



SEACOAST UTILITY AUTHORITY

PALM BEACH GARDENS, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDING
SEPTEMBER 30, 2020 & 2019

**SEACOAST UTILITY AUTHORITY
PALM BEACH GARDENS, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
September 30, 2020 and 2019**

Prepared by:

Danielá E. Russell, CPA
Chief Financial Officer

**SEACOAST UTILITY AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart
- List of Principal Officials: Authority Board Members and Staff



Seacoast Utility Authority

Mailing Address:
4200 Hood Road
Palm Beach Gardens, FL 33410-2174

February 24, 2021

Honorable Chair and Members of the
Seacoast Utility Authority Board
Seacoast Utility Authority
Palm Beach Gardens, Florida

It is with pleasure that we submit to you the Comprehensive Annual Financial Report with the Independent Auditor's Report of Seacoast Utility Authority (the Authority) for the fiscal years ended September 30, 2019 and 2020. The Finance Department, in accordance with state statutes, the Bond Trust Indenture, and U.S. generally accepted accounting principles for governments, prepared this report.

The Authority's financial statements have been audited by Mauldin & Jenkins, LLC, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal years ending September 30, 2019 and 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Seacoast Utility Authority's financial statements for the fiscal years ended September 30, 2019 and 2020, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is located at the front of the Financial Section of this report on page 1.

However, responsibility for both the accuracy of the presented data, and the completeness and fairness of presentation, including all disclosures, rests with the Authority. The Authority's Finance Department is responsible for the overall operation of the Authority's accounting system and for establishing and maintaining the Authority's internal control structure. The Authority's internal control system is routinely monitored to ensure adequacy and if any material weaknesses exist, corrective action is taken to address such weaknesses. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included. Significant financial information has been prepared in accordance with financial reporting promulgated by the Governmental Accounting Standards Board and should be considered an integral part of the financial information presented.

FINANCIAL PERFORMANCE

The Authority has adopted the provisions of GASB 34, "Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments". GASB 34 requires the Management's Discussion and Analysis (MD&A) of the Authority's financial performance to be included as an integral part of the financial statements. The Authority's MD&A can be found immediately following the Independent Auditors' Report.

THE AUTHORITY

Seacoast Utility Authority was created as a separate legal entity pursuant to an “Inter-local Agreement” entered into, by and among the City of Palm Beach Gardens, Palm Beach County, the Village of North Palm Beach, the Town of Lake Park and the Town of Juno Beach, all in Florida, under and in accordance with the provision of Chapter 163, Florida Statutes. In compliance with the requirements of such chapter, the Inter-local Agreement was filed with the Clerk of the Circuit Court of the Fifteenth Judicial Circuit of Florida, in and for Palm Beach County on August 24, 1988.

On December 20, 1988, pursuant to the Inter-local Agreement, the Authority acquired, by eminent domain, substantially all the utility assets of Seacoast Utilities, a water and wastewater utility formerly owned and operated as a separate division by the John D. and Catherine T. MacArthur Foundation. The Authority now owns, operates, and maintains the utility.

The governance of the Authority resides in the Authority Board, which is comprised of five (5) members, one member appointed by each of the participating public entities. The members of the Authority Board serve for terms of four (4) years or until replaced by action of the respective members of the participating public entities. Voting by the members of the Authority Board is by weighted percentage as specified in the Inter-local Agreement.

SYSTEM DESCRIPTION

Seacoast Utility Authority, a regional water and wastewater utility, furnishes potable water service to 50,745 households and 3,058 commercial establishments. Wastewater collection, treatment and disposal services are provided to 47,097 residential dwellings and 1,791 businesses. The Authority’s service area, which covers approximately 65 square miles, consists of certain unincorporated areas of Palm Beach County, and the incorporated areas of the City of Palm Beach Gardens, the Village of North Palm Beach and the Town of Lake Park and a portion of the unincorporated areas of the Town of Juno Beach, all in Florida.

ECONOMIC CONDITIONS AND OUTLOOK

The Authority’s economic condition is generally affected less by the local economy than by weather and water use restrictions. Water and sewer service are a public necessity; thus, revenue typically remains stable regardless of transient economic conditions. Permanent three-day per week irrigation restrictions enacted by South Florida Water Management District in 2010 continue to moderate water sales, but the Authority’s rate structure design provides an effective economic buffer against fluctuating water demand.

During its peak growth period (2001 – 2006), the Authority opened over 1,000 new metered accounts per year. Since then, the pace of new connections has significantly declined, with 372 new meter installations during FY2020, an increase of 140 over FY2019 new meter installations. Recent commencement of large-scale land development projects have accelerated and will sustain system growth over the next few years.

The Authority’s 2014 conversion from lime softening to membrane water treatment processes has resulted in operating expenses that are trending higher proportional to increasing energy costs. Anticipating the need to synchronize revenue with rising costs, the Authority enacted an annual rate-indexing ordinance in 2009. This ordinance authorizes rate adjustments each October 1, consistent with the U.S. Department of Labor Water and Sewer Maintenance Index, allowing the Authority Board to apply a lesser percentage if it chooses.

MAJOR INITIATIVES

The Authority's new administration and operations buildings were nearly complete at the end of FY2020. Fully funded by Authority cash reserves, the site provides hurricane hardened, covered equipment storage, ample warehouse space, and energy efficient buildings with enough space to accommodate buildout staffing. Completion is projected for April 2021.

In 2020, the Authority awarded the final phase contracts for its \$100 million, ten-year water supply and treatment system renewal program. Once completed, all the Authority's thirty-six surficial aquifer water supply wells will have been renovated or replaced.

The Authority's program for replacement of at-risk water pipeline segments weakened by age or wear is now underway. Staff anticipates that the most vulnerable areas will be fully addressed within the next five years. After this work is completed, the Authority will turn its attention to community pipeline replacement projects prioritized based on pipeline age, material, and repair history.

As critically important wastewater infrastructure ages and demand for irrigation quality reclaimed water increases, the Authority has invested in replacement equipment that is more durable, efficient, and technologically advanced. Several PGA Regional Wastewater Reclamation Facility projects were completed in FY2020 that will expand recycling capability, improve worker safety and materials storage areas, and enhance instrumentation, control, and data reporting systems. Similar projects, including major lift station and plant headworks renovations are presently in various stages of planning and construction.

LONG-TERM FINANCIAL PLANNING

The Authority's annual operating budget includes a five-year projection of revenue, expenses, and capital needs. These estimates incorporate growth projections, inflation, anticipated changes in water, sewer, and reclaimed water flow, board approved multi-year capital improvement programs, targeted renewal and replacement projects, and an allowance for asset renewal and replacement costs not specifically identified.

The Authority's current rate structure and cash reserves are poised to generate enough revenue to pay routine asset replacement costs as well as the Authority's outstanding debt, which will be fully retired in FY2024. The five-year budget considers the operating costs associated with the water treatment plant, sewer plant and all the related infrastructure as well as the essential renewal and replacement of other Authority assets. Planned indexed revenue increases consistent with the Board's direction are also included. Board approved budgets can be accessed at www.sua.com.

Consistent with prudent financial management practices, the Authority's Cash Reserve Policy requires the Authority to maintain a minimum of cash reserves equal to 90 days operating and debt service costs. The Authority's current financial position complies with this policy.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The Authority's financial accounting system is accounted for using an accrual basis. In developing and evaluating the Authority's accounting system, the adequacy of internal accounting controls is paramount. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be achieved, and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe the Authority's

internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Authority maintains budgetary controls at the department level with line-item expenses managed through the issuance of approved purchase orders. The objective of these controls is to help ensure adherence to the legally adopted operating and capital budget approved by the Authority Board. As demonstrated by information provided in the Comprehensive Annual Financial Report, the Authority continues meeting its responsibility for sound financial management.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Seacoast Utility Authority for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the 16th consecutive year that Seacoast Utility Authority has achieved this prestigious award. Requirements to receive a Certificate of Achievement include a government publishing an easily readable and efficiently organized comprehensive annual financial report. 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 comprehensive annual financial report 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.

ACKNOWLEDGEMENTS

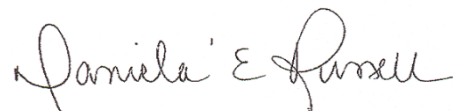
The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the dedicated efforts of the entire Authority staff. Their assistance and cooperation have facilitated the preparation of a report that provides a comprehensive view of the Authority's results of operations and strong financial position.

We would like to thank the Authority Board and customers of Seacoast Utility Authority for their continued interest, support and assistance in enabling the Authority to achieve its goal of providing quality water and wastewater service in a cost effective and responsible manner.

Respectfully submitted,



Rim Bishop
Executive Director



Daniela E. Russell, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Seacoast Utility Authority
Florida**

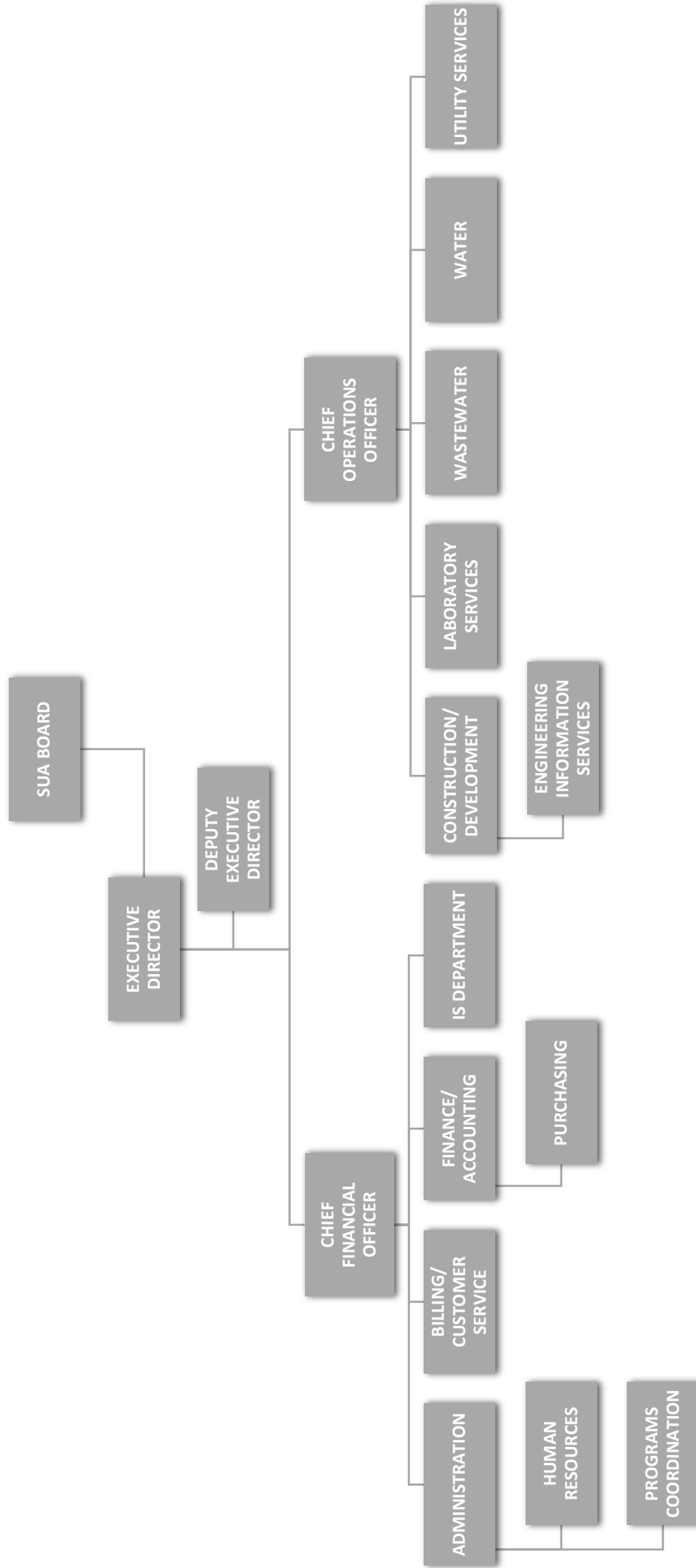
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

SEACOAST UTILITY AUTHORITY ORGANIZATIONAL CHART



SEACOAST UTILITY AUTHORITY
LIST OF PRINCIPAL OFFICIALS
As of September 30, 2020

AUTHORITY BOARD MEMBERS

<u>Name</u>	<u>Jurisdiction</u>
Mr. John D' Agostino, Chair	Town of Lake Park
Mr. Robert Weisman, Vice Chair	Palm Beach County
Mr. Andrew Lukasik, President-Pro-Tem	Village of North Palm Beach
Mr. Ron Ferris	City of Palm Beach Gardens
Mr. Joseph Lo Bello	Town of Juno Beach

AUTHORITY STAFF

<u>Name</u>	<u>Title</u>
Richard K. Bishop	Executive Director
Bruce Gregg, CAO	Deputy Executive Director
Danielá E. Russell, CPA	Chief Financial Officer
Brandon Selle, PE	Chief Operations Officer
Jessica Moore, CMC, SHRM-CP	Authority Clerk
Nason, Yeager, Gerson, White & Lioce, P.A.	Authority Counsel
Holtz Consulting Engineers, Inc.	Consulting Engineers
Mauldin & Jenkins, CPA	Independent Auditors

FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
 - Statements of Net Position
 - Statements of Revenues, Expenses and Changes in Net Position
 - Statements of Cash Flows
 - Notes to Financial Statements
- Required Supplementary Information
 - Schedule of the Authority's Total OPEB Liability and Related Ratios
- Other Supplementary Information
 - Comparative Schedules of Operating Revenues – Budget and Actual
 - Comparative Schedules of Operating Expenses – Budget and Actual
 - Comparative Schedules of Operating Expenses



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Seacoast Utility Authority
Palm Beach Gardens, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Seacoast Utility Authority (the "Authority") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Authority as of September 30, 2019, were audited by other auditors whose report dated February 19, 2020, expressed an unmodified opinion on those statements.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 16), the Schedule of the Authority's Total OPEB Liability on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The report of the other auditors dated February 19, 2020 stated that the supplementary information for the year ended September 30, 2019 was subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those 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 their opinion, the supplementary information was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of the Management's Discussion and Analysis (MD&A) is to provide highlights of the Authority's financial activities for the fiscal year ended September 30, 2020 and 2019. This information should be read with the accompanying audited financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Seacoast Utility Authority (the Authority) uses a single enterprise fund to provide water and wastewater services. The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory section includes a Transmittal Letter, List of Principal Officials and Staff, and the Authority's Organizational Chart. The Financial section includes the MD&A, audited basic financial statements and accompanying notes, as well as the report of the independent certified public accountant on the financial statements. The Statistical section includes unaudited financial and demographic information, and the Compliance section includes supplemental auditors' reports.

The MD&A represents management's examination, analysis, and report on the Authority's financial condition and performance. The financial statements as well as other available operational and financial information, budget, debt statements, etc. were used for this analysis. The MD&A should be used with the audited financial statements and accompanying notes to those statements.

REQUIRED FINANCIAL STATEMENTS

As an Enterprise Fund, the Authority's financial statements and accounting methods closely resemble those of a business operation. These statements provide short and long-term financial information about its activities. The required financial statements include Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and Notes to Basic Financial Statements.

The Statement of Net Position includes all the Authority's assets and liabilities and provides information on the investment in those assets. It presents the financial position on a full accrual cost basis. It can be used for analyses such as liquidity and the structure of the assets and liabilities of the Authority. Over time, increases or decreases are indicators of whether the financial position is improving or not.

The Statement of Revenues, Expenses, and Changes in Net Position contains the current year's revenue and expenses. This can be used to evaluate operations during the past year by comparing operating revenue with income as well as showing other income sources and the overall effectiveness of cost recovery. While the Statement of Net Position discussed previously shows a snapshot of balances as of a certain date, the Statement of Revenues, Expenses, and Changes in Net Position focuses on changes in the fiscal operating period.

The last required statement is the Statement of Cash Flows. This statement shows cash activity during the fiscal year. Divided into three categories, the statement of cash flows presents cash flows from operating, capital, and investing activities. This statement can answer where the cash came from, how that cash was used and the resulting change in balances from the previous reporting period.

Finally, the accompanying Notes to the Financial Statements provide required disclosures and other information pertinent to understanding and explaining the financial statements. The notes contain information such as accounting policies, explanations, and descriptions of significant account balances, expanded detail on summarized data in the financial statements, as well as required disclosures about the Authority.

The analysis below shows the Authority's net position (Table 1) and changes in net position (Table 2) during the year in a condensed format.

Table 1
Net Position
(Condensed)

	FY2020	FY2019	%	FY2018	%
Assets:					
Current assets	\$ 87,925,779	\$ 155,546,209	(43.5)	\$ 90,101,069	72.6
Non-current restricted assets		4,989,006	(100.0)	66,712,531	(92.5)
Lease receivable	448,449	502,890	(10.8)	552,429	(9.0)
Lease asset (net)	179,398	246,672	(27.3)	261,480	(5.7)
Capital assets (net)	295,420,974	273,788,080	7.9	270,599,739	1.2
Total assets	<u>\$ 383,974,600</u>	<u>\$ 435,072,857</u>	(11.7)	<u>\$ 428,227,248</u>	1.6
Deferred Outflows of Resources:					
Outflows from interest rate swap	\$	\$	0.0	\$ 40,868	(100.0)
Deferred loss on bond refundings	25,368	76,105	(66.7)	322,849	(76.4)
OPEB related items	183,760	187,987	(2.2)	207,784	(9.5)
Total deferred outflows of resources	<u>\$ 209,128</u>	<u>\$ 264,092</u>	(20.8)	<u>\$ 571,501</u>	(53.8)
Liabilities:					
Current liabilities					
Payable from current assets	\$ 8,625,044	\$ 7,788,917	10.7	\$ 8,594,751	(9.4)
Payable from restricted funds	10,464,938	69,023,009	(84.8)	9,255,122	645.8
Non-current liabilities	2,954,149	2,850,329	3.6	2,720,275	4.8
Bonds payable (net)	37,197,078	54,545,760	(31.8)	124,810,685	(56.3)
Total liabilities	<u>\$ 59,241,209</u>	<u>\$ 134,208,015</u>	(55.9)	<u>\$ 145,380,833</u>	(7.7)
Deferred Inflows of Resources:					
OPEB related items	\$ 370,572	\$ 456,383	(18.8)	\$ 234,132	94.9
Lease obligations	502,889	552,429	(9.0)	645,951	(14.5)
Total deferred inflows of resources	<u>\$ 873,461</u>	<u>\$ 1,008,812</u>	(13.4)	<u>\$ 880,083</u>	14.6
Net Position:					
Net investment in capital assets	\$ 247,969,264	\$ 193,341,324	28.3	\$ 180,792,821	6.9
Restricted	2,000,000	26,500,219	(92.5)	26,864,769	(1.4)
Unrestricted	74,099,794	80,278,579	(7.7)	74,880,243	7.2
Total net position	<u>\$ 324,069,058</u>	<u>\$ 300,120,122</u>	8.0	<u>\$ 282,537,833</u>	6.2

Modest system growth occurred during Fiscal Year 2020 (FY2020). With its state-of-the-art water treatment plant in full operation and stabilized and a system interconnect agreement with Palm Beach County Water Utilities completed, the Authority is well positioned to meet the needs of its growing customer base.

A broad array of factors contributed to an increased FY2020 Net Position of \$324,069,058, up 14.2% since FY2018 and 8.0% since FY2019. This positive three-year trend is attributable to conscientious collection practices, prudent investment strategies, exceptional debt management, careful attention to cost control and accelerated land development activity.

In what may seem a paradox, total assets declined \$52 million from FY2019 to FY2020. However, there are two factors that explain this. First, the Authority paid approximately \$65 million in debt using refunding

escrowed proceeds and reserve funds, simultaneously reducing corresponding debt. In addition, the Authority disbursed approximately \$40 million dollars in construction in progress. By fiscal year end, this resulted in a \$22 million dollar increase in Capital Assets which included the \$14 million value of Phase 1 of the Authority's Administrative Complex project. For FY2019 and FY2018, escrowed bond proceed investment varied according to maturities, but the primary reason for increase in assets during FY2019 and FY2018 was net earnings.

Continuing from FY2019, related to the Authority's lease contracts and recent Governmental Accounting Standard Board (GASB) rules, are the Lease Receivable, Lease Asset, Net and the Right to Use Lease Obligation. Details regarding Authority Leases can be found in Note 10 to the Financial Statements.

Deferred Outflows of Resources represents items related to the accumulated decrease in the fair market value of the Authority's interest rate swap (matured in FY2019), the deferred loss on bond refunding's associated with the 2005 and 2006 Revenue Bonds (matured in FY2019), and Other Post Employment Benefit (OPEB) related to the Authority's pay as you go plan. OPEB related liabilities fell in FY2020, from FY2019 and FY2018 as longer tenured employees retire, but do not remain on the Authority's health plan. Further information on deferred outflows/inflows can be found in Notes 1(d), while specifics on the interest rate swaps (no longer used) and the OPEB related items can be found in Notes 6 and 7, respectively. Additionally, OPEB data is outlined further in the required supplemental information (RSI).

In FY2019, several long-term system acquisition debt obligations fully matured, thus this debt is no longer outstanding. The planned March 1, 2020 crossover refunding event occurred, whereby escrowed funds were released and the payment of approximately \$65 million in debt occurred along with normal amortized planned principal payments, leaving the Authority \$75 million less in debt by the end of FY2020. Further information on the Authority's debt issuances and outstanding bonds can be found in Note 6.

Table 2 on page 7 shows a condensed Statement of Revenues, Expenses, and Changes in Net Position from FY2018 to FY2020, with various explanatory narratives.

Table 2
Statement of Revenues, Expenses, and Change in Net Position
(Condensed)

	FY 2020	FY 2019	%	FY 2018	%
Operating revenues:					
Charges for services	\$ 59,354,778	\$ 57,102,231	3.9	\$ 54,217,539	5.3
Miscellaneous	300,661	454,026	(33.8)	392,763	15.6
Total operating revenues	<u>59,655,439</u>	<u>57,556,257</u>	3.6	<u>54,610,302</u>	5.4
Operating expenses:					
Plant operation and maintenance	18,774,759	18,012,593	4.2	18,330,442	(1.7)
General and administrative	9,341,138	7,454,413	25.3	6,873,146	8.5
Depreciation	19,104,598	18,838,327	1.4	18,658,291	1.0
Total operating expenses	<u>47,220,495</u>	<u>44,305,333</u>	6.6	<u>43,861,879</u>	1.0
Nonoperating revenues:					
Interest income	1,918,035	2,549,434	(24.8)	2,491,940	2.3
Net increase (decrease) in FMV	795,908	2,361,132	(66.3)	(1,863,386)	(226.7)
Grant revenue	339,096	35,934	843.7	104,821	(65.7)
Other revenue	301,501	942,492	(68.0)	236,137	299.1
Bond rebate	585,862	1,401,190	(58.2)	1,395,093	0.4
Total nonoperating revenues	<u>3,940,402</u>	<u>7,290,182</u>	(45.9)	<u>2,364,605</u>	208.3
Nonoperating expenses:					
Interest expense	3,284,780	6,192,934	(47.0)	7,004,641	(11.6)
Amortization	(1,017,945)	(1,573,181)	(35.3)	(1,481,246)	6.2
Other expense	583,262	3,787,291	(84.6)	295,693	1,180.8
Total nonoperating expenses	<u>2,850,097</u>	<u>8,407,044</u>	(66.1)	<u>5,819,088</u>	44.5
Income (loss) before capital contributions	<u>13,525,249</u>	<u>12,134,062</u>	11.5	<u>7,293,940</u>	66.4
Capital contributions:					
Developer and other contributions	10,423,687	5,448,227	91.3	3,950,902	37.9
Change in net position	<u>\$ 23,948,936</u>	<u>\$ 17,582,289</u>	36.2	<u>\$ 11,244,842</u>	56.4
Net Position, beginning of year	300,120,122	282,537,833	6.2	271,292,991	4.1
Net Position, end of year	<u>\$ 324,069,058</u>	<u>\$ 300,120,122</u>	8.0	<u>\$ 282,537,833</u>	6.2

- From FY2019 to FY2020, there was an approximate \$2 million dollar or 3.6% increase in revenue, primarily from charges for services. The overall increase is the direct result of a rate 3% indexed rate increase effective 10/1/2019, dampened by less business usage due to COVID-19 but supplemented by increases in charges for bulk water services requested from the Authority's western service area customers. The same rationale applies to the \$3 million increase in FY2019 compared to FY2018.
- As with any dynamic environment, market conditions, investable surplus and cash flow needs will dictate the earnings that an organization can achieve. During FY2019, Federal Reserve changes to interest rates began increasing FY2018 yields. Conversely in FY2020, and almost regularly, reductions occurred, resulting in short-term yields being on par with 4 to 5-year maturities. Moreover, just as longer termed yields declined, the Authority began preparing for significant budgeted construction, whereby significant liquid reserves would be required for construction funding. Consequently, in FY2020, the Authority placed a significant amount of funds in a liquid account, earning 2%, but by end of year the account was yielding significantly less at .75%. Lastly, restricted funds held in escrow for refunded bonds earned interest through March 1, 2020, while in the prior fiscal years the account yielded interest for a full year. Overall, not considering escrow funds held for a specific purpose, the interest earnings from FY2018 to FY2020 were remarkably quite comparable.

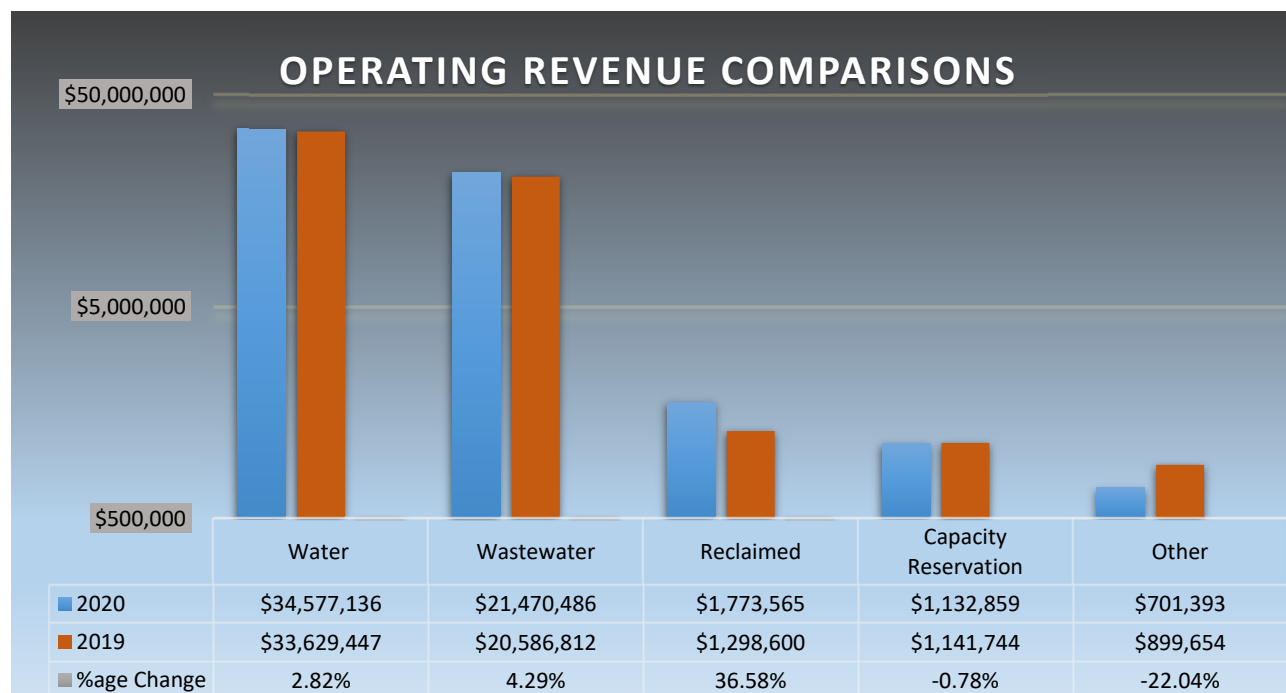
- In FY2020, the Authority received \$339,096 in long awaited Grant Revenue reimbursements from the Federal Emergency Management Agency (FEMA). This revenue is contingent on disaster related expenses that are unplanned and inconsistent each fiscal year. Lesser amounts were received in FY2019 and FY2018 related to hurricane events.
- Land development activity drives donated infrastructure and connection fee revenue. Consequently, capital contributions can fluctuate from one fiscal year to the next. In FY2020, new development requiring bulk water and sewer service through the Authority's interconnects with Palm Beach County Water Utilities, contributed to an overall connection charge revenue increase of 91.3% over FY2019. A similar but substantially less dramatic impact occurred during the previous fiscal year. This revenue source is quite cyclical and is historically inconsistent from year to year.
- As required by generally accepted governmental accounting standards, the Authority adjusts its portfolio value to reflect any unrealized gain or losses based on fair market value ("FMV"). These gains or losses are not yet realized and are due primarily to market conditions beyond the Authority's control. The Authority adheres to the prudent investor rules for a government entity, while ensuring proper cash flow to meet its needs through budgetary and economic cycles. Between FY2018 and FY2019, interest yields increased, thus the large increase in FMV change in FY2019 over FY2018. Interrupting this trend, of rising yields was the COVID-19 pandemic, which weakened the bond market sending rates on authorized investments to historic lows. As a result, bonds were called, and the Authority was required to reinvestment proceeds in lower yield instruments. However, while resulting in a lesser gain than FY2019, the Authority's prudent investment strategy avoided both unrealized and realized losses.
- When the 2009B Bonds were called on March 1, 2020, the Build America Bond Rebate revenue ceased, hence the 58% revenue reduction from FY2019 to FY2020. FY2019 and FY2018 both had the full annual amount of the Build America Bond Rebate less a small federal government reduction due to sequestration.
- In FY2019, a long-awaited settlement with the contractor who built the Authority's Water Treatment Plan finally came to fruition and resulted in a onetime receivable balance write off to the Authority's favor, thus creating a large amount of other revenue and hence the large swings in this line item from FY2018 to FY2020. This line items represents several small non-operating revenue items, such as cell tower lease revenue and miscellaneous receipts unrelated to operations.
- FY2020 operating expenses, including depreciation, increased by 6.6% over FY2019 compared to a 1% increase for FY2019 over FY2018. Of the increases driving FY2020 operating expenses higher, inflation was the principal factor. While staff's diligent management pushed certain costs, like water plant chemicals lower, the Authority experienced notably greater salary costs due to the COVID-19 pandemic and a hurricane early in the fiscal year. Furthermore, increased western service area demand drove bulk water and sewer purchases from Palm Beach County higher than FY2019 costs by \$800,000, \$400,000 greater than FY2018. Fortunately, these bulk purchases are largely offset by retail water & sewer sales to individual Authority customers. Depreciation expense continued to increase FY2018 through FY2020. The Authority's aggressive capital improvements program, replacing fully depreciated older infrastructure and updating shorter lived mechanical assets, assures a continued upward trajectory for this non-cash expense.
- The Authority's December 2016 Bond Refunding resulted in increased balance sheet debt and annual interest expense. Interest on debt remained relatively constant from FY2018 to FY2019. As planned on March 1, 2020, all the Series 2009A & B bonds were extinguished, resulting in an estimated \$2 million-dollar annual interest expense reduction. Decline in interest expense from FY2019 to FY2020 is the result of reduced principal balances and fluctuating capitalized interest reductions. FY2019 reflects a one-time bond issuance expense of \$547,215 which was directly associated with the December 2016 Bond refunding/issuance. See Note 6 for further information on the effects of the December 2016 Bond Refunding and the Authority's debt outstanding.

- Related to interest expenses, as required by generally accepted accounting principles, a portion of the Authority's annual bond interest expense, approximately \$957,000 in FY2020, as compared to \$953,000 in FY2019 and \$514,000 in FY2018, was capitalized to the construction in progress. The calculated amounts are purely dependent on outstanding debt and construction in progress, which may vary from one year to the next.
- The Authority continues to renew and replace its aging infrastructure. When assets having net book value are disposed or replaced, the resulting write-offs result in accounting losses, the amount of which will vary from year to year. In accordance with established policy, Authority staff seeks to maximize cash recovery for disposed assets by public sale. In FY2020, completed renewal and replacement projects of approximately \$17 million, including Phase 1 of the Authority's Administrative Campus, were recorded. Most improvements were fully depreciated and thus the related net book value loss was low in comparison to the new improvement. In contrast, FY2019 and FY2018 had several projects that resulted in losses of \$3.7 million and \$.3 million, respectively.
- In FY2017, the Authority implemented GASB75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). Further information on the OPEB changes can be found in Note 7.
- In FY2018, the Authority implemented GASB87, Accounting for Leases, which was implemented prospectively. Further information about the Authority's leases can be found in Note 10.

FINANCIAL HIGHLIGHTS/ANALYSIS

Operating Revenues

The following chart depicts the Operating Revenues for the Authority for the fiscal years ending September 30, 2020 and 2019.

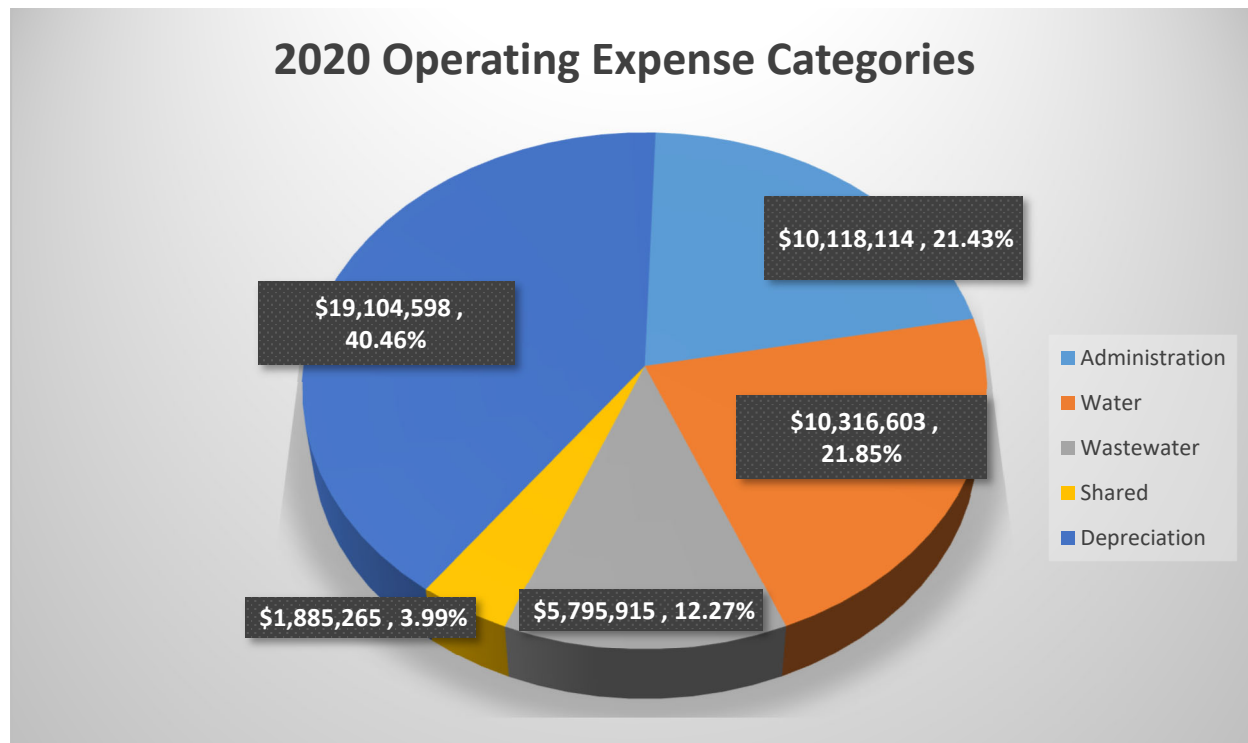


Highlights of the comparisons presented in the above chart:

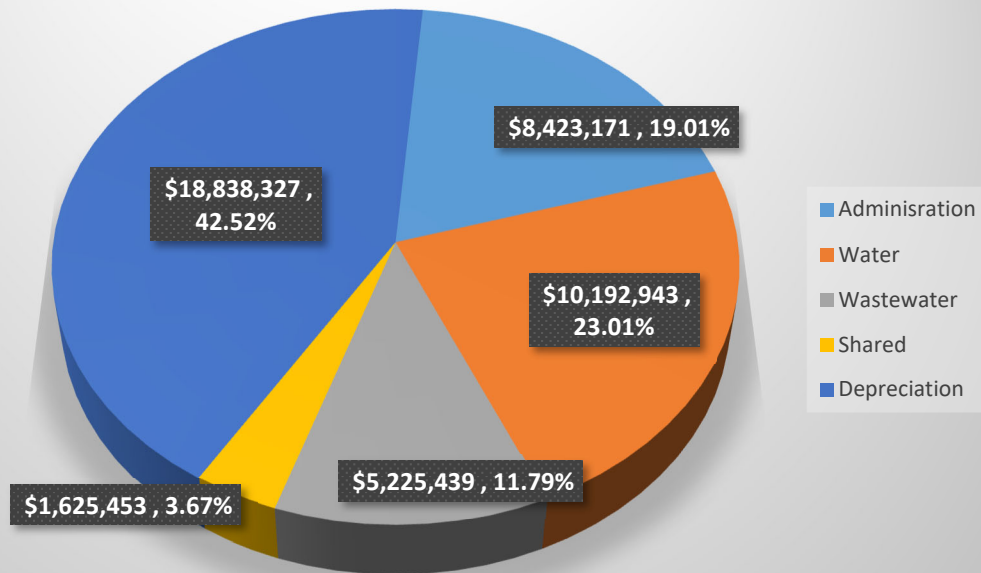
- **Water Sales** – reflects rate increases of 3.0% in both FY2020 and FY2019. FY2020 Water Sales increased 2.82% from FY2019, primarily due to increased western service area Bulk Water Sales of approximately \$724,000. During FY2020, COVID-19 closures and restrictions drove Business (Non-Residential) Water Sales approximately \$200,000 lower than the previous fiscal year.
- **Wastewater Service Charges** - reflects rate increases of 3.0% in both FY2020 and FY2019. Wastewater Sales increased 4.29% from FY2019, primarily due to increased western service area Bulk Sewer Sales of approximately \$207,000. This revenue source too was somewhat affected by Business (Non-Residential) Sewer Sales due to COVID-19 closures.
- **Reclaimed/Effluent Sales** –increased 36.58% from FY2019 due to the expiration of the Authority’s 1995 legal settlement with the MacArthur Foundation providing favored rates to certain benefiting properties. The newer contracts are uniform, and rate indexed, resulting in greater revenue.
- **Capacity Reservation Charges** – result from charges of equivalent residential capacity (ERC) unit reservations and are dependent upon on land development and the timing of meter settings, etc. Consequently, these fees vary from year to year. FY2020 capacity reservations were down slightly, resulting in a .78% decrease in capacity reservation charges in FY2020 from FY2019.
- **Other Charges** - Derived from a relatively small group of customers, these fees can vary quite a bit from one year to another. They consist of fire line protection, administrative fees, and other miscellaneous fees such as turn off and late fees. Due to COVID-19 measures, some of these fees were suspended temporarily causing a reduction in revenue. FY2019 also had a one-time revenue boost related to contractor negotiations.

Operating Expenses

The charts below depict the costs of the various functions of the Authority’s Operating Expenses for the comparative years ending September 30, 2020 and 2019.



2019 Operating Expense Categories



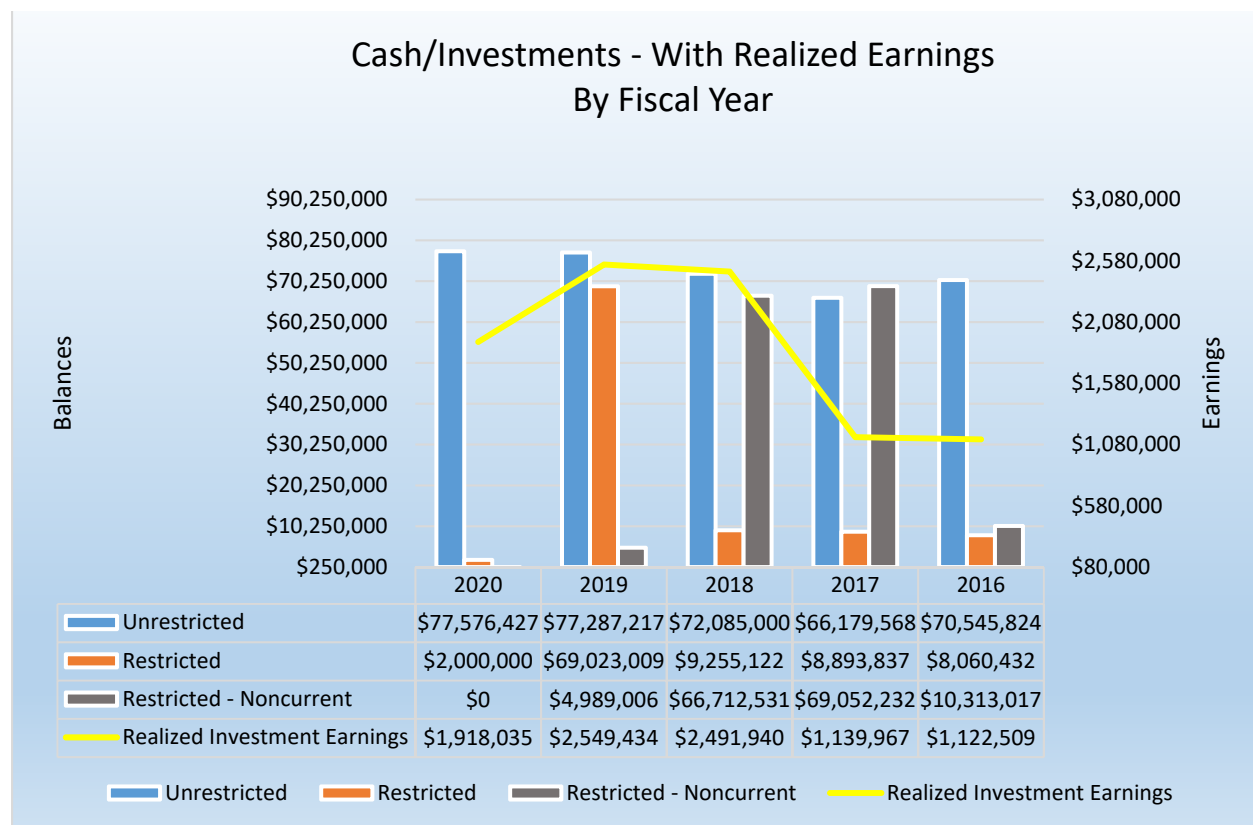
A summary of the changes presented in the Operating Expense Charts depicted is as follows:

Annual operating expenses had a total collective annual increase of 10% or \$2.6 million (not including depreciation expense) from FY2019 to FY2020. The greatest increase was in Administration Department which encompasses 5 divisions, Executive Management, Human Resources, Finance (Accounting, Information Systems and Purchasing), Utility Services and Engineering/Construction Development. Bulk Water purchases, expensed in the Administration Division, accounted for approximately \$800,000 of the Administration increase. These costs are partially offset by bulk water sales. The remaining Administration increase was related to Disaster Pay from hurricane and COVID-19 closures. Depreciation is the largest component of Authority operating expense, representing the non-cash cost recovery of capital expenses over their estimated useful life. As the Authority renews and replaces its aging infrastructure the cost recovery expense is expected to rise.

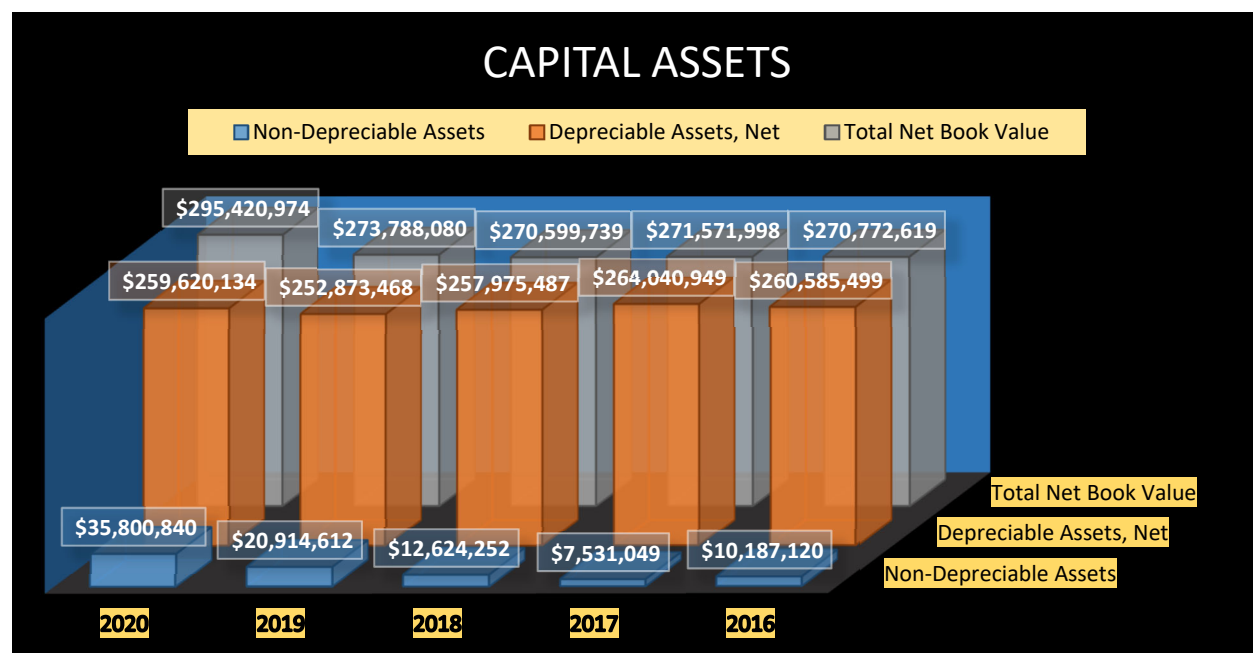
Cash/Investments and Related Income

The Authority's conservative investment policy and strong financial position have enabled the Authority to preserve its unrestricted cash/investment balances, despite significant renewal and replacement expenditures. Market yields declined in FY2020, but the Authority's conscientious planning and cost containment has minimized any related impact. The Authority's overall \$600,000 earnings decline is related primarily to restricted funds used to call some \$65 million of the Authority's outstanding debt on March 1, 2020.

Note 2 to the Financial Statements presents more in-depth details to the investment options, balances, sectors and fair values of the Authority's cash and investments. The table below summarizes investment balances on September 30th for the past five fiscal years along with realized annual earnings.

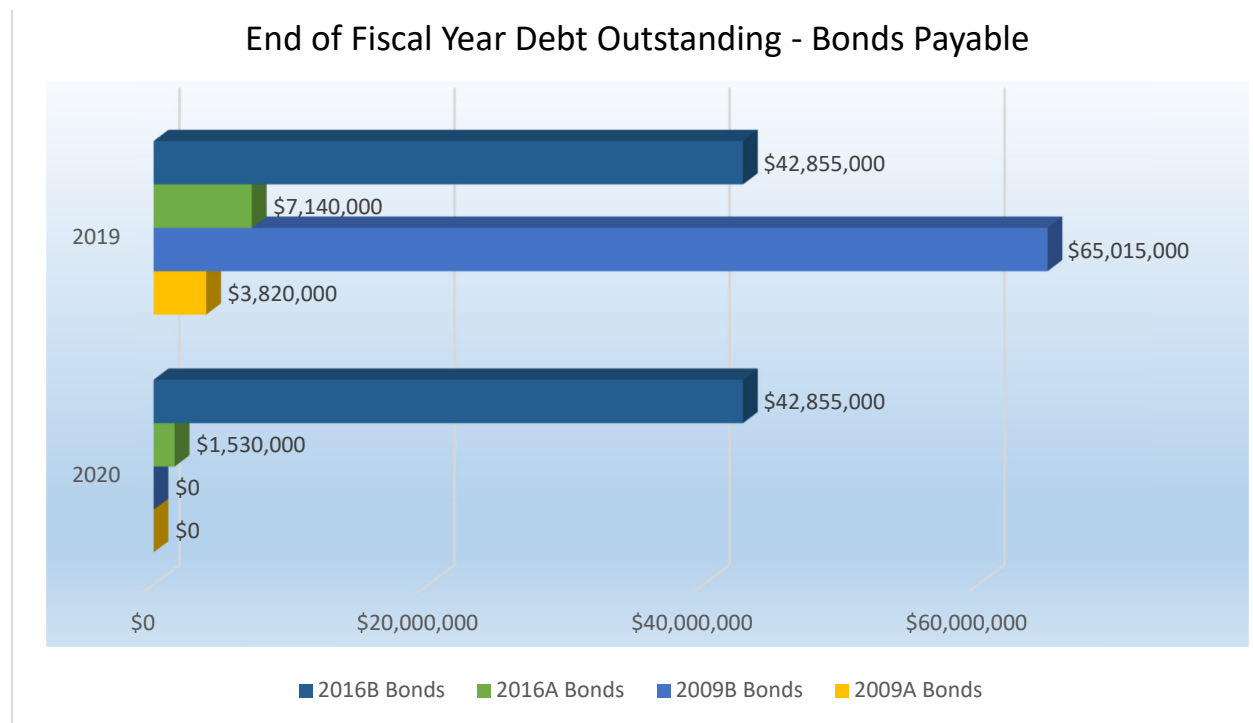


Capital Assets



In accordance with the Authority's capitalization policy, all disbursements of less than \$1,000 are classified as operating expenses. Recorded capital assets include purchased, lease purchased and donated assets and are comprised of land, easements and rights of way, structures and improvements, transmission, collection, distribution mains and accessories, and plant and equipment. The increase in FY2020 renewal and replacement projects resulted in an end of year construction in progress balance of approximately \$24 million, \$11.5 more than at the end of year FY2019. Further, during FY2020, approximately \$17 million of construction in progress was completed and recorded as depreciable assets. The Authority remains committed to continued renewal and replacement, spending more than \$25 million annually. This trend is expected to continue. The Authority's long-term capital improvement plan is presented in the Annual Budget posted at www.sua.com. Also, presented in Note 4 to the financial statements are additional details of the Authority's Capital Assets.

Long Term Debt, Debt Service and Debt Management



Bond Debt Service payments follow fixed schedules that were established when the bonds were issued. The following chart shows principal and interest paid on the debt during the comparative fiscal years:

Debt Issuance	2020 Principal Paid	2019 Principal Paid	Increase (Decrease)	2020 Interest Paid	2019 Interest Paid	Increase (Decrease)
1989	\$	\$ 3,795,000	\$ (3,795,000)	\$	\$ 104,363	\$ (104,363)
2005	\$	\$ 2,287,761	\$ (2,287,761)	\$	\$ 44,455	\$ (44,455)
2006	\$	\$ 2,141,164	\$ (2,141,164)	\$	\$ 40,336	\$ (40,336)
2009A	\$ 3,820,000	\$ 80,000	\$ 3,740,000	\$ 84,800	\$ 171,200	\$ (86,400)
2009B	\$ 65,015,000	\$	\$ 65,015,000	\$ 2,133,251	\$ 4,266,502	\$ (2,133,251)
2016A	\$ 5,610,000	\$ 340,000	\$ 5,270,000	\$ 216,750	\$ 365,500	\$ (148,750)
2016B	\$	\$	\$	\$ 2,142,750	\$ 2,142,750	\$
Total	\$ 74,445,000	\$ 8,643,925	\$ 65,801,075	\$ 4,577,551	\$ 7,135,106	\$ (2,557,555)

In FY2019, the 1989, 2005 & 2006 Bonds fully matured. In FY2020, the 2009A bonds fully matured and the 2009B bonds were called in full, with the related refunding escrow funds used for redemption. This left only the 2016A & 2016B Bonds outstanding at the end of FY2020. The Authority no longer has any Build America Bonds outstanding. Note 6 to the Financial Statements presents further details on the Authority's outstanding bonds for FY2020 and FY2019.

EVENTS, ECONOMIC FACTORS AND TRENDS

System Growth

The Authority's long-term growth pattern continued in FY2020. Within the last few years, local governments approved land development projects that will ultimately add some 8,000 equivalent residential connections (ERC). Approximately half of these are located miles from the nearest Authority pipelines. The Authority will serve local developments from its own treatment and transmission facilities and the more remote communities through bulk service agreements with neighboring water and sewer providers.

System Renewal & Replacement

Over the last few years, the Authority initiated several major construction projects that focus on renewal and replacement of its facilities and infrastructure. More details of planned and on-going major community-wide Authority construction projects can be found on our website at www.sua.com.

Authority's Bond Financial Rating

SUA's December 2016 crossover refunding achieved a net present value saving of \$29 million dollars, reduced the Authority's debt term by 15 years, saving SUA customers over \$41 million. The March 1, 2020 crossover event closed the door to some long-term debt putting the Authority in a remarkable situation of being debt free by 2024. During their recent reviews of SUA financial operations, nationally recognized rating agencies Moody's and Fitch both explicitly recognized this transaction's value, noting the significance of the prudent step taken by the Authority's management. Below is a summary of the each of the rating agency's comments:

Fitch –2020 Annual Review (November 2020) - Upgraded rating from AA+ Positive to AAA Stable

- ✓ Very low leverage with a downward trend over the last 5 years
- ✓ Improved financial profile, specifically debt service coverage
- ✓ Rapidly declining debt profile with final full debt extinguishment by March 2024
- ✓ Healthy rate flexibility, regular increases, and affordability, and a strong stable wealthy service area
- ✓ Solid system and infrastructure with expected pay as you go funding

Moody's - 2019 Issuer Comment Report (July 2019)

Moody's review was less detailed, with more emphasis on key indicators and the US Medians. Nonetheless, its comments were similarly positive, summarized as follows:

- ✓ High quality credit position of Aa1, well above the US Water and Wastewater median of Aa3
- ✓ Low debt profile and healthy debt service coverage
- ✓ Superlative financial profile, with excellent days cash on hand well exceeding the median range for an Aa1 rating; robust liquidity

Full versions of these reports can be found on our website at www.sua.com. Management fully expects to be able to maintain the above noted strengths and thus positive credit ratings.

Other Operational Trends

Digital Records Management Systems

Noted by local planners, engineers, developers and municipalities for its impressive infrastructure archives, the Authority has acquired and is implementing electronic archive systems for administrative, engineering, and operational records. Conversion will take several years, but once completed, the system will allow staff, local governmental representatives, and design professionals immediate access to critically important infrastructure and utility management records.

Automated Meter Reading

In FY2020, the Authority completed its 5-year, \$7 million conversion to automated meter reading (“AMR”). All Authority water meters have been replaced with new meters capable of sending hourly meter readings which allow Authority staff and the customer to detect and respond to unusual consumption patterns, including plumbing leaks, almost immediately. In addition to the obvious customer service benefit, installation of newer meters offers superior flow detection, resulting in increased operational information that in the long term will provide more accurately billed revenue to the Authority.

Western Service Area

In 2020, the Authority extended western service area water and sewer mains that enabled it to supplant the City of West Palm Beach as service provider to the Osprey Isles residential community. Though the community has been located within the Authority’s legal service area for some 15 years, it was not until recently that Authority owned pipelines, connected to Palm Beach County Water Utilities Department facilities through a bulk service metered contract arrangement, were close enough to allow connection to the Authority’s system. Additional extensions will allow the Authority to replace City of West Palm Beach service to a second community, Carleton Oaks, in 2021.

Water Supply Development

The Authority has entered the final phase of its water supply wellfield renovation initiative. By the end of FY2021, all 36 surficial aquifer wells will have been renewed or replaced to membrane system standards. In addition, the Authority expanded its brackish Floridan aquifer wellfield by adding well no. F-5 in FY2018, completing F-6 in FY2019 and nearing completion of F-9 in FY2020.

Wastewater Treatment

Authority engineering and operations staff have initiated a broad range of the Authority’s Wastewater Treatment Plant capital improvements designed to enhance infrastructure durability as well as operational efficiency and reliability. As the plant approaches 30 years in service, scheduled renewal, and replacements to major mechanical, electrical, biosolids treatment, pumping and control systems are in progress.

Reclaimed Water

The Authority’s reclaimed water system continues to operate at full capacity and in compliance with all regulatory requirements. During FY2020, SUA delivered an average of 9.08 million gallons per day (MGD) to reclaimed water customers. This represents a 0.7% decrease from the previous year. This small decline is attributable to the loss of one customer and extended wet periods during which irrigation water was not needed.

Looking to the Future

From both an operational and business perspective, the Authority is well positioned for the future. Rapidly diminishing debt, a newly constructed administrative center, hardened water supply and wastewater infrastructure, 100% recycling of wastewater flow, and long-term permitted access to local water resources assure customers that the Authority will comfortably and cost-effectively meet their future water and wastewater service needs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT TEAM

This financial report is by designed to provide the Seacoast Utility Authority Board, customers, investors, creditors, and employees with a general overview of the Authority's finances and accountability. Direct questions concerning this report to the Authority's Finance Department at 4200 Hood Road, Palm Beach Gardens, Florida, 33410.

SEACOAST UTILITY AUTHORITY
STATEMENTS OF NET POSITION
As of September 30, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 35,233,220	\$ 17,132,919
Investments	42,343,207	60,154,298
Accounts receivable, net	5,928,338	5,884,059
Interest receivable	477,439	766,758
Lease receivable	54,440	49,539
Other receivable	248,061	279,827
Inventory	1,342,042	1,835,713
Prepaid expenses	299,032	420,087
Restricted assets:		
Cash and cash equivalents		2,130,983
Investments	2,000,000	66,892,026
Total current assets	<u>87,925,779</u>	<u>155,546,209</u>
Non-Current Assets:		
Restricted investments		4,989,006
Lease receivable	448,449	502,890
Right to use lease, net	179,398	246,672
Capital assets:		
Non-depreciable:		
Land	1,709,095	1,709,095
Easements and right of ways	3,117,811	2,913,785
Intangible asset	6,775,654	3,452,154
Construction in progress	24,198,280	12,839,578
Depreciable:		
Buildings	43,281,623	33,801,389
Utility plants and pipelines	363,269,834	355,766,157
Equipment	78,120,591	73,751,718
Accumulated depreciation	(225,051,914)	(210,445,796)
Total non-current assets	<u>296,048,821</u>	<u>279,526,648</u>
Total Assets	<u><u>\$ 383,974,600</u></u>	<u><u>\$ 435,072,857</u></u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred loss on bond refundings	\$ 25,368	\$ 76,105
OPEB related items	183,760	187,987
Total Deferred Outflows of Resources	<u><u>\$ 209,128</u></u>	<u><u>\$ 264,092</u></u>

(Continued)

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

SEACOAST UTILITY AUTHORITY
STATEMENTS OF NET POSITION
As of September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 4,290,172	\$ 4,461,885
Accrued liabilities	643,741	487,770
Retainage payable	1,308,545	612,073
Customer deposits	2,148,272	2,112,637
Compensated absences	167,035	49,399
Lease liability	67,279	65,153
Liabilities payable from restricted assets:		
Accrued interest	184,938	578,009
Current portion of bonds payable	10,280,000	68,445,000
Total current liabilities	<u>19,089,982</u>	<u>76,811,926</u>
Non-Current Liabilities:		
Compensated absences	1,503,313	1,394,566
Total OPEB liability	610,522	525,710
Unearned revenue	645,033	697,589
Lease liability	118,583	185,861
Loan payable - lease	76,698	46,603
Bonds payable, net	37,197,078	54,545,760
Total non-current liabilities	<u>40,151,227</u>	<u>57,396,089</u>
Total Liabilities	<u><u>\$ 59,241,209</u></u>	<u><u>\$ 134,208,015</u></u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
OPEB related items	\$ 370,572	\$ 456,383
Lease	502,889	552,429
Total Deferred Inflows of Resources	<u><u>\$ 873,461</u></u>	<u><u>\$ 1,008,812</u></u>
<u>NET POSITION</u>		
Net investment in capital assets	\$ 247,969,264	\$ 193,341,324
Restricted for:		
Debt service		5,526,764
Debt reserve		18,857,335
Renewal and replacement	2,000,000	2,000,000
Special project		116,120
Unrestricted	74,099,794	80,278,579
Total Net Position	<u><u>\$ 324,069,058</u></u>	<u><u>\$ 300,120,122</u></u>

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

SEACOAST UTILITY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2020 and 2019

	2020	2019
Operating Revenues:		
Charges for services	\$ 58,954,046	\$ 56,656,603
Miscellaneous	701,393	899,654
Total operating revenues	<u>59,655,439</u>	<u>57,556,257</u>
Operating Expenses:		
Plant operation and maintenance	18,774,759	18,012,593
General and administrative	9,341,138	7,454,413
Depreciation and amortization	19,104,598	18,838,327
Total operating expenses	<u>47,220,495</u>	<u>44,305,333</u>
Operating Income	<u>12,434,944</u>	<u>13,250,924</u>
Non-operating Revenues (Expenses):		
Investment income:		
Interest income	1,918,035	2,549,434
Net increase in the fair value of investments	795,908	2,361,132
Grant revenue	339,096	35,934
Interest expense	(3,284,780)	(6,192,934)
Amortization of bond costs	1,017,945	1,573,181
Build America bond rebate	585,862	1,401,190
Other revenues	301,501	942,492
Other expense	(583,262)	(3,787,291)
Total non-operating revenues (expenses)	<u>1,090,305</u>	<u>(1,116,862)</u>
Income before Capital Contributions	13,525,249	12,134,062
Capital Contributions:		
Developer and other contributions	10,423,687	5,448,227
Total contributions	<u>10,423,687</u>	<u>5,448,227</u>
Change in Net Position	23,948,936	17,582,289
Total Net Position, Beginning of Year	<u>300,120,122</u>	<u>282,537,833</u>
Total Net Position, End of Year	<u><u>\$ 324,069,058</u></u>	<u><u>\$ 300,120,122</u></u>

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

SEACOAST UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 59,590,370	\$ 58,378,188
Payments to suppliers for goods and services	(12,627,840)	(12,868,248)
Payments to or for the benefit of employees	(13,927,355)	(12,574,076)
Net cash provided by operating activities	<u>33,035,175</u>	<u>32,935,864</u>
Cash Flows From Non-Capital Financing Activities:		
Grants received	339,096	35,934
Other nonoperating revenues	10,315	
Net cash provided by non-capital financing activities	<u>349,411</u>	<u>35,934</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(74,445,000)	(8,643,925)
Interest paid on bonds	(4,626,462)	(7,135,106)
Payments to acquire and construct plant property	(37,313,483)	(23,304,743)
Payments to dispose of capital assets		(260,980)
Capital contributions	7,521,857	3,350,924
Build America bond rebate	585,862	1,401,190
Proceeds from the sale of capital assets	155,957	127,729
Lease payments received	54,440	93,522
Lease interest received	20,488	26,317
Lease proceeds	30,095	29,334
Lease payments paid	(65,153)	(55,755)
Lease interest paid	(8,766)	(10,092)
Net cash (used) in capital and related financing activities	<u>(108,090,165)</u>	<u>(34,381,585)</u>
Cash Flows From Investing Activities:		
Purchases of investments	(19,677,741)	(37,585,246)
Proceeds from sale of investments	108,165,772	45,696,167
Interest income on investments	2,186,866	2,295,232
Net cash provided by investing activities	<u>90,674,897</u>	<u>10,406,153</u>
Net increase in cash and cash equivalents	15,969,318	8,996,366
Cash and cash equivalents, beginning of year	19,263,902	10,267,536
Cash and cash equivalents, end of year	<u>\$ 35,233,220</u>	<u>\$ 19,263,902</u>
Reconciliation of cash and cash equivalents to Statement of Net Position:		
Cash and cash equivalents - unrestricted	\$ 35,233,220	\$ 17,132,919
Cash and cash equivalents - restricted		2,130,983
	<u>\$ 35,233,220</u>	<u>\$ 19,263,902</u>

(Continued)

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

SEACOAST UTILITY AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2020 and 2019

	2020	2019
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 12,434,944	\$ 13,250,924
Adjustments to reconcile operating income to net cash provided by operating activities:		
Other revenue		814,847
Depreciation and amortization	19,104,598	18,838,327
Changes in assets and liabilities:		
Net (increase) decrease in assets:		
Accounts and other receivables	37,027	(355,919)
Inventory	493,671	(41,256)
Prepaid expenses	121,055	106,041
Deferred outflows	4,227	19,797
Net increase (decrease) in liabilities:		
Accounts payable and other accrued expenses	907,113	(42,066)
Customer deposits payable	35,635	132,998
Total OPEB liability	84,812	(240,085)
Deferred inflows	(135,351)	222,251
Unearned revenue	(52,556)	230,005
Net cash provided by operating activities	<u>\$ 33,035,175</u>	<u>\$ 32,935,864</u>
 Noncash Investing, Capital, and Financing Activities:		
Change in fair value of investments	\$ 795,908	\$ 2,361,132
Developer contributions of transmission and collection mains and lift stations	2,901,830	2,097,303
	<u>\$ 3,697,738</u>	<u>\$ 4,458,435</u>

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

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies:

(a) Reporting Entity - Seacoast Utility Authority (the “Authority”) was created as a separate legal entity pursuant to an Interlocal Agreement entered into by and among the City of Palm Beach Gardens, Florida; Palm Beach County, Florida; the Village of North Palm Beach, Florida; the Town of Lake Park, Florida; and the Town of Juno Beach, Florida, under and in accordance with the provision of Chapter 163, *Florida Statutes*. In compliance with the requirements of such chapter, the Interlocal Agreement was filed with the Clerk of the Circuit Court of the Fifteenth Judicial Circuit of Florida in and for Palm Beach County, Florida on August 24, 1988.

On December 20, 1988, the Authority acquired, by eminent domain, substantially all the utility assets of Seacoast Utilities, a water and wastewater utility formerly owned and operated as a separate division by the John D. and Catherine T. MacArthur Foundation. The Authority is located within certain unincorporated areas of Palm Beach County and within the incorporated boundaries of the other members of the participating public entities. The Authority now owns, operates, and maintains the utility system.

The governance of the Authority resides in the Authority Board, which is comprised of five (5) members, one (1) member appointed by each of the participating public entities. The members of the Authority Board serve for a term of four (4) years or until such time as an Authority Board member’s replacement has been appointed. Voting by the members of the Authority Board is by weighted percentage as specified in the Interlocal Agreement. All entities for which the Authority is financially accountable are included in the financial reporting entity.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Authority’s water and sewer utility systems are proprietary fund operations.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The Authority’s principal operating revenues are charges for water and sewer services. The Authority also recognizes as operating revenues certain administrative fees associated with the utility system. Operating expenses include the costs to maintain and repair the water and sewer treatment plants, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounting and financial reporting treatment applied by the Authority is determined by “measurement focus.” Measurement focus is a term used to describe which transactions are recorded within the financial statements. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured. All assets and all liabilities (whether current or non-current) are included in the financial statements. Net position (i.e., total assets and deferred outflows net of total liabilities) is segregated into three categories on the Statement of Net Position.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies: (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Basis of accounting refers to the timing when transactions are recognized in the accounts and reported in the financial statements. The transactions of the Authority are accounted for using the accrual basis of accounting in accordance with the Governmental Accounting Standards Board (GASB). Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Water and sewer customers are billed at varying intervals during the period. Accounts receivable represent various revenues earned but not yet collected. Management has established an allowance for doubtful accounts and has estimated the potential uncollectible amounts. Included in accounts receivable are unbilled amounts which represent the estimated portion of water and sewer services through the end of the fiscal year.

Unearned revenues arise when resources are received by the Authority before it has legal claim to them. In subsequent periods, when the Authority has legal claim to the resources, the liability for unearned revenues is removed from the statement of net position and revenue is recognized. The Authority recognizes unearned revenue for funds received for the purpose of reserving capacity.

(c) Budgetary Accounting - The Annual Operating and Capital Budget is prepared and controlled on a departmental level. The Executive Director is authorized to transfer budgeted amounts within the departments. Budget amendments which require a change in total appropriations of any department are approved by the Authority's Board. The budgets are prepared on the accrual basis of accounting, which is consistent with the basis utilized for proprietary funds.

(d) Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category. They are the accumulated decrease in fair value of interest rate swap, the deferred loss on refunding, and OPEB related items.

In addition to liabilities, the statement of financial position will, if required, report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has OPEB related items and lease related items that qualify for reporting in this category.

(e) Estimates - The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows/inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventories, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies: (Continued)

(f) Reclassifications - Certain accounts in the prior year information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

(g) Cash, Cash Equivalents, and Investments - Cash and cash equivalents consist of cash on hand and deposits in banks and money market accounts. Investments with a maturity of three months or less when purchased are considered to be cash equivalents. Money market accounts are stated at amortized cost, which is fair value. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost, which is fair value. The Authority categorized its investments according to the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on observable and unobservable inputs used in establishing the fair value of a financial asset or liability. In accordance with state legislation, the Authority has a written policy that places investment priorities on the safety of principal, liquidity of funds, and investment income (in that order of importance). The policy authorizes investments in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, interest bearing time deposit or savings accounts, the treasurers investment pool (The Local Government Surplus Funds Trust Fund), corporate notes or bonds, municipal bonds (taxable and tax-exempt), and certain highly rated commercial paper.

(h) Restricted Assets - Proceeds of bonds, as well as other resources set aside for debt repayment, plant renewal and replacement, and capital activity are reported as restricted assets on the Statement of Net Position. Except for renewal and replacement, when both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed. Reserve requirements are as follows:

Debt Service Fund

Through March 1, 2020, an amount equal to 1/6 of the semi-annual interest requirement and 1/12 of the annual principal requirement was required to be set aside each month in a restricted debt service account.

Additionally, the amount required by the 2016B Escrow Fund to meet the annual debt service requirements of the Water and Sewer Utility System Refunding Revenue Bonds, Series 2016B until March 1, 2020 (the "Crossover Date"). After March 1, 2020, the provisions were no longer applicable, See Note 6.

Debt Reserve Fund

In relation to certain debt issuances, the debt service reserve fund is required to be funded equal to the maximum debt service requirement outstanding. The reserve fund requirement can be funded with cash or a Reserve Fund Guaranty, or a combination thereof. See Note 6(d) for a full description of the fund.

Renewal and Replacement Fund

A reserve of \$2,000,000 is required for system renewal and replacement.

Capital Payments Fund

Connection fees earned by the Authority are set aside in a restricted capital payments account. These amounts are used by the Authority to pay the costs of system expansion and improvements or can be applied toward certain debt service costs.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies: (Continued)

(i) Utility Plant in Service and Depreciation - Property acquired through purchase or internal construction is stated at cost and where applicable includes capitalized interest. Property contributed in aid of construction is recorded at acquisition value on the date received. In addition to contributed facilities, plant capacity and connection charges are collected from developers and customers who connect to existing water and sewer lines. These funds are used to construct additional facilities or are applied towards debt service costs.

Expenditures of \$1,000 or more for system additions and improvements are capitalized. Professional services relative to construction projects are capitalized. The Authority's policy is to record the fees as construction in progress on a progress-billing basis. Maintenance and repairs, which do not significantly extend the value or life of capital assets, are expensed as incurred.

The Authority utilizes the composite straight-line depreciation method with normal retirements charged to accumulated depreciation, and a gain or loss recognized on such retirements. Estimated useful lives of capital assets are as follows:

Asset	Years
Buildings	10 to 33
Utility Plants and Pipelines	7 to 50
Equipment	3 to 15

Intangible assets consists of easements and the right to use additional potable water capacity and wastewater capacity in Palm Beach County's potable water system and wastewater system. These assets have an indefinite life per the underlying agreements or nature.

(j) Inventories - Inventories consist of general supplies and are valued at normal average cost.

(k) Interest Rate Swaps – Currently, the Authority does not have any active interest rate swaps.

(l) Accrued Leave - It is the Authority's policy to permit all employees to accumulate limited amounts of paid time off (PTO). Upon separation from service, employees receive payment for all unused PTO. The amount of earned but unused PTO estimated to be payable upon termination is accrued as a liability.

(m) Unamortized Bond Costs - Losses on bond refunding are reported on the Statement of Net Position as deferred charges. These deferred charges are amortized in a systematic and rational manner over the life of the bonds issued to accomplish the refunding, which is shorter than the term of the refunded bonds.

(n) Unamortized Premiums - Premiums related to long-term debt are amortized over the life of the debt using the effective interest method. Long-term debt is shown net of unamortized premiums.

(o) Capital Contributions - The Authority receives contributions of cash, easements, and water or sewer lines from customers and developers who connect to the system. Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position when earned.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies: (Continued)

(p) Net Position - Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with nonliquid, capital assets net of accumulated depreciation and net of outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized discounts, premiums, or deferred refunding losses.

Restricted assets are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory or bond resolution covenant) limitations on their use. When both restricted and unrestricted, resources are available, restricted resources will be used first for incurred expenses, and then unrestricted as needed.

Unrestricted assets consist of all other net position not included in the previous categories.

(q) Operating Revenues and Expenses - Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

(r) Non-operating Revenues and Expenses - Non-operating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the Authority. This classification includes revenue received from grants and contributions, interest earned on bank accounts and investments, interest paid on debt service, lease proceeds, bond amortization, Build America bond rebates, and the gain or loss on the sale or disposal of Authority property.

(s) Implemented Accounting Pronouncements - GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

(t) Recent Accounting Pronouncements - The Governmental Accounting Standards Board has issued new Statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Authority:

1. GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for the fiscal year ending September 30, 2021.
2. GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. This Statement is effective for the fiscal year ending September 30, 2022.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies: (Continued)

(t) Recent Accounting Pronouncements (Continued)

3. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later, in light of the COVID-19 pandemic. This Statement is effective immediately.
4. GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of: (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans, and (2) investment information for all Section 457 plans. Portions of this Statement are effective immediately, and portions are effective for the Authority's fiscal year ending September 30, 2022.

(2) Deposits and Investments:

(a) Deposits - As of September 30, 2020 and 2019, the carrying amount of the Authority's deposits was \$33,537,667 and \$35,378,661, respectively, and the related bank balance totaled \$33,771,738 and \$36,380,331, respectively. The Authority also had cash on hand of \$1,000 and \$980 in 2020 and 2019 respectively, resulting in a total carrying amount of \$35,538,667, at September 30, 2020, and \$35,379,641 at September 30, 2019. The Authority's deposits include demand deposits in trust accounts in the amount of \$0 at September 30, 2020, and \$2,130,983 at September 30, 2019. The Authority's deposits also include non-negotiable certificates of deposit in the amount of \$11,181,300 at September 30, 2020, and \$17,436,012 at September 30, 2019.

As of September 30, 2020 and 2019, the Authority's deposits are insured by the Federal Depository Insurance Corporation. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or a banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Authority's deposits at year-end, except for the demand deposits in trust accounts, are considered insured for custodial credit risk purposes.

(b) Investments - Investment of funds is governed by a written policy. The policy limits investment of funds to the following:

1. United States Securities (U.S. Treasury Notes, Bonds, or Bills) or any other instrument unconditionally guaranteed by the U.S. Government;
2. Government Sponsored Agencies and Instrumentalities;
3. State and local taxable and/or tax-exempt debt with a credit rating of at least AA, at the time of purchase, by at least one nationally recognized rating agency;

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(2) Deposits and Investments: (Continued)

(b) Investments (Continued)

4. Corporate notes issued by U.S. Corporations that have a long-term debt rating, at the time of purchase, of at least AA by at least one nationally recognized rating agency;
5. Prime commercial paper of any United States company that is rated, at the time of purchase, “P-1” or “A-1”, by Moody’s and Standard & Poor’s, respectively;
6. Negotiable certificates of deposits (“Brokered CD’s”) up to the amount guaranteed by the U.S. Government under FDIC limits;
7. Supra-national bonds issued by one of the three Supra-nationals – World Bank (IBRD), International Finance Corporation (IFC), or the InterAmerican Development Bank (IADB), which were established by international treaties, incorporated into U.S. federal law by congressional acts and headquartered in Washington, D.C.;
8. Non-negotiable certificates of deposit, money market funds, or interest-bearing time deposits or savings accounts in banks and thrifts placed with commercial banks doing business and situated in this State and approved under Florida Statute 280, by the State Treasurer for public deposits;
9. Secured repurchase agreements can be entered into only with qualified Florida public depositories or qualified principal dealers in U.S. Government securities. Repurchase agreements must be fully collateralized by direct obligations of the U.S. Treasury or of United States sponsored agencies/instrumentalities. An executed master purchase agreement is required.
10. Participation in any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and the Florida Municipal Investment Trust pursuant to Section 218.415, *Florida Statutes*;
11. Security of, or other interests in, any open-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. 55.80a-1, et. Seq., as amended from time to time, provided the portfolio of such investment company or trust is limited to money market instruments consisting of United States Government obligations and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or trust takes delivery of such collateral either directly or through an authorized custodian.

The Authority categorizes its investments according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs. U.S. Agency Debentures, Corporate Bonds, and U.S. Treasury Obligations are recorded at fair value based on institutional bond quotes with various market and industry inputs on a daily basis. Negotiable Certificates of Deposits are recorded at fair value based on market prices on a monthly basis. Non-negotiable Certificates of Deposit are recorded at fair value using a cost-based measure and have not been classified in the fair value hierarchy. Money Market Accounts are recorded at fair value at amortized cost and have not been classified in the fair value hierarchy.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(2) Deposits and Investments: (Continued)

(b) Investments (Continued)

As of September 30, 2020, the Authority had the following investments:

Investments by Level:	Weighted Average Maturity	Fair Value	Fair Value Measurement Level 2
U.S. Agency Debentures	3.27 years	\$ 8,959,892	\$ 8,959,892
Corporate Bonds	2.91 years	6,905,700	6,905,700
Negotiable Certificates of Deposit	1.96 years	11,181,300	11,181,300
Municipal Bonds	1.86 years	8,086,358	8,086,358
Total investments		<u>\$ 35,133,250</u>	<u>\$ 35,133,250</u>
Investments Reported at Cost:			
Non-negotiable Certificates of Deposit	0.83 years	\$ 9,209,957	
Investments Reported at Amortized Cost:			
U.S. Treasury Money Market	N/A	\$ 1,694,554 *	
Other Collateralized Money Market	N/A	30,493,530 *	
		<u>\$ 32,188,084</u>	
Total Investments		<u>\$ 76,531,291</u>	

As of September 30, 2019, the Authority had the following investments:

Investments by Level:	Weighted Average Maturity	Fair Value	Fair Value Measurement Level 2
U.S. Agency Debentures	1.83 years	\$ 21,508,719	\$ 21,508,719
Corporate Bonds	1.81 years	6,541,903	6,541,903
Negotiable Certificates of Deposit	1.80 years	17,439,012	17,439,012
Municipal Bonds	1.41 years	8,174,400	8,174,400
Treasury Notes and Bonds	0.33 years	62,255,557	62,255,557
Total investments		<u>\$ 115,919,591</u>	<u>\$ 115,919,591</u>
Investments Reported at Cost:			
Non-negotiable Certificates of Deposit	1.16 years	\$ 16,115,739	
Investments Reported at Amortized Cost:			
U.S. Treasury Money Market	N/A	\$ 2,133,197 *	
Other Collateralized Money Market	N/A	15,393,186 *	
		<u>\$ 17,526,383</u>	
Total Investments		<u>\$ 149,561,713</u>	

* Cash and cash equivalents for statements of cash flows.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(2) Deposits and Investments: (Continued)

(c) Credit Risk - Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Authority's investment policies limit its investments to high quality investments to control credit risk as discussed in Note 2. The table below outlines the Authority's credit ratings for investments with certain investments not specifically rated by both S&P and Moody's. The negotiable certificates of deposit are covered under the FDIC. Furthermore, certificates of deposit held by the Authority Trustee in the construction funds are collateralized CDs and are covered under the FDIC up to standard FDIC limits. The remaining amounts are public funds collateralized as prescribed by the Trustee laws.

As of September 30, 2020, the Authority had the following investment credit ratings:

Investments	S&P Rating	Moody's Rating	Fair Value
U.S. Agency Debentures	AA+	Aaa	\$ 8,959,892
Corporate Bonds	AA+ to A-	Aa1 to A2	6,905,700
Negotiable Certificates of Deposit	NR	NR	11,181,300
Municipal Bonds	AAA to A+	Aaa to A2	8,086,358
U.S. Treasury Money Market	NR	NR	1,694,554
Other Collateralized Money Market	NR	NR	30,493,530
Non-negotiable Certificates of Deposit	NR	NR	9,209,957
Total Investments			<u>\$ 76,531,291</u>

As of September 30, 2019, the Authority had the following investment credit ratings:

Investments	S&P Rating	Moody's Rating	Fair Value
U.S. Agency Debentures	AA+	Aaa	\$ 21,508,719
Corporate Bonds	AA+ to A-	Aa1 to A2	6,541,903
Negotiable Certificates of Deposit	NR	NR	17,439,012
Municipal Bonds	AAA to A+	Aaa to A2	8,174,400
Treasury Notes and Bonds	AA+	Aaa	62,255,557
U.S. Treasury Money Market	NR	NR	2,133,197
Other Collateralized Money Market	NR	NR	15,393,186
Non-negotiable Certificates of Deposit	NR	NR	16,115,739
Total Investments			<u>\$ 149,561,713</u>

NR - Not Rated

(d) Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority has a formal investment policy that limits investment maturities, up to six years depending on the type of investment, as a means of managing exposure to fair value losses arising from increasing interest rates. Furthermore, in order to meet ongoing obligations, a minimum of 5% of idle cash is held in readily available funds such as checking, money market funds, or overnight repurchase agreements.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(2) Deposits and Investments: (Continued)

(e) Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In order to manage the custodial credit risk, the Authority's investment policy specifies certain requirements to pre-qualify financial institutions and brokers/dealers and does an annual review of the institutions used. The Authority's investments are held by a third-party custodian, not in the name of the Authority. Investments are held in book entry form at the Federal Reserve by Depository Trust Company (DTC) via the custodian. The custodian further segregates the Authority's investments in their trust accounting system.

(3) Accounts Receivable:

Customer accounts receivable consist of the following at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accounts Receivable - Billed	\$ 2,750,644	\$ 3,004,283
Accounts Receivable - Unbilled	<u>3,208,500</u>	<u>2,899,419</u>
Gross Accounts Receivable	5,959,144	5,903,702
Less Allowance for doubtful accounts	<u>(30,806)</u>	<u>(19,643)</u>
Net Total Receivables	<u>\$ 5,928,338</u>	<u>\$ 5,884,059</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(4) Capital Assets:

A summary of changes in capital assets for the year ended September 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,709,095	\$	\$	\$ 1,709,095
Easements and right of ways	2,913,785	204,026		3,117,811
Intangible asset	3,452,154	3,323,500		6,775,654
Construction in progress	12,839,578	28,349,108	(16,990,406)	24,198,280
Total	<u>20,914,612</u>	<u>31,876,634</u>	<u>(16,990,406)</u>	<u>35,800,840</u>
Capital assets, being depreciated:				
Buildings	33,801,389	12,918,165	(3,437,931)	43,281,623
Utility plants and pipelines	355,766,157	7,506,494	(2,817)	363,269,834
Equipment	73,751,718	5,861,797	(1,492,924)	78,120,591
Total	<u>463,319,264</u>	<u>26,286,456</u>	<u>(4,933,672)</u>	<u>484,672,048</u>
Less accumulated depreciation for:				
Buildings	(15,440,794)	(1,323,436)	3,064,646	(13,699,584)
Utility plants and pipelines	(152,437,244)	(13,113,800)	1,089	(165,549,955)
Equipment	(42,567,758)	(4,600,088)	1,365,471	(45,802,375)
Total	<u>(210,445,796)</u>	<u>(19,037,324)</u>	<u>4,431,206</u>	<u>(225,051,914)</u>
Total capital assets, net	<u>\$ 273,788,080</u>	<u>\$ 39,125,766</u>	<u>\$ (17,492,872)</u>	<u>\$ 295,420,974</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(4) Capital Assets: (Continued)

A summary of changes in capital assets for the year ended September 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 323,799	\$ 1,385,296	\$	\$ 1,709,095
Easements and right of ways	2,455,343	458,442		2,913,785
Intangible asset	2,028,654	1,423,500		3,452,154
Construction in progress	7,816,456	16,011,111	(10,987,989)	12,839,578
Total	<u>12,624,252</u>	<u>19,278,349</u>	<u>(10,987,989)</u>	<u>20,914,612</u>
Capital assets, being depreciated:				
Buildings	35,543,642	179,196	(1,921,449)	33,801,389
Utility plants and pipelines	345,882,719	12,557,405	(2,673,967)	355,766,157
Equipment	71,068,680	4,594,907	(1,911,869)	73,751,718
Total	<u>452,495,041</u>	<u>17,331,508</u>	<u>(6,507,285)</u>	<u>463,319,264</u>
Less accumulated depreciation for:				
Buildings	(14,444,842)	(1,336,436)	340,484	(15,440,794)
Utility plants and pipelines	(140,950,901)	(12,613,690)	1,127,347	(152,437,244)
Equipment	(39,123,811)	(4,829,359)	1,385,412	(42,567,758)
Total	<u>(194,519,554)</u>	<u>(18,779,485)</u>	<u>2,853,243</u>	<u>(210,445,796)</u>
Total capital assets, net	<u>\$ 270,599,739</u>	<u>\$ 17,830,372</u>	<u>\$ (14,642,031)</u>	<u>\$ 273,788,080</u>

Depreciation expense for the years ended September 30, 2020 and 2019, was \$19,037,324 and \$18,779,485, respectively.

The total interest expense incurred by the Authority for the fiscal year ended September 30, 2020, was \$4,184,480. Of this amount, \$957,377 was capitalized as part of the cost of construction in progress. The total interest expense incurred by the Authority for the fiscal year ended September 30, 2019, was \$7,101,897. Of this amount, \$953,178 was capitalized as part of the cost of construction in progress.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(5) Intangible Asset:

The Authority has entered into Interlocal Agreements to purchase the right to use additional potable water and wastewater capacity in Palm Beach County's potable water system and wastewater system. The assets have an indefinite life per the underlying agreements. Purchases are detailed in the following table:

Agreement Date	Amount	Capacity Purchased (in gallons)	
		Water	Wastewater
December 1, 2010	\$ 522,100	110,000	90,000
October 1, 2017	1,506,554	400,000	100,000
April 19, 2019	474,500	50,000	50,000
May 24, 2019	474,500	50,000	50,000
July 9, 2019	474,500	50,000	50,000
February 11, 2020	1,804,500	400,000	50,000
July 27, 2020	1,519,000	250,000	100,000

(6) Long-Term Debt:

(a) Interest Rate Swap - As a means of stabilizing its borrowing costs, on July 25, 2005, the Authority entered into a 14-year interest rate swap agreement for the \$9,996,250 variable rate Refunding Revenue Bonds, Series 2005. On January 26, 2006, the Authority entered into a similar interest rate swap agreement for the \$9,383,854 variable rate Refunding Revenue Bonds, Series 2006. The bonds and the related swap agreements matured on March 1, 2019.

(b) Advance Refunding - On December 5, 2016, the Authority issued \$7,805,000 of Water and Sewer Utility System Refunding Revenue Bonds, Series 2016A to: (i) provide resources to purchase U.S. Treasury Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$7,645,000 of Water and Sewer Utility System Revenue Bonds, Series 2009A maturing after March 1, 2020, and (ii) pay cost of issuance of the Series 2016A bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the Authority's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$772,942. This amount is being reported as a deferred outflow of resources in the financial statements and amortized over the remaining life of the bonds issued to accomplish the refunding, which is shorter than the term of the refunded bonds. On March 1, 2020, the Series 2009A Refunded Bonds were redeemed and discharged.

(c) Crossover Refunding - On December 5, 2016, the Authority issued \$42,855,000 of Water and Sewer Utility System Refunding Revenue Bonds, Series 2016B to provide resources to purchase U.S. Treasury Securities that were placed in an irrevocable trust to: (i) refund \$24,600,000 principal amount of the Authority's Water and Sewer Utility System Revenue Bonds, Series 2009B maturing March 1, 2030, and all of the \$34,415,000 principal amount of the Series 2009B Bonds maturing March 1, 2039, (ii) pay the interest coming due on the Series 2016B Bonds through March 1, 2020, and (iii) pay costs of issuance of the Series 2016B bonds. These proceeds provided debt service payments on the Series 2016B Bonds until March 1, 2020 (the "Crossover Date"). As a result, the Series 2009B Refunded Bonds were not defeased at the time of issuance of the Series 2016B Bonds, and remained outstanding for all purposes until March 1, 2020 (the "Crossover Date"). On March 1, 2020, the Series 2009B Refunded Bonds were redeemed and discharged.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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(6) Long-Term Debt: (Continued)

(d) Debt Reserve Fund - A reserve was required upon debt issuance equal to the maximum debt service requirement outstanding. The reserve was initially funded by a Reserve Fund Guaranty provided by Financial Guaranty Insurance Company (FGIC). In the event where the Reserve Fund Guarantor becomes insolvent, defaults in payment obligations, or the claims paying ability of the issuer of the insurance policy falls below “AAA” or “Aaa” as rated by S&P or Moody’s, respectively, the obligation to reimburse the Reserve Fund Guarantor shall be subordinate to the cash replenishment of the Reserve Fund. Due to the downgrading of FGIC below “A” status the Authority was required to fund the reserve in cash. Upon issuance of the 2009 bonds, the Authority chose to cash fund the additional reserve requirement. Effective March 1, 2020, the 2009 bonds were refunded and the debt service fund was no longer required. No debt reserve fund was established for the Series 2016 bonds. The Series 2016 bonds are not secured by and have no claim upon or right to payment from amounts in the reserve fund.

(e) Loan Payable - In November 2017, the Authority entered into a lease with Enterprise Fleet Management to lease select vehicles. Per the lease terms, ownership of the vehicles will be transferred to the Authority at the end of the contract. The lease terms for the vehicles is from four (4) to five (5) years and the Authority elected to pay 90% of the lease amount at inception of the lease excluding management and maintenance fees. The interest rate for the lease is 4% based on the Authority’s estimated incremental borrowing rate at the time of the lease. In 2020 and 2019, the Authority entered into leases with Enterprise Fleet Management supplemental to the agreement entered into on November 2017. The lease terms for the vehicles is for five (5) years and the Authority elected to pay 90% of the lease amount at inception of the lease excluding management and maintenance fees. The interest rate for the 2019 lease is 3.75% and 2% for the 2020 lease based on the Authority’s estimated incremental borrowing rate at the time of the lease. Both leases will be treated as a financed purchase under GASB 87 (see Note 10) and are considered direct borrowings under GASB 88.

(f) Long-Term Debt - Changes in long-term debt for the year ended September 30, 2020, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans Direct Borrowings:					
Loan payable (5 year term, 4.00% interest)	\$ 17,269	\$	\$	\$ 17,269	\$
Loan payable (5 year term, 3.75% interest)	29,334			29,334	
Loan payable (5 year term, 2.00% interest)		30,095		30,095	
Refunding and Revenue Bonds:					
Refunding Bonds, Series 2016A (\$7,805,000 term bonds maturing 2018-2021 with interest at	7,140,000		(5,610,000)	1,530,000	1,530,000
Refunding Bonds, Series 2016B (\$42,855,000 term bonds maturing 2021-2024 with interest at	42,855,000			42,855,000	8,750,000
Revenue Bonds, Series 2009A (\$12,780,000 bonds maturing 2011-2020 with interest at 3.00%	3,820,000		(3,820,000)		
Revenue Bonds, Series 2009B (\$65,015,000 bonds maturing 2030-2039 with interest at 6.43%	65,015,000		(65,015,000)		
Plus unamortized premiums	4,160,760		(1,068,682)	3,092,078	
Total bonds and loans payable	123,037,363	30,095	(75,513,682)	47,553,776	10,280,000
Compensated absences	1,443,965	1,373,198	(1,146,815)	1,670,348	167,035
Total long-term debt	<u>\$ 124,481,328</u>	<u>\$ 1,403,293</u>	<u>\$ (76,660,497)</u>	<u>\$ 49,224,124</u>	<u>\$ 10,447,035</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(6) Long-Term Debt: (Continued)

(f) Long-Term Debt (Continued)

Changes in long-term debt for the year ended September 30, 2019, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans and Bonds from Direct Borrowings and Direct Placements:					
Loan payable (5 year term, 4.00% interest)	\$ 17,269	\$	\$	\$ 17,269	\$
Loan payable (5 year term, 3.75% interest)		29,334		29,334	
Refunding bonds, Series 2006 (\$9,383,854 term bonds maturing 2014-2019 with swap agreement and locked interest at 3.81%)	2,141,164		(2,141,164)		
Refunding bonds, Series 2005 (\$9,996,250 term bonds maturing 2014-2019 with swap agreement and locked interest at 3.93%)	2,287,761		(2,287,761)		
Refunding and Revenue Bonds:					
Refunding Bonds, Series 2016A (\$7,805,000 term bonds maturing 2018-2021 with interest at	7,480,000		(340,000)	7,140,000	5,610,000
Refunding Bonds, Series 2016B (\$42,855,000 term bonds maturing 2021-2024 with interest at	42,855,000			42,855,000	
Revenue Bonds, Series 2009A (\$12,780,000 bonds maturing 2011-2020 with interest at 3.00%	3,900,000		(80,000)	3,820,000	3,820,000
Revenue Bonds, Series 2009B (\$65,015,000 bonds maturing 2030-2039 with interest at 6.43%	65,015,000			65,015,000	59,015,000
Revenue Bonds, Series 1989 (\$25,040,000 bonds maturing 2014-2019 with interest at 5.50%)	3,795,000		(3,795,000)		
Plus unamortized premiums	6,042,069		(1,881,309)	4,160,760	
Total bonds and loans payable	133,533,263	29,334	(10,525,234)	123,037,363	68,445,000
Compensated absences	1,270,960	1,435,569	(1,262,564)	1,443,965	49,399
Total long-term debt	<u>\$ 134,804,223</u>	<u>\$ 1,464,903</u>	<u>\$ (11,787,798)</u>	<u>\$ 124,481,328</u>	<u>\$ 68,494,399</u>

*Paid by escrow funds

(g) Annual Maturities - The principal and interest requirements to maturity for all outstanding bonds and loans as of September 30, 2020, are as follows:

Year Ending	Refunding and Revenue Bonds			Direct Placements - Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 10,280,000	\$ 1,962,250	\$ 12,242,250	\$	\$	\$
2022	10,805,000	1,435,125	12,240,125			
2023	11,360,000	881,000	12,241,000	17,269	3,791	21,060
2024	11,940,000	298,500	12,238,500	29,334	6,039	35,373
2025				30,095	3,163	33,258
	<u>\$ 44,385,000</u>	<u>\$ 4,576,875</u>	<u>\$ 48,961,875</u>	<u>\$ 76,698</u>	<u>\$ 12,993</u>	<u>\$ 89,691</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(6) Long-Term Debt: (Continued)

(h) Defeased Bonds - In 2016, the Authority defeased \$7,645,000 of Water and Sewer Utility System Revenue Bonds, Series 2009A Revenue Bonds by placing cash in an irrevocable trust to provide for all future debt service payments on these bonds. At September 30, 2020 and 2019, respectively, defeased Water and Sewer Utility System, Series 2009A Revenue Bonds totaling \$0 and \$7,645,000 remain outstanding.

(i) Pledged Revenues - All of the bonds are payable from and secured by a pledge of the Net Operating Revenues and the investment income earned on amounts on deposit in the Pledged Funds (Pledged Revenues), as defined in the Trust Indenture or subsequent Bond Resolution. Principal and interest paid for the year ended September 30, 2020, totaled \$13,129,076 and Pledged Revenues were \$37,651,927. At September 30, 2020, principal and interest to maturity in March 2030 to be paid from pledged future revenues totaled \$52,053,953. Principal and interest paid for the year ended September 30, 2019, totaled \$15,779,030 and Pledged Revenues were \$36,133,397. At September 30, 2019, principal and interest to maturity in March 2030 to be paid from pledged future revenues totaled \$70,405,753.

(j) Events of Default - In the event of a default, of any of the Authority's outstanding bonds, the bondholders may, and, upon the written request of the holders of not less than 25 percent in aggregate principal amount of the outstanding obligations, shall, declare the principal of and premium, if any, on all the outstanding obligations (if not then due and payable), and the interest accrued thereon, to be due and payable immediately.

All the Loan Payable – Leases upon the occurrence of any event of default the lessor may: (1) Demand and receive immediate possession of any or all the vehicles from lessee; (2) Enforce performance by lessee of its obligations under the lease agreements; (3) Recover damages and expenses sustained by the lessor; (4) Terminate the lessee's rights under the lease agreements; (5) Recover from lessee all amounts owed under the lease agreements; and (6) Exercise any other right or remedy under the Uniform Commercial Code.

(7) Other Post-Employment Benefits (OPEB):

(a) General Information about the OPEB Plan - Retirees of the Authority pay an amount equal to the actual premium for health insurance charged by the carrier. The premium charged includes an implied rate subsidy, as the amount charged for all participants (active employee or retiree) is the same, regardless of age. Under GASB 75, an implied rate subsidy is considered other post-employment benefits (OPEB).

The following describes the Authority's OPEB Provisions:

Plan Description - The Authority provides a single employer defined benefit health care plan to all of its employees and the plan is administered by the Authority. The plan has no assets and does not issue a separate financial report.

Benefits Provided - The plan allows its employees and their beneficiaries, at their own cost, to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(7) Other Post-Employment Benefits (OPEB): (Continued)

Employees Covered by Benefit Terms – For the most recent valuation with a valuation date of October 1, 2018, the following employees were covered by benefit terms:

Participants	
Active Employees	124
Inactive Employees Entitled to But not Yet Receiving Benefits	
Inactive Employees Currently Receiving Benefits	<u>1</u>
Total	<u><u>125</u></u>

(a) General Information about the OPEB Plan (Continued)

Contribution Requirements - The Authority does not make direct contributions to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group health rates as active employees. However, the Authority's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total annual age-adjusted costs paid by the Authority, or its active employees, for coverage of the retirees and their dependents net of the retiree's own payments for the year.

(b) Total OPEB Liability – The Authority's Total OPEB Liability was \$525,710 as of September 30, 2019, and was determined from the valuation with a valuation date of October 1, 2018. The Authority's Total OPEB Liability was \$610,522 as of September 30, 2020, and was determined using a roll-forward calculation based on the valuation with valuation date of October 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the October 1, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs. These assumptions apply to both September 30, 2020 and 2019, fiscal years:

Health Care Trend Rates:

Initial Health Care Cost Trend Rate:	
HMO Plan	7.50%
PPO Plan	7.00%
Ultimate Health Care Cost Trend Rate	4.50%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2034

Additional Information

Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Salary Rate Increase	4.00%
Funded Ratio (Fiduciary Net Position as a percentage of Total OPEB Liability)	0.00%
Covered-Employee Payroll	\$ 8,342,230
Net OPEB Liability as a Percentage of Covered Payroll	6.30%

SEACOAST UTILITY AUTHORITY
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September 30, 2020 and 2019

(7) Other Post-Employment Benefits (OPEB): (Continued)

(b) Total OPEB Liability (Continued)

Discount Rate - The Authority does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As of September 30, 2020, the calculation used a rate of 2.14%, which was the September 30, 2020, S&P Municipal Bond 20 Year High-Grade Rate Index. As of September 30, 2019, the calculation used a rate of 3.58%, which was the September 30, 2019, S&P Municipal Bond 20 Year High-Grade Rate Index.

Mortality Assumptions - Mortality rates were based on the RP-2014 Combined Annuitant Mortality Table for males and females.

Experience Study - No experience studies specific to the Authority's group was performed. Reliance was placed on assumptions and experience studies thereof from the Florida Retirement System Pension Plan Actuarial Valuation as of July 1, 2018.

(c) Changes in the total OPEB Liability - Changes in the total OPEB liability were as follows:

	2019	2020
Total OPEB liability, beginning of year	\$ 765,795	\$ 525,710
Changes for the year:		
Service cost	34,871	43,577
Interest on the total OPEB liability	27,470	18,349
Differences between expected and actual experience	(182,990)	
Changes in assumptions and other inputs	(98,410)	49,359
Benefit payments	(22,228)	(26,324)
Other changes	1,202	(149)
Net changes	(240,085)	84,812
Total OPEB liability, end of year	<u>\$ 525,710</u>	<u>\$ 610,522</u>

Changes of Assumptions - For the September 30, 2020, valuation, all assumptions, methods, and results are based on the fiscal year 2019 GASB 75 actuarial report dated October 3, 2019. Changes to the assumptions since the last actuarial valuation include the discount rate was decreased from 3.58% to 2.14%; starting per capita costs were updated using most recent premiums; the health care trend rates were reset based on recent experience; retirement, termination and disability rates were changed to those found in the most recent FRS pension plan valuation report.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(7) Other Post-Employment Benefits (OPEB): (Continued)

(c) Changes in the total OPEB Liability (Continued)

Sensitivity of the total OPEB Liability to Changes in the Discount Rate - The following presents 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-percentage-point lower (1.14%) or 1-percentage-point higher (3.14%) then the current discount rate at September 30, 2020:

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB liability	\$ 571,164	\$ 610,522	\$ 651,608

The following presents 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-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) then the current discount rate at September 30, 2019:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 559,158	\$ 525,710	\$ 493,885

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trends that are 1-percentage-point lower (HMO 6.50%, PPO 6.00% decreasing to 3.50%) or 1-percentage-point higher (HMO 8.50%, PPO 8.00% decreasing to 5.50%) then the current healthcare cost trend rates at September 30, 2020:

	1% Decrease 3.00% - 7.50%	Healthcare Cost Trend Rate 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB liability	\$ 684,817	\$ 610,522	\$ 547,796

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trends that are 1-percentage-point lower (HMO 6.50%, PPO 6.00% decreasing to 3.50%) or 1-percentage-point higher (HMO 8.50%, PPO 8.00% decreasing to 5.50%) then the current healthcare cost trend rates at September 30, 2019:

	1% Decrease 3.00% - 7.50%	Healthcare Cost Trend Rate 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB liability	\$ 783,588	\$ 525,710	\$ 932,511

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(7) Other Post-Employment Benefits (OPEB): (Continued)

(d) OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB - For the year ended September 30, 2020, the Authority recognized OPEB expense of \$29,551. At September 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 64,270	\$ 140,189
Changes of Assumptions and Other Inputs	119,490	230,383
Total	<u>\$ 183,760</u>	<u>\$ 370,572</u>

For the year ended September 30, 2019, the Authority recognized OPEB expense of \$24,190. At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 88,798	\$ 161,590
Changes of Assumptions and Other Inputs	99,189	294,793
Total	<u>\$ 187,987</u>	<u>\$ 456,383</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u>
2021	\$ (32,375)
2022	(32,375)
2023	(30,931)
2024	(27,877)
2025	(26,994)
Thereafter	(36,260)
	<u>\$ (186,812)</u>

(8) Related Party Transaction:

In June 2004, the Authority accepted an agreement to operate the First Park South Florida Association, Inc. (FKA Palm Beach Park of Commerce) water and sewer treatment facility. The original operations agreement was with an entity owned by the Authority's Executive Director. The assignment and assumption of rights and responsibilities associated with operating the facility earns the Authority net revenues (loss) which totaled \$13,969 and \$7,946 for the fiscal years ended September 30, 2020 and 2019, respectively.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(9) Defined Contribution Plan:

The Authority sponsors and administers a defined contribution (money purchase) pension plan, the Seacoast Utility Authority Money Purchase Plan (the "Plan"). At the Plan's inception date of January 1, 1995, all the Authority's existing employees were fully vested in the Plan. Currently, Plan participants may enter the Plan on the first day after of the month following satisfying a one-year service requirement, and are subject to the following vesting schedule:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
1	20%
2	40%
3	60%
4	80%
5	100%

Plan revisions and contribution requirements are established and may be amended by the Authority Board. The Plan does not allow employee contributions. Effective April 1, 2010, the Authority began making matching contributions on behalf of the plan participants in an amount equal to 100% of the salary deferral made to the Seacoast Utility Authority Deferred Compensation Plan, up to the first 2% of Plan compensation. Employer contributions equal a maximum of 10% of the participants covered employee's salary and totaled \$970,137 and \$907,423 for the fiscal years ended September 30, 2020 and 2019, respectively.

(10) Leases:

Effective October 1, 2017, the Authority implemented Governmental Accounting Standards Board Statement 87 (GASB 87), *Leases*. A prior period adjustment was not required due to the implementation of this standard.

(a) Right to Use Lease - In July 2018, the Authority entered into a right to use lease for certain biofilter and odor control scrubber equipment. Under the terms of the agreement, the lease is paid monthly with a term of 59 months. Per GASB 87, the Authority recorded a lease asset and a lease liability at the commencement of the lease term measured at the present value of payments per the agreement excluding any nonlease components. The discount rate was 4% using the Authority's estimated incremental borrowing rate. The lease asset is amortized using the straight-line method over the term of the lease. In June 2019, the Authority entered into an additional right to use lease for certain biofilter and odor control scrubber equipment. Under the terms of that agreement, the lease is paid monthly with a term of 47 months. Per GASB 87, the Authority recorded a lease asset and a lease liability at the commencement of the lease term measured at the present value of payments per the agreement excluding any nonlease components. The discount rate was 3.75% using the Authority's estimated incremental borrowing rate. The lease assets are amortized using the straight-line method over the term of the lease. The equipment and related accumulated amortization under the right to use lease are as follows:

Equipment	\$ 319,522
Less: Accumulated Amortization	(140,124)
	<u>\$ 179,398</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

(10) Leases: (Continued)

Annual lease service requirements to term are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2021	\$ 67,779	\$ 6,139	\$ 73,918
2022	70,512	3,407	73,919
2023	47,571	699	48,270
Total lease payable	<u>\$ 185,862</u>	<u>\$ 10,245</u>	<u>\$ 196,107</u>

(a) Lessor - In September 2007, the Authority entered into an agreement with T-Mobile South LLC, which allowed T-Mobile South LLC to use the Authority property to place and operate communication equipment. Under the terms of the agreement, the lease is paid annually with a term of 20 years. Per GASB 87, the Authority recorded a lease receivable and a deferred inflow of resources on October 1, 2017, measured at the present value of the remaining payments per the agreement excluding any nonlease components. The discount rate was 4% using the implicit rate of the lease. The effects of implementing GASB 87 for prior periods was deemed insignificant. Annual lease service requirements to term are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2021	\$ 54,440	\$ 20,489	\$ 74,929
2022	59,655	18,271	77,926
2023	65,202	15,840	81,042
2024	71,100	13,184	84,284
2025	77,369	10,287	87,656
2026 - 2027	175,123	10,846	185,969
Total lease receivable	<u>\$ 502,889</u>	<u>\$ 88,917</u>	<u>\$ 591,806</u>

(11) Commitments and Contingencies:

The Authority had outstanding purchase orders related to capital projects totaling approximately \$19 and \$29 million for the fiscal years ended September 30, 2020 and 2019, respectively.

(12) Risk Management:

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Authority carries commercial insurance to cover losses or claims. During the past three years, there have been no settlements that exceeded the insurance coverage.

Florida Statutes limit the Authority's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in the Florida Statutes do not apply to claims filed in federal courts.

REQUIRED SUPPLEMENTARY INFORMATION

SEACOAST UTILITY AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
As of for the Fiscal Years Ended September 30,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 43,668	\$ 39,433	\$ 34,871	\$ 43,577
Interest	23,004	22,767	27,470	18,349
Differences between expected and actual experience	162,380		(182,990)	
Changes of assumptions	(234,515)	(24,958)	(98,410)	49,359
Changes of benefit terms				
Benefit payments	(28,672)	(40,921)	(22,228)	(26,324)
Other changes	46,955	14,604	1,202	(149)
Net change in total OPEB liability	<u>12,820</u>	<u>10,925</u>	<u>(240,085)</u>	<u>84,812</u>
 Total OPEB liability - beginning	 742,050	 754,870	 765,795	 525,710
Total OPEB liability - ending	<u><u>\$ 754,870</u></u>	<u><u>\$ 765,795</u></u>	<u><u>\$ 525,710</u></u>	<u><u>\$ 610,522</u></u>
 Covered employee payroll	 \$ 8,242,182	 \$ 8,815,344	 \$ 8,342,230	 \$ 8,342,230
 Authority's total OPEB liability as a percentage of covered employee payroll	 9.16%	 8.69%	 6.30%	 7.32%

Notes to the Schedule:

This schedule is intended to present data for 10 years. Additional years will be presented as they become available.

Changes of assumptions - For the September 30, 2018, valuation, all assumptions, methods, and results are based on the fiscal year 2020 GASB 75 roll forward actuarial report dated October 23, 2020. Changes to the assumptions since the last actuarial valuation include the discount rate was decreased from 3.58% to 2.14% in 2020 and 3.64% in 2018 to 3.58% in 2019; starting per capita costs were updated using most recent premiums; the health care trend rates were reset based on recent experience; retirement, termination and disability rates were changed to those found in the most recent FRS pension plan valuation report.

SUPPLEMENTARY INFORMATION

SEACOAST UTILITY AUTHORITY
COMPARATIVE SCHEDULES OF OPERATING REVENUES
BUDGET AND ACTUAL
For the Fiscal Years Ended September 30, 2020 and 2019

	2020		
	Budget	Actual	Variance
Operating revenues:			
Metered water sales	\$ 35,304,162	\$ 34,577,136	\$ (727,026)
Sewer sales	20,620,371	21,470,486	850,115
Guaranteed revenue	1,100,000	1,132,859	32,859
Reclaimed water sales	1,464,421	1,773,565	309,144
Private fire protection	149,553	157,235	7,682
Private system maintenance	57,200	70,051	12,851
Administrative fees	100,000	173,446	73,446
Miscellaneous	370,422	300,661	(69,761)
Total operating revenues	<u>\$ 59,166,129</u>	<u>\$ 59,655,439</u>	<u>\$ 489,310</u>

	2019		
	Budget	Actual	Variance
Operating revenues:			
Metered water sales	\$ 34,006,937	\$ 33,629,447	\$ (377,490)
Sewer sales	19,897,520	20,586,812	689,292
Guaranteed revenue	1,220,000	1,141,744	(78,256)
Reclaimed water sales	1,258,759	1,298,600	39,841
Private fire protection	138,059	147,506	9,447
Private system maintenance	50,600	52,185	1,585
Administrative fees	50,000	245,937	195,937
Miscellaneous	355,435	454,026	98,591
Total operating revenues	<u>\$ 56,977,310</u>	<u>\$ 57,556,257</u>	<u>\$ 578,947</u>

SEACOAST UTILITY AUTHORITY
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
BUDGET AND ACTUAL
For the Fiscal Years Ended September 30, 2020 and 2019

	2020		
	Budget	Actual	Variance
Operating expenses:			
Administration	\$ 5,974,775	\$ 5,469,537	\$ 505,238
Finance	1,355,857	1,286,213	69,644
Customer service	2,110,765	1,850,135	260,630
Water treatment	9,696,486	8,432,507	1,263,979
Water distribution	2,083,028	1,884,096	198,932
Sewer treatment	3,967,413	3,471,003	496,410
Sewer distribution	2,575,095	2,324,912	250,183
Utility services	1,639,660	1,512,229	127,431
Plant and administrative	1,967,244	1,885,265	81,979
Depreciation and amortization		19,104,598	(19,104,598)
Total operating expenses	<u>\$ 31,370,323</u>	<u>\$ 47,220,495</u>	<u>\$ (15,850,172)</u>

	2019		
	Budget	Actual	Variance
Operating expenses:			
Administration	\$ 4,016,592	\$ 3,896,230	\$ 120,362
Finance	1,213,435	1,118,269	95,166
Customer service	1,936,315	1,805,987	130,328
Water treatment	9,766,289	8,573,663	1,192,626
Water distribution	1,931,557	1,619,280	312,277
Sewer treatment	3,814,082	3,186,885	627,197
Sewer distribution	2,404,357	2,038,554	365,803
Utility services	1,819,393	1,602,685	216,708
Plant and administrative	2,008,579	1,625,453	383,126
Depreciation and amortization		18,838,327	(18,838,327)
Total operating expenses	<u>\$ 28,910,599</u>	<u>\$ 44,305,333</u>	<u>\$ (15,394,734)</u>

SEACOAST UTILITY AUTHORITY
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
For the Fiscal Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Water costs of sales and services:		
Treatment:		
Personnel services	\$ 2,587,386	\$ 2,545,960
Operating expenses	5,845,121	6,027,703
Total treatment	<u>8,432,507</u>	<u>8,573,663</u>
Distribution:		
Personnel services	1,455,636	1,310,073
Operating expenses	428,460	309,207
Total distribution	<u>1,884,096</u>	<u>1,619,280</u>
Total water costs of sales and services	<u>10,316,603</u>	<u>10,192,943</u>
Sewer costs of sales and services:		
Treatment:		
Personnel services	1,803,953	1,687,305
Operating expenses	1,667,050	1,499,580
Total treatment	<u>3,471,003</u>	<u>3,186,885</u>
Collection:		
Personnel services	1,459,527	1,388,220
Operating expenses	865,385	650,334
Total collection	<u>2,324,912</u>	<u>2,038,554</u>
Total sewer costs of sales and services	<u>5,795,915</u>	<u>5,225,439</u>
Utility services and fleet:		
Personnel services	819,842	820,742
Operating expenses	692,387	781,943
Total utility services and fleet	<u>1,512,229</u>	<u>1,602,685</u>
Administrative and general:		
Administrative:		
Personnel services	3,379,785	2,939,192
Operating expenses	2,089,752	957,038
Total administration	<u>5,469,537</u>	<u>3,896,230</u>
Finance:		
Personnel services	1,019,217	879,875
Operating expenses	266,996	238,394
Total finance	<u>1,286,213</u>	<u>1,118,269</u>
Customer service:		
Personnel services	1,245,835	1,191,129
Operating expenses	604,300	614,858
Total customer service	<u>1,850,135</u>	<u>1,805,987</u>
Total administration and general	<u>8,605,885</u>	<u>6,820,486</u>
Plant and administrative shared expenses:		
Personnel services	541,756	390,930
Operating expenses	1,343,509	1,234,523
Total plant and administrative shared expenses	<u>1,885,265</u>	<u>1,625,453</u>
Total operating expenses before depreciation	28,115,897	25,467,006
Depreciation and amortization	19,104,598	18,838,327
Total operating expenses	<u>\$ 47,220,495</u>	<u>\$ 44,305,333</u>

STATISTICAL SECTION

This part of the Seacoast Utility Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reports.

Contents

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Financial Trends

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

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- Schedule of Changes in Net Position.....49

Revenue Capacity

These schedules present information to help the reader understand the revenue base, rates and principal payers.

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Demographic & Statistical Information

This schedule presents information to help the reader understand the demographics of the customers the Authority serves.

- Schedule of Area Demographics59 and 60

Debt Capacity

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

- Ratio of Outstanding Debt61
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Operating Information

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

- Full-Time Employees by Function63
- Operation Indicators by Function64
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year or from data collected from our billing history reports.

SEACOAST UTILITY AUTHORITY
SCHEDULE OF NET POSITION BY COMPONENT
For the last Ten Fiscal Years

	2011	2012 (1)	2013 (1)	2014	2015	2016	2017 (2)	2018	2019	2020
Net investment in capital assets	\$ 129,063,652	\$ 145,262,799	\$ 159,968,584	\$ 164,414,699	\$ 161,764,222	\$ 166,347,112	\$ 174,429,093	\$ 180,792,821	\$ 193,341,324	\$ 247,969,264
Restricted for:										
Debt service	3,353,782	3,585,370	3,883,166	4,086,568	4,212,968	4,850,465	4,820,357	5,040,852	5,526,764	
Debt service reserve	12,305,214	12,305,214	12,305,214	12,305,214	12,305,214	11,030,463	20,432,809	19,823,917	18,857,335	
Renewal and replacement	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Special Project									116,120	
Unrestricted	51,750,253	50,320,069	49,614,146	55,714,763	63,027,336	73,377,387	69,610,732	74,880,243	80,278,579	74,099,794
Totals	\$ 198,472,901	\$ 213,473,452	\$ 227,771,110	\$ 238,521,244	\$ 243,309,740	\$ 257,605,427	\$ 271,292,991	\$ 282,537,833	\$ 300,120,122	\$ 324,069,058
% Change from the prior year	9.29%	7.56%	6.70%	4.72%	2.01%	5.88%	5.31%	4.14%	6.22%	7.98%

(1) Net Position for these fiscal years were restated due to the implementation of GASB 65.

(2) Net Position for this fiscal year was restated due to the implementation of GASB 75.

SEACOAST UTILITY AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
For the Last Ten Fiscal Years

	2011	2012 (1),(2)	2013 (1),(2)	2014	2015	2016	2017 (3)	2018 (2)	2019	2020
OPERATING REVENUE:										
Metered water sales	\$ 25,459,774	\$ 25,376,426	\$ 24,701,264	\$ 26,583,122	\$ 27,874,720	\$ 29,946,464	\$ 32,312,147	\$ 31,912,203	\$ 33,629,447	\$ 34,577,136
Sewer sales	15,685,907	16,567,511	16,521,433	17,070,952	17,766,994	18,465,129	19,104,752	19,530,301	20,586,812	21,470,486
Guaranteed revenue	542,438	882,228	614,734	581,794	902,696	1,024,180	1,008,373	1,304,046	1,141,744	1,132,859
Reclaimed water revenue	1,023,094	1,056,117	1,093,282	1,060,315	1,194,037	1,145,038	1,304,707	1,183,151	1,298,600	1,773,565
Other	609,130	632,462	690,943	792,812	765,827	829,542	984,629	680,601	899,654	701,393
Total operating revenue	43,320,343	44,514,744	43,621,656	46,088,995	48,504,274	51,410,353	54,714,608	54,610,302	57,556,257	59,655,439
OPERATING EXPENSES:										
Plant operation and maintenance	15,520,115	14,562,668	14,971,773	16,530,982	15,758,025	16,116,589	16,639,482	18,330,442	18,012,593	18,774,759
General and administrative	5,657,745	5,834,840	5,862,420	6,128,660	6,061,989	6,183,057	6,364,338	6,873,146	7,454,413	9,341,138
Depreciation	9,837,820	9,815,844	9,998,627	12,411,843	17,233,272	17,727,911	17,848,181	18,658,291	18,838,327	19,104,598
Total operating expenses	31,015,680	30,213,352	30,832,820	35,071,485	39,053,286	40,027,557	40,852,001	43,861,879	44,305,333	47,220,495
OPERATING INCOME	12,304,663	14,301,392	12,788,836	11,017,510	9,450,988	11,382,796	13,862,607	10,748,423	13,250,924	12,434,944
NONOPERATING REVENUE (EXPENSES):										
Investment income:										
Interest income	531,642	512,414	458,167	598,500	821,557	1,122,509	1,139,967	2,491,940	2,549,434	1,918,035
Net (decrease) in the fair value of investments	(11,820)	97,271	(547,630)	128,583	317,981	419,896	(648,720)	(1,863,386)	2,361,132	795,908
Grant Revenue								104,821	35,934	339,096
Interest expense	(1,805,764)	(1,161,643)	(1,568,548)	(1,202,679)	(6,029,897)	(5,584,067)	(6,821,739)	(7,004,641)	(6,192,934)	(3,284,780)
Bond issuance costs	(341,067)	(134,106)	(160,220)	(161,285)	(156,322)	(139,220)	(547,215)			
Amortization							1,179,483	1,481,246	1,573,181	1,017,945
Build America bond rebate	1,493,276	1,493,276	1,419,359	1,385,635	1,384,267	1,392,355	1,390,115	1,395,093	1,401,190	585,862
Other revenue		29,827	74,468	72,031	81,998	108,188	124,554	236,137	942,492	301,501
Other (expense)	(382,006)	(345,518)	(213,682)	(2,637,075)	(3,817,089)	(1,309,422)	(2,364,185)	(295,693)	(3,787,291)	(583,262)
Total nonoperating revenue (expenses)	(515,739)	491,521	(538,086)	(1,816,290)	(7,397,505)	(3,989,761)	(6,547,740)	(3,454,483)	(1,116,862)	1,090,305
INCOME BEFORE										
CAPITAL/GRANT CONTRIBUTIONS	11,788,924	14,792,913	12,250,750	9,201,220	2,053,483	7,393,035	7,314,867	7,293,940	12,134,062	13,525,249
CAPITAL/GRANT CONTRIBUTIONS	1,262,062	2,054,898	2,046,908	1,548,914	2,735,013	6,902,652	6,782,558	3,950,902	5,448,227	10,423,687
INCREASE IN NET POSITION	13,050,986	16,847,811	14,297,658	10,750,134	4,788,496	14,295,687	14,097,425	11,244,842	17,582,289	23,948,936
NET POSITION, BEGINNING OF YEAR	185,421,915	196,625,641	213,473,452	227,771,110	238,521,244	243,309,740	257,195,566	271,292,991	282,537,833	300,120,122
NET POSITION, END OF YEAR	\$ 198,472,901	\$ 213,473,452	\$ 227,771,110	\$ 238,521,244	\$ 243,309,740	\$ 257,605,427	\$ 271,292,991	\$ 282,537,833	\$ 300,120,122	\$ 324,069,058

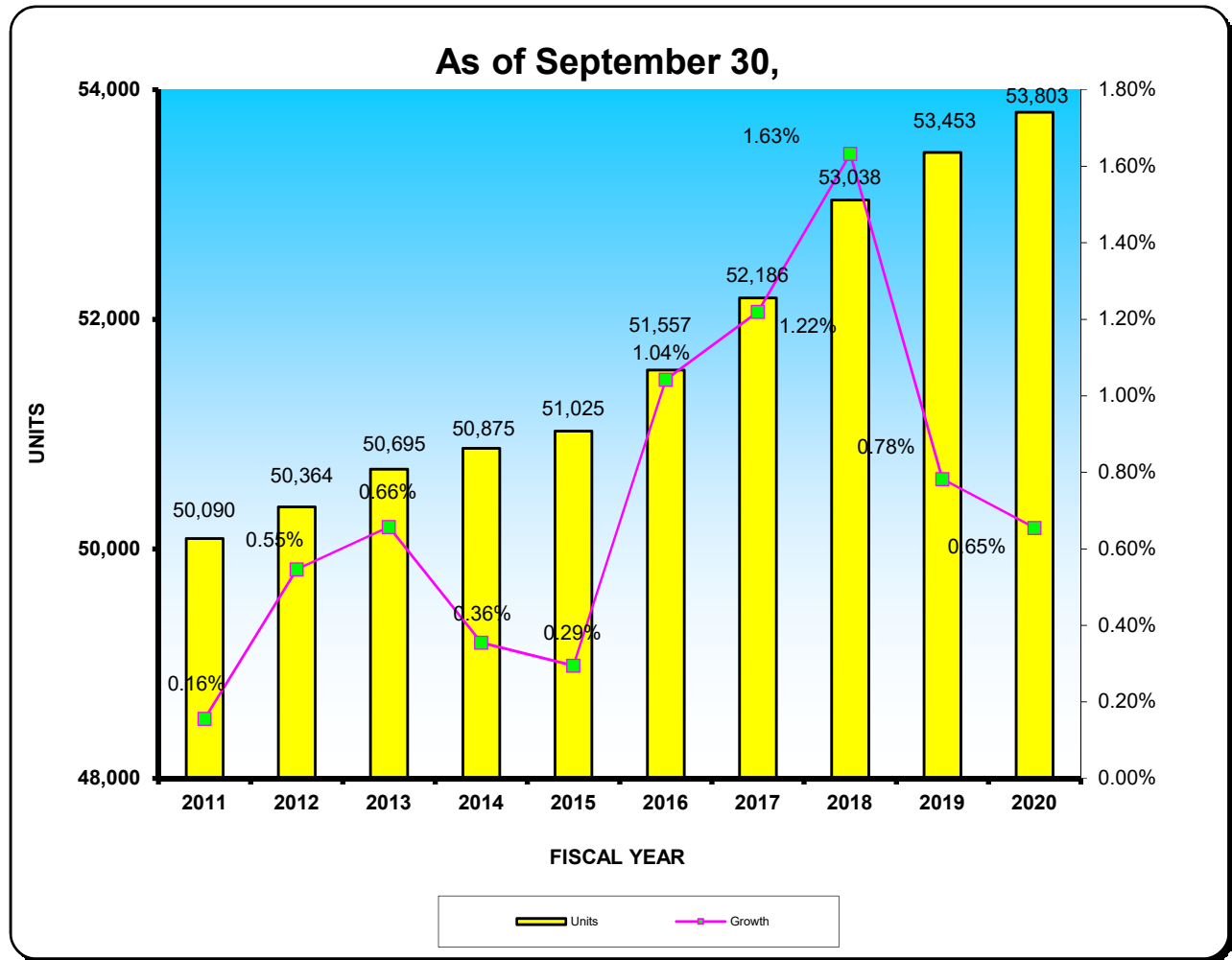
- (1) Net position for this fiscal year was restated due to the implementation of GASB 65.
(2) Certain accounts have been reclassified for comparative purposes to conform with the current year presentation.
(3) Beginning Net Position has been restated due to the implementation GASB 75.

SEACOAST UTILITY AUTHORITY
SCHEDULE OF REVENUES BY SOURCE
For the Last Ten Fiscal Years

Fiscal Year Ended September 30,	Operating Revenues						Nonoperating Revenues					
	Metered Water Sales	Sewer Sales	Guaranteed Revenues	Reclaimed Water Sales	Other	Total Operating Revenues	Investment Income	Capital/ Grant Contributions	Build America Bond Rebate	Other	Total Non- Operating Revenues	Total Revenues
2011	\$ 25,459,774	\$ 15,685,907	\$ 542,438	\$ 1,023,094	\$ 609,130	\$ 43,320,343	\$ 519,822	\$ 1,262,062	\$ 1,493,276	\$ 29,827	\$ 3,275,160	\$ 46,595,503
2012	25,376,426	16,567,511	882,228	1,056,117	632,462	44,514,744	609,685	2,054,898	1,493,276	29,827	4,187,686	48,702,430
2013	24,701,264	16,521,433	614,734	1,093,282	690,943	43,621,656	(89,463)	2,046,908	1,419,359	74,468	3,451,272	47,072,928
2014	26,583,122	17,070,952	581,794	1,060,315	792,812	46,088,995	727,083	1,548,914	1,385,635	72,031	3,733,663	49,822,658
2015	27,874,720	17,766,994	902,696	1,194,037	765,827	48,504,274	1,139,538	2,735,013	1,384,267	81,998	5,340,816	53,845,090
2016	29,946,464	18,465,129	1,024,180	1,145,038	829,542	51,410,353	1,542,405	6,902,652	1,392,355	108,188	9,945,600	61,355,953
2017	32,312,147	19,104,752	1,008,373	1,304,707	984,629	54,714,608	491,247	6,782,558	1,390,115	124,554	8,788,474	63,503,082
2018	31,912,203	19,530,301	1,304,046	1,183,151	680,601	54,610,302	628,554	4,055,723	1,395,093	236,137	6,315,507	60,925,809
2019	33,629,447	20,586,812	1,141,744	1,298,600	899,654	57,556,257	4,910,566	5,484,161	1,401,190	942,492	12,738,409	70,294,666
2020	34,577,136	21,470,486	1,132,859	1,773,565	701,393	59,655,439	2,713,943	10,762,783	585,862	301,501	14,364,089	74,019,528

Note: Certain fiscal year 2012 and 2013 revenues have been reclassified for comparative purposes.

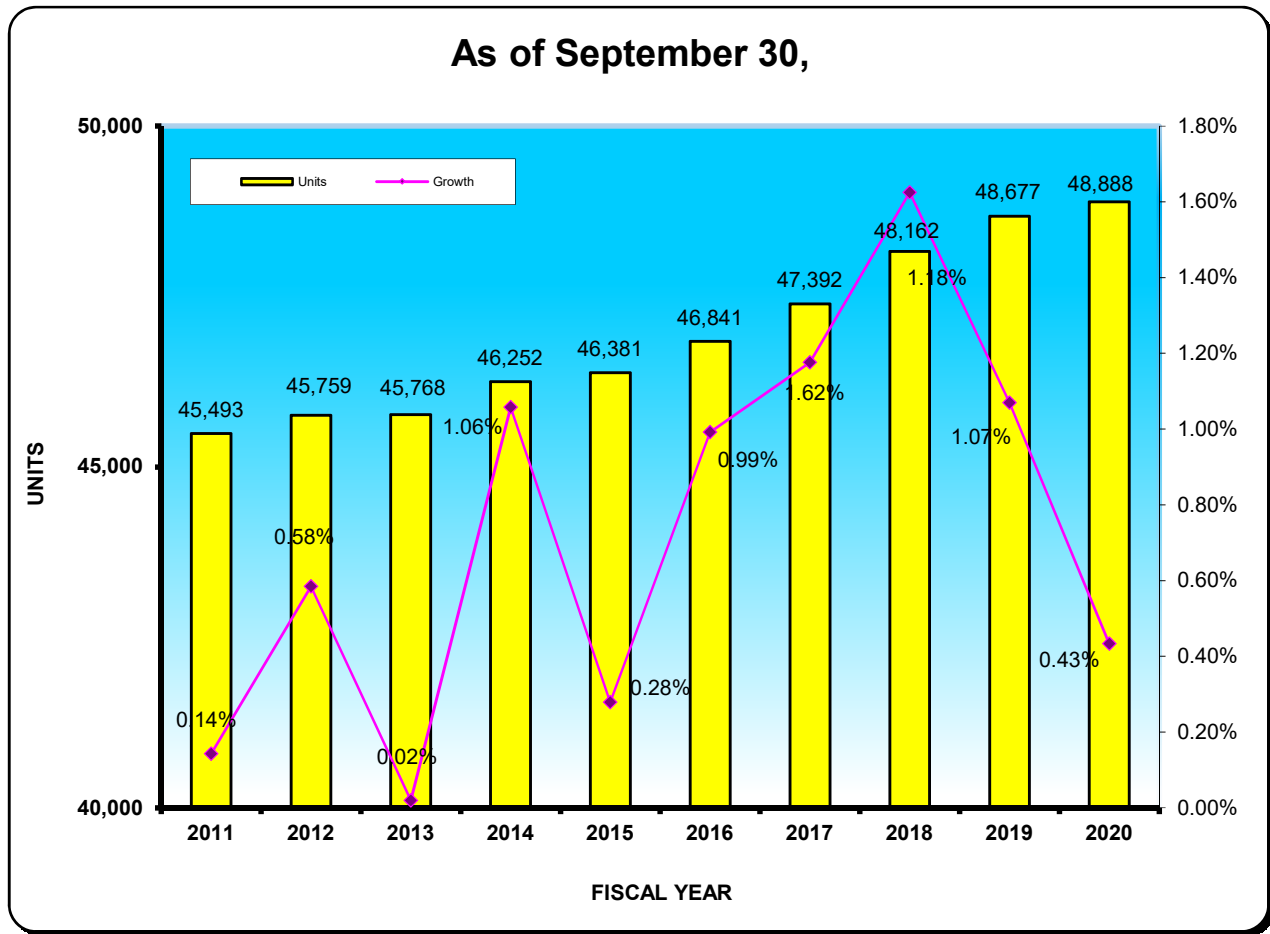
**SEACOAST UTILITY AUTHORITY
TOTAL WATER UNITS BY CATEGORY
For the Last Ten Fiscal Years**



TOTAL UNITS BY CATEGORY

Fiscal Year	Single Family		Multi-Family		Non-Residential		Total All
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2011	30,715	61.32%	16,506	32.95%	2,869	5.73%	50,090
2012	30,981	61.51%	16,513	32.79%	2,870	5.70%	50,364
2013	31,029	61.21%	16,780	33.10%	2,886	5.69%	50,695
2014	31,175	61.28%	16,793	33.01%	2,907	5.71%	50,875
2015	31,250	61.24%	16,871	33.06%	2,904	5.69%	51,025
2016	31,418	60.94%	17,245	33.45%	2,894	5.61%	51,557
2017	31,631	60.61%	17,590	33.71%	2,965	5.68%	52,186
2018	31,750	59.86%	18,323	34.55%	2,965	5.59%	53,038
2019	31,918	59.71%	18,510	34.63%	3,025	5.66%	53,453
2020	32,169	59.79%	18,576	34.53%	3,058	5.68%	53,803

**SEACOAST UTILITY AUTHORITY
TOTAL SEWER UNITS BY CATEGORY
For the Last Ten Fiscal Years**



TOTAL UNITS BY CATEGORY

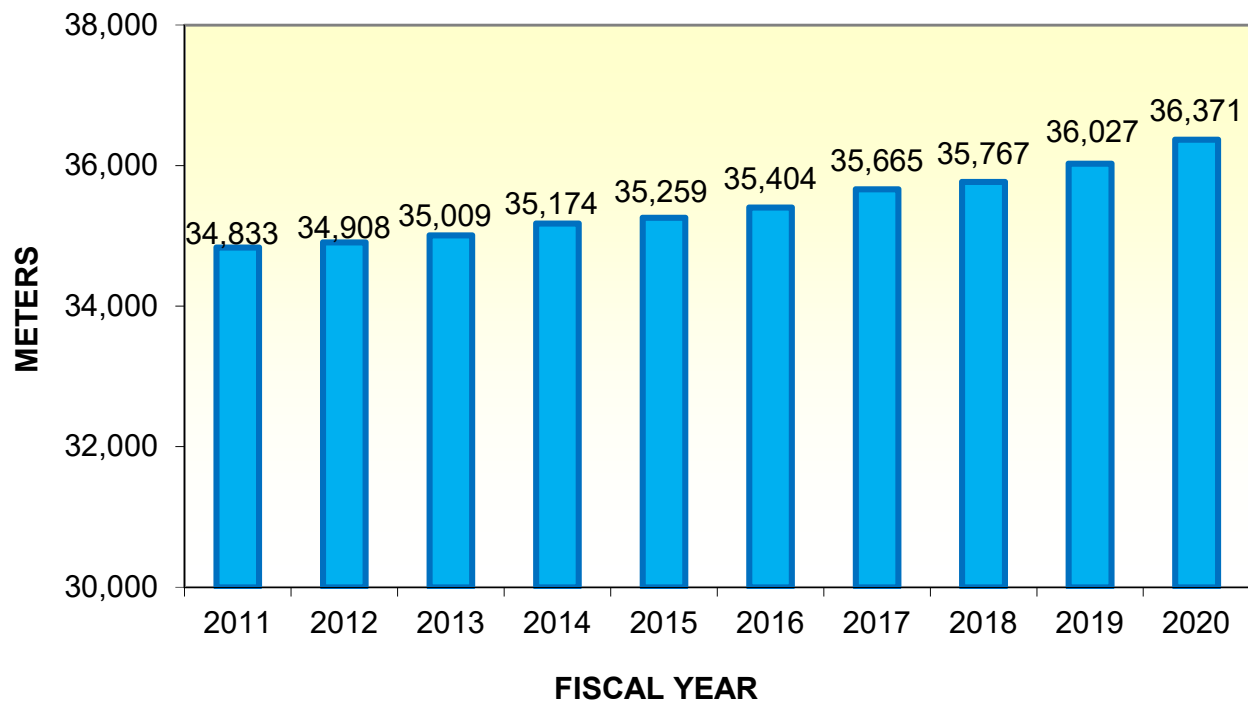
Fiscal Year	Single Family		Multi-Family		Non-Residential		Total All
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2011	27,703	60.90%	16,053	35.29%	1,737	3.82%	45,493
2012	27,962	61.11%	16,063	35.10%	1,734	3.79%	45,759
2013	27,971	61.11%	16,063	35.10%	1,734	3.79%	45,768
2014	28,160	60.88%	16,347	35.34%	1,745	3.77%	46,252
2015	28,228	60.86%	16,419	35.40%	1,734	3.74%	46,381
2016	28,310	60.44%	16,793	35.85%	1,738	3.71%	46,841
2017	28,494	60.12%	17,138	36.16%	1,760	3.71%	47,392
2018	28,592	59.37%	17,819	37.00%	1,751	3.64%	48,162
2019	28,765	59.09%	18,131	37.25%	1,781	3.66%	48,677
2020	28,966	59.25%	18,131	37.09%	1,791	3.66%	48,888

**SEACOAST UTILITY AUTHORITY
WATER METER DATA
For the Last Ten Fiscal Years**

NUMBER OF METERS BY DWELLING TYPE

Fiscal Year	Single Family		Multi-Family		Non-Residential		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2011	29,401	84.41%	2,563	7.37%	2,869	8.24%	34,833
2012	29,475	84.44%	2,563	7.35%	2,870	8.22%	34,908
2013	29,570	84.46%	2,553	7.30%	2,886	8.24%	35,009
2014	29,714	84.48%	2,553	7.27%	2,907	8.26%	35,174
2015	29,794	84.50%	2,561	7.27%	2,904	8.24%	35,259
2016	29,949	84.59%	2,561	7.24%	2,894	8.17%	35,404
2017	30,124	84.46%	2,576	7.23%	2,965	8.31%	35,665
2018	30,220	84.49%	2,582	7.23%	2,965	8.29%	35,767
2019	30,384	84.40%	2,584	7.19%	3,031	8.42%	35,999
2020	30,597	84.12%	2,584	7.11%	3,190	8.77%	36,371

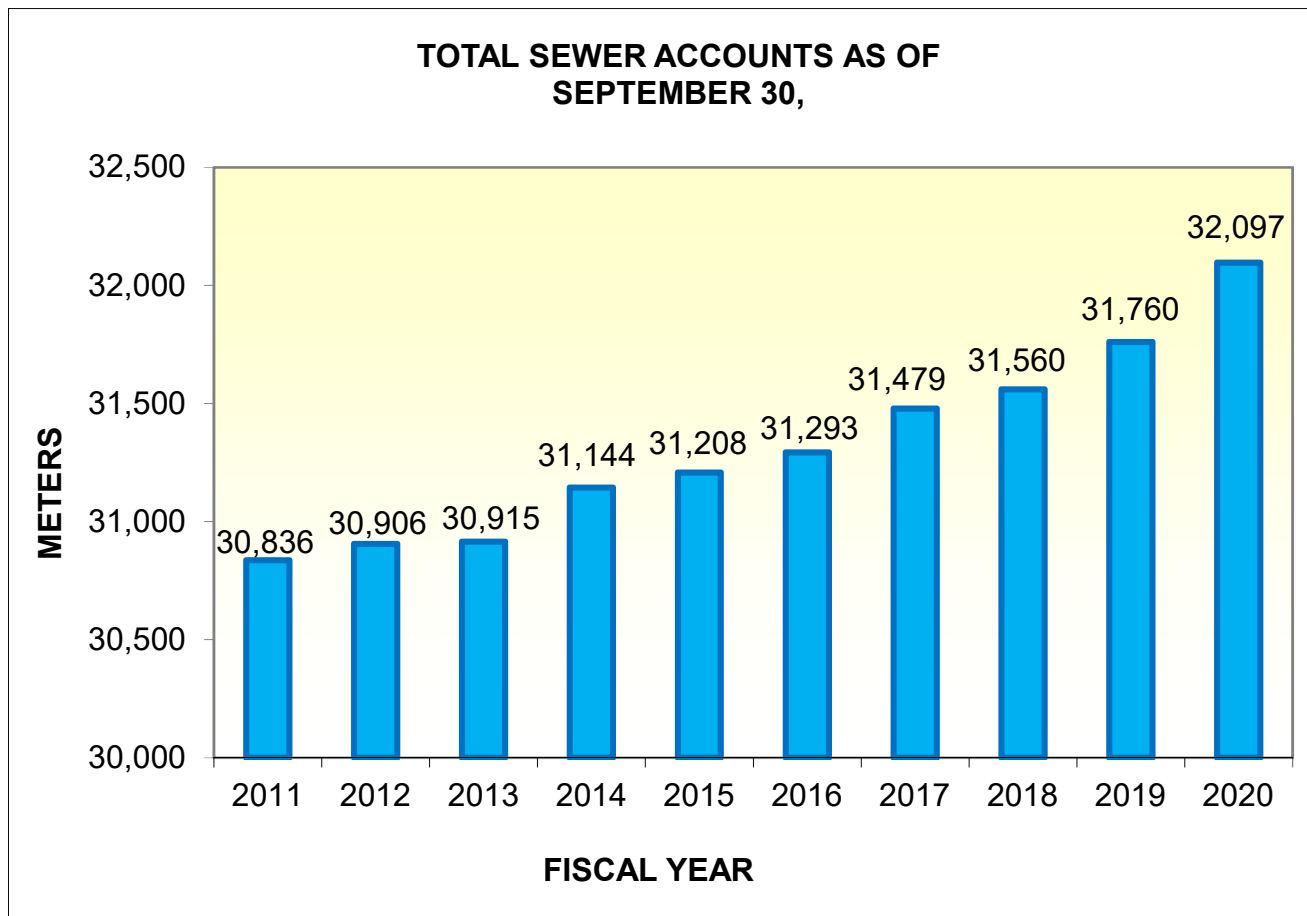
**TOTAL POTABLE WATER METERS AS OF
SEPTEMBER 30,**



**SEACOAST UTILITY AUTHORITY
SEWER METER DATA
For the Last Ten Fiscal Years**

NUMBER OF ACCOUNTS BY DWELLING TYPE

Fiscal Year	Single Family		Multi-Family		Non-Residential		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2011	26,563	86.13%	2,536	8.22%	1,737	5.63%	30,836
2012	26,633	86.16%	2,539	8.22%	1,734	5.61%	30,906
2013	26,642	86.17%	2,539	8.21%	1,734	5.61%	30,915
2014	26,870	86.27%	2,529	8.12%	1,745	5.60%	31,144
2015	26,938	86.31%	2,536	8.13%	1,734	5.56%	31,208
2016	27,019	86.33%	2,536	8.10%	1,738	5.55%	31,293
2017	27,168	86.30%	2,551	8.10%	1,760	5.59%	31,479
2018	27,252	86.34%	2,557	8.10%	1,751	5.55%	31,560
2019	27,419	86.32%	2,560	8.06%	1,781	5.61%	31,760
2020	27,744	86.43%	2,560	7.98%	1,793	5.59%	32,097



SEACOAST UTILITY AUTHORITY
POTABLE WATER SOLD BY CUSTOMER TYPE
For the Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential:	(in thousands of gallons)									
Single-Family	3,595,577	3,512,546	3,179,629	3,304,961	3,618,838	3,846,353	4,063,785	3,742,912	3,841,340	3,832,666
Multi-Family	664,839	666,714	585,494	645,459	724,340	740,264	776,256	796,712	776,352	794,895
Total Residential	4,260,416	4,179,260	3,765,123	3,950,420	4,343,178	4,586,617	4,840,041	4,539,624	4,617,692	4,627,561
Non-Residential	1,125,494	1,095,085	1,071,048	1,116,330	1,158,044	1,172,750	1,295,160	1,271,735	1,257,999	1,142,073
Grand Total	5,385,910	5,274,345	4,836,171	5,066,750	5,501,222	5,759,367	6,135,201	5,811,359	5,875,691	5,769,634

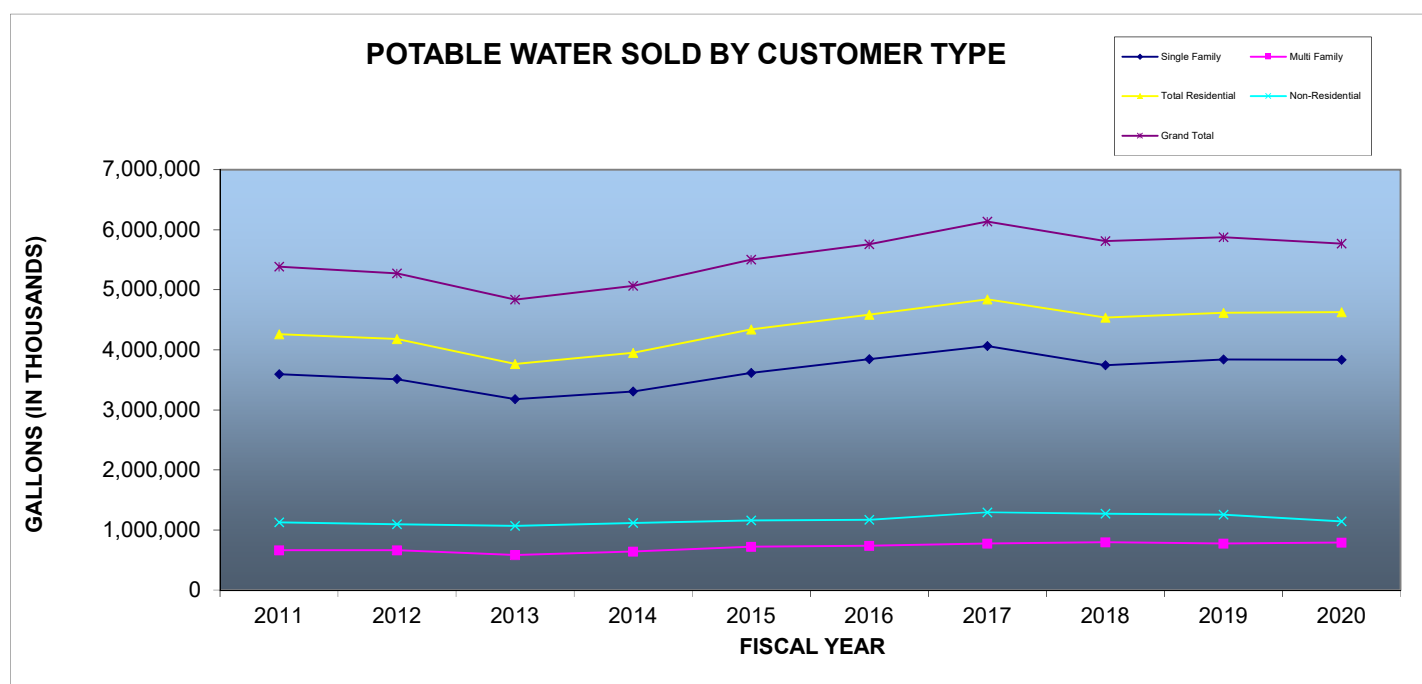
Charges for Services

\$ 43,320,343	\$ 44,514,744	\$ 43,621,656	\$ 46,088,995	\$ 48,504,274	\$ 51,410,353	\$ 54,714,608	\$ 54,610,300	\$ 59,655,439	\$ 57,556,257
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Calculated Total Direct Rate

per 1,000 Gallons	\$ 8.04	\$ 8.44	\$ 9.02	\$ 9.10	\$ 8.82	\$ 8.93	\$ 8.92	\$ 93.97	\$ 10.15	\$ 9.98
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The Authority has a complex rate structure. Charges are based on a combination of factors: customer type, meter size, number of units, and level of consumption. Excluding wastewater only customers, both potable water and wastewater are calculated based upon water sold. Therefore, the calculated total direct rate per thousand gallons is the total charges for services divided by water sold in thousands of gallons.



SEACOAST UTILITY AUTHORITY
SCHEDULE OF WATER AND SEWER RATES
As of September 30, 2020

Monthly Base Facility (Minimum) Charge: All Customers *

Meter Size	Single Family (per dwelling unit)		Multi-Family (per dwelling unit)		Non-Residential (per meter)	
	Water	Sewer	Water	Sewer	Water	Sewer
5/8 " & 3/4 "	\$ 20.50	\$ 29.74	\$ 13.73	\$ 23.79	\$ 20.50	\$ 29.74
1"	51.24	29.74	13.73	23.79	51.24	74.36
1-1/2"	102.48	29.74	13.73	23.79	102.48	148.72
2"	163.99	29.74	13.73	23.79	163.99	237.97
3"		29.74	13.73	23.79	327.95	475.94
4"		29.74	13.73	23.79	512.44	743.64
6" Compound		29.74	13.73	23.79	1,024.86	1,487.31
6" Turbine		29.74	13.73	23.79	1,024.86	1,487.31
8" Turbine		29.74	13.73	23.79	1,639.80	1,487.31
10" Compound		29.74	13.73	23.79		
10" Turbine		29.74	13.73	23.79		
Sewer only		29.74		23.79		

Rates effective October 1, 2019

(Continued)

SEACOAST UTILITY AUTHORITY
SCHEDULE OF WATER AND SEWER RATES (Continued)
As of September 30, 2020

Point of Service Charge: All Customers

(Per meter, or per sewer connection if no meter)

Single Family (per dwelling unit)		Multi-Family (per dwelling unit)		Non-Residential (per meter)	
Water	Sewer	Water	Sewer	Water	Sewer
\$ 1.25	\$ 2.03	\$ 1.25	\$ 2.03	\$ 1.25	\$ 2.03

Gallonge Charge: All Customers (billed in 1,000 gallon increments)

		Water	Sewer
Single Family:	1 - 6,000 gallon rate	\$ 1.10	
	7,000 - 30,000 gallon rate	4.34	
	Greater than 31,000 gallon rate	6.52	
	0 - 10,000 gallons max		0.73
Multi- Family:	1 - 4,000 gallon rate	1.10	
	5,000 - 20,000 gallon rate	4.34	
	Greater than 21,000 gallon rate	6.52	
	0 - 6,000 gallons max		0.73
Non-Residential:	1 - 6,000 gallon rate	1.10	
	7,000 gallon rate or more	4.34	
	All gallons		0.73

Fire Line Charge Caps: Customers served by separate Fire Line

Fixed Monthly Charge: All Fire Lines \$21.75
plus \$6.52 per 1,000 gallons

SEACOAST UTILITY AUTHORITY
LARGEST CUSTOMERS
For the Fiscal Year Ended September 30, 2020
and Nine Years Prior

CUSTOMER	2020			2011		
	Operating Revenues	Rank	%	Operating Revenues	Rank	%
Housing Trust Group of Florida LLC	\$ 404,040	1	0.68%	\$ 220,898	4	0.51%
San Matera The Gardens Condo Assoc Inc	365,544	2	0.61%	300,013	1	0.69%
Meadows Mobile Home Park	361,674	3	0.61%	252,285	3	0.58%
Westwood Gardens Devel Corp	349,783	4	0.59%	283,485	2	0.65%
Advenir at PGA, LLC	286,214	5	0.48%			
San Merano at Mirasol	254,218	6	0.43%	208,254	7	0.48%
Gables Residential	253,673	7	0.43%	204,793	8	0.47%
Magazine Gardens East LP	245,469	8	0.41%			
Waterford	244,222	9	0.41%			
Forbes/Cohen Fla Properties	242,777	10	0.41%	200,259	9	0.46%
Windsor Corporation				208,323	6	0.48%
Tanglewood Association				219,517	5	0.51%
Olen Company				196,975	10	0.45%
Subtotal	\$ 3,007,614		5.04%	\$ 2,294,802		5.31%
Balance from other customers	56,647,825		94.95%	41,025,541		94.69%
Total all	\$ 59,655,439		100.00%	\$ 43,320,343		100.00%

SEACOAST UTILITY AUTHORITY
SCHEDULE OF AREA DEMOGRAPHICS
SERVED BY SEACOAST UTILITY AUTHORITY
For the Last Ten Fiscal Years

		Estimated Population Served	Per Capita Personal Income	Median Age	Unemployment Rate
Fiscal Year					
2011	City of Palm Beach Gardens	50,075	\$ 52,725	46	7.2%
	Town of Lake Park	8,155	\$ 18,626	34	8.2%
	Town of Juno Beach	3,644	\$ 55,263	60.1	4.5%
	Village of North Palm Beach	12,064	\$ 39,564	50.4	1.5%
	Palm Beach County	18,897	\$ 30,735	43.5	11.7%
2012	City of Palm Beach Gardens	49,365	\$ 56,119	47.1	5.9%
	Town of Lake Park	8,309	\$ 18,885	35.1	11.4%
	Town of Juno Beach	3,235	\$ 54,136	60.4	11.2%
	Village of North Palm Beach	12,241	\$ 49,117	51.1	5.3%
	Palm Beach County	19,086	\$ 48,953	42.6	9.7%
2013	City of Palm Beach Gardens	49,568	\$ 66,660	47.3	5.1%
	Town of Lake Park	8,342	\$ 42,994	35.3	11.4%
	Town of Juno Beach	3,249	\$ 60,329	60.5	11.2%
	Village of North Palm Beach	12,293	\$ 59,778	51.2	5.3%
	Palm Beach County	19,470	\$ 51,390	42.8	7.7%
2014	City of Palm Beach Gardens	58,882	\$ 66,597	47.1	4.6%
	Town of Lake Park	7,914	\$ 47,756	37.2	5.2%
	Town of Juno Beach	3,383	\$ 53,135	60.5	5.2%
	Village of North Palm Beach	12,645	\$ 63,349	51.3	5.2%
	Palm Beach County	19,859	\$ 54,258	43.1	6.6%
2015	City of Palm Beach Gardens	54,249	\$ 66,767	48.3	4.6%
	Town of Lake Park	9,047	\$ 41,806	36.0	4.6%
	Town of Juno Beach	3,629	\$ 54,419	60.3	5.6%
	Village of North Palm Beach	12,653	\$ 61,057	51.8	5.6%
	Palm Beach County	20,256	\$ 52,658	43.4	6.6%
2016	City of Palm Beach Gardens	54,565	\$ 70,136	48.2	3.9%
	Town of Lake Park	9,153	\$ 36,358	36.2	8.2%
	Town of Juno Beach	3,555	\$ 64,382	61.0	4.5%
	Village of North Palm Beach	12,817	\$ 61,653	52.4	4.9%
	Palm Beach County	20,661	\$ 55,427	43.3	4.9%
2017	City of Palm Beach Gardens	53,927	\$ 75,434	48.8	3.0%
	Town of Lake Park	8,582	\$ 47,153	36.2	4.9%
	Town of Juno Beach	3,606	\$ 70,272	60.3	3.7%
	Village of North Palm Beach	13,342	\$ 69,718	52.0	4.5%
	Palm Beach County	21,074	\$ 58,566	43.6	3.6%
2018	City of Palm Beach Gardens	55,124	\$ 77,658	49.2	2.9%
	Town of Lake Park	8,749	\$ 49,452	36.1	3.7%
	Town of Juno Beach	3,675	\$ 93,574	60.4	3.1%
	Village of North Palm Beach	13,316	\$ 66,833	52.2	3.1%
	Palm Beach County	21,495	\$ 60,150	43.6	3.3%
2019	City of Palm Beach Gardens	56,726	\$ 82,736	47.0	2.3%
	Town of Lake Park	8,718	\$ 55,054	36.0	3.2%
	Town of Juno Beach	3,780	\$ 92,258	60.0	3.5%
	Village of North Palm Beach	13,260	\$ 66,898	52.2	2.2%
	Palm Beach County	21,925	\$ 63,869	52.3	3.2%
2020	City of Palm Beach Gardens	58,550	\$ 82,736	47.7	4.2%
	Town of Lake Park	8,710	\$ 55,054	36.2	3.2%
	Town of Juno Beach	3,732	\$ 91,037	59.4	3.5%
	Village of North Palm Beach	13,332	\$ 66,898	51.8	2.2%
	Palm Beach County	22,583	\$ 63,869	43.6	6.1%

Personal Income and Education Level information is not presented. This information could not be obtained.

SEACOAST UTILITY AUTHORITY
SCHEDULE OF AREA DEMOGRAPHICS (Continued)
TOP 10 EMPLOYERS SERVED BY SEACOAST UTILITY AUTHORITY
For the Last Ten Fiscal Years

Top Ten Employers by Number of Employees	FY 10/11				FY 11/12				FY 12/13				FY 13/14				FY 14/15			
	% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total	
	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment
Florida Power & Light	3,658	5.0%	1	3,635	5.2%	1	3,804	5.4%	1	3,635	4.8%	1	3,854	5.1%	1	3,854	5.1%	1	3,854	5.1%
Wackenhut	3,000	4.3%	2	3,000	4.3%	2	3,000	4.2%	2	3,000	4.0%	2	3,000	1.5%	2	3,000	1.5%	2	3,000	1.5%
PGA National Resort & Spa	780	1.1%	3	700	1.0%	3	700	1.0%	3	700	0.9%	3	700	0.9%	4	700	0.9%	4	700	0.9%
BIOMET 3i, Inc.	519	0.7%	4	476	0.7%	5	460	0.7%	5	476	0.6%	5	471	0.6%	5	471	0.6%	5	471	0.6%
Virtual Bank	497	0.7%	5	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	420	0.6%	7	420	0.6%	7	420	0.6%
Belcan Engineering Corp	467	0.7%	6	329	0.5%	7	329	0.5%	7	329	0.4%	7	441	0.6%	6	441	0.6%	6	441	0.6%
City of Palm Beach Gardens	464	0.7%	7	450	0.6%	6	450	0.6%	6	450	0.6%	6	154	0.2%	10	154	0.2%	10	154	0.2%
Palm Beach Gardens Marriott	277	0.4%	8	154	0.2%	10	154	0.2%	10	154	0.2%	10	282	0.4%	8	282	0.4%	8	282	0.4%
Global Care Solutions	250	0.4%	9	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	807	1.1%	3	807	1.1%	3	807	1.1%
Anspach Companies	242	0.3%	10	256	0.4%	8	256	0.4%	8	256	0.3%	8	0*	0.0%	0	0*	0.0%	0	0*	0.0%
TBC Corporation				600	0.9%	4	641	0.9%	4	600	0.8%	4	270	0.4%	9	270	0.4%	9	270	0.4%
Catalfumo Construction				200	0.3%	9	200	0.3%	9	200	0.3%	9								
Total Employed by Top Ten	10,154	13.6%		9,800	14.0%		9,994	14.2%		9,800	13.0%		10,399	11.3%		10,399	13.0%		10,399	13.0%
Top Ten Employers by Number of Employees	FY 15/16				FY 16/17				FY 17/18				FY 18/19				FY 19/20			
	% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total	
	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment	Rank	Number of Employees	Service Area Employment
Florida Power & Light	3,658	4.9%	1	4,005	5.4%	1	4,021	5.4%	1	4,404	5.9%	1	4,807	6.1%	1	4,807	6.1%	1	4,807	6.1%
G4S Security (Wackenhut)	3,000	4.0%	2	3,000	4.0%	2	1,501	2.0%	2	1,501	2.0%	2	1,451	1.9%	2	1,451	1.9%	2	1,451	1.9%
PGA National Resort & Spa	780	1.0%	4	700	0.9%	4	700	0.9%	4	700	0.9%	4	700	0.9%	4	700	0.9%	4	700	0.9%
BIOMET 3i, Inc.	519	0.7%	5	471	0.6%	6	471	0.6%	6	651	0.9%	5	659	0.8%	5	659	0.8%	5	659	0.8%
Belcan Engineering Corp	467	0.6%	6	450	0.6%	7	458	0.6%	7	458	0.6%	7	458	0.6%	7	458	0.6%	7	458	0.6%
City of Palm Beach Gardens	464	0.6%	7	472	0.6%	5	496	0.7%	5	496	0.7%	6	496	0.6%	6	496	0.6%	6	496	0.6%
Palm Beach Gardens Marriott	277	0.4%	8	154	0.2%	10	154	0.2%	10	154	0.2%	10	154	0.2%	10	154	0.2%	10	154	0.2%
Anspach Companies	242	0.3%	9	242	0.3%	9	242	0.3%	9	242	0.3%	9	242	0.3%	9	242	0.3%	9	242	0.3%
TBC Corporation	807	1.1%	3	807	1.1%	3	750	1.0%	3	800	1.1%	3	870	1.1%	3	870	1.1%	3	870	1.1%
Catalfumo Construction	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	0*	0.0%
LRP Publications	215	0.3%	10	285	0.4%	8	292	0.4%	8	292	0.4%	8	292	0.4%	8	292	0.4%	8	292	0.4%
Total Employed by Top Ten	10,429	14.0%		10,586	14.2%		9,085	12.2%		9,698	13.0%		10,129	12.9%		10,129	12.9%		10,129	12.9%

* Company has closed.

SEACOAST UTILITY AUTHORITY
RATIO OF OUTSTANDING DEBT
For the Last Ten Fiscal Years

Fiscal Year	1989 Revenue Bonds	2001 Refunding Bonds (4)	2005 Refunding Bonds (2)	2006 Refunding Bonds (3)	2009A Revenue Bonds (8)	2009B Revenue Bonds (8)	2016A Refunding Bonds (7)	2016B Refunding Bonds(7)	2018 Loan Payable (9)	2019 Loan Payable (10)	2020 Loan Payable (11)	Total Outstanding Debt (5),(6)	Debt Per Customer (1)
2011	25,040,000	9,426,172	9,898,458	9,296,349	13,139,150	65,015,000						131,815,129	2,617
2012	23,814,737	5,510,069	9,877,046	9,276,799	12,739,150	65,015,000						126,232,801	2,490
2013	24,005,687		9,854,795	9,256,502	12,128,325	65,015,000						120,260,309	2,364
2014	19,019,346		9,256,669	8,695,433	12,062,808	65,015,000						114,049,256	2,235
2015	13,496,664		8,638,785	8,109,988	11,997,656	65,015,000						107,258,093	2,080
2016	10,428,982		6,601,620	6,195,736	11,877,896	65,015,000						100,119,234	1,919
2017	7,176,301		4,485,644	4,208,801	4,019,633	65,015,000	8,499,065	50,049,587	17,269			143,454,031	2,705
2018	3,733,618		2,287,761	2,141,164	3,932,777	65,015,000	7,852,603	48,491,687	17,269	29,334		133,471,879	2,497
2019					3,836,219	65,015,000	7,205,754	46,933,787	17,269	29,334		123,037,363	2,302
2020							1,558,706	45,918,372			30,095	47,553,776	890

- (1) Number of customers is defined as the number of potable water units.
- (2) The 2005 Refunding Bonds issued in 2005 refunded part of the 1992 Refunding Bonds.
- (3) The 2006 Refunding Bonds issued in 2006 refunded the remaining portion of the 1992 Refunding Bonds.
- (4) The 2001 Refunding Bonds issued in 2001 refunded part of the 1992 Refunding Bonds.
- (5) An adjustment was made in 2012 and 2020 to the 1989 Bonds unamortized premium for a clerical error.
- (7) The 2016A Bonds were issued to advanced refund certain 2009A Bonds. The 2016B Bonds were issued, via a crossover refunding, to refund a majority of the 2009B Bonds. See Note 6 for further details.
- (8) The 2009 Bonds were issued to construct the replacement of the Water Treatment Plant.
- (9) - (11) The Authority entered into a lease/purchase loan agreement.

SEACOAST UTILITY AUTHORITY
SCHEDULE OF PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Available for Debt Service										Debt Service		Coverage		
	Operating Revenue Excluding Guaranteed Revenue, and Connection Fees	75% of Non- Construction Interest Income		Operating Excluding Depreciation Expenses	Net Revenue Available (1)	Guaranteed Revenue	Connection Charges	25% of Non- Construction Interest Income		Net Revenue Available (3)	Principal (6)	Interest	Total Debt Service Requirements	Excluding Guaranteed Revenue and Connection Fees (2)	Including Guaranteed Revenue and Connection Fees (4)
		Interest	Income					Interest	Income						
2011	42,777,905	398,732	21,177,860	21,998,777	542,438	407,050	132,911	23,081,175	4,999,435	7,393,417	12,392,852	1.78	1.86		
2012	43,632,516	384,310	20,397,508	23,619,318	882,228	981,136	128,103	25,610,785	5,570,961	7,413,646	12,984,607	1.82	1.97		
2013	43,006,922	343,625	20,834,197	22,516,350	614,734	955,672	114,542	24,201,298	5,992,548	7,104,217	13,096,765	1.72	1.85		
2014	45,507,201	448,875	22,659,642	23,296,434	581,794	940,202	149,625	24,968,055	6,529,195	6,776,099	13,305,294	1.75	1.88		
2015	47,601,578	616,168	21,820,014	26,397,732	902,696	1,669,411	205,389	29,175,228	6,873,329	6,426,250	13,299,579	1.98	2.19		
2016	50,386,173	841,882	22,299,646	28,928,409	1,024,180	2,129,539	280,627	32,362,755	7,221,417	6,082,796	13,304,213	2.17	2.43		
2017	53,706,235	854,975	23,003,820	31,557,390	1,008,373	1,868,168	284,992	34,718,923	7,567,911	7,235,870	14,803,781	2.13	2.35		
2018	53,306,256	1,868,955	25,203,588	29,971,623	1,304,046	2,232,405	622,985	34,131,059	8,250,521	7,531,360	15,781,881	1.90	2.16		
2019	56,414,512	1,912,076	25,467,006	32,859,582	1,141,744	2,170,156	637,358	36,808,839	8,643,925	7,135,105	15,779,030	2.08	2.33		
2020	58,522,580	1,438,526	28,115,897	31,845,209	1,132,859	4,144,811	479,509	37,602,388	9,430,000	4,626,462	14,056,462	2.27	2.68		

(1) Net revenue available for debt service before guaranteed revenue, connection charges and 25% of non-construction interest income.

(2) Until 3/1/2020 the Bond Trust Indenture required 1.05 times, after 3/1/2020 the Bond Bond Resolution requires 1.0 times.

(3) Net revenue available for debt service including guaranteed revenue, connection charges and 25% of non-construction interest income.

(4) Until 3/1/2020 the Bond Trust Indenture required 1.20 times, after 3/1/2020 the Bond Bond Resolution requires 1.10 times.

(5) Debt service requirements are calculated on a cash basis and interest expense is before capitalization.

(6) Crossover refunding debt payments are not included in the presented FY2019/2020 principal paid.

Further details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

SEACOAST UTILITY AUTHORITY
FULL-TIME EMPLOYEES BY FUNCTION
For the Last Ten Fiscal Years

FUNCTION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Administration	31	30	29	29	30	31	31	30	32	33
Customer/Field Service	18	18	18	18	18	18	18	15	14	15
Utility Services/Fleet	10	10	10	11	10	10	10	10	9	9
Sewer Treatment	16	16	16	16	16	16	16	16	15	16
Water Treatment	21	22	22	22	22	21	21	21	21	20
Water Distribution	13	14	14	13	16	15	15	16	17	17
Wastewater Collection	16	16	16	15	15	14	14	16	17	16
Total	125	126	125	124	127	125	125	124	125	126

Employee count information is provided by the Authority's Human Resource Department.

SEACOAST UTILITY AUTHORITY
OPERATION INDICATORS BY FUNCTION
For the Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
WATER										
Number of accounts	34,833	34,908	35,009	35,174	35,259	35,665	35,665	35,767	35,999	36,371
Average Daily Consumption (in thousands of gallons)	14,756	14,450	13,250	13,882	15,072	15,779	16,809	15,922	16,098	15,807
SEWER										
Number of accounts	30,836	30,906	30,915	31,144	31,208	31,293	31,479	31,560	31,760	32,097
Average Daily Sewer Charged (in thousands of gallons)	8,902	8,739	8,689	9,061	9,036	9,169	9,680	9,355	9,477	9,364

Customer account totals are provided by the Authority's Customer Billing System.

SEACOAST UTILITY AUTHORITY
CAPITAL AND INFRASTRUCTURE STATISTICS BY FUNCTION
For the Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
WATER										
Water main (miles)	477.2	478.0	480.5	480.6	484.5	488.2	493.6	495.7	497.2	503.2
Fire hydrants	3,493	3,500	3,508	3,525	3,555	3,593	3,614	3,624	3,635	3,809
Valves	6,810	6,885	6,935	6,948	7,186	7,307	7,382	7,450	7,520	7,716
SEWER										
Sanitary sewer (miles)	281.1	281.1	281.4	281.6	284.1	285.0	286.3	286.3	287.1	296.1
Force main miles	85.3	85.8	86.2	86.0	86.9	87.5	87.9	88.9	89.4	92.9
Lift stations	150	150	150	150	151	152	153	154	156	159
Manholes	7,588	7,592	7,607	7,632	7,711	7,747	7,759	7,771	7,782	8,076
Reclaimed water main (miles)	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3	24.3

Infrastructure information is provided by the Authority's Geographical Information System.

OTHER INDEPENDENT AUDITOR'S REPORTS

- 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*
- Independent Auditor's Management Letter
- Schedule of Findings and Responses
- Schedule of Prior Year Findings
- Independent Accountant's Report – Investment Compliance



**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***

Board of Directors
Seacoast Utility Authority
Palm Beach Gardens, 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 the Seacoast Utility Authority (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bradenton, Florida
February 16, 2021

Mauldin & Jenkins, LLC



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Directors
Seacoast Utility Authority
Palm Beach Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of the Seacoast Utility Authority (the "Authority") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 16, 2021.

Auditor's Responsibility

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

Other Reports and Schedule

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 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, which are dated February 16, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal District

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. The Authority discloses this information in the notes to the financial statements. The Authority has no component units.

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 identification of 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.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. 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 the review of financial information provided by same.

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which 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 Supervisors 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 16, 2021

SEACOAST UTILITY AUTHORITY

**SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2020**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified?

____ Yes X No

Significant deficiency identified not considered
to be material weaknesses?

____ Yes X None reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal and State Financial Assistance

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, 2020.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

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

Not applicable.

SEACOAST UTILITY AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

None reported.



INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors
Seacoast Utility Authority
Palm Beach Gardens, Florida

We have examined the Seacoast Utility Authority's (the "Authority") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

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

Bradenton, Florida
February 16, 2021