



PENSACOLA, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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 1, 2024

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 (ACFR) for the year ended September 30, 2023. 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 over 102,000 customers. The wastewater system serves over 81,000 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 98,000 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 increased slightly to 3.2% during 2023. 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 2024 capital improvement budget targets funding for system repairs, the Sanitary Sewer Overflow/Inflow and Infiltration program, replacement of antiquated water lines, new equipment to serve additional sanitation customers, replacement of a portion of the fleet, and replacement of certain equipment for the composting activity. Funding for the 2024 capital improvement budget will come from operating revenues, the Capital Improvement Fee, impact fees, funds received from agreements with other entities, and long term debt. The current capital improvement plan (CIP), funded annually, totals \$494.1 million over the next five year planning period. Details about the fiscal year 2024-2028 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, 2023 for fiscal year 2024, the Authority Board approved a 5% increase to water and wastewater rates and a 9.5% sanitation rate increase. These rate increases are necessary to cover the increased operating cost and capital improvement needs for each 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, 2022. This is the thirty-fifth 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,

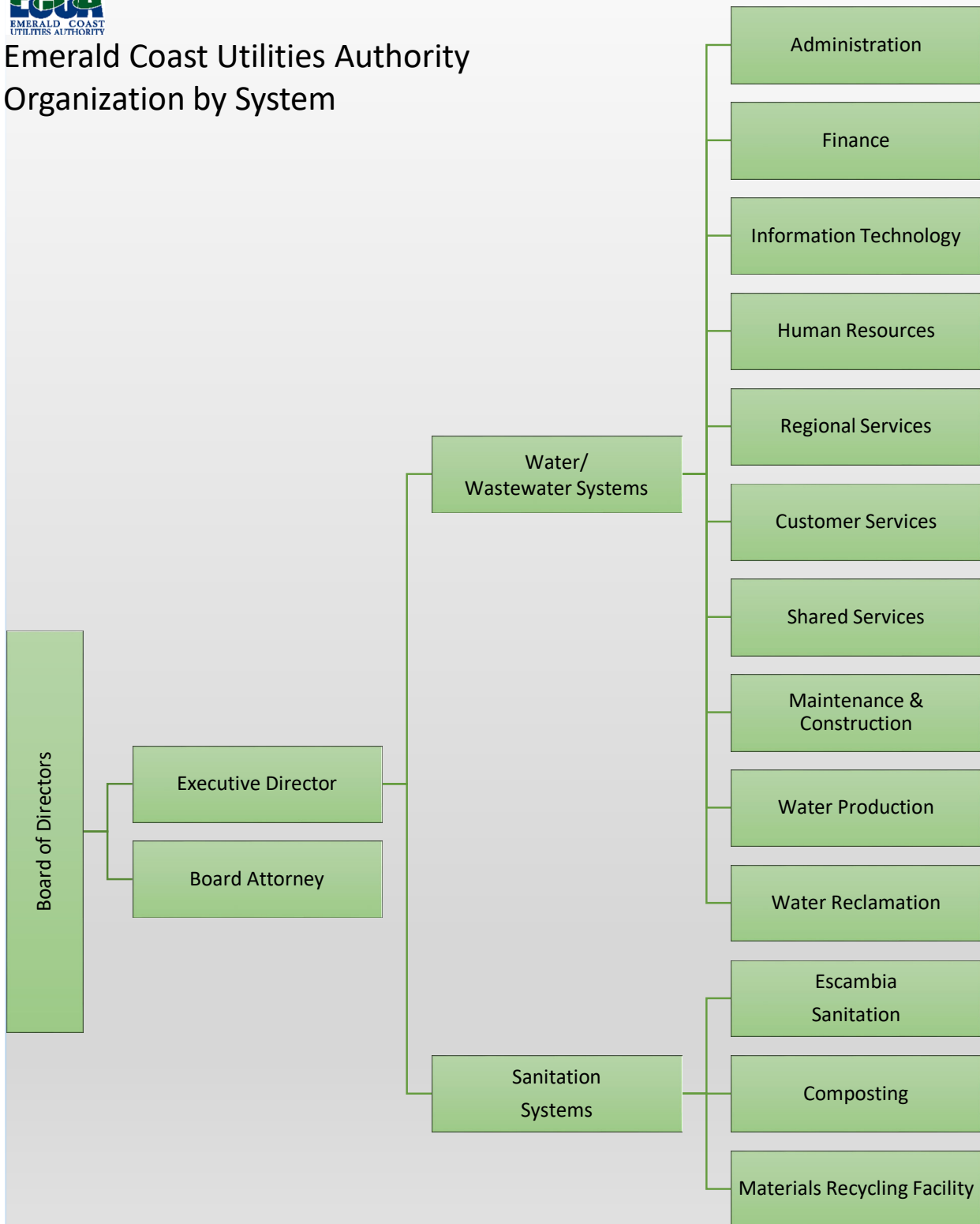
J. Bruce Woody
Executive Director

Justin Smith
Director of Finance

Organizational Chart



Emerald Coast Utilities Authority Organization by System



Emerald Coast Utilities Authority

Principal Officials

Elected Board Members

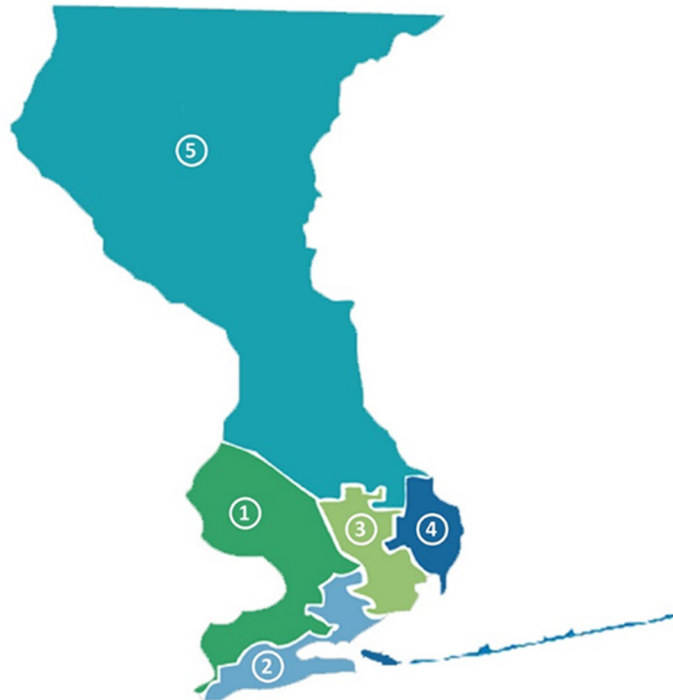
Vicki Campbell, District 1

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Emerald Coast Utilities Authority (the "Authority"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 55 through 58) 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.

Supplementary 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 accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2024, 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 1, 2024



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MANAGEMENT DISCUSSION AND ANALYSIS



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**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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, 2023. 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, 2023 by \$728.9 million (net position), a \$41.6 million increase over the previous fiscal year, or 6.0%. Of this amount, \$116.6 million (unrestricted net position) may be used to meet the Authority's ongoing obligations to customers and creditors. Of the remaining \$612.2 million, approximately \$561.8 million is the net investment in capital assets while the remainder is restricted for utility plant expansion (\$18.3 million) and debt service and other bond requirements (\$32.2 million).
- Operating revenue increased by \$9.9 million, or 6.0% from fiscal year 2022. This is primarily due to rate increases and a growing customer base. Rainfall during fiscal year 2023 was 58 inches, which is significantly below the 10-year average of 75 inches. During fiscal year 2023 the average residential customer's water consumption was approximately 12% more than fiscal year 2022.
- Operating expenses for fiscal year 2023 increased by \$15.1 million, or 11.3%. This is primarily due to the inflationary pressure felt nationwide. The Consumer Price Index for All Urban Consumers (CPI-U) continued to increase during fiscal year 2023 and the 12-month increase in September 2023 was 4.2%.
- Debt service coverage increased from 230% to 244% at the end of the fiscal year. No new parity debt was issued by the Authority during fiscal year 2023.
- The Authority experienced a 2% increase in water customers, a 2% increase in wastewater, and a 3% increase in sanitation customers during fiscal year 2023. The Authority sold 11 billion gallons of potable water and processed 8 billion gallons of wastewater at its three water reclamation facilities during fiscal year 2023. Authority collection trucks picked up over 123 thousand tons of residential, yard and recycling waste in Escambia County during fiscal year 2023.
- The Authority generated \$18.8 million in capital contributions during 2023. This amount consists of \$8.8 million of impact fees and other cash contributions for capital projects along with \$10 million of non-cash developer contributions in the form of water/wastewater infrastructure. The donation of developer infrastructure decreased 0.4% from fiscal year 2022, indicating that developers are still completing several new projects in Escambia County.
- The capital improvement fee for funding capital improvements within the Water and Wastewater system generated \$9.9 million in revenue. The capital funding fee implemented during fiscal year 2019 for the sanitation system generated \$1.6 million in revenue and the transfer station fee implemented in fiscal year 2023 generated \$1.1 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, 2023

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 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, 2023

Financial Analysis

A comparative summary of the Authority's statement of net position as of September 30, 2023, and 2022, is shown below.

Comparative Summary of the Statement of Net Position
As of September 30, 2023 and 2022
(In Thousands)

	2023	2022	Increase (Decrease)	
			Change	%
Current assets	\$ 121,677	\$ 105,404	\$ 16,273	15.4%
Non-current assets-other than capital assets	108,891	119,250	(10,359)	-8.7%
Total Capital Assets (Net)	<u>798,085</u>	<u>785,090</u>	<u>12,995</u>	<u>1.7%</u>
Total Assets	<u>1,028,653</u>	<u>1,009,744</u>	<u>18,909</u>	<u>1.9%</u>
 Total Deferred Outflows of Resources	 <u>9,795</u>	 <u>10,924</u>	 <u>(1,129)</u>	 <u>-10.3%</u>
Current liabilities	53,209	50,552	2,657	5.3%
Non-current liabilities	<u>251,374</u>	<u>278,846</u>	<u>(27,472)</u>	<u>-9.9%</u>
Total Liabilities	304,583	329,398	(24,815)	-7.5%
Total Deferred Inflows of Resources	<u>4,922</u>	<u>3,920</u>	<u>1,002</u>	<u>25.6%</u>
Net investment in capital assets	561,808	516,221	45,587	8.8%
Restricted - debt service and bond requirements	32,231	31,261	970	3.1%
Restricted - expansion of utility plant	18,319	12,750	5,569	43.7%
Unrestricted	<u>116,585</u>	<u>127,118</u>	<u>(10,533)</u>	<u>-8.3%</u>
Total Net Position	<u>\$ 728,943</u>	<u>\$ 687,350</u>	<u>\$ 41,593</u>	<u>6.1%</u>

At the end of fiscal year 2023, 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, 2023

The Authority's net position increased by 6.1% to \$728.9 million as of September 30, 2023, mainly due to an increase in operating revenues and capital contributions. There was a 5% rate increase for all water and wastewater customers and a 6% increase for sanitation customers.

In 2023, the Authority completed \$7.8 million of projects that were under construction in prior years, added \$25.7 million of new capital project completions, received \$10 million of capital assets through non-cash contributions, disposed of \$1.4 million of assets and recorded \$42.8 million in depreciation.

Total Liabilities decreased \$24.8 million (7.5%) during fiscal year 2023. This is due to the Authority paying down \$31.3 million in principle on long-term debt. However, this was partially offset by an increase of \$6.7 million to the Authority's proportionate share of the Florida Retirement System net pension liability during fiscal year 2023.

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:	2023	2022
	<hr/>	<hr/>
Current unrestricted assets	\$101,439	\$87,538
Current unrestricted liabilities	\$19,021	\$11,149
Ratio of current assets to current liabilities	5.3	7.9

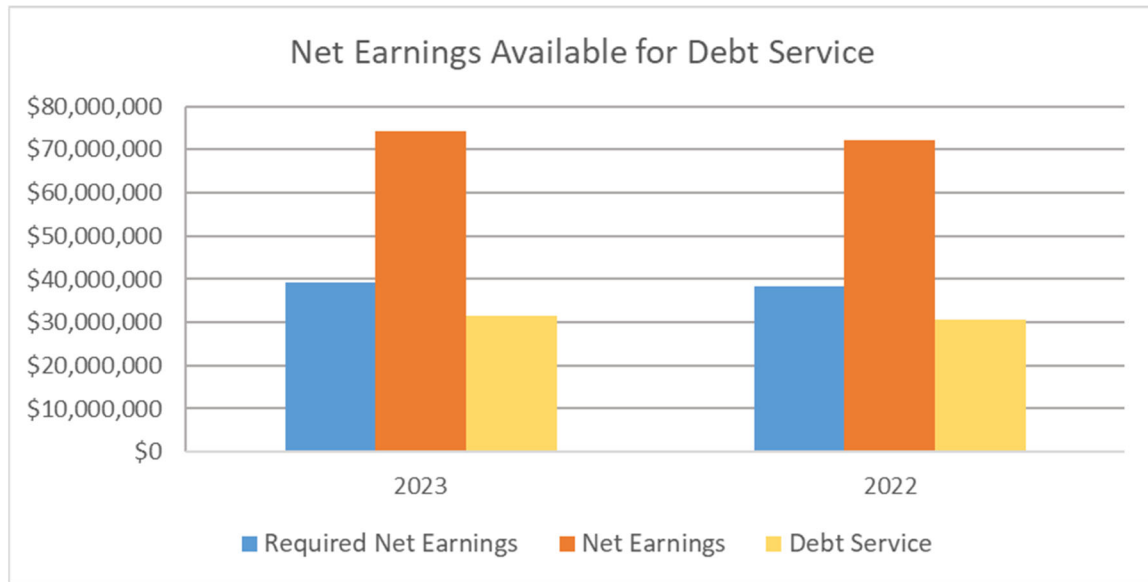
The ratio of current assets to current liabilities is a commonly used balance sheet indicator of cash solvency. A ratio greater than 1.0 is generally viewed as an acceptable indicator of an entity's ability to pay its current obligations. The Authority's current year ratio indicates adequate operating 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 2023 and 2022 was 244% and 230%, 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, 2023**



At the end of the current fiscal year, the Authority had total notes and bonded debt outstanding of \$187.8 million. The Authority did not issue any new bonds or notes during fiscal year 2023. Decreases in the amount outstanding were attributable to normal debt service principal reductions for the revenue bonds and notes. The following table summarizes the Authority's outstanding bonded debt and notes:

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

	2023	2022
Utility Systems Revenue Bonds	\$ 37,720,000	\$ 40,070,000
Utility Systems Revenue Notes	\$ 150,049,000	\$ 170,198,000
	<u>\$ 187,769,000</u>	<u>\$ 210,268,000</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, 2023

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, 2023 and 2022
(In Thousands)

	2023	2022	Increase (Decrease)	
			Change	%
Operating Revenues:				
Customer charges for services	\$ 149,733	\$ 140,032	\$ 9,701	6.9%
Other revenues	23,513	23,315	198	0.8%
Total operating revenues	173,246	163,347	9,899	6.2%
Operating Expenses:				
Water & wastewater system	112,415	101,779	10,636	10.5%
Sanitation system	33,762	29,602	4,160	14.1%
Materials recycling system	2,950	2,593	357	13.8%
Total operating expenses	149,127	133,974	15,153	11.3%
Operating Income	24,119	29,373	(5,254)	-17.9%
Non-Operating Revenues (Expenses):				
Investment earnings (loss)	7,295	(2,864)	10,159	-354.7%
Interest expense	(8,866)	(10,179)	1,313	-12.9%
Insurance reimbursements	174	580	(406)	-70.0%
Gain (Loss) on disposal on assets	118	143	(25)	-17.5%
Total non-operating revenues (expenses)	(1,279)	(12,320)	11,041	-89.6%
Gain before contributions	22,840	17,053	5,787	33.9%
Capital Contributions	18,753	21,639	(2,886)	-13.3%
Change in net position	41,593	38,692	2,901	7.5%
Total Net Position - Beginning	687,350	648,658	38,692	6.0%
Total Net Position - Ending	\$ 728,943	\$ 687,350	\$ 41,593	6.1%

The \$9.9 million (6.2%) increase in total operating revenues is the result of the rate increases and customer growth. 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 1,672 (2%) while the number of wastewater customers increased by 1,974 (2%) and sanitation customers increased by 2,469 (3%).

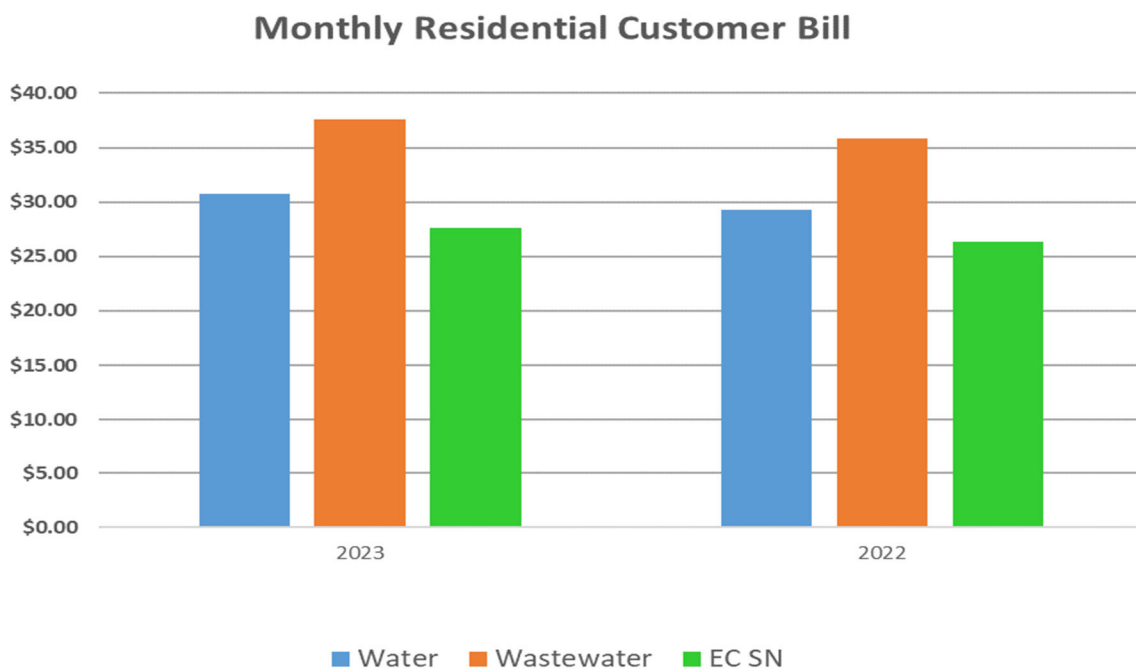
**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The Authority Board approved a budget with a 5% rate increase for water and wastewater customers and 6% for Escambia County sanitation customers effective October 1, 2022.

Recycling revenue decreased by \$1.1 million or 45.7% from fiscal year 2022. The MRF processed a total of 22,434 tons of recyclables during fiscal 2023 as compared to 20,621 tons of recyclables during fiscal year 2022, however, the market value of commodities sold decreased substantially during fiscal year 2023. During fiscal year 2023 the average value of materials sold was \$95.98 per ton as compared to an average of \$218.67 per ton in fiscal year 2022. This decline in recyclable materials value was felt by recycling facilities across the United States during 2023.

Non-cash developer contributions decreased 0.4% from the previous fiscal year and water and wastewater connection fees increased 12.5% indicating that residential housing construction is underway in the new developments. Non-cash contributions reflect the utility system contributions by builders and developers. The minimal decrease from fiscal year 2022 indicates a steady amount of new 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 2023 and 2022. The charges are calculated using the typical residential consumption of 6,100 gallons of water and 4,600 gallons of wastewater.

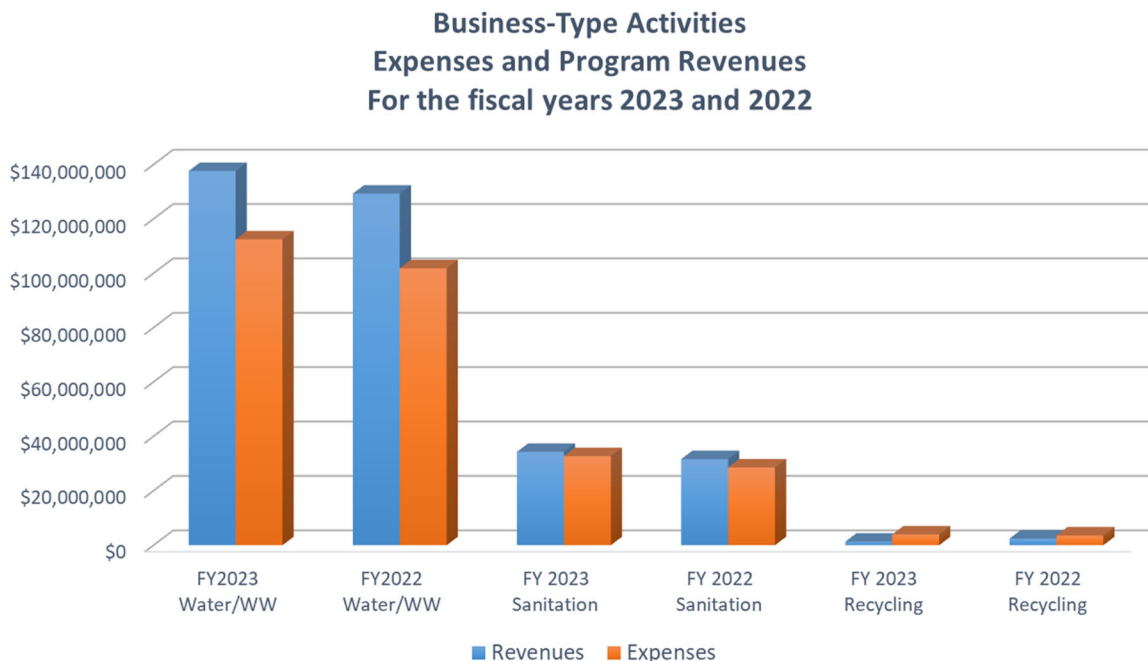


**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Expenses

Operational expenses are broken down into three categories: water and wastewater service, sanitation service and recycling service. Operating expenses totaled \$149 million for fiscal year 2023, an 11.3% increase over the previous fiscal year. Water and wastewater operating expenses increased \$10.6 million (10.5%) primarily due increases in personnel costs, utilities, and operating supplies. The Authority experienced a 8.4% increase in repair and maintenance costs due to inflation and the aging infrastructure. Also, inflationary pressures and high demand for chemicals resulted in a 14.8% increase in operating supplies for fiscal year 2023. Sanitation operating expenses increased approximately \$4.1 million (14.1%) in fiscal year 2023 primarily due to an increase in repair and maintenance costs. Operating expenses for the Materials Recycling Facility (MRF) increased by \$357 thousand (13.8%) over the previous fiscal year due to increases in personnel costs, contractual services, and repairs and maintenance. The MRF was shut down for approximately 2 months during fiscal year 2023 and the Authority incurred significant expenses during this period performing repairs to the facility.

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



Capital Assets

During 2023, the Authority spent \$43.9 million for construction and equipment, consisting of the following: \$18.5 million to upgrade or replace sewer lines, \$5.3 million for vehicles and equipment, \$3.4 million to upgrade or replace lift stations, \$2.4 million on utility relocations and \$10.2 million to upgrade or replace water distribution lines.

**EMERALD COAST UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

The following lists some of the Authority's completed capital projects for fiscal year 2023:

- Construction totaling \$1.4 million was completed on the Winding Lane force main relocation.
- Construction totaling \$1.8 million was completed on the West Desoto septic to sewer conversion.
- Construction totaling \$1.2 million was completed on the Scenic Hills water main replacement.
- Construction totaling \$1.3 million was completed on the North 46th Avenue water main replacement.
- Construction totaling \$2.4 million was completed on the Carpenter's Creek sewer main replacement phases 2 and 3.
- \$1.3 million for on-going costs to repair and replace Sanitary Sewer Manholes.
- \$7.8 million for on-going costs for Sanitary Sewer Lateral Lining.
- \$1.4 million for on-going costs to repair and replace water meters throughout the system.
- \$1.5 million for on-going costs to repair and replace water service renewals.
- \$5.3 million on various vehicles, trucks, and other equipment.
- \$29.9 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 2024 budget approved by the Board establishes funding at a level that maintains current programs and provides for enhancements to our existing level of service as well as funding \$35.4 million for capital improvements. The capital improvement program will be funded with fiscal year 2023 carry forward funds, current year revenues, capital improvement fees, and impact fees. The capital improvement budget includes \$9.6 million for the Inflow and Infiltration construction phase of the Florida Department of Environment Protection consent order. The remaining \$25.8 million is for other normal infrastructure projects and vehicle and equipment replacements. The operating budget, which includes a 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 other increases to normal operating costs due to inflation.

The Authority Board approved a 9.5% increase in the Escambia sanitation rates to cover increased operating expenses due to growth in the service areas and the increased cost of providing curbside recycling. The sanitation budget contains funding for increases in normal operating costs such as personnel, contractual services for day laborers, repair and maintenance, fuel and lubricants, and tipping fees at the Escambia County landfill due to our growing customer base. The fiscal year 2024 sanitation budget also includes funding for the purchase of approximately 11 residential collection vehicles to replace a portion of our aging fleet that have reached the end of their useful life.

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, 2023**

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



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EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets:

Cash and cash equivalents (note 3)	\$61,666,663
Receivables (net of allowance for uncollectibles) (note 4)	21,935,157
Grants receivable	1,656,135
Due from other governmental units	1,300,000
Inventory (note 1)	14,712,575
Restricted cash and investments: (note 5)	
Debt service sinking fund	16,787,254
Customer deposits	3,451,863
Prepaid expenses	167,655
Total current assets	<u>121,677,302</u>

Noncurrent assets:

Due from other governmental units	3,900,000
Restricted cash and investments (see note 5):	
Restricted by debt agreements	17,632,820
Restricted for capital improvement program	85,790,865
Self-insurance reserves (note 10)	388,685
Capital assets: (note 1 & 6)	
Land and other non-depreciable assets	58,600,501
Depreciable assets (net of accumulated depreciation)	739,484,938
Unamortized debt issuance costs (net of accumulated amortization) (note 1)	1,178,049
Total noncurrent assets	<u>906,975,858</u>
Total assets	<u>1,028,653,160</u>

Deferred Outflows of Resources:

Loss on bond refunding	722,331
Other postemployment benefits (note 12)	493,671
Pensions (note 11)	8,578,551
Total deferred outflows of resources	<u>9,794,553</u>

(continued)

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

EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES

Current liabilities:

Vouchers payable	\$10,229,033
Due to other governmental units	245,904
Salaries and benefits payable	1,572,589
Compensated absences payable (note 1 & 7)	1,767,706
Current portion of long-term debt (note 7)	656,933
Accrued interest payable	4,383
Payable from restricted assets:	
Customer deposits	3,451,863
Current portion of long-term debt (note 7)	31,527,810
Accrued interest payable	2,188,974
Contracts payable	1,200,221
Claims liabilities (note 10)	198,126
Other current liabilities	165,249
Total current liabilities	<u>53,208,791</u>

Non-current liabilities:

Long term debt (note 6)	203,615,278
Compensated absences payable (note 1 & 7)	1,178,470
Other post-employment benefits (note 12)	2,638,639
Net pension liability (note 11)	43,751,275
Claims liabilities (note 10)	190,559
Total non-current liabilities	<u>251,374,221</u>
Total liabilities	<u>304,583,012</u>

Deferred Inflows of Resources:

Other post-employment benefits (note 12)	2,171,152
Pensions (note 11)	2,750,548
Total deferred inflows of resources	<u>4,921,700</u>

NET POSITION

Net investment in capital assets	561,807,528
Restricted:	
Debt Service and other bond requirements	32,231,100
Expansion of utility plant	18,319,520
Unrestricted	116,584,853
Total net position	<u><u>\$728,943,001</u></u>

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

EMERALD COAST UTILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Operating revenues:

Charges for services:

Water	\$51,620,659
Wastewater	66,629,235
Sanitation	31,483,706
Recycling	1,292,861
Connection charges	1,168,700
Sewer improvement fees	6,561,977
Capital improvement/funding fees	12,600,452
Other	1,889,168
Total operating revenues	<u>173,246,758</u>

Operating expenses:

Personal services	57,419,935
Contractual services	3,994,013
Professional services	960,595
Materials and supplies	13,021,369
Repairs and maintenance	10,713,048
Utilities	9,030,452
Tipping fees	6,043,804
Other	5,141,834
Depreciation and amortization	42,802,337
Total operating expenses	<u>149,127,387</u>

Operating income	<u>24,119,371</u>
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Non-operating revenues (expenses):

Investment earnings (loss)	7,294,623
Interest expense	(8,865,668)
Insurance reimbursements	173,819
Gain (loss) on disposal of assets	118,068
Total non-operating revenues (expenses)	<u>(1,279,158)</u>

Income before contributions	<u>22,840,213</u>
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Capital contributions - impact fees and other	8,759,129
Capital contributions - noncash	9,993,712
Total contributions	<u>18,752,841</u>

Change in net position	<u>41,593,054</u>
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Net position at beginning of year	<u>687,349,947</u>
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Net position at end of year	<u><u>\$728,943,001</u></u>
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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, 2023**

Cash flows from operating activities:

Cash received from customers	\$172,305,381
Cash payments to suppliers for goods and services	(50,407,168)
Cash payments to employees for services	(49,041,799)
Net cash provided by operating activities	<u>72,856,414</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(45,928,260)
Contributions for capital assets	8,759,129
Principal paid on long-term debt	(31,260,108)
Interest paid on long-term debt	(9,039,583)
Proceeds from sale of assets	132,857
Insurance reimbursements	173,819
Net cash used in capital and related financing activities	<u>(77,162,146)</u>

Cash flow from investing activities:

Interest income	6,668,452
Proceeds from sales/maturities of investments	41,684,974
Purchases of investments	(67,453,133)
Net cash used in investing activities	<u>(19,099,707)</u>

Net decrease in cash and cash equivalents	(23,405,439)
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Cash and cash equivalents at beginning of year	<u>127,948,403</u>
Cash and cash equivalents at end of year	<u><u>\$104,542,964</u></u>

Reconciliation of cash, cash equivalents, and investments at end of year to Statement of Net Position:

Current assets:	
Cash and cash equivalents	\$61,666,663
Restricted cash and investments	<u>124,051,487</u>
	185,718,150
Less investments	<u>(81,175,186)</u>
Total cash and cash equivalents at end of year	<u><u>\$104,542,964</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, 2023

Reconciliation of operating income to net cash

provided by operating activities:

Operating income	\$24,119,371
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	42,802,337
Capitalized labor	(1,184,994)
(Increase) decrease in assets:	
Accounts receivable	(1,981,720)
Due from grants receivable	(159,309)
Due from other governments	1,300,000
Inventory	(2,820,912)
Prepaid expenses	581,603
Deferred outflows	1,015,510
Increase (decrease) in liabilities:	
Vouchers payable	3,288,595
Salaries and benefits payable	28,940
Customer deposits	(121,553)
Compensated absences	143,753
Due to other governments	26,197
Other current liabilities	21,205
Net pension liability	6,685,885
Other post-employment benefits	(1,815,961)
Claims payable	(73,900)
Deferred inflows	1,001,367
	<hr/>
Net cash provided by operating activities	<u><u>\$72,856,414</u></u>

Non-cash investing, capital and financing activities

Capital contributions from developers	<u><u>\$9,993,712</u></u>
Unrealized appreciation in fair value of investments	<u><u>\$626,171</u></u>

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, 2023

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.

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.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 \$1,277,900. 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

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.

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.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 assets 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 assets 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 2023, the Authority reports \$722,331 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 and other post-employment benefits. The deferred outflows and inflows of resources related to pension and other postemployment benefits are further discussed in Notes 11 and 12.

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

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

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

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

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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.

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.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
EMERALD COAST UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 – CASH AND INVESTMENTS

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

Deposits – Cash and Cash equivalents

The Authority's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Acts, as required by Chapter 280, Florida Statutes. As such, these deposits are considered to be entirely covered by federal depository insurance or pooled collateral held the State Treasurer under the provisions of Chapter 280, Florida Statutes. As of September 30, 2023 the carrying value of the Authority's bank deposit accounts was \$29,537,380 and the bank balance was \$29,944,909.

Investment Portfolio

As of September 30, 2023, 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	\$ 3,301,529	0.205
Local Government Surplus Funds Trust Fund ^(a)	41,690,407	0.096
Florida Palm Public Assets ^(b)	29,623,575	0.118
Money Market Mutual Fund ^(c)	390,073	0.110
U.S. Treasury Securities	56,513,750	2.101
Federal Instrumentalities	10,099,182	1.841
Corporate Notes	11,873,200	1.616
State and Local Government Debt	2,689,054	2.676
Total Investments	<u>\$ 156,180,770</u>	

^(a) Florida Prime (SBA)'s September 30, 2023 Financial Statement Disclosures report available on the website <https://www.prime.sbafla.com/audits/>

^(b) FL Palm Public Assets Report on Holdings as of September 30, 2023

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

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Interest Rate Risk

To the extent possible, an attempt is made to match investment maturities with known cash needs and anticipated cash flow requirements. For operating funds, investment maturities are matched with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than 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 years and the average duration of the funds as a whole may not exceed three years.

The Authority utilizes “weighted average duration” as a measurement of interest rate risk and as of September 30, 2023, the investments had a weighted average duration of 1.095 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
06051GKM0	Bank of America Corp	4/2/2026	243,482	continuous	4/2/2025
06051GKW8	Bank of America Corp	7/22/2028	121,293	continuous	7/22/2027
06406RBJ5	Bank of NY Mellon Corp	7/24/2026	244,972	one-time	7/24/2025
341081GR2	Florida Power and Light	5/15/2026	248,747	continuous	4/15/2026
46647PCZ7	JP Morgan Chase & Co	4/26/2026	247,009	continuous	4/26/2025
46647PDG8	JP Morgan Chase & Co	7/25/2028	121,609	continuous	7/25/2027
61747YET8	Morgan Stanley	7/17/2026	245,947	continuous	7/17/2025
61747YER2	Morgan Stanley	4/20/2028	119,889	continuous	4/20/2027
63743HFH0	National Rural Utility Corp	3/13/2026	244,749	continuous	2/13/2026
716973AB8	Pfizer Investment Enterprise	5/19/2026	248,417	continuous	4/19/2026
756109BF0	Realty Income Corp	6/1/2026	249,401	continuous	3/1/2026
857477CB7	State Street Bank	5/18/2026	251,554	continuous	5/18/2023
907818GE2	Union Pacific Corp	2/21/2026	248,187	continuous	1/21/2026
			<u>\$ 2,835,256</u>		

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Credit Risk

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

- 1) The Local Government Surplus Funds Trust Fund or any other authorized intergovernmental investment pool shall be rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.
- 2) Money Market Mutual Funds rated "AAAm" by Standard & Poor's or the equivalent by another rating agency.
- 3) U.S. Government Treasury Securities, U.S. Government Agencies, and Federal Instrumentalities guaranteed by the U.S. Government or sponsored agencies.
- 4) Commercial Paper that is rated, at the time of purchase, in the highest tier by a minimum of two nationally recognized statistical rating organizations.
- 5) Corporate Notes issued by a corporation or bank denominated in U.S. Dollar, that have a long-term debt rating, at the time of purchase, at a minimum single "A" category by any two nationally recognized statistical rating organizations.
- 6) Banker's Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" by Standard & Poor's.
- 7) State and/or Local Government Taxable and/or Tax-Exempt Debt, general obligation or revenue obligation, that have a long-term debt rating, at the time of purchase, at a minimum single "A" category by any two nationally recognized statistical rating organizations or at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.

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

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At September 30, 2023, the Authority's investments had the following credit quality:

Security Type	Standard & Poor's Credit Rating	Portfolio Asset Allocation
Certificates of Deposit	N/A	2.11%
Local Government Surplus Funds Trust Fund*	AAAm	26.69%
Florida Palm**	AAAm	18.97%
Money Market Mutual Funds	AAAm	0.25%
Corporate Notes	AA	1.58%
Corporate Notes	AA-	0.15%
Corporate Notes	A+	2.22%
Corporate Notes	A	2.32%
Corporate Notes	A-	1.34%
State and Local Government Debt	AAA	0.69%
State and Local Government Debt	AA+	0.44%
State and Local Government Debt	AA	0.39%
State and Local Government Debt	AA-	0.20%

*Florida Prime (SBA)'s 09/30/2023 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, 2023

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, 2023, the Authority's securities portfolio was held with a third-party custodian as required by the Authority's investment policy.

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Concentration of Credit Risk

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

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

* Treasury Strips are limited to 10% of available funds

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As of September 30, 2023, the Authority had the following issuer concentrations based on fair value:

	Portfolio Asset Fair Value	Allocation
Certificates of Deposit	\$ 3,301,529	2.114%
Local Government Surplus Funds Trust Fund	41,690,407	26.694%
Money Market Mutual Funds	390,073	0.250%
Florida Palm	29,623,575	18.967%
U.S. Treasury Securities	56,513,750	36.185%
Federal Instrumentalities:		
Federal National Mortgage Association	1,692,278	1.084%
Federal Home Loan Banks	4,220,140	2.702%
Federal Home Loan Mortgage Corporation	2,447,512	1.567%
Federal Farm Credit Banks	1,739,252	1.114%
Corporate Notes:		
Amazon.com Inc.	2,473,050	1.583%
Bank of America Corp	364,775	0.234%
Bank of Montreal	251,764	0.161%
Bank of New York Mellon Corp	244,972	0.157%
Caterpillar Financial Services Corp	1,455,613	0.932%
Colgate-Palmolive Co	227,072	0.145%
Florida Power & Light Co	248,785	0.159%
Home Depot Inc	306,410	0.196%
John Deere Capital Corp	250,402	0.160%
JPMorgan Chase & Co	368,618	0.236%
Morgan Stanley	365,836	0.234%
National Rural Utilities Cooperative	244,749	0.157%
PACCAR Financial Corp	1,002,503	0.642%
PepsiCo, Inc.	565,527	0.362%
Pfizer Investment Enterprises	248,417	0.159%
Prologis	237,707	0.152%
Realty Income Corp	249,401	0.160%
Royal Bank of Canada	248,057	0.159%
State Street Corp	251,554	0.161%
Toronto-Dominion Bank	375,071	0.240%
Toyota Motor Credit Corp.	1,644,730	1.053%
Union Pacific Corp	248,187	0.159%
State and Local Government Debt:		
Arizona St. Transportation Board	684,625	0.438%
Connecticut St. Txble-Series A	308,952	0.198%
District of Columbia Income Tax	548,146	0.351%
New York Ny Txble-Series D2	610,925	0.391%
Oklahoma City Water Utility	536,406	0.343%
	\$ 156,180,770	100%

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Fair Value of Investments

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

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

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

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

The Local Government Surplus Funds Trust Fund 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	\$20,824,167	\$38,389	\$108,073	\$20,970,629	(\$1,177,200)	\$19,793,429
Sanitation	2,022,312	0	0	2,022,312	(100,700)	1,921,612
Materials recycling	220,116	0	0	220,116	0	220,116
Total business-type activities	<u>\$23,066,595</u>	<u>\$38,389</u>	<u>\$108,073</u>	<u>\$23,213,057</u>	<u>(\$1,277,900)</u>	<u>\$21,935,157</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	\$3,451,863	\$0	\$3,451,863
Restricted sinking fund	16,062,728	724,526	16,787,254
	<u>19,514,591</u>	<u>724,526</u>	<u>20,239,117</u>
Non-current restricted cash and investments:			
Restricted by debt agreements:			
Debt service reserve for Series 2010 Loan	3,301,529	0	3,301,529
Operations & maintenance	6,629,110	0	6,629,110
Renewal & replacement	7,702,181	0	7,702,181
	<u>17,632,820</u>	<u>0</u>	<u>17,632,820</u>
Restricted for capital improvement program:			
Capital improvement program	66,857,765	0	66,857,765
Impact fees	18,319,520	0	18,319,520
Capital improvement fees	0	613,580	613,580
	<u>85,177,285</u>	<u>613,580</u>	<u>85,790,865</u>
Self-insurance reserves	<u>388,685</u>	<u>0</u>	<u>388,685</u>
Total restricted cash & cash equivalents	<u><u>\$122,713,381</u></u>	<u><u>\$1,338,106</u></u>	<u><u>\$124,051,487</u></u>

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NOTE 6 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2023 was as follows:

	Balance at 10/01/2022	Increases	Transfers / Decreases	Balance at 09/30/2023
<i>Capital assets not depreciated:</i>				
Land	\$28,594,051	\$66,457	\$0	\$28,660,508
Construction in progress	23,122,729	14,593,142	(7,775,878)	29,939,993
Total capital assets not depreciated	<u>\$51,716,780</u>	<u>\$14,659,599</u>	<u>(\$7,775,878)</u>	<u>\$58,600,501</u>
<i>Capital assets depreciated:</i>				
Buildings and building improvements	\$45,140,500	\$0	\$0	\$45,140,500
Improvements other than buildings	1,077,353,280	43,477,287	0	1,120,830,567
Equipment	101,727,152	5,451,710	(1,384,702)	105,794,160
Total capital assets depreciated	<u>1,224,220,932</u>	<u>48,928,997</u>	<u>(1,384,702)</u>	<u>1,271,765,227</u>
<i>Less accumulated depreciation:</i>				
Buildings and building improvements	12,726,592	1,135,620	0	13,862,212
Improvements other than buildings	408,909,149	34,410,530	0	443,319,679
Equipment	69,212,125	7,256,187	(1,369,914)	75,098,398
Total accumulated depreciation	<u>490,847,866</u>	<u>42,802,337</u>	<u>(1,369,914)</u>	<u>532,280,289</u>
Total capital assets depreciated, net	<u>\$733,373,066</u>	<u>\$6,126,660</u>	<u>(\$14,788)</u>	<u>\$739,484,938</u>
Intangible assets	\$14,996,954	\$0	\$0	\$14,996,954
Less accumulated amortization	14,996,954	0	0	14,996,954
Total intangible assets depreciated, net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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NOTE 7 – LIABILITIES

Long-term debt:

At September 30, 2023, long-term debt consisted of the following:

	Interest Rates %	Annual Principal	Final Maturity	Amount Outstanding 9/30/2023
Bonds:				
Utility System Refunding Revenue Bonds, Series 2015	2% - 5%	\$ 2,175,000 to \$ 1,030,000	1/1/2036	\$ 37,720,000
Total long-term bonds				<u>37,720,000</u>
Notes From Direct Borrowing:				
Utility System Revenue Note, Series 2008	4.91%	\$ 8,630,000 to \$ 14,830,000	7/1/2028	63,955,000
Utility System Revenue Note, Series 2010	6.00%	\$ 2,027,000 to \$ 2,995,000	1/1/2031	20,984,000
Utility System Refunding Revenue Note, Series 2013	2.30%	\$ 1,350,000 to \$ 1,855,000	1/1/2028	8,620,000
Utility System Refunding Revenue Note, Series 2014	3.12%	\$ 855,000 to \$ 1,030,000	1/1/2027	3,940,000
Utility System Refunding Revenue Note, Series 2016	2.11%	\$ 2,021,000 to \$ 2,548,000	1/1/2032	21,110,000
Utility System Revenue Note, Series 2017	2.59%	\$ 1,656,000 to \$ 12,540,000	1/1/2030	31,440,000
Total long-term notes from direct borrowing				<u>150,049,000</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	34,978,037
Closed Loop loan - payments due quarterly	0.00%	\$ 83,333 to \$ 333,332	12/31/2025	750,000
Total long-term loans from direct borrowing				<u>35,728,037</u>
Financed Purchases of Equipment:				
Sanitation Trucks 2018	3.31%	\$ 377,715 to \$ 430,212	12/1/2024	846,653
Sanitation Trucks 2019	3.26%	\$ 268,946 to \$ 525,012	1/25/2026	1,302,255
Sanitation Trucks 2020	1.82%	\$ 483,591 to \$ 433,907	7/1/2027	1,883,027
Sanitation Trucks 2021	1.70%	\$ 15,559 to \$ 68,447	6/25/2028	319,077
Sub-total for sanitation vehicles & equipment				4,351,012
AMR equipment	4.41%	\$ 85,966 to \$ 1,114,151	9/30/2027	4,181,753
CNG Station - payments due monthly	2.09%	\$ 99,970 to \$ 104,233	2/28/2034	79,706
Composting equipment - payments due semi-annually	2.59%	\$ 93,938 to \$ 101,478	4/30/2024	101,478
MRF Robotic Sorters	1.49%	\$ 86,696 to \$ 343,559	10/29/2028	1,754,220
Total financed purchases of equipment				<u>10,468,169</u>
Long-term debt				<u>233,965,206</u>
Unamortized bond premiums, net				<u>1,834,815</u>
Total long-term debt				<u>235,800,021</u>
Less current maturities				<u>32,184,743</u>
Total long-term debt				<u>\$ 203,615,278</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 2023 was 228%.

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Long-Term Debt Changes in long-term bonds, notes payable, capital leases, and compensated absences during 2023 are as follows:

Long-Term Debt	Beginning Balance 10/1/2022	Additions	(Reductions)	Long-Term Debt Outstanding 9/30/2023	Amounts Due Within One Year of 09/30/2023
Bonds:					
Utility System Refunding Revenue Bonds, Series 2015	\$ 40,070,000	\$0	(\$2,350,000)	\$ 37,720,000	\$ 2,470,000
Total long-term bonds	<u>40,070,000</u>	<u>0</u>	<u>(2,350,000)</u>	<u>37,720,000</u>	<u>2,470,000</u>
Notes From Direct Borrowing:					
Utility System Revenue Note, Series 2008	73,900,000	0	(9,945,000)	63,955,000	11,400,000
Utility System Revenue Note, Series 2010	23,176,000	0	(2,192,000)	20,984,000	2,279,000
Utility System Refunding Revenue Note, Series 2011	983,000	0	(983,000)	0	0
Utility System Refunding Revenue Note, Series 2013	10,375,000	0	(1,755,000)	8,620,000	1,780,000
Utility System Refunding Revenue Note, Series 2014	4,850,000	0	(910,000)	3,940,000	940,000
Utility System Refunding Revenue Note, Series 2016	23,218,000	0	(2,108,000)	21,110,000	2,153,000
Utility System Revenue Note, Series 2017	33,696,000	0	(2,256,000)	31,440,000	2,988,000
Total long-term notes from direct borrowing	<u>170,198,000</u>	<u>0</u>	<u>(20,149,000)</u>	<u>150,049,000</u>	<u>21,540,000</u>
Loans From Direct Borrowing:					
State of Florida Department of Environmental Protection Revolving Loans	39,781,413	0	(4,803,376)	34,978,037	4,910,075
Closed Loop loan	1,083,334	0	(333,334)	750,000	333,333
Total long-term loans from direct borrowing	<u>40,864,747</u>	<u>0</u>	<u>(5,136,710)</u>	<u>35,728,037</u>	<u>5,243,408</u>
Financed Purchases of Equipment:					
Sanitation vehicles & equipment	6,516,197	0	(2,165,186)	4,351,011	1,447,873
AMR equipment	5,119,037	0	(937,284)	4,181,753	978,677
CNG Station	183,940	0	(104,233)	79,707	79,707
Composting equipment	200,378	0	(98,900)	101,478	101,478
MRF Robotic Sorters	2,073,015	0	(318,795)	1,754,220	323,600
Total long-term financed purchases	<u>14,092,567</u>	<u>0</u>	<u>(3,624,398)</u>	<u>10,468,169</u>	<u>2,931,335</u>
Total bonds and loans	<u>265,225,314</u>	<u>0</u>	<u>(31,260,108)</u>	<u>233,965,206</u>	<u>32,184,743</u>
Unamortized bond premiums, net	1,986,057	0	(151,242)	1,834,815	0
Total long-term debt	<u>267,211,371</u>	<u>0</u>	<u>(31,411,350)</u>	<u>235,800,021</u>	<u>32,184,743</u>
Compensated Absences	<u>2,802,423</u>	<u>4,346,556</u>	<u>(4,202,803)</u>	<u>2,946,176</u>	<u>1,767,706</u>
	<u>\$270,013,794</u>	<u>\$4,346,556</u>	<u>(\$35,614,153)</u>	<u>\$238,746,197</u>	<u>\$33,952,449</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
2024	\$ 32,184,743	\$ 8,310,993	\$40,495,736
2025	32,291,715	7,127,848	39,419,563
2026	32,302,458	5,935,567	38,238,025
2027	32,774,739	4,729,191	37,503,930
2028	33,268,849	3,480,388	36,749,237
2029 - 2033	62,667,702	5,840,926	68,508,628
2034 - 2038	8,475,000	408,344	8,883,344
Total bond, note, and loan debt service requirements	<u><u>\$233,965,206</u></u>	<u><u>\$35,833,257</u></u>	<u><u>\$269,798,463</u></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, 2023, eight bond issues are outstanding with an aggregate principal amount of \$49,260,000.

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NOTE 8 – SEGMENT INFORMATION

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

Condensed Statement of Net Position

	Water and Wastewater	Sanitation	Materials Recycling
Assets:			
Current assets ⁽¹⁾	\$125,928,719	\$7,510,179	\$537,112
Noncurrent assets	878,494,893	19,321,081	9,159,884
Total assets	1,004,423,612	26,831,260	9,696,996
Deferred outflows of resources	7,156,141	2,638,412	0
Total assets and deferred outflows	<u>\$1,011,579,753</u>	<u>\$29,469,672</u>	<u>\$9,696,996</u>
Liabilities:			
Current liabilities ⁽¹⁾	\$48,184,810	\$9,390,827	\$7,931,862
Long-term liabilities	234,487,900	15,020,789	1,865,532
Total liabilities	<u>282,672,710</u>	<u>24,411,616</u>	<u>9,797,394</u>
Deferred inflows of resources	<u>3,593,743</u>	<u>1,327,957</u>	<u>0</u>
Net Position:			
Net investment in capital assets	540,896,852	14,255,011	6,655,665
Restricted	49,873,518	677,102	0
Unrestricted	134,542,930	(11,202,014)	(6,756,063)
Total net position	<u>725,313,300</u>	<u>3,730,099</u>	<u>(100,398)</u>
Total liabilities, deferred inflows and net position	<u>\$1,011,579,753</u>	<u>\$29,469,672</u>	<u>\$9,696,996</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	\$118,249,894	\$31,483,706	\$1,292,861
Other operating revenue ⁽²⁾	19,381,396	2,808,114	30,787
Total operating revenue	<u>137,631,290</u>	<u>34,291,820</u>	<u>1,323,648</u>
Operating expenses:			
Depreciation and amortization	38,375,349	3,395,730	1,031,258
Other operating expenses ⁽²⁾	74,040,301	30,366,104	1,918,645
Total operating expenses	<u>112,415,650</u>	<u>33,761,834</u>	<u>2,949,903</u>
Operating income (loss)	<u>25,215,640</u>	<u>529,986</u>	<u>(1,626,255)</u>
Nonoperating revenues (expenses):			
Investment earnings (loss)	7,256,448	38,175	0
Interest expense	(8,703,330)	(133,846)	(28,492)
Insurance reimbursements	104,427	69,392	0
Other nonoperating revenues (expenses)	118,975	(907)	0
Total nonoperating revenues (expenses)	<u>(1,223,480)</u>	<u>(27,186)</u>	<u>(28,492)</u>
Income (loss) before capital contributions and transfers	<u>23,992,160</u>	<u>502,800</u>	<u>(1,654,747)</u>
Capital contributions	18,752,841	0	0
Transfers	0	(1,394,922)	1,394,922
Change in net position	<u>42,745,001</u>	<u>(892,122)</u>	<u>(259,825)</u>
Net position at beginning of year	<u>682,568,299</u>	<u>4,622,221</u>	<u>159,427</u>
Net position at end of year	<u><u>\$725,313,300</u></u>	<u><u>\$3,730,099</u></u>	<u><u>(\$100,398)</u></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	\$67,940,712	\$5,772,105	(\$856,403)
Noncapital financing activities	1,824,579	(3,219,501)	1,394,922
Capital and related financing activities	(72,577,824)	(3,783,602)	(800,720)
Investing activities	(19,137,882)	38,175	0
Net decrease in cash and cash equivalents	<u>(21,950,415)</u>	<u>(1,192,823)</u>	<u>(262,201)</u>
Cash and cash equivalents, beginning of year	<u>124,011,984</u>	<u>3,357,222</u>	<u>579,197</u>
Cash and cash equivalents, end of year	<u><u>\$102,061,569</u></u>	<u><u>\$2,164,399</u></u>	<u><u>\$316,996</u></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, 2023 are as follows:

Capital contributions - cash:	
Impact fees	\$7,534,856
Other governmental entities	1,205,473
Other contributions	18,800
	<u>\$8,759,129</u>
Capital contributions - noncash:	
Property contributed by developers and others	<u>\$9,993,712</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, 2023.

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

	2023	2022
Claims liabilities, beginning of year	\$ 462,585	\$ 788,600
Claims incurred and changes in estimates	143,375	(82,786)
Claims paid	(217,275)	(243,229)
Unpaid claims, ending	388,685	462,585
Estimated claims due within one year	(198,126)	(246,015)
Estimated claims due longer than a year	<u>\$ 190,559</u>	<u>\$ 216,570</u>

At September 30, 2023, the Authority has restricted cash of \$388,685 for purposes of funding its claims liabilities.

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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

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
850-907-6500 or toll free at 844-377-1888

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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, 2023 were 13.57% for regular participants, 34.52% for senior management, 58.68% for elected officials, and 21.13% 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 \$4,385,274 for the year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023 the Authority reported a net pension liability of \$29,747,370 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023, the Authority's proportionate share was 0.074654286%.

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For the year ended September 30, 2023 the Authority recognized pension expense of \$6,161,101 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	\$ 2,793,021	\$ -
Change in assumptions	1,939,180	-
Net difference between projected and actual earnings on Pension Plan investments	1,242,331	-
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	640,637	968,133
Authority Pension Plan contributions subsequent to measurement date	<u>1,076,464</u>	<u>-</u>
	<u><u>\$ 7,691,633</u></u>	<u><u>\$ 968,133</u></u>

The deferred outflows of resources to the Pension Plan totaling \$1,076,464 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, 2024. 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	
2024	\$ 651,489
2025	(407,823)
2026	4,892,853
2027	380,234
2028	130,283
Thereafter	<u>-</u>
	<u><u>\$ 5,647,036</u></u>

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Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuations was determined using the following actuarial assumptions:

	<u>2023</u>
Inflation	2.40%
Salary increases, average, including inflation	3.25%
Investment rate of return, net of pension plan investment expense, including inflation	6.70%

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

The actuarial assumptions used in the July 1, 2023 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 assumption of 6.7% used in 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 2023 by the FRS Actuarial Assumption Conference; 2) an inferred real (in excess of inflation) return of 4.2% which is consistent with the 4.48% real return from the capital market outlook model developed during 2023 by the outside investment consultant to the Florida State Board of Administration. Geometrically combining those building blocks using the formula $(1 + .024) \times (1 + .0420) - 1$ generates an expected nominal return of 6.7%.

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.

<u>Asset Class</u>	<u>Policy Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Annual Standard Deviation</u>
Cash equivalents	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Assumed inflation - mean			2.4%	1.4%

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

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Discount Rate – The discount rate used to measure the total pension liability was 6.70% for the July 1, 2023 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 (7.70%) or 1.00% lower (5.70%) than the current discount rate of 6.70% at June 30, 2023.

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Authority's proportionate share of the net pension liability	\$ 50,814,566	\$ 29,747,370	\$ 12,122,141

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, 2023 the Authority reported payables of \$544,152 for the outstanding amount of contributions to the Pension Plan required for the year ended September 30, 2023.

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, 2023 eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum payment of \$45 and a maximum payment of \$225 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 may include 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, 2023, 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 \$606,111 for the year ended September 30, 2023.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023 the Authority reported a net pension liability of \$14,003,905 for its proportionate share of the HIS Program’s net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023 the Authority’s proportionate share was .088178394%.

For the year ended September 30, 2023 the Authority recognized pension expense of \$5,618,836 related to the HIS Program. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 205,008	\$ 32,869
Change in assumptions	368,159	1,213,485
Net difference between projected and actual earnings on HIS investments	7,232	-
Changes in proportion and differences between Authority HIS contributions and proportionate share of contributions	113,243	536,061
Authority HIS contributions subsequent to measurement date	193,276	-
	<u>\$ 886,918</u>	<u>\$ 1,782,415</u>

The deferred outflows of resources related to pensions totaling \$193,276 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

Year Ending September 30	
2024	\$ (248,537)
2025	(186,798)
2026	(212,997)
2027	(300,597)
2028	(136,050)
Thereafter	<u>(3,794)</u>
	<u>\$ (1,088,773)</u>

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Actuarial Assumptions – Actuarial valuations for the HIS Program are conducted biennially. The HIS pension liability in the July 1, 2023 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	3.65%

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 3.65% for the June 30, 2023 measurement date. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension liability for the plan (Bond Buyer General Obligation 20-Bond Municipal Bond Index).

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in Discount Rate – The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability to the Authority if the discount rate was 1.00% higher (4.65%) or 1.00% lower (2.65%) than the current discount rate of 3.65% at June 30, 2023.

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Authority's proportionate share of the net pension liability	\$ 15,976,270	\$ 14,003,905	\$ 12,368,947

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, 2023 the Authority reported payables of \$79,729 for the outstanding amount of contributions to the HIS Program required for the year ended September 30, 2023.

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

	FRS Pension	HIS Pension	Total
Net pension liability	\$ 29,747,370	\$ 14,003,905	\$ 43,751,275
Deferred outflows of resources	7,691,633	886,918	8,578,551
Deferred inflows of resources	968,133	1,782,415	2,750,548
Pension expense	6,161,101	5,618,836	11,779,937

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Retirement Plan and Trust for the General Employees:

The Authority also sponsors a defined contribution retirement plan covering Authority employees hired after December 31, 1995 and before October 1, 2007 who elected to continue participation in the plan. The Authority established the defined contribution retirement plan to cover substantially all Authority employees hired subsequent to December 31, 1995. Effective October 1, 2007, employees who are eligible to participate in the Authority's defined contribution retirement plan could elect to transfer their participation from the Authority's plan to the FRS Pension Plan. Under the Authority's Plan, which is administered by the Florida League of Cities, Inc., the Authority contributes 8% of the employees' gross salaries. The Plan does not allow for employee contributions. An employee becomes fully vested after six years of employment. The Authority contributed a total of \$6,244 for the year ended September 30, 2023 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.

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.

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The Authority engaged an actuarial firm to determine the estimated obligation associated with the plan. At September 30, 2022, the date of the latest actuarial valuation, plan participation consisted of:

Active participants	582
Retirees, beneficiaries, and disable members	<u>163</u>
	745

Total OPEB Liability:

The Authority's total OPEB liability of \$2,638,639 at September 30, 2023, was measured as of September 30, 2022, 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, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary increases	varies by service
Discount rate	4.40%
Initial Healthcare cost trend rate	6.50%
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 4.40%. 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 nearest the measurement date. 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.

Mortality rates are the same as used in the July 1, 2022 actuarial valuation of the Florida Retirement System. These rates were taken from adjusted Pub-2010 mortality tables published by the SOA with generational mortality improvements using scale MP-2018.

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Changes in the Total OPEB Liability were as follows:

Total OPEB liability, September 30, 2022	\$4,454,600
Service cost	283,759
Interest	113,363
Differences between Expected and Actual Experience	0
Changes of assumptions	(2,066,686)
Benefit payments	<u>(146,397)</u>
Net changes	<u>(1,815,961)</u>
Total OPEB liability, September 30, 2023	<u>\$2,638,639</u>

Changes of assumptions reflects a change in the discount rate from 2.43% for the reporting period ended September 30, 2022, to 4.40% for the reporting period ended September 30, 2023.

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 (3.40%) or 1% higher (5.40%) than the current discount rate:

	1% Decrease 3.40%	Current Discount Rate 4.40%	1% Increase 5.40%
Total OPEB liability	\$2,977,946	\$2,638,639	\$2,357,070

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% - 5.50%	Healthcare Cost Trend Rate 4.00% - 6.50%	1% Increase 5.00% - 7.50%
Total OPEB liability	\$2,516,229	\$2,638,639	\$2,787,284

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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, 2023, the Authority recognized OPEB expense of \$230,244.

At September 30, 2023, 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	\$97,627	\$53,206
Changes in assumptions	260,002	2,117,946
Changes in contributions subsequent to measurement date	136,042	0
Total	<u>\$493,671</u>	<u>\$2,171,152</u>

The deferred outflows of resources related to OPEB totaling \$136,042 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, 2024. 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	
2024	\$(166,878)
2025	(166,880)
2026	(191,988)
2027	(215,458)
2028	(198,332)
Thereafter	(873,987)
	<u>\$(1,813,523)</u>

NOTE 13 – DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. As required by Internal Revenue Code Section 457, all assets are held in trust for the exclusive benefit of the participants.

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NOTE 14 – COMMITMENTS AND CONTINGENCIES

Construction Commitments: The Authority has contractual commitments of approximately \$28.9 million for construction projects at September 30, 2023.

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, 2023 and February 1, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.



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REQUIRED SUPPLEMENTARY INFORMATION



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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:							
Service cost	\$ 283,759	\$ 272,845	\$ 246,291	\$ 232,154	\$ 205,868	\$ 196,420	\$ 191,000
Interest	113,363	98,608	147,171	139,709	120,274	98,129	104,000
Differences between expected and actual experience	0	0	(85,132)	0	341,702	0	0
Changes in assumptions	(2,066,686)	(183,986)	303,346	28,490	(165,936)	(171,195)	194,000
Benefit payments	(146,397)	(134,950)	(147,193)	(136,290)	(116,788)	(102,937)	(93,000)
Net change in total OPEB liability	(1,815,961)	52,517	464,483	264,063	385,120	20,417	396,000
Total OPEB liability - beginning of year	4,454,600	4,402,083	3,937,600	3,673,537	3,288,417	3,268,000	2,872,000
Total OPEB liability - end of year	<u>\$ 2,638,639</u>	<u>\$ 4,454,600</u>	<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 **	\$ 29,810,519	\$ 29,965,762	\$ 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	8.85%	15.04%	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 is projected to the measurement date based on actual covered payroll as of the valuation date using applicable salary increase assumptions.

*** 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 OPEB liability.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Emerald Coast Utilities Authority's proportion of net pension liability	0.074654286%	0.074815607%	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	\$ 29,747,370	\$ 27,837,418	\$ 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	\$ 35,679,982	\$ 32,422,690	\$ 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	83.37%	85.86%	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	82.38%	82.89%	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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Emerald Coast Utilities Authority's proportion of net pension liability	0.088178394%	0.087125407%	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	\$ 14,003,905	\$ 9,227,972	\$ 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	\$ 35,679,982	\$ 32,422,690	\$ 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	39.25%	28.46%	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	4.12%	4.81%	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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,385,274	\$ 3,724,766	\$ 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>(4,385,274)</u>	<u>(3,724,766)</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Emerald Coast Utilities Authority's covered payroll	\$ 36,547,315	\$ 33,933,672	\$ 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	12.00%	10.98%	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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 606,111	\$ 552,856	\$ 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>(606,111)</u>	<u>(552,856)</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Emerald Coast Utilities Authority's covered payroll	\$ 36,547,315	\$ 33,933,672	\$ 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	1.66%	1.63%	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.



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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, 2023

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Water	\$51,620,659	\$0	\$51,620,659	\$51,620,659	\$0
Wastewater	66,629,235	0	66,629,235	66,629,235	0
Sanitation	31,483,706	0	31,483,706	31,483,706	0
Recycling	1,292,861	0	1,292,861	1,292,861	0
Connection charges	1,168,700	0	1,168,700	1,168,700	0
Sewer improvement fees	6,561,977	0	6,561,977	6,561,977	0
Capital improvement/funding fees	12,600,452	0	12,600,452	12,600,452	0
Other	1,889,168	0	1,889,168	1,889,168	0
Total operating revenues	173,246,758	0	173,246,758	173,246,758	0
Operating expenses:					
Personal services	57,419,935	(6,886,801)	50,533,134	50,533,134	0
Contractual services	3,994,013	0	3,994,013	3,994,013	0
Professional services	960,595	0	960,595	960,595	0
Materials and supplies	13,021,369	0	13,021,369	13,021,369	0
Repairs & maintenance	10,713,048	0	10,713,048	10,713,048	0
Utilities	9,030,452	0	9,030,452	9,030,452	0
Tipping fees	6,043,804	0	6,043,804	6,043,804	0
Overhead allocation	0	0	0	0	0
Other	5,141,834	0	5,141,834	5,141,834	0
Depreciation and amortization	42,802,337	(42,802,337)	0	0	0
Total operating expenses	149,127,387	(49,689,138)	99,438,249	99,438,249	0
Operating income (loss)	24,119,371	49,689,138	73,808,509	73,808,509	0
Non-operating revenues (expenses):					
Interest income	7,294,623	(626,171)	6,668,452	6,668,452	0
Interest expense	(8,865,668)	0	(8,865,668)	(8,865,668)	0
Insurance reimbursements	173,819	0	173,819	104,427	69,392
Gain (loss) on disposal of assets	118,068	0	118,068	118,068	0
Total non-operating revenues (expenses)	(1,279,158)	(626,171)	(1,905,329)	(1,974,721)	69,392
Income (loss) before contributions and transfers	22,840,213	49,062,967	71,903,180	71,833,788	69,392
Capital contributions - impact fees and other	8,759,129	0	8,759,129	8,759,129	0
Capital contributions - noncash	9,993,712	(9,993,712)	0	0	0
Principal sinking fund requirements	0	(31,260,108)	(31,260,108)	(31,260,108)	0
Total contributions and transfers	18,752,841	(41,253,820)	(22,500,979)	(22,500,979)	0
Change in net position	\$41,593,054	\$7,809,147	\$49,402,201	\$49,332,809	\$69,392

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF OF NET POSITION
SEPTEMBER 30, 2023

	Water/ Wastewater	Sanitation	Materials Recycling	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$60,523,374	\$826,293	\$316,996	\$61,666,663
Receivables (net of allowance for uncollectibles)	19,793,429	1,921,612	220,116	21,935,157
Grants receivable	1,656,135	0	0	1,656,135
Due from Sanitation system	5,153,695	0	0	5,153,695
Due from Materials Recycling system	7,145,013	0	0	7,145,013
Due from other governmental units	1,300,000	0	0	1,300,000
Inventory	10,674,827	4,037,748	0	14,712,575
Restricted cash and cash equivalents:				
Debt service sinking fund	16,062,728	724,526	0	16,787,254
Customer deposits	3,451,863	0	0	3,451,863
Prepaid expenses	167,655	0	0	167,655
Total current assets	<u>125,928,719</u>	<u>7,510,179</u>	<u>537,112</u>	<u>133,976,010</u>
Noncurrent assets:				
Due from other governmental units	3,900,000	0	0	3,900,000
Restricted cash and investments:				
Restricted by debt agreements	17,632,820	0	0	17,632,820
Restricted for capital improvement program	85,177,285	613,580	0	85,790,865
Self-insurance reserves	388,685	0	0	388,685
Capital assets:				
Land and other non-depreciable assets	56,531,296	2,069,205	0	58,600,501
Depreciable assets (net of accumulated depreciation)	713,686,758	16,638,296	9,159,884	739,484,938
Unamortized debt issuance costs (net of accumulated amortization)	1,178,049	0	0	1,178,049
Total noncurrent assets	<u>878,494,893</u>	<u>19,321,081</u>	<u>9,159,884</u>	<u>906,975,858</u>
Total assets	<u>1,004,423,612</u>	<u>26,831,260</u>	<u>9,696,996</u>	<u>1,040,951,868</u>
Deferred Outflows of Resources:				
Loss on bond refunding	722,331	0	0	722,331
Other postemployment benefits	358,498	135,173	0	493,671
Pensions	6,075,312	2,503,239	0	8,578,551
Total deferred outflows of resources	<u>7,156,141</u>	<u>2,638,412</u>	<u>0</u>	<u>9,794,553</u>

(continued)

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF NET POSITION
SEPTEMBER 30, 2023

	Water/ Wastewater	Sanitation	Materials Recycling	Total
LIABILITIES				
Current liabilities:				
Vouchers payable	\$8,150,393	\$1,994,035	\$84,605	\$10,229,033
Due to other funds	0	5,153,695	7,145,013	12,298,708
Due to other governmental units	223,901	22,003	0	245,904
Salaries and benefits payable	1,383,223	175,808	13,558	1,572,589
Compensated absences payable	1,345,231	395,105	27,370	1,767,706
Current portion of long-term debt	0	0	656,933	656,933
Accrued interest payable	0	0	4,383	4,383
Payable from restricted assets:				
Customer deposits	3,451,863	0	0	3,451,863
Current portion of long-term debt	29,978,458	1,549,352	0	31,527,810
Accrued interest payable	2,141,550	47,424	0	2,188,974
Contracts payable	1,200,221	0	0	1,200,221
Claims liabilities	144,721	53,405	0	198,126
Other current liabilities	165,249	0	0	165,249
Total current liabilities	<u>48,184,810</u>	<u>9,390,827</u>	<u>7,931,862</u>	<u>65,507,499</u>
Non-current liabilities:				
Long term debt	198,864,854	2,903,138	1,847,286	203,615,278
Compensated absences	896,820	263,404	18,246	1,178,470
Other post-employment benefits	2,056,928	581,711	0	2,638,639
Net pension liability	32,610,753	11,140,522	0	43,751,275
Claims liabilities	58,545	132,014	0	190,559
Total non-current liabilities	<u>234,487,900</u>	<u>15,020,789</u>	<u>1,865,532</u>	<u>251,374,221</u>
Total liabilities	<u>282,672,710</u>	<u>24,411,616</u>	<u>9,797,394</u>	<u>316,881,720</u>
Deferred Inflows of Resources:				
Other post-employment benefits	1,597,209	573,943	0	2,171,152
Pensions	1,996,534	754,014	0	2,750,548
Total deferred inflows of resources	<u>3,593,743</u>	<u>1,327,957</u>	<u>0</u>	<u>4,921,700</u>
NET POSITION				
Net investment in capital assets	540,896,852	14,255,011	6,655,665	561,807,528
Restricted:				
Debt Service and other bond requirements	31,553,998	677,102	0	32,231,100
Expansion of utility plant	18,319,520	0	0	18,319,520
Unrestricted	134,542,930	(11,202,014)	(6,756,063)	116,584,853
Total net position	<u>\$725,313,300</u>	<u>\$3,730,099</u>	<u>(\$100,398)</u>	<u>\$728,943,001</u>

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Operating revenues:				
Charges for services:				
Water	\$51,620,659	\$0	\$0	\$51,620,659
Wastewater	66,629,235	0	0	66,629,235
Sanitation	0	31,483,706	0	31,483,706
Recycling	0	0	1,292,861	1,292,861
Connection charges	1,168,700	0	0	1,168,700
Sewer improvement fees	6,561,977	0	0	6,561,977
Capital improvement/funding fees	9,957,227	2,643,225	0	12,600,452
Other	1,693,492	164,889	30,787	1,889,168
Total operating revenues	137,631,290	34,291,820	1,323,648	173,246,758
Operating expenses:				
Personal services	42,737,421	13,636,944	1,045,570	57,419,935
Contractual services	2,048,619	1,176,986	768,408	3,994,013
Professional services	960,595	0	0	960,595
Materials and supplies	11,017,101	1,911,290	92,978	13,021,369
Repairs & maintenance	4,862,886	5,101,418	748,744	10,713,048
Utilities	8,739,953	161,100	129,399	9,030,452
Tipping fees	38,762	5,953,931	51,111	6,043,804
Overhead allocation	(51,876)	1,048,800	(996,924)	0
Other	3,686,840	1,375,635	79,359	5,141,834
Depreciation and amortization	38,375,349	3,395,730	1,031,258	42,802,337
Total operating expenses	112,415,650	33,761,834	2,949,903	149,127,387
Operating income (loss)	25,215,640	529,986	(1,626,255)	24,119,371
Non-operating revenues (expenses):				
Investment earnings (loss)	7,256,448	38,175	0	7,294,623
Interest expense	(8,703,330)	(133,846)	(28,492)	(8,865,668)
Insurance reimbursements	104,427	69,392	0	173,819
Gain (loss) on disposal of assets	118,975	(907)	0	118,068
Total non-operating revenues (expenses)	(1,223,480)	(27,186)	(28,492)	(1,279,158)
Income (loss) before contributions and transfers	23,992,160	502,800	(1,654,747)	22,840,213
Capital contributions - impact fees and other	8,759,129	0	0	8,759,129
Capital contributions - noncash	9,993,712	0	0	9,993,712
Transfers in (out)	0	(1,394,922)	1,394,922	0
Total contributions and transfers	18,752,841	(1,394,922)	1,394,922	18,752,841
Change in net position	42,745,001	(892,122)	(259,825)	41,593,054
Net position at beginning of year	682,568,299	4,622,221	159,427	687,349,947
Net position at end of year	\$725,313,300	\$3,730,099	(\$100,398)	\$728,943,001

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Cash flows from operating activities:				
Cash received from customers	\$137,058,292	\$34,111,507	\$1,135,582	\$172,305,381
Cash payments to suppliers for goods and services	(32,905,034)	(16,547,756)	(954,378)	(50,407,168)
Cash payments to employees for services	(36,212,546)	(11,791,646)	(1,037,607)	(49,041,799)
Net cash provided by (used in) operating activities	<u>67,940,712</u>	<u>5,772,105</u>	<u>(856,403)</u>	<u>72,856,414</u>
Cash flows from noncapital financing activities:				
Interfund transfers in/(out)	0	(1,394,922)	1,394,922	0
Principal (paid)/received on interfund advance	<u>1,824,579</u>	<u>(1,824,579)</u>	<u>0</u>	<u>0</u>
Net cash provided by (used in) noncapital financing activities	<u>1,824,579</u>	<u>(3,219,501)</u>	<u>1,394,922</u>	<u>0</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(44,368,914)	(1,440,043)	(119,303)	(45,928,260)
Contributions for capital assets	8,759,129	0	0	8,759,129
Principal paid on long-term debt	(28,343,891)	(2,264,089)	(652,128)	(31,260,108)
Interest paid on long-term debt	(8,853,882)	(156,412)	(29,289)	(9,039,583)
Proceeds from sale of assets	125,307	7,550	0	132,857
Insurance reimbursements	<u>104,427</u>	<u>69,392</u>	<u>0</u>	<u>173,819</u>
Net cash used in capital and related financing activities	<u>(72,577,824)</u>	<u>(3,783,602)</u>	<u>(800,720)</u>	<u>(77,162,146)</u>
Cash flow from investing activities:				
Interest income	6,630,277	38,175	0	6,668,452
Proceeds from sales/maturities of investments	41,684,974	0	0	41,684,974
Purchases of investments	<u>(67,453,133)</u>	<u>0</u>	<u>0</u>	<u>(67,453,133)</u>
Net cash provided by (used in) investing activities	<u>(19,137,882)</u>	<u>38,175</u>	<u>0</u>	<u>(19,099,707)</u>
Net decrease in cash & cash equivalents	(21,950,415)	(1,192,823)	(262,201)	(23,405,439)
Cash and cash equivalents at beginning of year	<u>124,011,984</u>	<u>3,357,222</u>	<u>579,197</u>	<u>127,948,403</u>
Cash and cash equivalents at end of year	<u><u>\$102,061,569</u></u>	<u><u>\$2,164,399</u></u>	<u><u>\$316,996</u></u>	<u><u>\$104,542,964</u></u>
Reconciliation of cash, cash equivalents, and investments at end of year to Statement of Net Position:				
Current assets:				
Cash and cash equivalents	\$60,523,374	\$826,293	\$316,996	\$61,666,663
Restricted cash and investments	<u>122,713,381</u>	<u>1,338,106</u>	<u>0</u>	<u>124,051,487</u>
	183,236,755	2,164,399	316,996	185,718,150
Less investments	<u>(81,175,186)</u>	<u>0</u>	<u>0</u>	<u>(81,175,186)</u>
Total cash and cash equivalents at end of year	<u><u>\$102,061,569</u></u>	<u><u>\$2,164,399</u></u>	<u><u>\$316,996</u></u>	<u><u>\$104,542,964</u></u>

(continued)

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water/ Wastewater	Sanitation	Materials Recycling	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$25,215,640	\$529,986	(\$1,626,255)	\$24,119,371
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	38,375,349	3,395,730	1,031,258	42,802,337
Capitalized labor	(1,184,994)	0	0	(1,184,994)
(Increase) decrease in assets:				
Accounts receivable	(1,613,341)	(180,313)	(188,066)	(1,981,720)
Due from grants receivable	(159,309)	0	0	(159,309)
Due from other governments	1,300,000	0	0	1,300,000
Inventory	(1,884,987)	(935,925)	0	(2,820,912)
Prepaid expenses	579,264	2,339	0	581,603
Deferred outflows	746,416	269,094	0	1,015,510
Increase (decrease) in liabilities:				
Vouchers payable	2,367,659	1,002,239	(81,303)	3,288,595
Salaries and benefits payable	68,103	(32,664)	(6,499)	28,940
Customer deposits	(121,553)	0	0	(121,553)
Compensated absences	76,223	53,068	14,462	143,753
Due to other governments	4,370	21,827	0	26,197
Other current liabilities	21,205	0	0	21,205
Net pension liability	4,914,230	1,771,655	0	6,685,885
Other post-employment benefits	(1,334,760)	(481,201)	0	(1,815,961)
Claims payable	(164,824)	90,924	0	(73,900)
Deferred inflows	736,021	265,346	0	1,001,367
Net cash provided by (used in) operating activities	<u>\$67,940,712</u>	<u>\$5,772,105</u>	<u>(\$856,403)</u>	<u>\$72,856,414</u>
Non-cash investing, capital and financing activities				
Capital contributions from developers	<u>\$9,993,712</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,993,712</u>
Unrealized appreciation in fair value of investments	<u>\$626,171</u>	<u>\$0</u>	<u>\$0</u>	<u>\$626,171</u>

EMERALD COAST UTILITIES AUTHORITY
WATER AND WASTEWATER SYSTEM
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Water	\$51,620,659	\$0	\$51,620,659	\$51,620,659	\$0
Wastewater	66,629,235	0	66,629,235	66,629,235	0
Connection charges	1,168,700	0	1,168,700	1,168,700	0
Sewer improvement fees	6,561,977	0	6,561,977	6,561,977	0
Capital improvement/funding fees	9,957,227	0	9,957,227	9,957,227	0
Other	1,693,492	0	1,693,492	1,693,492	0
Total operating revenues	<u>137,631,290</u>	<u>0</u>	<u>137,631,290</u>	<u>137,631,290</u>	<u>0</u>
Operating expenses:					
Personal services	42,737,421	(5,061,907)	37,675,514	37,675,514	0
Contractual services	2,048,619	0	2,048,619	2,048,619	0
Professional services	960,595	0	960,595	960,595	0
Materials and supplies	11,017,101	0	11,017,101	11,017,101	0
Repairs & maintenance	4,862,886	0	4,862,886	4,862,886	0
Utilities	8,739,953	0	8,739,953	8,739,953	0
Tipping fees	38,762	0	38,762	38,762	0
Overhead allocation	(51,876)	0	(51,876)	(51,876)	0
Other	3,686,840	0	3,686,840	3,686,840	0
Depreciation	38,375,349	(38,375,349)	0	0	0
Total operating expenses	<u>112,415,650</u>	<u>(43,437,256)</u>	<u>68,978,394</u>	<u>68,978,394</u>	<u>0</u>
Operating income	<u>25,215,640</u>	<u>43,437,256</u>	<u>68,652,896</u>	<u>68,652,896</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest income	7,256,448	(626,171)	6,630,277	6,630,277	0
Interest expense	(8,703,330)	0	(8,703,330)	(8,703,330)	0
Insurance reimbursements	104,427	0	104,427	104,427	0
Gain (loss) on disposal of assets	118,975	0	118,975	118,975	0
Total non-operating revenues (expenses)	<u>(1,223,480)</u>	<u>(626,171)</u>	<u>(1,849,651)</u>	<u>(1,849,651)</u>	<u>0</u>
Income before contributions and transfers	<u>23,992,160</u>	<u>42,811,085</u>	<u>66,803,245</u>	<u>66,803,245</u>	<u>0</u>
Capital contributions - impact fees and other	8,759,129	0	8,759,129	8,759,129	0
Capital contributions - noncash	9,993,712	(9,993,712)	0	0	0
Principal sinking fund requirements	0	(28,343,891)	(28,343,891)	(28,343,891)	0
Total contributions and transfers	<u>18,752,841</u>	<u>(38,337,603)</u>	<u>(19,584,762)</u>	<u>(19,584,762)</u>	<u>0</u>
Change in net position	<u>\$42,745,001</u>	<u>\$4,473,482</u>	<u>\$47,218,483</u>	<u>\$47,218,483</u>	<u>\$0</u>

EMERALD COAST UTILITIES AUTHORITY
SANITATION SYSTEM
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Sanitation	\$31,483,706	\$0	\$31,483,706	\$31,483,706	\$0
Capital improvement/funding fees	2,643,225	0	2,643,225	2,643,225	0
Other	164,889	0	164,889	164,889	0
Total operating revenues	<u>34,291,820</u>	<u>0</u>	<u>34,291,820</u>	<u>34,291,820</u>	<u>0</u>
Operating expenses:					
Personal services	13,636,944	(1,824,894)	11,812,050	11,812,050	0
Contractual services	1,176,986	0	1,176,986	1,176,986	0
Professional services	0	0	0	0	0
Materials and supplies	1,911,290	0	1,911,290	1,911,290	0
Repairs & maintenance	5,101,418	0	5,101,418	5,101,418	0
Utilities	161,100	0	161,100	161,100	0
Tipping fees	5,953,931	0	5,953,931	5,953,931	0
Overhead allocation	1,048,800	0	1,048,800	1,048,800	0
Other	1,375,635	0	1,375,635	1,375,635	0
Depreciation and amortization	3,395,730	(3,395,730)	0	0	0
Total operating expenses	<u>33,761,834</u>	<u>(5,220,624)</u>	<u>28,541,210</u>	<u>28,541,210</u>	<u>0</u>
Operating income (loss)	<u>529,986</u>	<u>5,220,624</u>	<u>5,750,610</u>	<u>5,750,610</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest income	38,175	0	38,175	38,175	0
Interest expense	(133,846)	0	(133,846)	(133,846)	0
Insurance reimbursements	69,392	0	69,392	69,392	0
Gain (loss) on disposal of assets	(907)	0	(907)	(907)	0
Total non-operating revenues (expenses)	<u>(27,186)</u>	<u>0</u>	<u>(27,186)</u>	<u>(27,186)</u>	<u>0</u>
Income (loss) before contributions and transfers	<u>502,800</u>	<u>5,220,624</u>	<u>5,723,424</u>	<u>5,723,424</u>	<u>0</u>
Transfers (out)	(1,394,922)	0	(1,394,922)	(1,394,922)	0
Principal sinking fund requirements	0	(2,264,089)	(2,264,089)	(2,264,089)	0
Total contributions and transfers	<u>(1,394,922)</u>	<u>(2,264,089)</u>	<u>(3,659,011)</u>	<u>(3,659,011)</u>	<u>0</u>
Change in net position	<u>(\$892,122)</u>	<u>\$2,956,535</u>	<u>\$2,064,413</u>	<u>\$2,064,413</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, 2023

	Actual (GAAP Basis)	Adjustment to Budgetary Basis	Actual (Budgetary Basis)	Budget	Variance
Operating revenues:					
Charges for services:					
Recycling	\$1,292,861	\$0	\$1,292,861	\$1,292,861	\$0
Total operating revenues	<u>1,323,648</u>	<u>0</u>	<u>1,323,648</u>	<u>1,323,648</u>	<u>0</u>
Operating expenses:					
Personal services	1,045,570	0	1,045,570	1,045,570	0
Contractual services	768,408	0	768,408	768,408	0
Materials and supplies	92,978	0	92,978	92,978	0
Repairs & maintenance	748,744	0	748,744	748,744	0
Utilities	129,399	0	129,399	129,399	0
Tipping fees	51,111	0	51,111	51,111	0
Overhead allocation	(996,924)	0	(996,924)	(996,924)	0
Other	79,359	0	79,359	79,359	0
Depreciation	1,031,258	(1,031,258)	0	0	0
Total operating expenses	<u>2,949,903</u>	<u>(1,031,258)</u>	<u>1,918,645</u>	<u>1,918,645</u>	<u>0</u>
Operating income (loss)	<u>(1,626,255)</u>	<u>1,031,258</u>	<u>(594,997)</u>	<u>(594,997)</u>	<u>0</u>
Non-operating revenues (expenses):					
Interest expense	(28,492)	0	(28,492)	(28,492)	0
Total non-operating revenues	<u>(28,492)</u>	<u>0</u>	<u>(28,492)</u>	<u>(28,492)</u>	<u>0</u>
Income (loss) before contributions and transfers	<u>(1,654,747)</u>	<u>1,031,258</u>	<u>(623,489)</u>	<u>(623,489)</u>	<u>0</u>
Transfers in	1,394,922	0	1,394,922	1,394,922	0
Principal sinking fund requirements	0	(652,128)	(652,128)	(652,128)	0
Total contributions and transfers	<u>1,394,922</u>	<u>(652,128)</u>	<u>742,794</u>	<u>742,794</u>	<u>0</u>
Change in net position	<u>(\$259,825)</u>	<u>\$379,130</u>	<u>\$119,305</u>	<u>\$119,305</u>	<u>\$0</u>



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STATISTICAL SECTION – UNAUDITED



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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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 **</u>	<u>2015</u>	<u>2014 *</u>
Net investment in capital assets	\$ 561,808	\$ 516,221	\$ 484,341	\$ 455,629	\$ 423,417	\$ 393,297	\$ 407,912	\$ 399,285	\$ 393,658	\$ 333,049
Restricted	50,550	44,011	42,543	38,531	41,958	37,406	33,897	32,460	25,871	46,141
Unrestricted	116,585	127,118	121,774	119,717	112,201	112,640	80,543	80,329	84,299	110,260
Total net position	<u>\$ 728,943</u>	<u>\$ 687,350</u>	<u>\$ 648,658</u>	<u>\$ 613,877</u>	<u>\$ 577,576</u>	<u>543,343</u>	<u>522,352</u>	<u>512,074</u>	<u>503,828</u>	<u>489,450</u>

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenue:										
Customer charges	\$ 149,733	\$ 140,032	\$ 133,992	\$ 135,533	\$ 131,709	\$ 124,770	\$ 118,853	\$ 114,358	\$ 110,060	\$ 104,024
Connection charges	1,169	1,038	939	880	696	655	408	385	370	324
Sewer improvement fees	6,562	6,318	6,233	6,131	6,050	6,050	5,981	5,859	5,877	5,902
Capital improvement fees	12,600	11,362	11,212	11,029	10,769	9,290	897	0	0	0
Recycling	1,293	2,434	2,207	2,514	2,375	1,479	1,650	0	0	0
Other	1,889	2,163	1,936	2,394	2,495	2,233	2,163	2,269	2,157	2,126
Total operating revenue	<u>173,246</u>	<u>163,347</u>	<u>156,519</u>	<u>158,481</u>	<u>154,094</u>	<u>144,477</u>	<u>129,952</u>	<u>122,871</u>	<u>118,464</u>	<u>112,376</u>
Operating Expenses Before										
Depreciation and Amortization:										
Personal services	57,419	46,883	43,812	51,570	48,973	46,552	45,721	44,134	38,888	36,189
Contractual services	3,994	5,130	3,885	4,161	5,190	4,000	3,200	2,858	4,605	4,492
Professional services	961	932	777	762	911	918	891	967	1,329	1,242
Supplies	13,021	11,334	9,790	9,145	9,330	9,842	8,809	7,816	8,351	7,326
Repairs and maintenance	10,713	8,195	8,958	8,427	8,624	8,444	7,661	6,603	5,922	6,330
Heat, light and power	9,031	8,760	7,509	6,622	6,871	6,861	6,858	6,899	7,025	7,007
Tipping fees	6,005	6,014	6,596	7,504	6,635	5,761	5,577	5,688	4,975	4,846
Other	5,181	4,719	4,999	4,196	4,148	5,013	5,067	4,307	4,051	3,601
Total operating expenses before depreciation and amortization	<u>106,325</u>	<u>91,967</u>	<u>86,326</u>	<u>92,387</u>	<u>90,682</u>	<u>87,391</u>	<u>83,784</u>	<u>79,272</u>	<u>75,146</u>	<u>71,033</u>
Operating Income Before										
Depreciation and Amortization:										
	66,921	71,380	70,193	66,094	63,412	57,086	46,168	43,599	43,318	41,343
Depreciation and Amortization:										
	42,802	42,007	40,723	37,808	30,849	32,482	33,602	30,482	28,466	26,340
Operating income	<u>24,119</u>	<u>29,373</u>	<u>29,470</u>	<u>28,286</u>	<u>32,563</u>	<u>24,604</u>	<u>12,566</u>	<u>13,117</u>	<u>14,852</u>	<u>15,003</u>

(continued)

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Nonoperating Revenue (Expenses):											
Investment earnings (loss)	\$ 7,295	\$ (2,865)	\$ 324	\$ 3,367	\$ 5,278	\$ 1,683	\$ 1,060	\$ 1,170	\$ 1,195	\$ 629	\$ 456
Settlement income	0	0	120	0	0	0	0	0	0	0	0
Interest expense	(8,866)	(10,179)	(11,308)	(12,220)	(13,173)	(13,214)	(12,746)	(13,370)	(13,342)	(13,821)	(15,787)
Insurance recoveries, net	174	580	987	558	66	74	197	120	210	91	0
Gain (loss) on disposal of assets	118	143	(414)	310	(1,339)	(1,137)	(99)	(875)	4,752	(488)	(168)
Total nonoperating revenue (expenses)	<u>(1,279)</u>	<u>(12,321)</u>	<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>
Income (Loss) Before Capital Contributions	22,840	17,052	19,179	20,301	23,395	12,009	978	162	7,667	1,414	294
Capital contributions - cash	8,759	11,607	8,836	8,681	6,574	5,599	5,602	4,926	4,356	5,304	3,135
Capital contributions - noncash	<u>9,994</u>	<u>10,032</u>	<u>6,766</u>	<u>7,319</u>	<u>4,264</u>	<u>3,383</u>	<u>3,698</u>	<u>1,557</u>	<u>2,355</u>	<u>1,069</u>	<u>1,142</u>
Change in Net Position	<u>\$ 41,593</u>	<u>\$ 38,691</u>	<u>\$ 34,781</u>	<u>\$ 36,301</u>	<u>\$ 34,233</u>	<u>\$ 20,991</u>	<u>\$ 10,278</u>	<u>\$ 6,645</u>	<u>\$ 14,378</u>	<u>\$ 7,787</u>	<u>\$ 4,571</u>

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

OUTSTANDING DEBT BY TYPE

Year	State Revolving Loans	Financed Purchases of Equipment	Water and Wastewater System Bonds	Sanitation System Bonds	Water and Wastewater System Notes	Recycling System Loan	Total
2014	\$ 74,638,815	\$ 22,662,335	\$ 64,462,186	\$ 7,128,000	\$ 212,693,000	\$ C	\$ 381,584,336
2015	\$ 70,608,605	\$ 30,441,399	\$ 36,332,025	\$ 6,327,000	\$ 207,311,000	\$ C	\$ 351,020,029
2016	\$ 66,489,111	\$ 26,498,638	\$ 74,970,185	\$ 5,498,000	\$ 195,497,000	\$ C	\$ 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	\$ 16,192,047	\$ 44,548,396	\$ 979,000	\$ 189,116,903	\$ 1,416,667	\$ 296,733,452
2022	\$ 39,781,413	\$ 14,092,567	\$ 40,070,000	\$ C	\$ 170,198,000	\$ 1,083,334	\$ 265,225,314
2023	\$ 34,978,037	\$ 10,468,169	\$ 39,554,815	\$ C	\$ 150,049,000	\$ 750,000	\$ 235,800,021

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
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	\$ 284,448,436	99,964	\$ 2,846	\$ 10,868,349	94,475	\$ 115
2022	\$ 256,352,111	100,525	\$ 2,550	\$ 6,716,575	95,661	\$ 70
2023	\$ 228,843,312	102,197	\$ 2,239	\$ 4,452,589	98,130	\$ 45

* 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
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
2022	* \$	162,519,554	\$ 90,277,882	\$ 72,241,672	\$ 31,359,301	2.30	1.25
2023	* \$	178,591,562	\$ 104,406,405	\$ 74,185,157	\$ 30,366,840	2.44	1.25

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

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

<u>Year</u>	<u>Water</u>	Percent Inc/(Dec) from previous fiscal year	<u>Sewer</u>	Percent Inc/(Dec) from previous fiscal year	Ratio of Sewer Customers To Water Customers	<u>Sanitation</u>	Percent Inc/(Dec) from previous fiscal year
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%
2022	100,525	1 %	79,985	1 %	80%	95,661	1%
2023	102,197	2 %	81,959	2 %	80%	98,130	3%

**EMERALD COAST UTILITIES AUTHORITY
PRINCIPAL CUSTOMERS
FOR THE FISCAL YEARS ENDED SEPTEMBER 2023 AND 2014
(UNAUDITED)**

2023

Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Operating Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS PCLOA)	0.0	\$ 0	\$ 2,061,175.81	\$ 2,061,175.81	1.2%
PALL GELMAN SCIENCES	105.6	302,408.25	751,651.04	1,054,059.29	0.6%
PENSACOLA CHRISTIAN COLLEGE	88.4	263,444.70	704,197.56	967,642.26	0.6%
ESCAMBIA COUNTY JAIL	67.1	204,406.45	570,017.93	774,424.38	0.5%
BAPTIST HOSPITAL	66.2	221,028.74	537,691.49	758,720.23	0.4%
NAVFAC SE (CORRYSTATION SW)	0.0	0	744,176.19	744,176.19	0.4%
COLUMBIA WEST FLORIDA	49.3	148,130.85	414,969.61	563,100.46	0.3%
PORTOFINO ISLAND RESORT	39.5	229,250.55	228,704.55	457,955.10	0.3%
ESCAMBIA HOUSING	37.4	124,822.96	317,830.29	442,653.25	0.3%
UNIVERSITY OF WEST FLORIDA	0.1	819.71	381,585.54	382,405.25	0.2%
SACRED HEART HOSPITAL	28.1	105,330.18	225,396.40	330,726.58	0.2%
ARMSTRONG WORLD INDUSTRIES	83.5	243,018.12	71,159.81	314,177.93	0.2%
AREA HOUSING	24.3	84,289.32	206,862.47	291,151.79	0.2%
REICHOLD LLC 2	91.0	266,643.87	0	266,643.87	0.2%
NAVY FEDERAL	38.2	145,842.00	110,714.01	256,556.01	0.1%
	<u>718.7</u>	<u>\$ 2,339,436</u>	<u>\$ 7,326,133</u>	<u>\$ 9,665,568</u>	<u>5.7%</u>

2014

Name	Water Sales In Millions of Gallons	Annual Revenue			Percentage of Total Revenue
		Water	Sewer	Total	
NAVFAC SE (NAS Pensacola)	0.0	\$ 0	\$ 2,152,661	\$ 2,152,661	1.9
NAVFAC SE (Corry Station SW)	0.0	0	920,938	920,938	0.8
Baptist Hospital	71.0	178,574	438,295	616,869	0.5
Pall Gelman Sciences	71.3	157,914	395,139	553,053	0.5
Escambia County Jail	65.6	149,767	341,495	491,262	0.4
Portofino Island Resort	41.4	182,321	256,931	439,252	0.4
University of West Florida	0.0	406	350,903	351,309	0.3
Sacred Heart Hospital	38.7	104,324	238,522	342,846	0.3
Escambia Housing	34.9	89,332	227,025	316,357	0.3
Columbia West Florida					
Regional Medical Center	31.8	75,682	206,900	282,582	0.3
U.S. Navy - Saufley Field	26.3	55,404	199,326	254,730	0.2
Crown Health Care & Laundry	37.5	83,410	170,799	254,209	0.2
Pensacola Christian College	32.9	83,861	165,992	249,853	0.2
DM Oakwood Terrace	26.5	60,216	172,227	232,443	0.2
Azalea Trace Inc.	22.5	52,931	145,978	198,909	0.2
	<u>500.4</u>	<u>\$ 1,274,142</u>	<u>\$ 6,383,131</u>	<u>\$ 7,657,273</u>	<u>6.7</u>

**EMERALD COAST UTILITIES AUTHORITY
PRINCIPAL PRIVATE SECTOR EMPLOYERS IN ESCAMBIA COUNTY
FOR THE FISCAL YEARS ENDED SEPTEMBER 2023 AND 2014
(UNAUDITED)**

2023		
<u>Name</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Navy Federal Credit Union	8,729	5.60%
Baptist Health Care	5,434	3.49%
Sacred Heart Health Systems	4,820	3.09%
University of West Florida	2,447	1.57%
Pensacola Christian College	1,584	0.83%
Ascend Performance Materials	1,288	0.77%
West Florida Healthcare	1,200	0.77%
LifeView Group	1,199	0.48%
Innisfree Hotels	750	0.45%
GE Wind Energy	700	0.00%
	<u>28,151</u>	<u>18.07%</u>

Total Civilian Employment in Escambia County 155,776

Source: Florida West Economic Development Alliance www.FloridaWestEDA.com
Federal Reserve Economic Data www.fred.Stlouisfed.org

2014		
<u>Name</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Sacred Heart Health System	4,494	2.20%
Baptist Health Care	3,845	1.88%
Navy Federal Credit Union	3,483	1.71%
Gulf Power Company	1,774	0.87%
West Florida Healthcare	1,300	0.64%
Ascend Performance Materials	800	0.39%
West Corporation	800	0.39%
West Florida Regional Medical	500	0.24%
International Paper	450	0.22%
Cox Communications	400	0.20%
CHCS Services/igate	380	0.19%
	<u>18,226</u>	<u>8.93%</u>

Source: Pensacola Chamber of Commerce

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

Pensacola, Florida
October 2022- September 2023

Month	Monthly Rainfall (inches)
October	1.15
November	2.71
December	5.61
January	4.03
February	2.33
March	3.15
April	7.34
May	5.19
June	13.82
July	6.99
August	2.52
September	3.53
	58.37
	58.37

Pensacola, Florida
Last Ten Fiscal Years

Year	Annual Rainfall (inches)
2014	84.98
2015	61.21
2016	77.75
2017	88.34
2018	78.14
2019	67.11
2020	77.45
2021	85.22
2022	74.77
2023	58.37

Source: National Oceanic and Atmospheric Association
www.weather.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>
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%
2022	12,290	10,018	2,272	18.49%
2023	13,018	11,227	1,791	13.76%
	<u>118,794</u>	<u>103,936</u>	<u>14,857</u>	12.51%

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

Pensacola, Florida Last Ten Fiscal Years				
Year	Central Water Reclamation Facility	BayouMarcus Water Reclamation Facility	Pensacola Beach Wastewater Treatment Plant	Total
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
2022	5,477	2,195	376	8,048
2023	5,219	2,134	343	7,696
	<u>53,238</u>	<u>21,112</u>	<u>3,406</u>	<u>77,756</u>

Emerald Coast Utilities Authority
Operating Indicators *
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Water:</u>										
New connections	1,304	1635	1650	1530	1106	1147	767	669	614	588
Average daily consumption (MGD)	35.666	33.670	31.890	33.851	32.619	31.679	31.277	31.326	31.972	31.142
Maximum daily flow (MGD)	57.613	48.340	46.090	48.425	32.270	36.593	35.898	35.826	36.956	53.280
Minimum daily flow (MGD)	26.073	26.010	23.170	23.879	27.643	27.683	27.656	27.028	27.569	22.328
Raw water pumped and treated (BG)	13,018	12,290	11,640	12,389	11,917	11,580	11,424	11,472	11,684	11,382
<u>Wastewater:</u>										
New connections	1,494	1453	1463	1318	920	1132	782	754	709	885
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)	21.41	22.62	21.06	19.71	21.00	20.92	21.24	21.81	21.60	22.12
Percent of capacity utilized	64.69	68.35	63.61	59.55	63.43	63.21	63.50	64.97	65.27	66.80
Percent of unused capacity	35.31	31.65	36.39	40.45	36.57	36.79	36.50	35.03	34.73	33.20
<u>Sanitation System:</u>										
Residential (tons/year)	94,261	95,586	121,817	115,963	104,174	91,236	90,399	85,315	67,826	74,779
Yard Waste (tons/year)	14,979	9,413	16,769	23,457	19,597	19,597	20,344	22,519	21,644	25,122
Recycling waste (tons/year)	5,742	6,784	9,845	14,033	12,921	13,600	13,157	-	13,490	12,064
Bulk waste (tons/year)	8,834	8,591	6,774	8,049	6,972	7,101	8,184	6,985	6,496	7,064
Total Residential Tons	123,816	120,374	155,205	161,502	143,664	131,534	132,084	114,819	109,456	119,029
Avg number of residential customers/month	95,073	93,478	91,364	97,973	96,597	95,265	91,492	91,022	87,513	81,554
Refuse collected (tons/customer/year)	1.302	1.288	1.699	1.648	1.487	1.381	1.444	1.261	1.251	1.460
Commercial (tons/year)	12,837	13,684	15,587	15,046	15,570	13,986	13,461	13,625	12,529	11,217
Roll-off (tons/year)	3,682	3,437	4,108	3,254	3,906	3,575	3,171	3,648	4,929	3,461
Total Commercial Tons	16,519	17,121	19,695	18,300	19,476	17,561	16,632	17,273	17,458	14,678
Avg number of commercial customers/month	1,917	1,894	1,856	1,837	1798	1664	1506	1434	1304	1257
Refuse collected (tons/customers/year)	8.617	9.04	10.614	9.962	10.832	10.553	11.044	12.045	13.388	11.677

* 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
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
2022	7,084	307,891	1,281	389,305
2023	4,880	338,182	893	495,458

Source: Metro Market Trends
Escambia County, FL Property Appraiser

**CONSTRUCTION STARTS
RESIDENTIAL**

YEAR	Single Family Units	Multi-Family Units	Total Number Of Units	Value (\$000)
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
2022	1,655	141	1,796	352,619
2023	1,643	237	1,880	565,953

Source: Escambia County Building Inspection Department
U. S. Census Bureau - updated annually to reflect reported units.

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

ESCAMBIA COUNTY STATISTICS

<u>Year</u>	<u>Estimated Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2022	\$ 16,702,337	\$ 51,808	2.6%
2023	\$ 16,977,017	\$ 52,257	3.2%

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**

<u>Year</u>	<u>Water and Wastewater System</u>	<u>Sanitation System</u>	<u>Materials Recycling Facilities System</u>	<u>Total</u>
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
2022	466	152	16	634
2023	466	152	16	634

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>
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%
2022	326,763	2,023	0.62%
2023	329,192	2,429	0.74%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water:										
Wells	31	31	31	31	31	31	31	31	32	32
Water mains (miles)	1,815	1,805	1,786	1,768	1,760	1,749	1,692	1,689	1,685	1,685
Storage capacity (MGD)	19	19	20	20	20	20	17	15	16	16
Wastewater:										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Sanitary sewer (miles)	1,345	1,337	1,317	1,299	1,286	1,272	1,254	1,249	1,243	1,237
Treatment capacity (MGD)	33	33	33	33	33	33	33	33	33	33
Sanitation:										
Collection vehicles	109	109	110	110	130	110	122	125	125	104

* Source: ECUA Departmental Statistics generated internally

**Emerald Coast Utilities Authority
Schedule of Insurance
As of September 30, 2023**

Florida Municipal Insurance Trust provides the following coverages:

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Workers' Compensation	Florida Municipal Insurance Trust Policy No.: 0162	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	10/1/2022 to 10/1/2023
Automobiles	Florida Municipal Insurance Trust Policy No.: 0162	All scheduled vehicles \$25,000 Deductible on Collision \$25,000 Deductible on Liability	\$1,000,000	10/1/2022 to 10/1/2023
Property Coverage	Florida Municipal Insurance Trust Policy No.: 0162	(1) All Risk Coverage for structures, equipment and contents on schedules (2) Covers structures, equipment, and contents (3) Property Schedules Property Schedules	\$10,000 Personal Injury Protection Included (1) \$100,000,000 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	10/1/2022 to 10/1/2023
Boiler & Machinery Equipment Breakdown	Florida Municipal Insurance Trust (included in property coverage) Policy No.: 0162	Comprehensive Coverage. Pays loss from an accident to a covered object while in use or connected ready for use (as part of property coverage) \$100,000 Deductible	(1) \$100,000,000 per accident (2) The limit of liability is paid on a repair or replacement basis.	10/01/2022 to 10/01/2023
Business Interruption Coverage/Business Income	Florida Municipal Insurance Trust (included in property coverage) Policy No.: 0162	Covers actual loss of earnings sustained by ECUA resulting from necessary interruption of business.	\$6,000,000; \$2,000,000 limit at each: (1) Bayou Marcus WWTP, (2) Pensacola Beach WWTP, (3) CWRP	10/01/2022 to 10/01/2023
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	10/01/2022 to 10/01/2023
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.	10/01/2022 to 10/01/2023

Public Risk Insurance Agency provides the following coverages:

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Environmental Pollution	AXA XL Insurance Company (PRIA) Policy No.: PEC004665502	Pollution Liability including coverage for Fuel Storage Tanks Environmental Impairment Liability	\$3,000,000 \$10,000 SIR per claim	10/01/2021 - 10/01/2024
Crime - All Coverages	The Travelers Companies (PRIA) Policy No.: 106380356	(1) Losses inside and outside of premises (2) Employee Dishonesty \$50,000 retention	\$1,000,000	10/01/2022 - 10/01/2023

Public Risk Insurance Agency Coverages Continued:

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Road Restoration Bond	Western Surety Company (PRIA) Policy No.: 929323580	Damages to DOT Roads	State of Florida Requirements \$10,000 Road Restoration Bond	11/18/2022 to 11/18/2023

Cyber Liability Insurance	Chubb (PRIA)	Cyber Liability / Data Breach	A. Liability Limits	10/01/2022 to 10/01/2023
	Policy No.: D95530928	\$250,000.00 Retention	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 /EON G71831371 003	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.	\$1,000,000	10/01/2022 - 10/01/2023
		\$75k Retention		

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

<u>Types of Coverage</u>	<u>Insurer/ Policy No.</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>	
Flood Coverage	Wright National Flood Insurance Company	(PRIA - Agent)	Conditions: Including flood in zones A -E		
	Policy No.: 09 1150776890 11	\$1,250/ \$1,250 Bldg/Contents Deductibles	\$500,000 Bldg/ \$500,000 Contents	01/07/2023 - 01/07/2024	Bldg & Contents; 450 W. Government St, Pns
	Policy No.: 09 1150566401 13	\$1,250/ \$1,250 "	\$500,000 Bldg/ \$500,000 Contents	08/16/2023 - 08/23/2024	Bldg & Contents; 1605 N. Guillemard Street, Pns
	Policy No.: 09 1150048479 14	\$1,250/ \$1,250 "	\$250,000 Bldg/ \$412,000 Contents	08/16/2023 - 08/16/2024	Bldg & Contents; 2600 E Cervantes St, Pns
	Policy No.: 09 1150021831 14	\$1,250/ \$1,250 "	\$363,000 Bldg/ \$441,000 Contents	07/25/2023 - 07/25/2024	Bldg & Personal Property; 425 Pens Bch Blvd, New Gulf Breeze
	Policy No.: 09 1150443043 13	\$2,000/ \$2,000 "	\$293,000 Bldg/ \$107,000 Contents	06/07/2023 - 06/07/2024	Bldg & Personal Property; 2 Story Operations Bldg; Pns Bch
	Policy No.: 09 1150443042 13	\$2,000/ \$2,000 "	\$ 40,000 Bldg / \$ 31,000 Contents	06/07/2023 - 06/07/2024	Bldg & Personal Property; Main ; Pns Bch
	Policy No.: 09 1151457055 06	\$1,250/ \$1,250 "	\$246,000 Bldg/ \$100,000 Contents	04/04/2023 - 04/04/2024	Bldg & Personal Property; Storage Bldg, 609 S. Old Corry Field Rd., Pns
	Policy No.: 09 1151457052 06	\$1,250/ \$1,250 "	\$347,000 Bldg/ \$222,000 Contents	04/04/2023 - 04/04/2024	Bldg & Personal Property; Warehouse/Off, 609 S. Old Corry Field Rd., Pns
	Policy No.: 09 1151457059 06	\$1,250/ \$1,250 "	\$174,000 Bldg/ \$ 50,000 Contents	04/04/2023 - 04/04/2024	Bldg & Personal Property; Office, 609 S. Old Corry Field Rd., Pns

ECUA as Self-insured coverages:

<u>Types of Coverage</u>	<u>Name of Coverage</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Policy Period</u>
Comprehensive General Liability	ECUA Self-insured	Bodily Injury and property damage to others.	State of Florida (Sovereign Immunity) \$200,000 per person \$300,000 per occurrence	10/01/2022 - 10/01/2023

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, 2023, 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 1, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 1, 2024

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ yes X no

Significant deficiencies identified not considered to be material weaknesses?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal and State Programs

Federal and state Single Audits were not required as the Authority did not expend greater than \$750,000 of federal or state funds during its fiscal year ended September 30, 2023.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

EMERALD COAST UTILITIES AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

None reported.



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, 2023, and have issued our report thereon dated February 1, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; 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 1, 2024, 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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported:

- a. There were 572 employees compensated in the last pay period of the Authority's fiscal year.
- b. There were 19 independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year.
- c. Total compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for the year was \$36,450,968.
- d. The compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for the year was \$18,226,762.
- e. There were 20 construction projects with a total cost of at least \$65,000 approved by the district that began on or after October 1 of the fiscal year being reported at a total cost of approximately \$8.4 million.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, has been presented in the Supplementary Information section of this report beginning on page 56.

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 1, 2024



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, 2023. 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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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 1, 2024



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