,667	333,333
Total long-term loans from direct borrowing	<u>50,827,419</u>	<u>0</u>	<u>(4,930,313)</u>	<u>45,897,106</u>	<u>5,032,359</u>
Capital Leases:					
Sanitation vehicles and equipment capital lease	11,647,126	461,501	(2,736,691)	9,371,936	2,855,740
AMR capital lease	6,876,355	0	(859,676)	6,016,679	897,642
CNG Station capital leases	848,802	0	(342,136)	506,666	322,727
Composting equipment capital lease	390,703	0	(93,938)	296,765	96,386
Total long-term leases	<u>19,762,986</u>	<u>461,501</u>	<u>(4,032,441)</u>	<u>16,192,046</u>	<u>4,172,495</u>
Total bonds, loans, and leases	<u>324,460,405</u>	<u>461,501</u>	<u>(30,325,754)</u>	<u>294,596,152</u>	<u>31,443,854</u>
Unamortized bond premiums, net	2,288,542	0	(151,242)	2,137,300	0
Total long-term debt	<u>326,748,947</u>	<u>461,501</u>	<u>(30,476,996)</u>	<u>296,733,452</u>	<u>31,443,854</u>
Compensated Absences	<u>2,725,408</u>	<u>3,515,126</u>	<u>(3,644,797)</u>	<u>2,595,737</u>	<u>1,191,449</u>
	<u>\$329,474,355</u>	<u>\$3,976,627</u>	<u>(\$34,121,793)</u>	<u>\$299,329,189</u>	<u>\$32,635,303</u>

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

Fiscal Year Ending September 30,	Principal	Interest	Total
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	30,090,824	5,802,190	35,893,014
2027 - 2031	115,973,728	12,868,072	128,841,800
2032 - 2036	18,725,565	1,518,452	20,244,017
Total bond, note, and loan debt service requirements	<u>\$278,404,106</u>	<u>\$54,174,389</u>	<u>\$332,578,495</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
2022	\$ 4,172,495	\$ 506,688	\$ 4,679,183
2023	3,305,502	385,132	3,690,634
2024	2,607,734	290,589	2,898,323
2025	2,509,821	204,877	2,714,698
2026	1,878,205	118,724	1,996,929
2027 - 2031	1,718,289	57,849	1,776,138
Total capital lease debt service requirements	<u>\$16,192,046</u>	<u>\$1,563,859</u>	<u>\$17,755,905</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, 2021, fourteen bond issues are outstanding with an aggregate principal amount of \$70,825,000.

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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:

	Water and Wastewater	Sanitation	Materials Recycling
Assets:			
Current assets ⁽¹⁾	\$95,982,792	\$6,575,542	\$625,862
Noncurrent assets	878,593,697	28,280,585	8,293,965
Total assets	<u>974,576,489</u>	<u>34,856,127</u>	<u>8,919,827</u>
Deferred outflows of resources	<u>7,328,013</u>	<u>2,970,732</u>	<u>0</u>
Total assets and deferred outflows	<u>\$981,904,502</u>	<u>\$37,826,859</u>	<u>\$8,919,827</u>
Liabilities:			
Current liabilities ⁽¹⁾	\$44,277,771	\$16,709,662	\$7,969,329
Long-term liabilities	275,853,821	11,499,388	1,095,866
Total liabilities	<u>320,131,592</u>	<u>28,209,050</u>	<u>9,065,195</u>
Deferred inflows of resources	<u>15,881,895</u>	<u>6,705,223</u>	<u>0</u>
Net Position:			
Net investment in capital assets	464,000,190	13,463,501	6,877,299
Restricted	38,822,903	3,719,880	0
Unrestricted	143,067,922	(14,270,795)	(7,022,667)
Total net position	<u>645,891,015</u>	<u>2,912,586</u>	<u>(145,368)</u>
Total liabilities, deferred inflows and net position	<u>\$981,904,502</u>	<u>\$37,826,859</u>	<u>\$8,919,827</u>

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

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

	Water and Wastewater	Sanitation	Materials Recycling
Operating revenues:			
Customer charges	\$105,222,303	\$28,770,376	\$2,207,333
Other operating revenue ⁽²⁾	18,343,738	1,975,148	0
Total operating revenue	<u>123,566,041</u>	<u>30,745,524</u>	<u>2,207,333</u>
Operating expenses:			
Depreciation and amortization	35,697,662	4,245,379	780,430
Other operating expenses ⁽²⁾	60,075,934	24,729,089	1,520,406
Total operating expenses	<u>95,773,596</u>	<u>28,974,468</u>	<u>2,300,836</u>
Operating income (loss)	<u>27,792,445</u>	<u>1,771,056</u>	<u>(93,503)</u>
Nonoperating revenues (expenses):			
Investment income	322,250	1,258	0
Interest expense	(10,796,652)	(434,157)	(77,113)
Insurance reimbursements	82,129	709,421	196,023
Other nonoperating revenues (expenses)	(107,999)	(305,828)	119,208
Total nonoperating revenues (expenses)	<u>(10,500,272)</u>	<u>(29,306)</u>	<u>238,118</u>
Income (loss) before capital contributions and transfers	<u>17,292,173</u>	<u>1,741,750</u>	<u>144,615</u>
Capital contributions	15,602,872	0	0
Change in net position	<u>32,895,045</u>	<u>1,741,750</u>	<u>144,615</u>
Net position at beginning of year	<u>612,995,970</u>	<u>1,170,836</u>	<u>(289,983)</u>
Net position at end of year	<u>\$645,891,015</u>	<u>\$2,912,586</u>	<u>(\$145,368)</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	\$62,717,489	\$4,641,325	\$1,307,224
Noncapital financing activities	(484,664)	984,664	(500,000)
Capital and related financing activities	(59,873,535)	(6,032,355)	(360,988)
Investing activities	217,542	1,258	0
Net increase (decrease) Cash and cash	<u>2,576,832</u>	<u>(405,108)</u>	<u>446,236</u>
Cash and cash equivalents, beginning of year	<u>113,204,703</u>	<u>6,057,895</u>	<u>130,706</u>
Cash and cash equivalents, end of year	<u>\$115,781,535</u>	<u>\$5,652,787</u>	<u>\$576,942</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, 2021 are as follows:

Capital contributions - cash:	
Impact fees	\$6,064,350
Other governmental entities	<u>2,772,242</u>
	<u>\$8,836,592</u>
 Capital contributions - noncash:	
Property contributed by developers and others	<u>\$6,766,280</u>

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, 2021.

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

	2021	2020
Claims liabilities, beginning of year	\$ 872,628	\$ 1,023,848
Claims incurred and changes in estimates	120,661	621,738
Claims paid	(204,689)	(772,958)
Unpaid claims, ending	788,600	872,628
Estimated claims due within one year	(416,980)	(465,398)
Estimated claims due longer than a year	\$ 371,620	\$ 407,230

At September 30, 2021, the Authority has restricted cash of \$788,600 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 Annual Comprehensive Financial Report (ACFR) 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 ACFR 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, 2021 were 10.82% for regular participants, 29.01% for senior management, 51.42% for elected officials, and 18.34% 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.

The Authority's contributions to the Pension Plan totaled \$3,266,915 for the year ended September 30, 2021.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021 the Authority reported a net pension liability of \$5,879,274 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021, the Authority’s proportionate share was 0.077831352%.

For the year ended September 30, 2021 the Authority recognized pension expense of \$71,095 related to the Pension Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,007,717	\$ -
Change in assumptions	4,022,891	-
Net difference between projected and actual earnings on Pension Plan investments		20,511,309
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	1,211,626	999,832
Authority Pension Plan contributions subsequent to measurement date	737,515	-
	\$ 6,979,749	\$ 21,511,141

The deferred outflows of resources to the Pension Plan totaling \$737,515 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year Ending September 30	
2022	\$ (2,726,782)
2023	(3,203,722)
2024	(4,215,118)
2025	(5,322,812)
2026	199,527
Thereafter	-
	\$ (15,268,907)

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Actuarial Assumptions – The total pension liability in the July 1, 2021 actuarial valuations was determined using the following actuarial assumptions:

	<u>2021</u>
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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments remained at 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. Geometrically combining those building blocks using the formula $(1 + .024) \times (1 + .0430) - 1$ generates an expected nominal return of 6.8%.

For reference, the table below contains a summary of Milliman’s in-house 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 Milliman assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table differs from the model output listed in more detail on slide 60 of Milliman’s presentation to the 2020 FRS Actuarial Assumption Conference on October 8, 2020 in that the summary below reflects the inflation assumption of 2.4% adopted by the Conference.

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Asset Class	Policy Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash equivalents	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, 2021 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	\$ 26,292,507	\$ 5,879,274	\$ (11,183,900)

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 ACFR.

Payables to the Pension Plan – At September 30, 2021 the Authority reported payables of \$260,940 for the outstanding amount of contributions to the Pension Plan required for the year ended September 30, 2021.

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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, 2021 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, 2021, 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 \$535,053 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021 the Authority reported a net pension liability of \$11,256,481 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021 the Authority's proportionate share was .091766014%.

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For the year ended September 30, 2021 the Authority recognized pension expense of \$989,890 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 376,670	\$ 4,715
Change in assumptions	884,507	463,796
Net difference between projected and actual earnings on HIS investments	11,735	-
Changes in proportion and differences between Authority HIS contributions and proportionate share of contributions	194,735	335,440
Authority HIS contributions subsequent to measurement date	<u>120,815</u>	<u>-</u>
	<u>\$ 1,588,462</u>	<u>\$ 803,951</u>

The deferred outflows of resources related to pensions totaling \$120,815 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, 2022. 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:

<u>Year Ending September 30</u>	
2022	\$ 250,351
2023	60,909
2024	77,102
2025	140,704
2026	112,600
Thereafter	<u>22,030</u>
	<u>\$ 663,696</u>

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Actuarial Assumptions – Actuarial valuations for the HIS Program are conducted biennially. The HIS pension liability in the July 1, 2021 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	2.16%

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 2.16% for the June 30, 2021 measurement date. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% 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 (3.16%) or 1.00% lower (1.16%) than the current discount rate of 2.16% at June 30, 2021.

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Authority's proportionate share of the net pension liability	\$ 13,013,583	\$ 11,256,481	\$ 9,816,930

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 ACFR.

Payables to the Pension Plan – At September 30, 2021 the Authority reported payables of \$39,809 for the outstanding amount of contributions to the HIS Program required for the year ended September 30, 2021.

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Applicable totals for the Authority’s defined benefit pension plans are listed below:

	<u>FRS Pension</u>	<u>HIS Pension</u>	<u>Total</u>
Net pension liability	\$ 5,879,274	\$ 11,256,481	\$ 17,135,755
Deferred outflows of resources	6,979,749	1,588,462	8,568,211
Deferred inflows of resources	21,511,141	803,951	22,315,092
Pension expense	71,095	989,890	1,060,985

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 \$14,587 for the year ended September 30, 2021 which is equal to the required contribution.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

The Authority has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This statement sets forth rules for how governmental employers should account for Other Post-Employment 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, 2020, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	605
Retirees, beneficiaries, and disable members	<u>157</u>
	762

Total OPEB Liability:

The Authority’s total OPEB liability of \$4,402,083 at September 30, 2021, was measured as of September 30, 2020, 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, 2020 using the following actuarial assumptions:

Inflation	2.50%
Salary increases	varies by service
Discount rate	2.14%
Initial Healthcare cost trend rate	7.00%
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 2.14%. 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.

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in Milliman’s July 1, 2019 Florida Retirement System (FRS) valuation report.

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Changes in the Total OPEB Liability were as follows:

Total OPEB liability, September 30, 2020	\$3,937,600
Service cost	246,291
Interest	147,171
Differences between expected and actual experience	(85,132)
Changes of assumptions	303,346
Benefit payments	<u>(147,193)</u>
Net changes	<u>464,483</u>
Total OPEB liability, September 30, 2021	<u>\$4,402,083</u>

Difference between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2020.

Changes of assumptions reflects a change in the discount rate from 3.58% percent for the reporting period ended September 30, 2020, to 2.14% for the reporting period ended September 30, 2021. Also reflected as assumption changes are updated health care costs and premiums, an updated retiree medical participation assumption, updated health care cost trend rates, and updated mortality, retirement, termination, disability and salary scale increase rates.

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 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
Total OPEB liability	\$5,104,637	\$4,402,083	\$3,837,892

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% - 6.00%	Healthcare Cost Trend Rate 4.00% - 7.00%	1% Increase 5.00% - 8.00%
Total OPEB liability	\$4,139,980	\$4,402,083	\$4,718,266

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

For the year ended September 30, 2021, the Authority recognized OPEB expense of \$454,198.

At September 30, 2021, 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	\$195,257	\$74,490
Changes in assumptions	382,778	197,536
Changes in contributions subsequent to measurement date	134,950	0
Total	\$712,985	\$272,026

The deferred outflows of resources related to OPEB totaling \$134,950 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, 2022. 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	
2022	\$58,736
2023	58,736
2024	58,736
2025	58,732
2026	33,626
Thereafter	37,443
	\$306,009

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 \$13.3 million for construction projects at September 30, 2021.

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, 2021 and February 8, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



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

	2021	2020	2019	2018	2017
Total OPEB Liability:					
Service cost	\$ 246,291	\$ 232,154	\$ 205,868	\$ 196,420	\$ 191,000
Interest	147,171	139,709	120,274	98,129	104,000
Differences between expected and actual experience	(85,132)	0	341,702	0	0
Changes in assumptions	303,346	28,490	(165,936)	(171,195)	194,000
Benefit payments	(147,193)	(136,290)	(116,788)	(102,937)	(93,000)
Net change in total OPEB liability	464,483	264,063	385,120	20,417	396,000
Total OPEB liability - beginning of year	3,937,600	3,673,537	3,288,417	3,268,000	2,872,000
Total OPEB liability - end of year	<u>\$ 4,402,083</u>	<u>\$ 3,937,600</u>	<u>\$ 3,673,537</u>	<u>\$ 3,288,417</u>	<u>\$ 3,268,000</u>
Covered-employee payroll **	\$ 28,582,375	\$ 28,734,685	\$ 28,695,892	\$ 25,843,185	\$ 25,843,185
Total OPEB liability as a percentage of covered-employee payroll	15.40%	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, 2021.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Emerald Coast Utilities Authority's proportion of net pension liability	0.077831352%	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	\$ 5,879,274	\$ 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	\$ 33,581,977	\$ 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	17.51%	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	96.40%	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*

	2021	2020	2019	2018	2017	2016	2015	2014
Emerald Coast Utilities Authority's proportion of net pension liability	0.091766014%	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	\$ 11,256,481	\$ 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	\$ 33,581,977	\$ 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	33.52%	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	3.56%	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*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,266,915	\$ 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>(3,266,915)</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
 Emerald Coast Utilities Authority's covered payroll	 \$ 33,337,402	 \$ 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	9.80%	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*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 535,053	\$ 536,034	\$ 520,009	\$ 515,479	\$ 592,534	\$ 469,401	\$ 451,157	\$ 380,263
Contributions in relation to the contractually required contribution	<u>(535,053)</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emerald Coast Utilities Authority's covered payroll	\$ 33,337,402	\$ 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	1.60%	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, 2021

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Water	\$44,854,402	\$0	\$44,854,402	\$44,854,402	\$0
Wastewater	60,367,901	0	60,367,901	60,367,901	0
Sanitation	28,770,376	0	28,770,376	28,770,376	0
Recycling	2,207,333	0	2,207,333	2,207,333	0
Connection charges	938,561	0	938,561	938,561	0
Sewer improvement fees	6,232,522	0	6,232,522	6,232,522	0
Capital improvement/funding fees	11,212,380	0	11,212,380	11,212,380	0
Other	1,935,423	0	1,935,423	1,935,423	0
Total operating revenues	<u>156,518,898</u>	<u>0</u>	<u>156,518,898</u>	<u>156,518,898</u>	<u>0</u>
Operating expenses:					
Personal services	43,811,636	3,202,455	47,014,091	47,014,091	0
Contractual services	3,884,743	0	3,884,743	3,884,743	0
Professional services	776,983	0	776,983	776,983	0
Materials and supplies	9,789,996	0	9,789,996	9,789,996	0
Repairs and maintenance	8,957,876	0	8,957,876	8,957,876	0
Utilities	7,509,265	0	7,509,265	7,509,265	0
Tipping fees	6,595,687	0	6,595,687	6,595,687	0
Overhead allocation	84,621	0	84,621	84,621	0
Other	4,999,243	0	4,999,243	4,999,243	0
Depreciation and amortization	40,723,471	(40,723,471)	0	0	0
Total operating expenses	<u>127,133,521</u>	<u>(37,521,016)</u>	<u>89,612,505</u>	<u>89,612,505</u>	<u>0</u>
Operating income (loss)	<u>29,385,377</u>	<u>37,521,016</u>	<u>66,906,393</u>	<u>66,906,393</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest income	323,508	1,065,902	1,389,410	1,389,410	0
Interest expense	(11,307,922)	360,546	(10,947,376)	(10,947,376)	0
Insurance reimbursements	278,152	0	278,152	278,152	0
Gain (loss) on disposal of assets	(413,827)	413,827	0	0	0
Total non-operating revenues (expenses)	<u>(11,120,089)</u>	<u>1,840,275</u>	<u>(9,279,814)</u>	<u>(9,279,814)</u>	<u>0</u>
Income (loss) before contributions and transfers	<u>18,265,288</u>	<u>39,361,291</u>	<u>57,626,579</u>	<u>57,626,579</u>	<u>0</u>
Capital contributions - impact fees and other	8,836,592	0	8,836,592	8,836,592	0
Capital contributions - noncash	6,766,280	(6,766,280)	0	0	0
Principal sinking fund requirements	0	(30,748,642)	(30,748,642)	(30,748,642)	0
Total contributions and transfers	<u>15,602,872</u>	<u>(37,514,922)</u>	<u>(21,912,050)</u>	<u>(21,912,050)</u>	<u>0</u>
Change in net position	<u>\$33,868,160</u>	<u>\$1,846,369</u>	<u>\$35,714,529</u>	<u>\$35,714,529</u>	<u>\$0</u>

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2021

	Water/ Wastewater	Sanitation	Materials Recycling	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$31,475,980	\$0	\$576,942	\$32,052,922
Receivables (net of allowance for uncollectibles)	17,941,526	2,174,608	48,920	20,165,054
Grants receivable	511,060	0	0	511,060
Due from Sanitation system	9,680,256	0	0	9,680,256
Due from Materials Recycling system	7,441,529	0	0	7,441,529
Due from other governmental units	1,300,000	0	0	1,300,000
Inventory	7,526,742	2,729,722	0	10,256,464
Restricted cash and cash equivalents:				
Debt service sinking fund	16,644,020	1,668,796	0	18,312,816
Customer deposits	3,376,212	62	0	3,376,274
Prepaid expenses	85,467	2,354	0	87,821
Total current assets	<u>95,982,792</u>	<u>6,575,542</u>	<u>625,862</u>	<u>103,184,196</u>
Noncurrent assets:				
Due from other governmental units	6,500,000	0	0	6,500,000
Restricted cash and investments:				
Restricted by debt agreements	16,896,735	2,146,581	0	19,043,316
Restricted for capital improvement program	105,449,528	1,837,348	0	107,286,876
Self-insurance reserves	788,600	0	0	788,600
Capital assets:				
Land and other non-depreciable assets	56,536,900	1,428,439	0	57,965,339
Capital assets (net of depreciation)	690,930,583	22,363,854	8,293,965	721,588,402
Intangible assets (net of accumulated amortization)	0	503,152	0	503,152
Unamortized debt issuance costs (net of accumulated amortization)	1,491,351	1,211	0	1,492,562
Total noncurrent assets	<u>878,593,697</u>	<u>28,280,585</u>	<u>8,293,965</u>	<u>915,168,247</u>
Total assets	<u>974,576,489</u>	<u>34,856,127</u>	<u>8,919,827</u>	<u>1,018,352,443</u>
Deferred Outflows of Resources:				
Loss on bond refunding	981,145	36,404	0	1,017,549
Other post-employment benefits	519,697	193,288	0	712,985
Pensions	5,827,171	2,741,040	0	8,568,211
Total deferred outflows of resources	<u>7,328,013</u>	<u>2,970,732</u>	<u>0</u>	<u>10,298,745</u>

(continued)

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2021

	Water/ Wastewater	Sanitation	Materials Recycling	Total
LIABILITIES				
Current liabilities:				
Vouchers payable	\$5,337,755	\$1,689,031	\$148,877	\$7,175,663
Due to other funds	0	9,680,256	7,441,529	17,121,785
Due to other governmental units	427,170	154	0	427,324
Salaries and benefits payable	2,068,810	460,600	35,084	2,564,494
Compensated absences payable	784,826	550,386	10,506	1,345,718
Current portion of long-term debt	0	0	333,333	333,333
Payable from restricted assets:				
Customer deposits	3,376,212	62	0	3,376,274
Current portion of long-term debt	26,958,747	4,151,774	0	31,110,521
Accrued interest payable	2,533,905	95,497	0	2,629,402
Contracts payable	2,342,046	0	0	2,342,046
Claims liabilities	335,078	81,902	0	416,980
Other current liabilities	113,222	0	0	113,222
Total current liabilities	<u>44,277,771</u>	<u>16,709,662</u>	<u>7,969,329</u>	<u>68,956,762</u>
Non-current liabilities:				
Long-term debt	257,489,691	6,716,574	1,083,333	265,289,598
Compensated absences	1,237,486	0	12,533	1,250,019
Other post-employment benefits	3,353,087	1,048,996	0	4,402,083
Net pension liability	13,503,594	3,632,161	0	17,135,755
Claims liabilities	269,963	101,657	0	371,620
Total non-current liabilities	<u>275,853,821</u>	<u>11,499,388</u>	<u>1,095,866</u>	<u>288,449,075</u>
Total liabilities	<u>320,131,592</u>	<u>28,209,050</u>	<u>9,065,195</u>	<u>357,405,837</u>
Deferred Inflows of Resources:				
Other post-employment benefits	201,321	70,705	0	272,026
Pensions	15,680,574	6,634,518	0	22,315,092
Total deferred inflows of resources	<u>15,881,895</u>	<u>6,705,223</u>	<u>0</u>	<u>22,587,118</u>
NET POSITION				
Net investment in capital assets	464,000,190	13,463,501	6,877,299	484,340,990
Restricted:				
Debt service and other bond requirements	31,006,850	3,719,880	0	34,726,730
Expansion of utility plant	7,816,053	0	0	7,816,053
Unrestricted	<u>143,067,922</u>	<u>(14,270,795)</u>	<u>(7,022,667)</u>	<u>121,774,460</u>
Total net position	<u>\$645,891,015</u>	<u>\$2,912,586</u>	<u>(\$145,368)</u>	<u>\$648,658,233</u>



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EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Operating revenues:				
Charges for services:				
Water	\$44,854,402	\$0	\$0	\$44,854,402
Wastewater	60,367,901	0	0	60,367,901
Sanitation	0	28,770,376	0	28,770,376
Recycling	0	0	2,207,333	2,207,333
Connection charges	938,561	0	0	938,561
Sewer improvement fees	6,232,522	0	0	6,232,522
Capital improvement/funding fees	9,685,319	1,527,061	0	11,212,380
Other	1,487,336	448,087	0	1,935,423
Total operating revenues	<u>123,566,041</u>	<u>30,745,524</u>	<u>2,207,333</u>	<u>156,518,898</u>
Operating expenses:				
Personal services	32,771,385	10,322,307	717,944	43,811,636
Contractual services	1,930,294	1,128,573	825,876	3,884,743
Professional services	732,532	16,896	27,555	776,983
Materials and supplies	8,130,933	1,553,522	105,541	9,789,996
Repairs and maintenance	5,456,690	3,193,289	307,897	8,957,876
Utilities	7,343,583	55,508	110,174	7,509,265
Tipping fees	0	6,545,837	49,850	6,595,687
Overhead allocation	(84,621)	915,391	(830,770)	0
Other	3,795,138	997,766	206,339	4,999,243
Depreciation and amortization	35,697,662	4,245,379	780,430	40,723,471
Total operating expenses	<u>95,773,596</u>	<u>28,974,468</u>	<u>2,300,836</u>	<u>127,048,900</u>
Operating income (loss)	<u>27,792,445</u>	<u>1,771,056</u>	<u>(93,503)</u>	<u>29,469,998</u>
Non-operating revenues (expenses):				
Interest income	322,250	1,258	0	323,508
Interest expense	(10,796,652)	(434,157)	(77,113)	(11,307,922)
Insurance reimbursements	82,129	709,421	196,023	987,573
Gain (loss) on disposal of assets	(107,999)	(305,828)	(483)	(414,310)
Other income	0	0	119,691	119,691
Total non-operating revenues (expenses)	<u>(10,500,272)</u>	<u>(29,306)</u>	<u>238,118</u>	<u>(10,291,460)</u>
Income (loss) before contributions and transfers	<u>17,292,173</u>	<u>1,741,750</u>	<u>144,615</u>	<u>19,178,538</u>
Capital contributions - impact fees and other	8,836,592	0	0	8,836,592
Capital contributions - non-cash	6,766,280	0	0	6,766,280
Total contributions and transfers	<u>15,602,872</u>	<u>0</u>	<u>0</u>	<u>15,602,872</u>
Change in net position	<u>32,895,045</u>	<u>1,741,750</u>	<u>144,615</u>	<u>34,781,410</u>
Net position at beginning of year	<u>612,995,970</u>	<u>1,170,836</u>	<u>(289,983)</u>	<u>613,876,823</u>
Net position at end of year	<u>\$645,891,015</u>	<u>\$2,912,586</u>	<u>(\$145,368)</u>	<u>\$648,658,233</u>

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Cash flows from operating activities:				
Cash received from customers	\$125,156,618	\$29,541,095	\$2,430,663	\$157,128,376
Cash payments to suppliers for goods and services	(37,776,250)	(14,447,209)	(721,937)	(52,945,396)
Cash payments to employees for services	(24,662,877)	(11,161,981)	(717,215)	(36,542,073)
Net cash provided by operating activities	<u>62,717,491</u>	<u>3,931,905</u>	<u>991,511</u>	<u>67,640,907</u>
Cash flows from noncapital financing activities:				
Principal (paid)/received on interfund advance	(561,777)	984,664	(422,887)	0
Interest (paid)/received on interfund advance	77,113	0	(77,113)	0
Net cash provided by (used in) noncapital financing activities	<u>(484,664)</u>	<u>984,664</u>	<u>(500,000)</u>	<u>0</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(32,207,805)	(2,249,057)	(27,655)	(34,484,517)
Contributions for capital assets	8,836,592	0	0	8,836,592
Received from debt financing	0	461,501	0	461,501
Principal paid on long-term debt	(25,969,861)	(4,022,559)	(333,334)	(30,325,754)
Interest paid on long-term debt	(10,789,089)	(349,827)	0	(11,138,916)
Proceeds from sale of assets	174,499	127,586	0	302,085
Insurance reimbursements	82,129	709,421	315,714	1,107,264
Net cash used in capital and related financing activities	<u>(59,873,535)</u>	<u>(5,322,935)</u>	<u>(45,275)</u>	<u>(65,241,745)</u>
Cash flow from investing activities:				
Interest income	1,311,039	1,258	0	1,312,297
Proceeds from sales/maturities of investments	53,990,403	0	0	53,990,403
Purchases of investments	(55,003,990)	0	0	(55,003,990)
Net cash provided by investing activities	<u>297,452</u>	<u>1,258</u>	<u>0</u>	<u>298,710</u>
Net increase (decrease) in cash and cash equivalents	2,656,744	(405,108)	446,236	2,697,872
Cash and cash equivalents at beginning of year	113,204,703	6,057,895	130,706	119,393,304
Cash and cash equivalents at end of year	<u>\$115,861,447</u>	<u>\$5,652,787</u>	<u>\$576,942</u>	<u>\$122,091,176</u>
Reconciliation of cash, cash equivalents, and investments at end of year to statement of net position:				
Current assets:				
Cash and cash equivalents	\$31,475,980	\$0	\$576,942	\$32,052,922
Restricted cash and investments	143,155,095	5,652,787	0	148,807,882
	<u>174,631,075</u>	<u>5,652,787</u>	<u>576,942</u>	<u>180,860,804</u>
Less investments	(58,769,628)	0	0	(58,769,628)
Total cash and cash equivalents at end of year	<u>\$115,861,447</u>	<u>\$5,652,787</u>	<u>\$576,942</u>	<u>\$122,091,176</u>

(continued)

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$27,792,445	\$1,771,056	(\$93,503)	\$29,469,998
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	35,697,662	4,245,379	780,430	40,723,471
Capitalized labor	(815,750)	0	0	(815,750)
(Increase) decrease in assets:				
Accounts receivable	(504,911)	608,396	223,330	326,815
Due from grants receivable	756,975	0	0	756,975
Due from other governments	1,300,000	0	0	1,300,000
Inventory	82,126	103,859	0	185,985
Prepaid expenses	34,076	(1,375)	0	32,701
Deferred outflows	2,627,784	513,154	0	3,140,938
Increase (decrease) in liabilities:				
Vouchers payable	623,159	(305,126)	80,523	398,556
Salaries and benefits payable	124,163	(113,469)	2,755	13,449
Customer deposits	(11,203)	(66,518)	0	(77,721)
Compensated absences	(202,897)	75,252	(2,026)	(129,671)
Due to other governments	(337,271)	(39,313)	2	(376,582)
Unearned revenue	0	(1,746,307)	0	(1,746,307)
Other current liabilities	49,716	0	0	49,716
Net pension liability	(18,689,958)	(7,271,661)	0	(25,961,619)
Other post-employment benefits	326,911	137,572	0	464,483
Claims payable	(101,515)	17,487	0	(84,028)
Deferred inflows	13,965,979	6,003,519	0	19,969,498
Net cash provided by operating activities	<u>\$62,717,491</u>	<u>\$3,931,905</u>	<u>\$991,511</u>	<u>\$67,640,907</u>
Non-cash investing, capital and financing activities				
Capital contributions from developers	<u>\$6,766,280</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,766,280</u>
Unrealized depreciation in fair value of investments	<u>(\$1,065,902)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,065,902)</u>

EMERALD COAST UTILITIES AUTHORITY
WATER AND WASTEWATER SYSTEM
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Water	\$44,854,402	\$0	\$44,854,402	\$44,854,402	\$0
Wastewater	60,367,901	0	60,367,901	60,367,901	0
Connection charges	938,561	0	938,561	938,561	0
Sewer improvement fees	6,232,522	0	6,232,522	6,232,522	0
Capital improvement/funding fees	9,685,319	0	9,685,319	9,685,319	0
Other	1,487,336	0	1,487,336	1,487,336	0
Total operating revenues	<u>123,566,041</u>	<u>0</u>	<u>123,566,041</u>	<u>123,566,041</u>	<u>0</u>
Operating expenses:					
Personal services	32,771,385	2,585,035	35,356,420	35,356,420	0
Contractual services	1,930,294	0	1,930,294	1,930,294	0
Professional services	732,532	0	732,532	732,532	0
Materials and supplies	8,130,933	0	8,130,933	8,130,933	0
Repairs and maintenance	5,456,690	0	5,456,690	5,456,690	0
Utilities	7,343,583	0	7,343,583	7,343,583	0
Overhead allocation	(84,621)	0	(84,621)	(84,621)	0
Other	3,795,138	0	3,795,138	3,795,138	0
Depreciation	35,697,662	(35,697,662)	0	0	0
Total operating expenses	<u>95,773,596</u>	<u>(33,112,627)</u>	<u>62,660,969</u>	<u>62,660,969</u>	<u>0</u>
Operating income	<u>27,792,445</u>	<u>33,112,627</u>	<u>60,905,072</u>	<u>60,905,072</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest income	322,250	1,065,902	1,388,152	1,388,152	0
Interest expense	(10,796,652)	246,240	(10,550,412)	(10,550,412)	0
Insurance reimbursements	82,129	0	82,129	82,129	0
Gain (loss) on disposal of assets	(107,999)	107,999	0	0	0
Total non-operating revenues (expenses)	<u>(10,500,272)</u>	<u>1,420,141</u>	<u>(9,080,131)</u>	<u>(9,080,131)</u>	<u>0</u>
Income before contributions and transfers	<u>17,292,173</u>	<u>34,532,768</u>	<u>51,824,941</u>	<u>51,824,941</u>	<u>0</u>
Capital contributions - impact fees and other	8,836,592	0	8,836,592	8,836,592	0
Capital contributions - non-cash	6,766,280	(6,766,280)	0	0	0
Principal sinking fund requirements	0	(25,969,863)	(25,969,863)	(25,969,863)	0
Total contributions and transfers	<u>15,602,872</u>	<u>(32,736,143)</u>	<u>(17,133,271)</u>	<u>(17,133,271)</u>	<u>0</u>
Change in net position	<u>\$32,895,045</u>	<u>\$1,796,625</u>	<u>\$34,691,670</u>	<u>\$34,691,670</u>	<u>\$0</u>

**EMERALD COAST UTILITIES AUTHORITY
SANITATION SYSTEM
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Sanitation	\$28,770,376	\$0	\$28,770,376	\$28,770,376	\$0
Capital improvement/funding fees	1,527,061	0	1,527,061	1,527,061	0
Other	448,087	0	448,087	448,087	0
Total operating revenues	<u>30,745,524</u>	<u>0</u>	<u>30,745,524</u>	<u>30,745,524</u>	<u>0</u>
Operating expenses:					
Personal services	10,322,307	617,420	10,939,727	10,939,727	0
Contractual services	1,128,573	0	1,128,573	1,128,573	0
Professional services	16,896	0	16,896	16,896	0
Materials and supplies	1,553,522	0	1,553,522	1,553,522	0
Repairs and maintenance	3,193,289	0	3,193,289	3,193,289	0
Utilities	55,508	0	55,508	55,508	0
Tipping fees	6,545,837	0	6,545,837	6,545,837	0
Overhead allocation	915,391	0	915,391	915,391	0
Other	997,766	0	997,766	997,766	0
Depreciation and amortization	4,245,379	(4,245,379)	0	0	0
Total operating expenses	<u>28,974,468</u>	<u>(3,627,959)</u>	<u>25,346,509</u>	<u>25,346,509</u>	<u>0</u>
Operating income (loss)	<u>1,771,056</u>	<u>3,627,959</u>	<u>5,399,015</u>	<u>5,399,015</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest income	1,258	0	1,258	1,258	0
Interest expense	(434,157)	114,306	(319,851)	(319,851)	0
Insurance reimbursements	709,421	0	709,421	709,421	0
Gain (loss) on disposal of assets	(305,828)	305,828	0	0	0
Total non-operating revenues (expenses)	<u>(29,306)</u>	<u>420,134</u>	<u>390,828</u>	<u>390,828</u>	<u>0</u>
Income (loss) before contributions and transfers	<u>1,741,750</u>	<u>4,048,093</u>	<u>5,789,843</u>	<u>5,789,843</u>	<u>0</u>
Principal sinking fund requirements	0	(4,022,559)	(4,022,559)	(4,022,559)	0
Total contributions and transfers	<u>0</u>	<u>(4,022,559)</u>	<u>(4,022,559)</u>	<u>(4,022,559)</u>	<u>0</u>
Change in net position	<u>\$1,741,750</u>	<u>\$25,534</u>	<u>\$1,767,284</u>	<u>\$1,767,284</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, 2021**

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Recycling	\$2,207,333	\$0	\$2,207,333	\$2,207,333	\$0
Total operating revenues	<u>2,207,333</u>	<u>0</u>	<u>2,207,333</u>	<u>2,207,333</u>	<u>0</u>
Operating expenses:					
Personal services	717,944	0	717,944	717,944	0
Contractual services	825,876	0	825,876	825,876	0
Professional services	27,555	0	27,555	27,555	0
Materials and supplies	105,541	0	105,541	105,541	0
Repairs and maintenance	307,897	0	307,897	307,897	0
Utilities	110,174	0	110,174	110,174	0
Tipping fees	49,850	0	49,850	49,850	0
Overhead allocation	(830,770)	0	(830,770)	(830,770)	0
Other	206,339	0	206,339	206,339	0
Depreciation	780,430	(780,430)	0	0	0
Total operating expenses	<u>2,300,836</u>	<u>(780,430)</u>	<u>1,520,406</u>	<u>1,520,406</u>	<u>0</u>
Operating income (loss)	<u>(93,503)</u>	<u>780,430</u>	<u>686,927</u>	<u>686,927</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest expense	(77,113)	0	(77,113)	(77,113)	0
Insurance reimbursements	196,023	0	196,023	196,023	0
Gain (loss) on disposal of assets	(483)	483	0	0	0
Other income	119,691	0	119,691	119,691	0
Total non-operating revenues	<u>238,118</u>	<u>483</u>	<u>238,601</u>	<u>238,601</u>	<u>0</u>
Income (loss) before contributions and transfers	<u>144,615</u>	<u>780,913</u>	<u>925,528</u>	<u>925,528</u>	<u>0</u>
Principal sinking fund requirements	0	(756,220)	(756,220)	(756,220)	0
Total contributions and transfers	<u>0</u>	<u>(756,220)</u>	<u>(756,220)</u>	<u>(756,220)</u>	<u>0</u>
Change in net position	<u>\$144,615</u>	<u>\$24,693</u>	<u>\$169,308</u>	<u>\$169,308</u>	<u>\$0</u>

STATISTICAL SECTION - UNAUDITED

This part of the Authority's annual comprehensive 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)

	2021	2020	2019	2018	2017	2016 **	2015	2014 *	2013	2012
Net investment in capital assets	\$ 484,341	\$ 455,629	\$ 423,417	\$ 393,297	\$ 407,912	\$ 399,285	\$ 393,658	\$ 333,049	\$ 314,996	\$ 340,956
Restricted	42,543	38,531	41,958	37,406	33,897	32,460	25,871	46,141	50,420	48,228
Unrestricted	121,774	119,717	112,201	112,640	80,543	80,329	84,299	110,260	133,986	105,647
Total net position	\$ 648,658	\$ 613,877	\$ 577,576	\$ 543,343	\$ 522,352	\$ 512,074	\$ 503,828	\$ 489,450	\$ 499,402	\$ 494,831

* 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 REVENUES AND EXPENSES
LAST TEN FISCAL YEARS
(THOUSANDS OMITTED)
(UNAUDITED)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenue:										
Customer charges	\$ 133,992	\$ 135,533	\$ 131,709	\$ 124,770	\$ 118,853	\$ 114,358	\$ 110,060	\$ 104,024	\$ 99,494	\$ 96,815
Connection charges	939	880	696	655	408	385	370	324	356	310
Sewer improvement fees	6,233	6,131	6,050	6,050	5,981	5,859	5,877	5,902	5,878	5,895
Capital improvement fees	11,212	11,029	10,769	9,290	897	0	0	0	0	0
Recycling	2,207	2,514	2,375	1,479	1,650	0	0	0	0	0
Other	1,936	2,394	2,495	2,233	2,163	2,269	2,157	2,126	2,188	2,603
Total operating revenue	156,519	158,481	154,094	144,477	129,952	122,871	118,464	112,376	107,916	105,623
Operating Expenses Before Depreciation and Amortization:										
Personal services	43,812	51,570	48,973	46,552	45,721	44,134	38,888	36,189	34,999	33,788
Contractual services	3,885	4,161	5,190	4,000	3,200	2,858	4,605	4,492	2,635	2,440
Professional services	777	762	911	918	891	967	1,329	1,242	726	826
Supplies	9,790	9,145	9,330	9,842	8,809	7,816	8,351	7,326	7,215	7,190
Repairs and maintenance	8,958	8,427	8,624	8,444	7,661	6,603	5,922	6,330	4,823	4,453
Heat, light and power	7,509	6,622	6,871	6,861	6,858	6,899	7,025	7,007	6,399	6,709
Tipping fees	6,596	7,504	6,635	5,761	5,577	5,688	4,975	4,846	4,378	4,243
Other	4,999	4,196	4,148	5,013	5,067	4,307	4,051	3,601	3,459	3,405
Total operating expenses before depreciation and amortization	86,326	92,387	90,682	87,391	83,784	79,272	75,146	71,033	64,634	63,054
Operating Income Before Depreciation and Amortization:										
	70,193	66,094	63,412	57,086	46,168	43,599	43,318	41,343	43,282	42,569
Depreciation and Amortization:										
	40,723	37,808	30,849	32,482	33,602	30,482	28,466	26,340	27,489	28,632
Operating Income	29,470	28,286	32,563	24,604	12,566	13,117	14,852	15,003	15,793	13,937

(continued)

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Nonoperating Revenue (Expenses):											
Investment income	\$ 324	\$ 3,367	\$ 5,278	\$ 1,683	\$ 1,060	\$ 1,170	\$ 1,195	\$ 629	\$ 456	\$ 575	\$ 816
Settlement income	120	0	0	0	0	0	0	0	0	0	413
Interest expense	(11,308)	(12,220)	(13,173)	(13,214)	(12,746)	(13,370)	(13,342)	(13,821)	(15,787)	(15,791)	(15,037)
Insurance recoveries, net	987	558	66	74	197	120	210	91	0	0	0
Gain (loss) on disposal of assets	(414)	310	(1,339)	(1,137)	(99)	(875)	4,752	(488)	(168)	(586)	(30,987)
Total nonoperating revenue (expenses)	<u>(10,291)</u>	<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>
Income (Loss) Before Capital Contributions	19,179	20,301	23,395	12,009	978	162	7,667	1,414	294	(1,865)	(26,271)
Capital contributions - cash	8,836	8,681	6,574	5,599	5,602	4,926	4,356	5,304	3,135	25,616	2,403
Capital contributions - non-cash	6,766	7,319	4,264	3,383	3,698	1,557	2,355	1,069	1,142	1,258	689
Change in Net Position	\$ 34,781	\$ 36,301	\$ 34,233	\$ 20,991	\$ 10,278	\$ 6,645	\$ 14,378	\$ 7,787	\$ 4,571	\$ 25,009	\$ (23,179)

**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
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
2021	\$ 44,480,439	\$ 16,192,046	\$ 44,548,396	\$ 979,000	\$ 189,116,904	\$ 1,416,667	\$ 296,733,452

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
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
2021	\$ 284,448,437	99,964	\$ 2,846	\$ 10,868,349	94,475	\$ 115

* 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
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
2021	* \$ 156,225,717	\$ 85,311,313	\$ 70,914,404	\$ 30,610,137	2.32	1.25

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

**EMERALD COAST UTILITIES AUTHORITY
NUMBER OF ACTIVE CUSTOMERS AT FISCAL YEAR-END
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year</u>	<u>Water</u>	<u>Percent Inc/(Dec) From Previous Fiscal Year</u>	<u>Sewer</u>	<u>Percent Inc/(Dec) From Previous Fiscal Year</u>	<u>Ratio of Sewer Customers To Water Customers</u>	<u>Sanitation</u>	<u>Percent Inc/(Dec) From Previous Fiscal Year</u>
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%
2021	99,964	2 %	79,096	3 %	79%	94,475	-19%

**EMERALD COAST UTILITIES AUTHORITY
PRINCIPAL CUSTOMERS
FOR THE FISCAL YEARS ENDED SEPTEMBER 2021 AND 2012
(UNAUDITED)**

2021					
Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Operating Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS PCLOA)	0.0	\$ -	\$ 2,598,461.18	\$ 2,598,461.18	1.7%
PALL GELMAN SCIENCES	105.4	\$ 280,451.10	\$ 715,952.17	\$ 996,403.27	0.6%
NAVFAC SE (CORRYSTATION SW)		\$ -	\$ 892,394.51	\$ 892,394.51	0.6%
BAPTIST HOSPITAL	71.4	\$ 208,645.19	\$ 540,371.67	\$ 749,016.86	0.5%
PENSACOLA CHRISTIAN COLLEGE	65.6	\$ 186,787.70	\$ 488,714.13	\$ 675,501.83	0.4%
ESCAMBIA COUNTY JAIL	60.5	\$ 166,273.89	\$ 476,360.81	\$ 642,634.70	0.4%
PORTOFINO ISLAND RESORT	51.0	\$ 256,243.35	\$ 299,802.88	\$ 556,046.23	0.4%
COLUMBIA WEST FLORIDA REGIONAL MEDICAL CENTER	50.4	\$ 140,872.45	\$ 396,815.54	\$ 537,687.99	0.3%
SACRED HEART HOSPITAL	29.7	\$ 102,087.75	\$ 216,651.65	\$ 318,739.40	0.2%
ESCAMBIA HOUSING	28.4	\$ 92,537.73	\$ 223,761.25	\$ 316,298.98	0.2%
UNIVERSITY OF WEST FLORIDA AREA HOUSING	26.6	\$ 84,007.14	\$ 209,706.79	\$ 293,713.93	0.2%
DM OAKWOOD TERRACE	27.3	\$ 75,155.05	\$ 215,052.85	\$ 290,207.90	0.2%
AZALEA TRACE INC	24.1	\$ 68,892.50	\$ 190,371.52	\$ 259,264.02	0.2%
HILTON PENSACOLA BEACH	13.6	\$ 83,746.56	\$ 118,270.71	\$ 202,017.27	0.1%
	<u>554.0</u>	<u>\$ 1,746,474</u>	<u>\$ 7,884,599</u>	<u>\$ 9,631,074</u>	<u>6.2%</u>

2012					
Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS PCLOA)		\$ -	\$ 1,935,515.00	\$ 1,935,515.00	1.8%
Baptist Hospital	67.0	\$ 161,888.00	\$ 393,705.00	\$ 555,593.00	0.5%
NAVFAC SE (CORRYSTATION SW)		\$ -	\$ 548,423.00	\$ 548,423.00	0.5%
Escambia County Jail	67.4	\$ 146,420.00	\$ 356,557.00	\$ 502,977.00	0.5%
Pall Gelman Sciences	68.3	\$ 144,479.00	\$ 348,711.00	\$ 493,190.00	0.5%
Portofino Island Resort	40.5	\$ 168,638.00	\$ 240,394.00	\$ 409,032.00	0.4%
Sacred Heart Hospital	48.3	\$ 115,993.00	\$ 288,394.00	\$ 404,387.00	0.4%
Escambia Housing	43.7	\$ 105,836.00	\$ 270,341.00	\$ 376,177.00	0.4%
University of West Florida		\$ 501.00	\$ 319,448.00	\$ 319,949.00	0.3%
U.S. Navy - Saufley Field	34.1	\$ 67,374.00	\$ 201,512.00	\$ 268,886.00	0.3%
Columbia West Florida Regional Medical Center	29.9	\$ 68,029.00	\$ 185,262.00	\$ 253,291.00	0.2%
Crown Health Care & Laundry	34.5	\$ 73,400.00	\$ 163,793.00	\$ 237,193.00	0.2%
DM Oakwood Terrace	25.5	\$ 55,383.00	\$ 158,062.00	\$ 213,445.00	0.2%
Pensacola Christian College	31.5	\$ 77,146.00	\$ 127,613.00	\$ 204,759.00	0.2%
Perdido Housing	21.4	\$ 51,258.00	\$ 132,222.00	\$ 183,480.00	0.2%
	<u>512.1</u>	<u>\$ 1,236,345</u>	<u>\$ 5,669,952</u>	<u>\$ 6,906,297</u>	<u>6.6%</u>

**EMERALD COAST UTILITIES AUTHORITY
PRINCIPAL PRIVATE SECTOR EMPLOYERS IN ESCAMBIA COUNTY
FOR THE FISCAL YEARS ENDED SEPTEMBER 2021 AND 2012
(UNAUDITED)**

2021

Name	Number of Employees	Percentage of Total Employment
Navy Federal Credit Union	8,697	5.68%
Baptist Health Care	7,347	4.80%
Sacred Heart Health Systems	4,820	3.15%
Gulf Power Company	1,774	1.16%
Baptist Health Care	1,696	1.11%
Pensacola Christian College	1,584	1.04%
Ascend Performance Materials	1,288	0.84%
West Florida Healthcare	1,200	0.78%
Wendco	1,000	0.65%
Covenant Hospice	750	0.49%
	30,156	19.70%

Total Civilian Employment in Escambia County 153,038

Source: Florida West Economic Development Alliance www.FloridaWestEDA.com
Florida Research and Economic Information Database Applications (Total Government)
Zippia www.zippia.com/company/best-biggest-companies-in-pensacola-fl

2012

Name	Number of Employees	Percentage of Total Employment
Escambia County School Board	6,000	3.39%
Baptist HealthCare	5,200	2.94%
Navy Federal Credit Union	2,353	1.33%
Sacred Heart Health System	2,310	1.30%
University of West Florida	1,922	1.09%
Lakeview Center	1,900	1.07%
County of Escambia	1,898	1.07%
Baptist Hospital, Inc	1,652	0.93%
West Florida Regional Medical	1,600	0.90%
Gulf Power Company	1,365	0.77%
Pensacola Christian College	1,204	0.68%
	27,404	15.47%

Source: Pensacola Chamber of Commerce

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

Pensacola, Florida
October 2021- September 2021

Month	Monthly Rainfall (inches)
October	5
November	2.20
December	4.76
January	2.78
February	3.85
March	4.55
April	10.29
May	8.49
June	12.26
July	8.78
August	10.99
September	11.27
	85.22

Pensacola, Florida
Last Ten Fiscal Years

Year	Annual Rainfall (inches)
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
2021	85.22

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>
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%
2021	11,640	10,155	1,485	12.76%
	<u>115,962</u>	<u>103,165</u>	<u>12,796</u>	11.03%

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

Pensacola, Florida
Last Ten Fiscal Years

<u>Year</u>	<u>Central Water Reclamation Facility</u>	<u>BayouMarcus Water Reclamation Facility</u>	<u>Pensacola Beach Wastewater Treatment Plant</u>	<u>Total</u>
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
2021	5,641	2,221	349	8,211
	<u>52,955</u>	<u>20,979</u>	<u>3,304</u>	<u>77,238</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Water:</u>										
New connections	1,650	1,530	1,106	1,147	767	669	614	588	666	524
Average daily consumption (MGD)	31.890	33.851	32.619	31.679	31.277	31.326	31.972	31.142	30.227	31.180
Maximum daily flow (MGD)	46.090	48.425	32.270	36.593	35.898	35.826	36.956	53.280	50.697	50.180
Minimum daily flow (MGD)	23.170	23.879	27.643	27.683	27.656	27.028	27.569	22.328	22.109	22.460
Raw water pumped and treated (BG)	11,640	12,389	11,917	11,580	11,424	11,472	11,684	11,382	11,041	11,435
<u>Wastewater:</u>										
New connections	1,463	1,318	920	1,132	782	754	709	885	1,024	629
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)	21.06	19.71	21.00	20.92	21.24	21.81	21.60	22.12	21.16	20.51
Percent of capacity utilized	63.61	59.55	63.43	63.21	63.50	64.97	65.27	66.80	62.80	47.60
Percent of unused capacity	36.39	40.45	36.57	36.79	36.50	35.03	34.73	33.20	37.20	52.40
<u>Sanitation System:</u>										
Residential (tons/year)	121,817	115,963	104,174	91,236	90,399	85,315	67,826	74,779	74,949	71,931
Yard waste (tons/year)	16,769	23,457	19,597	19,597	20,344	22,519	21,644	25,122	22,626	17,990
Recycling waste (tons/year)	9,845	14,033	12,921	13,600	13,157	-	13,490	12,064	11,132	10,357
Bulk waste (tons/year)	6,774	8,049	6,972	7,101	8,184	6,985	6,496	7,064	5,538	3,590
Total Residential Tons	155,205	161,502	143,664	131,534	132,084	114,819	109,456	119,029	114,245	103,868
Avg number of residential customers/month	91,364	97,973	96,597	95,265	91,492	91,022	87,513	81,554	73,763	79,810
Refuse collected (tons/customer/year)	1.699	1.648	1.487	1.381	1.444	1.261	1.251	1.460	1.549	1.301
Commercial (tons/year)	15,587	15,046	15,570	13,986	13,461	13,625	12,529	11,217	10,418	10,179
Roll-off (tons/year)	4,108	3,254	3,906	3,575	3,171	3,648	4,929	3,461	3,212	1,333
Total Commercial Tons	19,695	18,300	19,476	17,561	16,632	17,273	17,458	14,678	13,630	11,512
Avg number of commercial customers/month	1,856	1,837	1,798	1,664	1,506	1,434	1,304	1,257	1,153	1,291
Refuse collected (tons/customers/year)	10.614	9.962	10.832	10.553	11.044	12.045	13.388	11.677	11.821	8.917
MGD - Million gallons per day										
BG - Billion gallons										

* 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
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	376,588
2021	6,508	269,511	1,053	380,888

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)
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
2021	1,240	1,015	2,255	372,798

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

Year	Estimated Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2021	\$ 15,274,038	\$ 47,381	4.2%

Source: Personal income data provided by the U.S. Bureau of Economic Analysis. 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**

Year	Water and Wastewater System	Sanitation System	Materials Recycling Facilities System	Total
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
2021	461	144	16	621

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>
2012	303,423	4,022	1.34%
2013	306,694	3,271	1.08%
2014	307,960	1,266	0.41%
2015	309,311	1,351	0.44%
2016	311,473	2,162	0.70%
2017	313,249	1,776	0.57%
2018	315,104	1,855	0.59%
2019	318,316	3,212	1.02%
2020	321,528	3,212	1.01%
2021	324,740	3,212	1.00%

Source: World Population Review, updated annually
<https://worldpopulationreview.com/us-counties/fl/escambia-county-population>
 2020 and 2021 data is projected.

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

CAPITAL ASSET STATISTICS BY ACTIVITY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water:										
Wells	31	31	31	31	31	31	32	32	32	32
Water mains (miles)	1,786	1,768	1,760	1,749	1,692	1,689	1,685	1,685	1,746	1,684
Storage capacity (MGD)	20	20	20	20	17	15	16	16	14	14
Wastewater:										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Sanitary sewer (miles)	1,317	1,299	1,286	1,272	1,254	1,249	1,243	1,237	1,222	1,209
Treatment capacity (MGD)	33	33	33	33	33	33	33	33	33	33
Sanitation:										
Collection vehicles	110	110	130	110	122	125	125	104	104	95

* Source: ECUA Departmental Statistics generated internally

**EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF INSURANCE
AS OF SEPTEMBER 30, 2021**

Florida Municipal Insurance Trust Provides the Following Coverages:

Types of Coverage	Insurer/Policy No.	Details of Coverage	Liability Limits	Policy Period
Workers' Compensation	Preferred Governmental Insurance Trust Policy No.: WC FL1.0174601.20-03	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	10/1/2020 to 10/1/2021
Automobiles	Florida Municipal Insurance Trust Policy No.: 0162	All scheduled vehicles \$25,000 Deductible on Collision \$25,000 Deductible on Liability	\$1,000,000 \$125,813 Total Stop Loss - Auto Liability \$75,000 Total Stop Loss - Auto Physical Damage	10/1/2020 to 10/1/2021
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	\$10,000 Personal Injury Protection included (1) \$100,000 maximum blanket coverage. All Risk for real property and contents per occurrence \$100,000 deductible. Named storm deductible Endorsement NS-A or NS-B /2%, 3% or 5% of damages incurred. (2) \$100,000,000 Total Coverage	10/1/2020 to 10/1/2021
Boiler & Machinery Equipment Breakdown	Florida Municipal Insurance Trust (Included in property coverage) Policy No.: 0162	Property Schedules Comprehensive Coverage. Pays loss from an accident to a covered object while in use or connected ready for use (as part of property coverage)	(1) \$100,000,000 per accident	10/01/2020 to 10/01/2021
Business Interruption Coverage/Business Income	Florida Municipal Insurance Trust (Included in property coverage) Policy No.: 0162	\$100,000 Deductible Covers actual loss of earnings sustained by ECUA resulting from necessary interruption of business.	(2) The limit of liability is paid on a repair or replacement basis. \$6,000,000; \$2,000,000 limit at each: (1) Bayou Marcus WWTP, (2) Pensacola Beach WWTP, (3) CWRP	10/01/2020 to 10/01/2021
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	10/01/2020 to 10/01/2021
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.	10/01/2020 to 10/01/2021

Public Risk Insurance Agency Provides the Following Coverages:

Types of Coverage	Insurer/Policy No.	Details of Coverage	Liability Limits	Policy Period
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	10/01/2020 - 10/01/2021
Public Risk Insurance Agency Coverages Continued: Road Restoration Bond	Western Surety Company (PRIA) Policy No.: 929323580	Damages to DOT Roads	State of Florida Requirements \$10,000 Road Restoration Bond	11/18/2020 to 11/18/2021

Continued

**EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF INSURANCE
AS OF SEPTEMBER 30, 2021**

Cyber Liability Insurance	Chubb (PRIA) Policy No.: D95530928	Cyber Liability / Data Breach \$25,000 Deductible	10/01/2020 to 10/01/2021
		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	

Directors & Officers Liability - Public Officials E & O - (Public Entity Liability Policy)	Chubb JEON G71831371 001	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.	10/01/2020 - 10/01/2021
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Wright National Flood Insurance Company Provides the Following Coverages with Public Risk Insurance Agency as the Agent of Record:

Types of Coverage	Insurer / Policy No.	Details of Coverage	Liability Limits	Policy Period
Flood Coverage	Wright National Flood Insurance Company	(PRIA - Agent)	Conditions: Including flood in zones A - E	
	Policy No.: 09 1150776890 09	\$1,250 / \$1,250 Bldg/Contents Deductibles	\$500,000 Bldg/ \$500,000 Contents	01/07/2021 - 01/07/2022 Bldg & Contents, 450 W. Government St, Pns
	Policy No.: 09 11505566401 11	\$1,250 / \$1,250 "	\$500,000 Bldg/ \$500,000 Contents	08/23/2021 - 08/23/2022 Bldg & Contents, 1605 N. Guillemard Street, Pns
	Policy No.: 09 1150048479 12	\$1,250 / \$1,250 "	\$250,000 Bldg/ \$412,000 Contents	08/23/2021 - 08/23/2022 Bldg & Contents, 2600 E Cervantes St, Pns
	Policy No.: 09 1150021831 12	\$1,250 / \$1,250 "	\$363,000 Bldg/ \$441,000 Contents	08/03/2021 - 08/03/2022 Bldg & Personal Property; 425 Pens Bch Blvd, New Gulf Breeze
	Policy No.: 09 1150443043 11	\$2,000 / \$2,000 "	\$392,800 Bldg/ \$106,500 Contents	06/15/2021 - 06/15/2022 Bldg & Personal Property; Pns Bch
	Policy No.: 09 1150443042 11	\$2,000 / \$2,000 "	\$ 39,900 Bldg / \$ 30,500 Contents	06/15/2020 - 06/15/2021 Bldg & Personal Property; Main ; Pns Bch
Did not renew for 2022 FY Chg to portable generators	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 04	\$1,250 / \$1,250 "	\$245,400 Bldg/ \$100,000 Contents	04/15/2021 - 04/15/2022 Bldg & Personal Property; Storage Bldg, 609 S. Old Corry Field Rd., Pns
	Policy No.: 09 1151457052 04	\$1,250 / \$1,250 "	\$346,500 Bldg/ \$221,800 Contents	04/15/2021 - 04/15/2022 Bldg & Personal Property; Warehouse/Off; 609 S. Old Corry Field Rd., Pns
	Policy No.: 09 1151457059 04	\$1,250 / \$1,250 "	\$173,300 Bldg/ \$ 50,000 Contents	04/15/2021 - 04/15/2022 Bldg & Personal Property; Office, 609 S. Old Corry Field Rd., Pns

ECUA as Self-Insured Coverages:

Types of Coverage	Name of Coverage	Details of Coverage	Liability Limits	Policy Period
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	10/01/2020 - 10/01/2021

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, 2021, 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 8, 2022.

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
February 8, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Emerald Coast Utility Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 8, 2022

**EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor Pass-Through Grantor Program Title	Financial Management Number	CFDA Number	Expenditures Federal
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Passed through the Florida Division of Emergency Management			
FEMA - HMGP - 4177		97.039	\$ 697,251
FEMA - PA - 4564		97.036	<u>310,563</u>
Subtotal			<u><u>1,007,814</u></u>
Total expenditures of Federal Awards			<u><u>\$ 1,007,814</u></u>

NOTES:

This schedule includes the Federal grant activity of the Emerald Coast Utility Authority for the fiscal year ended September 30, 2021, and is presented using modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements. No amounts were passed through to subrecipients.

ECUA did not receive non-cash federal awards during the year ended September 30, 2021.

EMERALD COAST UTILITIES AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The schedule of expenditures of federal awards is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of \$750,000 or 3% of total federal expenditures. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The Authority did not qualify as a low-risk auditee for the fiscal year ended September 30, 2021.

De-Minimis Indirect Cost Rate

During 2021, the Authority did not use the de-minimis indirect cost rate.

EMERALD COAST UTILITIES AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Programs

Internal Control over major federal programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes no

Type of auditor's report issued on compliance for
major federal programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the Uniform Guidance? yes no

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.039	U.S. Department of Homeland Security – Hazard Mitigation Grant

Dollar threshold used to distinguish between
Type A and Type B federal programs: \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2021-001 – Hazard Mitigation Grant Program Reporting (CFDA#97.039).

Condition – The Authority did not submit its 4th Quarter 2020 quarterly progress report timely.

Criteria – The Uniform Guidance requires quarterly reporting for this grant program to be submitted within 15 days of period end to maintain compliance.

Cause – Due to staffing issues, the quarterly report was submitted outside of the 15 day required timeframe.

Effect – The Authority submitted its quarterly progress report for the above timeframe outside of the 15 day timeframe which is not in compliance with reporting requirements of the grant program.

Questioned Cost – \$0

Recommendation – We recommend the Authority implement proper controls which includes cross-training of employees to ensure compliance with all grant requirements including timeliness of reporting.

Response – The Authority concurs with the finding and has put new personnel and controls in place to ensure timely reporting for all grant programs.



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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, 2021, and have issued our report thereon dated February 8, 2022.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 8, 2022, 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 8, 2022



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, 2021. 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, 2021.

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.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 8, 2022



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