

SEACOAST UTILITY AUTHORITY



PALM BEACH GARDENS, FLORIDA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDING
SEPTEMBER 30, 2021 & 2020

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEARS ENDED
September 30, 2021 and 2020**

Prepared by:

Danielá E. Russell, CPA
Chief Financial Officer

**SEACOAST UTILITY AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Years Ended September 30, 2021 and 2020**

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal.....	i – iv
Certificate of Achievement for Excellence in Financial Reporting.....	v
Organization Chart	vi
List of Principal Officials.....	vii

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 16

BASIC FINANCIAL STATEMENTS

Statements of Net Position	17 and 18
Statements of Revenues, Expenses and Changes in Net Position	19
Statements of Cash Flows	20 and 21
Notes to Financial Statements	22 – 46

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Authority's Total OPEB Liability and Related Ratios	47
---	----

SUPPLEMENTARY INFORMATION

Comparative Schedules of Operating Revenues – Budget and Actual	48
Comparative Schedules of Operating Expenses – Budget and Actual.....	49
Comparative Schedules of Operating Expenses.....	50

STATISTICAL SECTION

Schedule of Net Position by Component.....	51
Schedule of Changes in Net Position	52
Schedule of Revenues by Source	53
Total Water Units by Category.....	54
Total Sewer Units by Category	55
Water Meter Data	56
Sewer Accounts Data	57
Potable Water Sold by Customer Type	58
Schedule of Water and Sewer Rates.....	59 and 60
Largest Customers	61
Schedule of Area Demographics	62 and 63
Ratio of Outstanding Debt.....	64
Schedule of Pledged Revenue Coverage	65
Full-Time Employees by Function	66
Operation Indicators by Function.....	67
Capital and Infrastructure Statistics by Function	68

**SEACOAST UTILITY AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Years Ended September 30, 2021 and 2020**

TABLE OF CONTENTS (CONTINUED)

Page

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 <i>Government Auditing Standards</i>	69 and 70
Independent Auditor's Management Letter.....	71 and 72
Schedule of Findings and Responses	73
Schedule of Prior Year Findings	74
Independent Accountant's Report – Investment Compliance	75

INTRODUCTORY SECTION

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

This Page Intentionally Left Blank



Seacoast Utility Authority

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

February 23, 2022

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 Annual Comprehensive Financial Report with the Independent Auditor's Report of Seacoast Utility Authority (the Authority) for the fiscal years ended September 30, 2020 and 2021. 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, 2020 and 2021, 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, 2020 and 2021, 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. However, internal controls inherently have limitations, and the Authority at times must consider the cost of a control and the benefit to be derived, as the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. 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 51,334 households and 3,070 commercial establishments. Wastewater collection, treatment and disposal services are provided to 47,767 residential dwellings and 1,804 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 South 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.

The Authority service area is nearly built out. New meter connections during FY2021 were 137, a decrease of 207 over FY2020 new meter installations. Recent commencement of large-scale land development projects has accelerated and will sustain system growth over the next few years. Most new connections are in the Authority’s Western Service Area, which is served through bulk service connections with Palm Beach County Water Utility Department.

Recognizing 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 1st, 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 moved into its new administration and operations buildings in August 2021. 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.

In 2020, the Authority awarded the final phase contracts for its \$100 million, ten-year water supply and treatment system renewal program. By September 2022, 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 FY2021 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 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 annual financial report for the fiscal year ended September 30, 2020. This was the 17th 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 annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

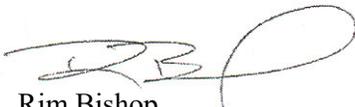
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the Annual Comprehensive 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 its 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**

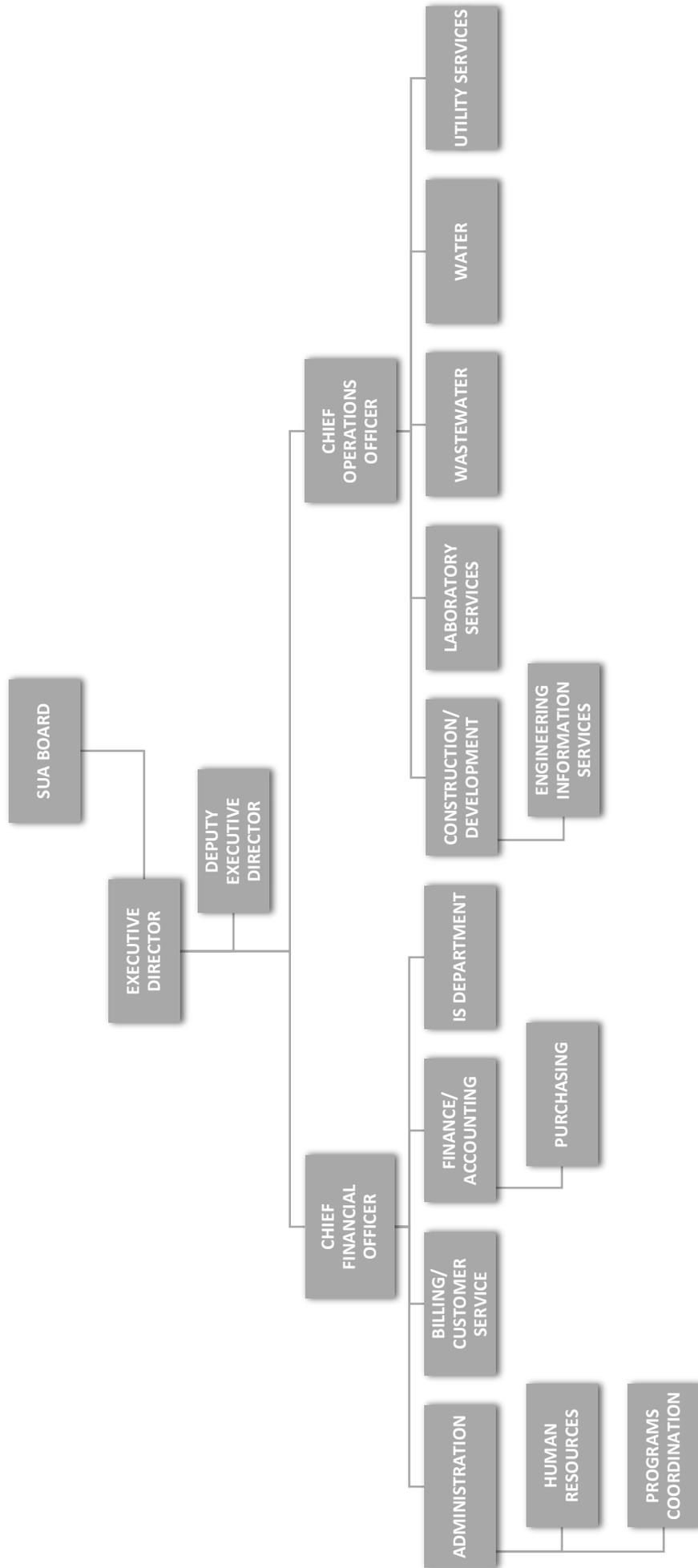
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

SEACOAST UTILITY AUTHORITY ORGANIZATIONAL CHART



SEACOAST UTILITY AUTHORITY
LIST OF PRINCIPAL OFFICIALS
As of September 30, 2021

AUTHORITY BOARD MEMBERS

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

This Page Intentionally Left Blank

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

This Page Intentionally Left Blank



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 years ended September 30, 2021 and 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, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 16), the Schedule of the Authority's Total OPEB Liability on page 47 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 16, 2022

This Page Intentionally Left Blank

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis (MD&A) intends to highlight the Authority’s financial activities for the fiscal year ended September 30, 2021, and 2020. 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 Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory Section includes a Transmittal Letter, a List of Principal Officials and Staff, and the Authority’s Organizational Chart. The Financial Section consists of 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 and 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

The Authority’s financial statements and accounting methods closely resemble a business operation as an Enterprise Fund. 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 of 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 and showing other income sources and the overall effectiveness of cost recovery. While the Statement of Net Position discussed previously offers a snapshot of balances as of a specific 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 balance change 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. These notes contain accounting policies, explanations, descriptions of significant account balances, expanded detail on summarized data in the financial statements, and 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)

	FY2021	FY2020	%	FY2019	%
Assets:					
Current assets	\$ 89,050,327	\$ 87,925,779	1.3	\$155,546,209	(43.5)
Non-current restricted assets				4,989,006	100.0
Lease receivable	2,147,483	448,449	378.9	502,890	(10.8)
Lease asset (net)	112,124	179,398	(37.5)	246,672	(27.3)
Capital assets (net)	298,467,327	295,420,974	1.0	273,788,080	7.9
Total assets	<u>\$ 389,777,261</u>	<u>\$ 383,974,600</u>	1.5	<u>\$435,072,857</u>	(11.7)
Deferred Outflows of Resources:					
Deferred loss on bond refundings	\$	\$ 25,368	(100.0)	\$ 76,105	(66.7)
OPEB related items	214,043	183,760	16.5	187,987	(2.2)
Total deferred outflows of resources	<u>\$ 214,043</u>	<u>\$ 209,128</u>	2.4	<u>\$ 264,092</u>	(20.8)
Liabilities:					
Current liabilities					
Payable from current assets	\$ 7,306,102	\$ 8,625,044	(15.3)	\$ 7,788,917	10.7
Payable from restricted funds	10,947,104	10,464,938	4.6	69,023,009	(84.8)
Non-current liabilities					
Bonds payable (net)	2,845,303	2,954,149	(3.7)	2,850,329	3.6
Total liabilities	<u>\$ 46,163,266</u>	<u>\$ 59,241,209</u>	(22.1)	<u>\$134,208,015</u>	(55.9)
Deferred Inflows of Resources:					
OPEB related items	\$ 337,391	\$ 370,572	(9.0)	\$ 456,383	(18.8)
Lease obligations	2,247,388	502,889	346.9	552,429	(9.0)
Total deferred inflows of resources	<u>\$ 2,584,779</u>	<u>\$ 873,461</u>	195.9	<u>\$ 1,008,812</u>	(13.4)
Net Position:					
Net investment in capital assets	\$ 262,597,570	\$ 247,969,264	5.9	\$193,341,324	28.3
Restricted	2,000,000	2,000,000	0.0	26,500,219	(92.5)
Unrestricted	76,645,689	74,099,794	3.4	80,278,579	(7.7)
Total net position	<u>\$ 341,243,259</u>	<u>\$ 324,069,058</u>	5.3	<u>\$300,120,122</u>	8.0

Modest system growth occurred during Fiscal Year 2021 (FY2021). With its state-of-the-art water treatment plant in full operation and stabilized and system interconnect agreements with Palm Beach County Water Utilities, and the City of West Palm Beach concluded, the Authority is well-positioned to meet the needs of its growing customer base.

A broad array of factors contributed to an increased FY2021 Net Position of \$341,243,259, up 13.3% since FY2019 and 5.3% since FY2020. This positive three-year trend is attributable to a conscientious collection of billed charges, prudent investment strategies, exceptional debt management, careful attention to cost control, and accelerated land development activity.

In what may seem a paradox for a fiscally strong utility, total assets declined approximately \$45 million from FY2019 to FY2021. However, two factors explain this. First, the Authority retired roughly \$65 million in debt using escrowed bond proceeds and reserve funds. While this significantly reduced cash, it simultaneously reduced the corresponding debt liability. Secondly, the Authority disbursed approximately 64 million dollars for capital projects during FY2020 and FY2021 but retired \$40 million in assets. The most significant addition was the \$20 million Administrative Complex project, which was substantially completed by September 30, 2021. In short, longer termed fully depreciated assets were replaced with new infrastructure. While both the debt reduction and the capital asset activity resulted in significant balance sheet changes year over year, they measurably improved the Authority's long-term financial position.

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 represent items related to matured bonds (certain bonds matured in 2020), Other Post Employment Benefit (OPEB) related to the Authority's pay-as-you-go plan, and the lease obligations noted in the above paragraph. OPEB related liabilities fell in FY2021, from FY2020 and FY2019 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), and 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. The payment of approximately \$65 million in debt occurred along with regular 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 FY2019 to FY2021, with various explanatory narratives.

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

	FY2021	FY2020	%	FY2019	%
Operating revenues:					
Charges for services	\$ 61,098,915	\$ 59,354,778	2.9	\$ 57,102,231	3.9
Miscellaneous	817,787	300,661	172.0	454,026	(33.8)
Total operating revenues	<u>\$ 61,916,702</u>	<u>\$ 59,655,439</u>	3.8	<u>\$ 57,556,257</u>	3.6
Operating expenses:					
Plant operation and maintenance	\$ 20,092,742	\$ 18,774,759	7.0	\$ 18,012,593	4.2
General and administrative	10,057,296	9,341,138	7.7	7,454,413	25.3
Depreciation	19,873,611	19,104,598	4.0	18,838,327	1.4
Total operating expenses	<u>\$ 50,023,649</u>	<u>\$ 47,220,495</u>	5.9	<u>\$ 44,305,333</u>	6.6
Nonoperating revenues:					
Interest income	\$ 1,019,192	\$ 1,918,035	(46.9)	\$ 2,549,434	(24.8)
Net increase (decrease) in FMV	(707,859)	795,908	(188.9)	2,361,132	(66.3)
Grant revenue	4,472	339,096	(98.7)	35,934	843.7
Other revenue	552,798	301,501	83.3	942,492	(68.0)
Bond rebate		585,862	(100.0)	1,401,190	(58.2)
Total nonoperating revenues	<u>\$ 868,603</u>	<u>\$ 3,940,402</u>	(78.0)	<u>\$ 7,290,182</u>	(45.9)
Nonoperating expenses:					
Interest expense	\$ 1,120,126	\$ 3,284,780	(65.9)	\$ 6,192,934	(47.0)
Amortization	(1,301,953)	(1,017,945)	27.9	(1,573,181)	(35.3)
Other expense	1,280,604	583,262	119.6	3,787,291	(84.6)
Total nonoperating expenses	<u>\$ 1,098,777</u>	<u>\$ 2,850,097</u>	(61.4)	<u>\$ 8,407,044</u>	(66.1)
Income (loss) before capital contributions	<u>\$ 11,662,879</u>	<u>\$ 13,525,249.0</u>	(13.8)	<u>\$ 12,134,062</u>	11.5
Capital contributions:					
Developer and other contributions	\$ 5,511,322	\$ 10,423,687	(47.1)	\$ 5,448,227	91.3
Change in net position	<u>\$ 17,174,201</u>	<u>\$ 23,948,936</u>	(28.3)	<u>\$ 17,582,289</u>	36.2
Net Position, beginning of year	<u>\$ 324,069,058</u>	<u>\$ 300,120,122</u>	8.0	<u>\$ 282,537,833</u>	6.2
Net Position, end of year	<u>\$ 341,243,259</u>	<u>\$ 324,069,058</u>	5.3	<u>\$ 300,120,122</u>	8.0

- From FY2020 to FY2021, there was an approximate \$2.2 million or 3.8% increase in revenue, primarily in charges for services. This increase is the direct result of the Authority's 3% indexed rate increases effective 10/1/2020, supplemented by a separate rate increase for master metered customer Palm Beach Park of Commerce authorized by that service agreement. The same rationale generally applies to the \$3 million increase in FY2020 compared to FY2019.
- Market conditions, investable surplus, and cash flow needs dictate an organization's earnings. During FY2019, interest rate yields rose, and the Authority held \$65 million in escrowed bond proceeds for investment. However, in March of 2020, impacts related to COVID-19 and other economic conditions reduced investment yields notably. Further, the Authority liquidated the entire bond escrow investment to retire earlier debt, thus dramatically reducing its investment portfolio and, as a result, its interest earnings basis. Finally, rearranging its remaining portfolio maturities to correspond with liquidity requirements of its aggressive capital improvement program, the Authority shifted its investment array to favor shorter-term and consequently lower-yielding instruments. By the end of FY2021, the portfolio was yielding approximately .9%. Despite these pressures, discounting the earlier \$65 million escrow account, interest earnings from FY2019 to FY2020 were quite comparable, predictably declining in FY2021.

- The \$339,096 of grant revenue received in FY2020 was long-awaited reimbursements from the Federal Emergency Management Agency (FEMA) related to disasters that occurred in prior years. In FY2021, the Authority received the balance of \$4,472 in FEMA grant reimbursement. Lesser amounts were received in FY2019. For obvious reasons, such revenue sources are inconsistent and unpredictable.
- Land development activity drives donated infrastructure and connection charge revenue. Consequently, capital contributions can fluctuate from one fiscal year to the next. FY2020 activity was extraordinary, falling back to a more typical level in FY2021.
- As required by generally accepted governmental accounting standards, the Authority adjusts its portfolio value to reflect any unrealized gains or losses based on fair market value (FMV). These gains or losses are not yet realized and are due to market conditions beyond the Authority's control. The Authority always adheres to the prudent investor rules for a government entity while ensuring proper cash flow to meet its needs through budgetary and economic cycles.

Changing interest market conditions between FY2019 and FY2021 resulted in a significant decrease in the Authority's investments FMV. The impact of COVID-19 weakened the bond market sending rates on potential authorized investments to historic lows. As a result, certain callable bonds were called, and the Authority was required to reinvest proceeds in lower yield instruments. Through FY2021, yields remained lower than FY2019 levels, thus creating an unrealized loss. However, it should be noted that the Authority consistently holds its investments to maturity, the total principal is returned, and these losses are never realized.

- 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, and thus, no such revenue in FY2021.
- FY2021 operating expenses, including depreciation, increased by approximately 6% over FY2020, as did FY2020 over FY2019. Of the increases driving FY2021 operating expenses higher, inflation was the principal factor, but not the only factor. The cost of bulk purchased western service area water and sewer service increased significantly with the arrival of a large water bottling operation and other western service area land development activity. Water and sewer services provided by a contractual agreement with Palm Beach County were approximately \$2.6 million in FY2021, while FY2020 and FY2019 were \$1.9 and \$0.8 million, respectively. These bulk purchases are primarily offset by retail water and sewer sales to individual Authority customers. Multiple measures were implemented in FY2021 to assure that its western service area retail sales ultimately offset the Authority's cost of bulk service.

Other FY2020 cost increases over FY2019 were driven more by unexpected events such as COVID-19 closures and other disaster salary expenses.

Finally, depreciation expense continued to increase in FY2019 through FY2021. The Authority's aggressive capital improvements program, rising construction costs, replacing fully depreciated older infrastructure, and updating shorter-lived mechanical assets, assure a continued upward trajectory for this non-cash expense.

- The Authority's December 2016 Bond Refunding resulted in an increased balance sheet debt and annual interest expense. In accordance with the purpose for this refunding, on March 1, 2020, all the Series 2009A & B Bonds were extinguished, resulting in a FY2021 estimated \$2 million-dollar annual interest expense reduction from FY2020. Overall, a decline in interest expense from FY2019 to FY2021 results from reduced principal debt balances and fluctuating capitalized interest reductions. See Note 6 for further information on the effects of the December 2016 Bond Refunding, the call of the 2009B Bonds, and the overall Authority debt outstanding.
- Related to interest expense, as required by generally accepted accounting principles, a portion of the Authority's annual bond interest expense, approximately \$812,000 in FY2021, compared to \$957,000 in FY2020 and \$953,000 in FY2019, was capitalized to the construction in progress. The calculated

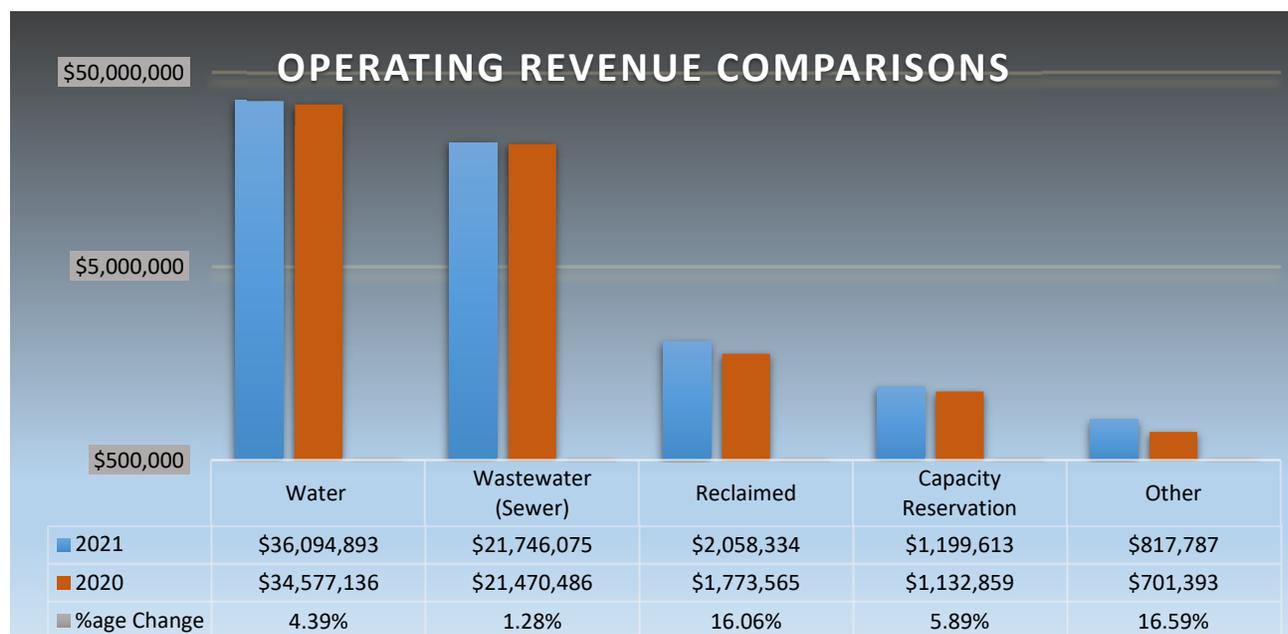
amounts are purely dependent on outstanding debt and construction in progress, varying from one year to the next.

- The Authority continues to renew and replace its aging infrastructure. When assets having net book value are disposed of or replaced, the resulting write-offs result in accounting losses, the amount of which will vary from year to year. By established policy, Authority staff seeks to maximize cash recovery for disposed assets by public sale. By the end of FY2021, approximately \$20 million of the Authority’s Administrative Campus construction costs and several other smaller projects that spanned more than one fiscal year were recorded. Assets not fully depreciated were written off, resulting in a loss. Losses for FY2021, FY2020 and FY2019 were \$1,280,604, \$346,514, and \$3.7 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, 2021, and 2020.



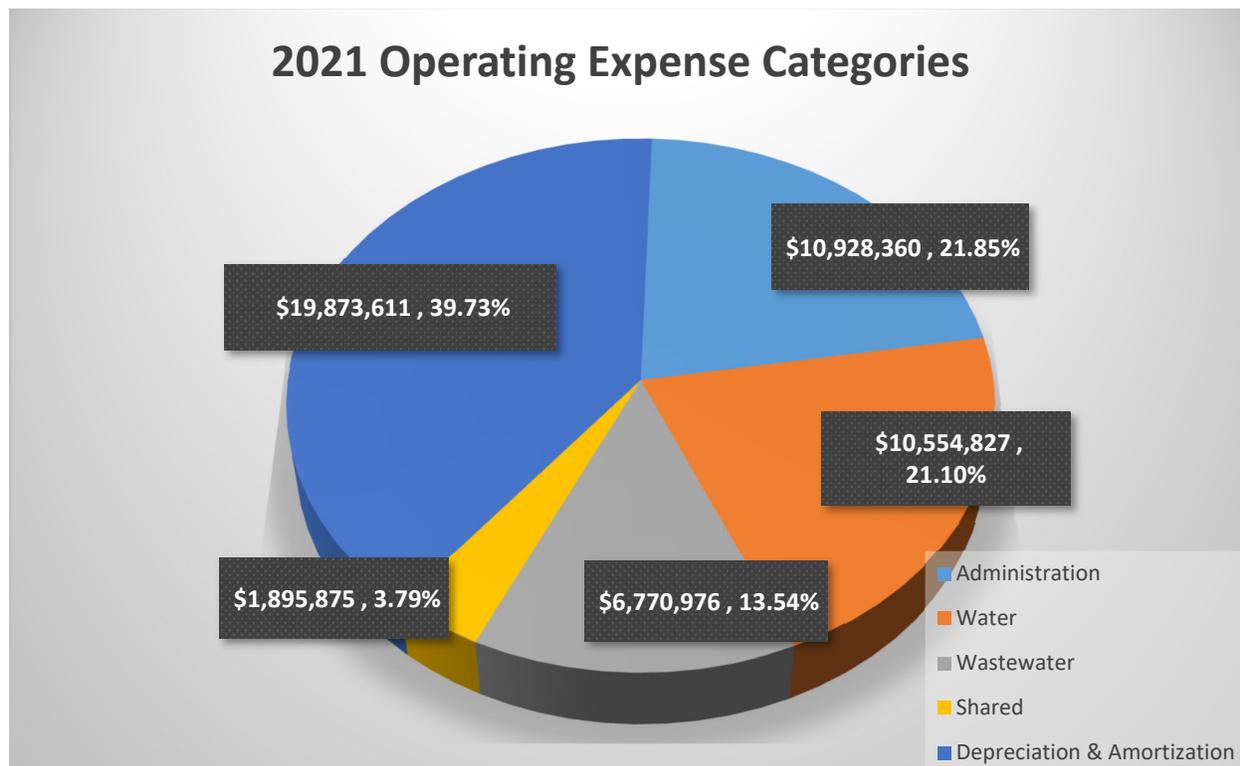
Highlights of the comparisons presented in the above chart:

- **Water Sales** - reflects indexed rate increases of 1.5% FY2021 and 3.0% in FY2020. FY2021 Water Sales increased 4.39% from FY2020, primarily due to the indexed increase, an increase in sales to the western service area for Bulk Water Sales of approximately \$547,000 in FY2021 and \$724,000 in FY2020, and the opening of businesses closed due to COVID-19 restrictions.

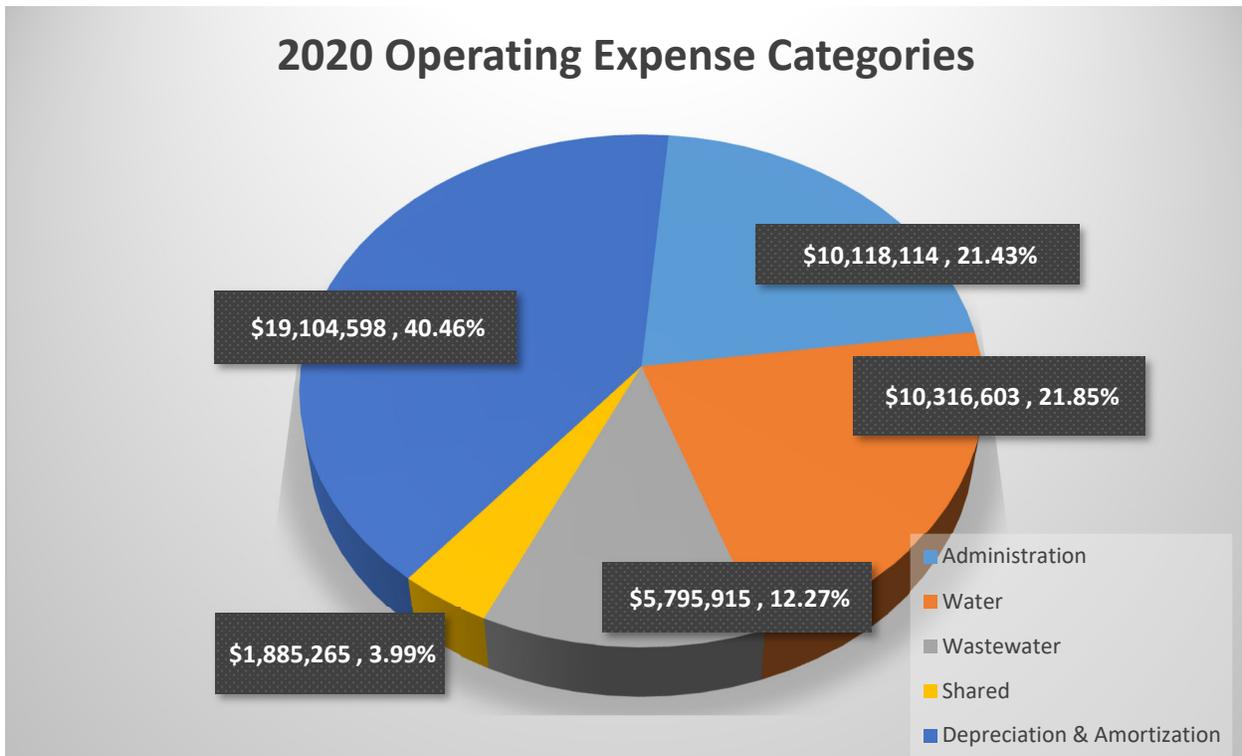
- **Wastewater Service Charges** - reflects the same index rate increases as Water Sales. However, because most of the new development has been residential and residential wastewater services are capped at certain commodity levels, fees collected are less significant and less affected by indexes on higher commodity rates.
- **Reclaimed/Effluent Sales** - increased 16.06% from FY2020 primarily due to increased development and re-development, bringing demand for reclaimed water to irrigate HOA common areas and golf courses. This revenue is also annually indexed.
- **Capacity Reservation Charges** - results from charges of equivalent residential capacity (ERC) unit reservations and are dependent upon land development and the timing of meter settings, etc. Consequently, these fees vary from year to year. FY2021 capacity reservations were up 5.89%, primarily due to significant new development in our western service.
- **Other Charges** - Derived from a relatively small group of customers, these fees vary quite slightly from one year to another. They consist of fire line protection, administrative fees, and other miscellaneous fees such as turn-offs and late fees. FY2020 reflects the impact of COVID-19 measures, as some of these fees were suspended temporarily, causing a reduction in revenue. FY2021 did not have the effects of any fee suspension policy.

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, 2021, and 2020.



2020 Operating Expense Categories



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

Annual operating expenses had a total yearly increase of 7.2% or approximately \$2 million (not including depreciation expense) from FY2020 to FY2021. The most significant increase was in Wastewater (Sewer) Treatment and Wastewater Collection Departments. This is primarily due to the rise in non-payroll operating expenses, such as electricity and the cost of repairs. The Administrative Division also had a significant increase in the cost to purchase bulk water, primarily due to demand by new and existing western service area residents and businesses. Fortunately, bulk water and sewer costs are, for the most part, offset by sales of bulk water and sewer.

Depreciation is the most significant component of the Authority's operating expenses, 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.

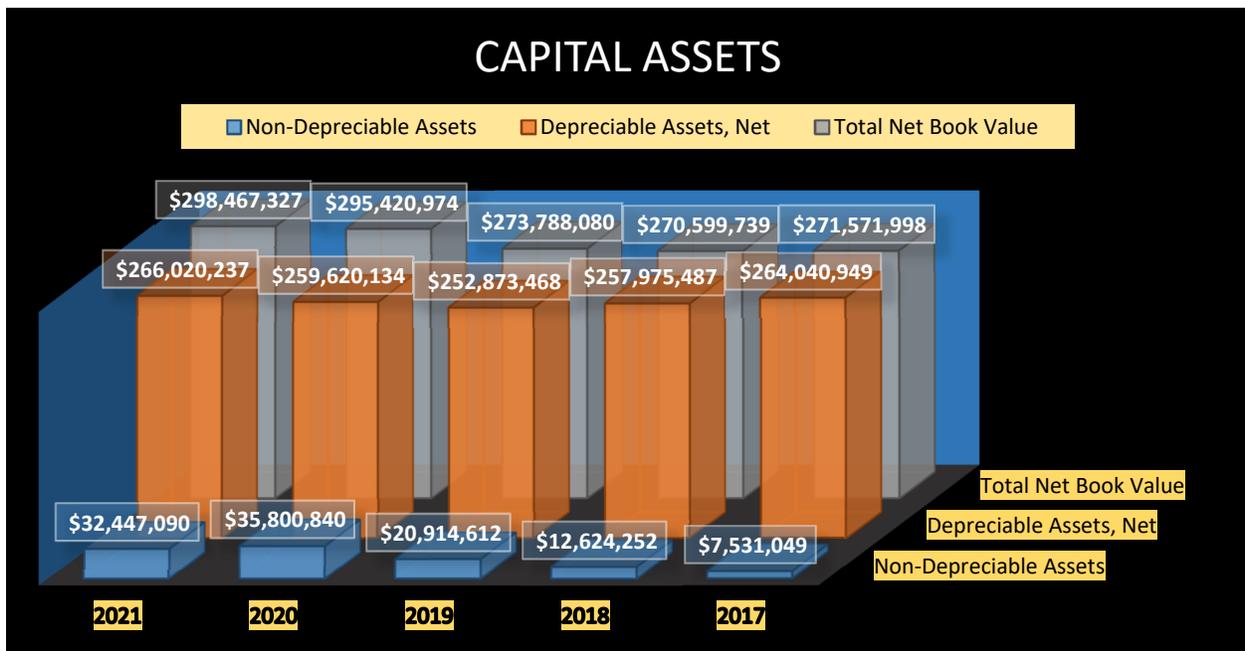
Cash/Investments and Related Income

Despite significant renewal and replacement expenditures, the Authority's conservative investment policy and solid financial position have enabled the Authority to preserve its unrestricted cash/investment balances. Market yields declined in FY2020, continuing even lower in FY2021, causing an almost \$900,000 reduction in realized earnings, but the Authority's conscientious planning and cost containment has minimized any related cash flow impacts. The FY2020 change from the previous three years resulted from the use of restricted funds 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 and realized annual earnings.



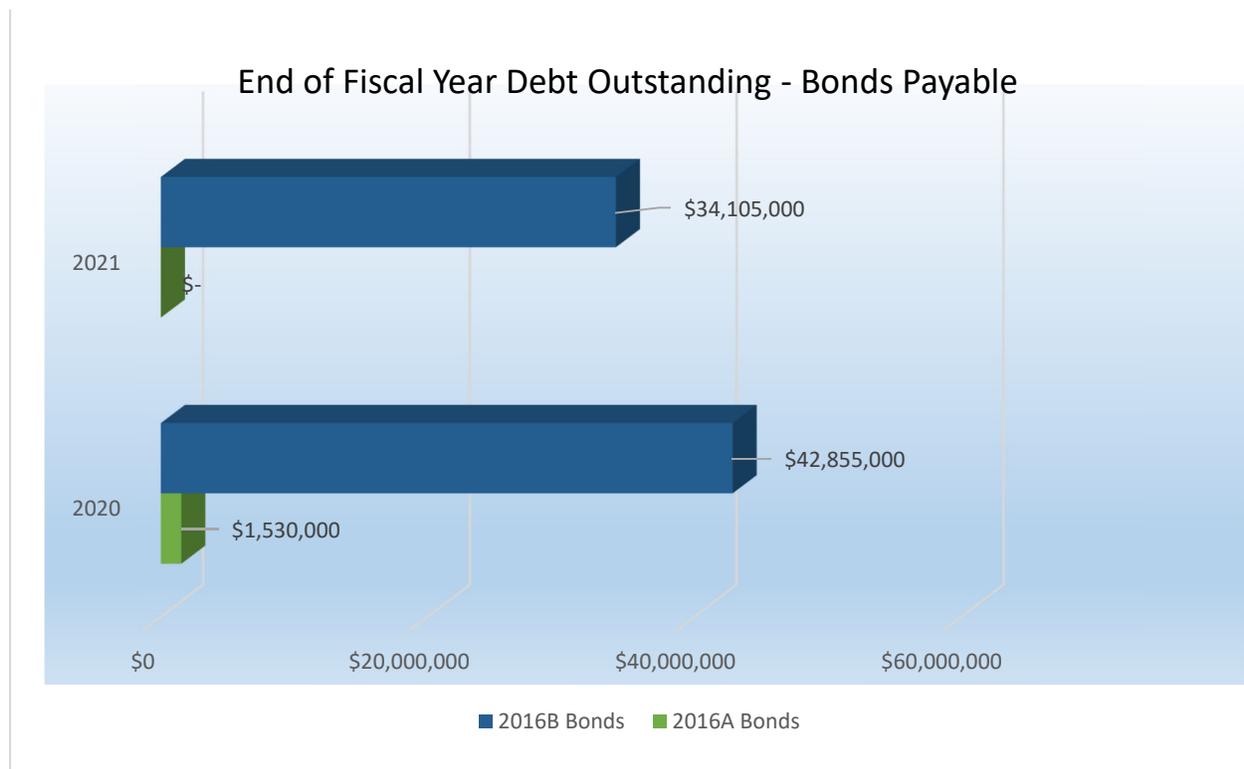
Capital Assets



Per 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 comprised of land, easements and rights of way, structures and improvements, transmission, collection, distribution mains and accessories, plant, and equipment. The increase in FY2021 renewal and replacement projects resulted in a final year-end construction in progress balance of approximately \$27.9 million, \$3.7 more than

at the end of year FY2020. Further, during FY2021, roughly \$13 million of construction in progress was completed and recorded as depreciable assets. The Authority remains committed to continued renewal and replacement, spending \$15-\$20 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 shown 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 established when the bonds were issued. The following chart shows principal, and interest paid on the debt during the comparative fiscal years:

Debt Issuance	2021 Principal Paid	2020 Principal Paid	Increase (Decrease)	2021 Interest Paid	2020 Interest Paid	Increase (Decrease)
1989	\$	\$	\$	\$	\$	\$
2005	\$	\$	\$	\$	\$	\$
2006	\$	\$	\$	\$	\$	\$
2009A	\$	\$ 3,820,000	\$ (3,820,000)	\$	\$ 84,800	\$ (84,800)
2009B	\$	\$ 65,015,000	\$ (65,015,000)	\$	\$ 2,133,251	\$ (2,133,251)
2016A	\$ 1,530,000	\$ 5,610,000	\$ (4,080,000)	\$ 38,250	\$ 216,750	\$ (178,500)
2016B	\$ 8,750,000	\$	\$ 8,750,000	\$ 1,924,000	\$ 2,142,750	\$ (218,750)
Total	\$ 10,280,000	\$ 74,445,000	\$ (64,165,000)	\$ 1,962,250	\$ 4,577,551	\$ (2,615,301)

By the end of FY2020, the remaining outstanding Authority debt consisted of the 2016A and 2016B Bonds. In FY2021, the Authority continued to make required debt principal payments, bringing the balance down to \$34,105,000 for the 2016B Bond and distinguishing the 2016A Bonds entirely. Less outstanding debt has also reduced the interest expense paid by \$2.6 million in FY2021. Note 6 to the Financial Statements presents further details on the Authority's outstanding bonds for FY2021 and FY2020.

EVENTS, ECONOMIC FACTORS AND TRENDS

System Growth

Local governments approved land development projects within the last few years that will ultimately add some 8,000 equivalent residential connections (ERC). Approximately half of these are located miles from the nearest Authority pipelines and will be served through bulk service agreements with neighboring water and sewer providers. In addition, the Authority is renewing and replacing aging infrastructure in its southeast quadrant to accommodate a net increase of some 2,000 ERCs associated with the Town of Lake Park's proposed US 1 corridor redevelopment plan.

Cost of Service Rate System

Following months of public interaction, including billing notices, website postings, media releases, direct correspondence between staff and customers, and multiple public hearings, the Authority Board approved a system of cost-based rates, fees, and charges to become effective October 1, 2021. The new rate and fee schedule more accurately assigns operating and capital costs to customers based on the nature of their service demand.

System Renewal & Replacement

Over the last few years, the Authority initiated several major construction projects focusing on renewing and replacing its facilities and infrastructure. More details of planned and ongoing significant community-wide Authority construction projects can be found at www.sua.com.

Authority's Bond Financial Rating

The Authority's December 2016 crossover debt refunding saved Authority customers \$41 million, achieved a net present value saving of \$29 million and will retire all Authority debt by March 2024, 15 years ahead of schedule. During their recent reviews of the Authority's financial operations, nationally recognized rating agencies Moody's and Fitch explicitly recognized this transaction's value along with our solid and long-tenured management, noting the significance of the prudent steps taken by the Authority in various operational aspects. Below is a summary of our recent 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 five years
- ✓ Improved financial profile, specifically debt service coverage
- ✓ Rapidly declining debt profile with final complete debt extinguishment by March 2024
- ✓ Healthy rate flexibility, regular increases, affordability, and a strong, stable, wealthy service area
- ✓ Solid system and infrastructure with expected pay as you go funding

Fitch notified the Authority of their internal review performed in August 2021, reaffirming this rating, but did not publish a report noting such.

Moody's - 2021 Issuer Comment Report (February 2021)

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

- ✓ Excellent 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 the Authority’s bond rating reports can be found on our website at www.sua.com. Management fully expects to maintain the above-noted strengths and, thus, positive credit ratings.

Other Operational Trends

➤ **Administrative Center**

Authority operations were transferred into its newly constructed Hood Road administrative complex in August 2020. The new facilities include a larger, more modern, and durable administrative building, lunchroom, operations building, fleet maintenance, warehouse facility, covered storage for maintenance equipment and supplies, a Hood Road turn lane, driveway, and parking facilities.

➤ **Digital Records Management Systems**

Noted by local planners, engineers, developers, and municipalities for its impressive infrastructure paper archives, the Authority has acquired and is implementing electronic archive systems for these critical 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. This program has recently been expanded to include asset management systems used to establish maintenance, renewal, and replacement schedules.

➤ **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, allowing Authority staff and the customer to detect and respond to unusual consumption patterns, including plumbing leaks, almost immediately. In addition to the apparent customer service benefit, installing newer meters offers superior flow detection, resulting in increased operational information that will provide more accurately billed revenue to the Authority in the long term.

➤ **Western Service Area**

In 2021, the Authority extended western service area water and sewer mains to supplant the City of West Palm Beach as a service provider to the Osprey Isles and Carleton Oaks residential communities. Though these communities have been located within the Authority’s legal service area for nearly 30 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 Seacoast’s system. The Authority has acquired property within the Avenir community that will be used for materials staging and storage and a remote operations center.

➤ **Water Supply Development**

The Authority has entered the final phase of its water supply wellfield renovation initiative. By the end of FY2022, 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 Well no. F-6 in FY2019, and nearing completion of Well no. F-9 in FY2020. Responding to deep (Floridan) aquifer water quality changes, the Authority fortified and added energy recovery to its low-pressure reverse osmosis treatment skids in 2021.

➤ **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 and operational efficiency and reliability. As the plant approaches 30 years in service, scheduled renewal and replacements to primary mechanical, electrical, biosolids treatment, pumping, and control systems are in progress.

➤ **Reclaimed Water**

The Authority's reclaimed water system operates at total capacity and in compliance with all regulatory requirements. During FY2021, SUA delivered an average of 8.71 million gallons per day (MGD) to reclaimed water customers. This represents a 4.1% decrease from the previous year. This slight decline is attributable to customer-applied water conservation measures and extended wet periods when irrigation water was unnecessary.

Looking to the Future

The Authority is well-positioned for the future from an operational and business perspective. Rapidly diminishing debt, a newly constructed administrative center, hardened water supply, and wastewater infrastructure, 100% recycling of wastewater flow, a cost-of-service rate structure, strong customer demographics, and long-term permitted access to local water resources to 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 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.

This Page Intentionally Left Blank

SEACOAST UTILITY AUTHORITY
STATEMENTS OF NET POSITION
As of September 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 25,467,424	\$ 35,233,220
Investments	53,416,185	42,343,207
Accounts receivable, net	6,045,638	5,928,338
Interest receivable	144,564	477,439
Lease receivable	99,905	54,440
Other receivable	267,951	248,061
Inventory	1,318,069	1,342,042
Prepaid expenses	290,591	299,032
Restricted assets:		
Cash and cash equivalents	1,762,315	1,752,000
Investments	237,685	248,000
Total current assets	89,050,327	87,925,779
Non-Current Assets:		
Lease receivable	2,147,483	448,449
Right to use lease, net	112,124	179,398
Capital assets:		
Non-depreciable:		
Land	1,709,095	1,709,095
Easements and right of ways	3,751,499	3,117,811
Intangible asset	6,775,654	6,775,654
Construction in progress	20,210,842	24,198,280
Depreciable:		
Buildings	56,873,812	43,281,623
Utility plants and pipelines	371,783,137	363,269,834
Equipment	80,507,766	78,120,591
Accumulated depreciation	(243,144,478)	(225,051,914)
Total non-current assets	300,726,934	296,048,821
Total Assets	\$ 389,777,261	\$ 383,974,600
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred loss on bond refundings	\$	\$ 25,368
OPEB related items	214,043	183,760
Total Deferred Outflows of Resources	\$ 214,043	\$ 209,128

(Continued)

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

SEACOAST UTILITY AUTHORITY
STATEMENTS OF NET POSITION
As of September 30, 2021 and 2020

	2021	2020
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 3,373,861	\$ 4,290,172
Accrued liabilities	210,598	643,741
Retainage payable	971,986	1,308,545
Customer deposits	2,513,098	2,148,272
Compensated absences	166,047	167,035
Lease liability	70,512	67,279
Liabilities payable from restricted assets:		
Accrued interest	142,104	184,938
Current portion of bonds payable	10,805,000	10,280,000
Total current liabilities	18,253,206	19,089,982
Non-Current Liabilities:		
Compensated absences	1,494,420	1,503,313
Total OPEB liability	705,540	610,522
Unearned revenue	490,688	645,033
Lease liability	47,982	118,583
Loans payable	106,673	76,698
Bonds payable, net	25,064,757	37,197,078
Total non-current liabilities	27,910,060	40,151,227
Total Liabilities	\$ 46,163,266	\$ 59,241,209
<u>DEFERRED INFLOW OF RESOURCES</u>		
OPEB related items	\$ 337,391	\$ 370,572
Lease	2,247,388	502,889
Total Deferred Inflows of Resources	\$ 2,584,779	\$ 873,461
<u>NET POSITION</u>		
Net investment in capital assets	\$ 262,597,570	\$ 247,969,264
Restricted for:		
Renewal and replacement	2,000,000	2,000,000
Unrestricted	76,645,689	74,099,794
Total Net Position	\$ 341,243,259	\$ 324,069,058

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, 2021 and 2020

	2021	2020
Operating Revenues:		
Charges for services	\$ 61,098,915	\$ 58,954,046
Miscellaneous	817,787	701,393
Total operating revenues	61,916,702	59,655,439
Operating Expenses:		
Plant operation and maintenance	20,092,742	18,774,759
General and administrative	10,057,296	9,341,138
Depreciation and amortization	19,873,611	19,104,598
Total operating expenses	50,023,649	47,220,495
Operating Income	11,893,053	12,434,944
Non-operating Revenues (Expenses):		
Investment income:		
Interest income	1,019,192	1,918,035
Net increase (decrease) in the fair value of investments	(707,859)	795,908
Grant revenue	4,472	339,096
Interest expense	(1,120,126)	(3,284,780)
Amortization of bond costs	1,301,953	1,017,945
Build America bond rebate		585,862
Other revenues	552,798	301,501
Other expense	(1,280,604)	(583,262)
Total non-operating revenues (expenses)	(230,174)	1,090,305
Income before Capital Contributions	11,662,879	13,525,249
Capital Contributions:		
Developer and other contributions	5,511,322	10,423,687
Total contributions	5,511,322	10,423,687
Change in Net Position	17,174,201	23,948,936
Total Net Position, Beginning of Year	324,069,058	300,120,122
Total Net Position, End of Year	\$ 341,243,259	\$ 324,069,058

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, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 62,078,990	\$ 59,610,487
Payments to suppliers for goods and services	(16,907,606)	(12,627,840)
Payments to or for the benefit of employees	(14,509,532)	(13,927,355)
Net cash provided by operating activities	30,661,852	33,055,292
Cash Flows From Non-Capital Financing Activities:		
Grants received	4,472	339,096
Net cash provided by non-capital financing activities	4,472	339,096
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(10,280,000)	(74,445,000)
Interest paid on bonds	(1,962,250)	(4,577,551)
Interest paid on customer deposits	(6,553)	(48,911)
Payments to acquire and construct plant property	(21,462,996)	(37,313,483)
Capital contributions	3,610,887	7,521,857
Build America bond rebate		585,862
Proceeds from the sale of capital assets	42,530	155,957
Lease payments received	98,975	44,638
Lease interest received	20,488	20,488
Lease proceeds	29,975	30,095
Lease payments paid	(67,368)	(65,153)
Lease interest paid	(6,550)	(8,766)
Net cash (used) in capital and related financing activities	(29,982,862)	(108,099,967)
Cash Flows From Investing Activities:		
Purchases of investments	(37,666,383)	(19,677,741)
Proceeds from sale of investments	25,895,861	109,917,772
Interest income on investments	1,331,579	2,186,866
Net cash provided by (used in) investing activities	(10,438,943)	92,426,897
Net increase (decrease) in cash and cash equivalents	(9,755,481)	17,721,318
Cash and cash equivalents, beginning of year	36,985,220	19,263,902
Cash and cash equivalents, end of year	\$ 27,229,739	\$ 36,985,220
Reconciliation of cash and cash equivalents to Statement of Net Position:		
Cash and cash equivalents - unrestricted	\$ 25,467,424	\$ 35,233,220
Cash and cash equivalents - restricted	1,762,315	1,752,000
	\$ 27,229,739	\$ 36,985,220

(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, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 11,893,053	\$ 12,434,944
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	19,873,611	19,104,598
Other receipts	453,823	20,117
Changes in assets and liabilities:		
Net (increase) decrease in assets and deferred outflows of resources:		
Accounts and other receivables	(1,881,689)	37,027
Inventory	23,973	493,671
Prepaid expenses	8,441	121,055
Deferred outflows	(30,283)	4,227
Net increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and other accrued expenses	(1,695,894)	907,113
Customer deposits payable	364,826	35,635
Total OPEB liability	95,018	84,812
Deferred inflows	1,711,318	(135,351)
Unearned revenue	(154,345)	(52,556)
Net cash provided by operating activities	\$ 30,661,852	\$ 33,055,292
 Noncash Investing, Capital, and Financing Activities:		
Change in fair value of investments	\$ (707,859)	\$ 795,908
Developer contributions of transmission and collection mains and lift stations	1,900,435	2,901,830
	\$ 1,192,576	\$ 3,697,738

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

This Page Intentionally Left Blank

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(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, 2021 and 2020

(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, 2021 and 2020

(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 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:

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.

(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.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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

(i) Utility Plant in Service and Depreciation (Continued)

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) 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. PTO earned but unused is payable upon termination, and thus is accrued as a liability.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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

(p) 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.

(q) 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.

(r) Implemented Accounting Pronouncements - 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.

(s) 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 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.
2. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Lease*, as amended. This Statement is effective for the Authority’s fiscal year ending September 30, 2023. The Authority is currently evaluating the impacts of implementation.
3. 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.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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

(s) Recent Accounting Pronouncements (Continued)

4. GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The Authority early-adopted this statement effective for its fiscal year ending September 30, 2021.

(2) Deposits and Investments:

(a) Deposits - As of September 30, 2021 and 2020, the carrying amount of the Authority's deposits was \$27,228,739 and \$36,984,220, respectively, and the related bank balance totaled \$27,318,493 and \$35,522,738, respectively. The Authority also had cash on hand of \$1,000 and \$1,000 in 2021 and 2020 respectively, resulting in a total carrying amount of \$27,229,739, at September 30, 2021, and \$36,985,220 at September 30, 2020. The Authority also held non-negotiable certificates of deposit in the amount of \$12,099,501 at September 30, 2021, and \$9,209,957 at September 30, 2020.

As of September 30, 2021 and 2020, 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;
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.;

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(2) Deposits and Investments: (Continued)

(b) Investments (Continued)

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, 2021 and 2020

(2) **Deposits and Investments:** (Continued)

(b) **Investments** (Continued)

As of September 30, 2021, the Authority had the following investments:

<u>Investments by Level:</u>	Weighted Average Maturity	Fair Value	Fair Value Measurement Level 2
U.S. Agency Debentures	4.55 years	\$ 22,022,339	\$ 22,022,339
Corporate Bonds	4.21 years	4,700,841	4,700,841
Negotiable Certificates of Deposit	5.75 years	9,789,562	9,789,562
Municipal Bonds	2.04 years	3,819,002	3,819,002
Foreign Issues	4.31 years	1,222,625	1,222,625
Total investments		\$ 41,554,369	\$ 41,554,369
<u>Investments Reported at Cost:</u>			
Non-negotiable Certificates of Deposit	0.41 years	\$ 12,099,501	
<u>Investments Reported at Amortized Cost:</u>			
U.S. Treasury Money Market	N/A	\$ 343,008 *	
Other Collateralized Money Market	N/A	23,006,924 *	
		\$ 23,349,932	
Total Investments		\$ 77,003,802	

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(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		\$ 35,133,250	\$ 35,133,250
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 *	
		\$ 32,188,084	
Total Investments		\$ 76,531,291	

* Cash and cash equivalents for statements of cash flows.

(c) **Credit Risk** - Credit risk is the risk that an issuer or other counterparty 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.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(2) Deposits and Investments: (Continued)

(c) Credit Risk (Continued)

As of September 30, 2021, the Authority had the following investment credit ratings:

<u>Investments</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fair Value</u>
U.S. Agency Debentures	AA+	Aaa	\$ 22,022,339
Corporate Bonds	AA+ to A-	Aa1 to A2	4,700,841
Negotiable Certificates of Deposit	NR	NR	9,789,562
Municipal Bonds	AAA to A+	Aaa to A2	3,819,002
Foreign issues	A+	Aa3	1,222,625
U.S. Treasury Money Market	NR	NR	343,008
Other Collateralized Money Market	NR	NR	23,006,924
Non-negotiable Certificates of Deposit	NR	NR	<u>12,099,501</u>
Total Investments			<u>\$ 77,003,802</u>

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

<u>Investments</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fair Value</u>
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	<u>9,209,957</u>
Total Investments			<u>\$ 76,531,291</u>

(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, 2021 and 2020

(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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Accounts Receivable - Billed	\$ 2,894,087	\$ 2,750,644
Accounts Receivable - Unbilled	3,192,818	3,208,500
Gross Accounts Receivable	6,086,905	5,959,144
Less Allowance for doubtful accounts	(41,267)	(30,806)
Net Total Receivables	<u>\$ 6,045,638</u>	<u>\$ 5,928,338</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(4) Capital Assets:

A summary of changes in capital assets for the year ended September 30, 2021, 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	3,117,811	633,688		3,751,499
Intangible asset	6,775,654			6,775,654
Construction in progress	24,198,280	17,407,296	(21,394,734)	20,210,842
Total	<u>35,800,840</u>	<u>18,040,984</u>	<u>(21,394,734)</u>	<u>32,447,090</u>
Capital assets, being depreciated:				
Buildings	43,281,623	13,689,904	(97,715)	56,873,812
Utility plants and pipelines	363,269,834	10,505,555	(1,992,252)	371,783,137
Equipment	78,120,591	2,987,765	(600,590)	80,507,766
Total	<u>484,672,048</u>	<u>27,183,224</u>	<u>(2,690,557)</u>	<u>509,164,715</u>
Less accumulated depreciation for:				
Buildings	(13,699,584)	(1,859,319)	133,828	(15,425,075)
Utility plants and pipelines	(165,549,955)	(12,577,438)	2,791	(178,124,602)
Equipment	(45,802,375)	(5,369,580)	1,577,154	(49,594,801)
Total	<u>(225,051,914)</u>	<u>(19,806,337)</u>	<u>1,713,773</u>	<u>(243,144,478)</u>
Total capital assets, net	<u>\$ 295,420,974</u>	<u>\$ 25,417,871</u>	<u>\$ (22,371,518)</u>	<u>\$ 298,467,327</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(4) Capital Assets: (Continued)

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>

Depreciation expense for the years ended September 30, 2021 and 2020, was \$19,806,337 and \$19,037,324, respectively.

The total interest expense incurred by the Authority for the fiscal year ended September 30, 2021, was \$1,919,417. Of this amount, \$812,393 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, 2020, was \$4,184,480. Of this amount, \$957,377 was capitalized as part of the cost of construction in progress.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(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
July 1, 2021	474,500	50,000	50,000

(6) Long-Term Debt:

(a) 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. On March 1, 2020 the Series 2009A Refunded Bonds were redeemed and discharged.

(b) 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
September 30, 2021 and 2020

(6) Long-Term Debt: (Continued)

(c) Loans Payable - In fiscal year 2018, the Authority entered into an agreement with Enterprise Fleet Management to acquire select vehicles. Per the terms of the agreement, ownership of the vehicles will be transferred to the Authority at the end of the contract. In fiscal years, 2019 through 2021, the Authority entered into additional agreements with Enterprise Fleet Management for additional vehicles. The terms for the vehicles is from four (4) to five (5) years and the Authority elected to pay 90% of the acquisition amount at inception of the agreement excluding management and maintenance fees. The interest rate for the loans range from 2-4%, based on the Authority's estimated incremental borrowing rate at the time of the agreements.

(d) Long-Term Debt - Changes in long-term debt for the year ended September 30, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
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	
Loan payable (5 year term, 2.00% interest)		29,975		29,975	
Refunding and Revenue Bonds:					
Refunding Bonds, Series 2016A (\$7,805,000 term bonds maturing 2018-2021 with interest at	1,530,000		(1,530,000)		
Refunding Bonds, Series 2016B (\$42,855,000 term bonds maturing 2021-2024 with interest at	42,855,000		(8,750,000)	34,105,000	10,805,000
Plus unamortized premiums	3,092,078		(1,327,321)	1,764,757	
Total bonds and loans payable	47,553,776	29,975	(11,607,321)	35,976,430	10,805,000
Compensated Absences	1,670,348	1,406,625	(1,416,506)	1,660,467	166,047
Total Long-Term Debt	<u>\$ 49,224,124</u>	<u>\$ 1,436,600</u>	<u>\$ (13,023,827)</u>	<u>\$ 37,636,897</u>	<u>\$ 10,971,047</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(6) Long-Term Debt: (Continued)

(d) Long-Term Debt (Continued)

Changes in long-term debt for the year ended September 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
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>

(e) Annual Maturities - The principal and interest requirements to maturity for all outstanding bonds and loans as of September 30, 2021, are as follows:

Year	Refunding and Revenue Bonds			Direct Placements - Loans Payable			
	Ending	Principal	Interest	Total	Principal	Interest	Total
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
2026					29,975	3,648	33,623
	\$	<u>34,105,000</u>	<u>\$ 2,614,625</u>	<u>\$ 36,719,625</u>	<u>\$ 106,673</u>	<u>\$ 16,641</u>	<u>\$ 123,314</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(6) Long-Term Debt: (Continued)

(f) 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, 2021, totaled \$12,242,250 and Pledged Revenues were \$35,829,652. At September 30, 2021, principal and interest to maturity in March 2030 to be paid from pledged future revenues totaled \$36,719,625. Not including the March 1, 2020 crossover refunding, principal and interest paid for the year ended September 30, 2020, totaled \$14,007,551 and Pledged Revenues were \$37,602,388. At September 30, 2020, principal and interest to maturity in March 2030 to be paid from pledged future revenues totaled \$48,961,875.

(g) 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, 2021 and 2020

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

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

Employees Covered by Benefit Terms - For the most recent valuation with a valuation date of October 1, 2020, the following employees were covered by benefit terms:

Participants	
Active Employees	126
Inactive Employees Currently Receiving Benefits	1
Total	127

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 \$610,522 as of September 30, 2020, and was determined from the valuation with a valuation date of October 1, 2018. The Authority's Total OPEB Liability was \$705,540 as of September 30, 2021, and was determined using a roll-forward calculation based on the valuation with valuation date of October 1, 2020.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the October 1, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs. These assumptions apply to the September 30, 2021, fiscal year:

Health Care Trend Rates:	
Initial Health Care Cost Trend Rate:	
HMO Plan	7.50%
PPO Plan	7.50%
Ultimate Health Care Cost Trend Rate	4.50%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2036
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	\$ 8,780,574
Total OPEB Liability as a Percentage of Covered Payroll	8.04%

**SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020**

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

(b) Total OPEB Liability (Continued)

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 the September 30, 2020, fiscal year:

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
Total OPEB Liability as a Percentage of Covered Payroll	6.30%

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, 2021, the calculation used a rate of 2.43%, which was the September 30, 2021, S&P Municipal Bond 20 Year High-Grade Rate Index. 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.

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, 2020.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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

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

	2020	2021
Total OPEB liability, beginning of year	\$ 525,710	\$ 610,522
Changes for the year:		
Service cost	43,577	52,097
Interest on the total OPEB liability	18,349	13,007
Differences between expected and actual experience		(47,441)
Changes in assumptions and other inputs	49,359	82,757
Benefit payments	(26,324)	(5,402)
Other changes	(149)	
Net changes	84,812	95,018
Total OPEB liability, end of year	\$ 610,522	\$ 705,540

Changes of Assumptions - For the September 30, 2021, valuation, all assumptions, methods, and results are based on the fiscal year 2021 GASB 75 actuarial report dated October 1, 2021. Changes to the assumptions since the last actuarial valuation include the discount rate was decreased from 2.14% to 2.43%; 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 Florida Retirement System Pension Plan Actuarial Valuation as of July 1, 2020.

The remainder of this page is intentionally left blank.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(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 (1.43%) or 1-percentage-point higher (3.43%) than the current discount rate at September 30, 2021:

	1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB liability	\$ 663,459	\$ 705,540	\$ 749,162

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%) than 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

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 6.50% decreasing to 3.50%) or 1-percentage-point higher (HMO 8.50%, PPO 8.50% decreasing to 5.50%) than the current healthcare cost trend rates at September 30, 2021:

	1% Decrease 3.00% - 7.50%	Healthcare Cost Trend Rate 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB liability	\$ 785,989	\$ 705,540	\$ 637,043

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%) than 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

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(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, 2021, the Authority recognized OPEB expense of \$36,955. At September 30, 2021, 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	\$ 39,743	\$ 160,552
Changes of Assumptions and Other Inputs	174,300	176,839
Total	<u>\$ 214,043</u>	<u>\$ 337,391</u>

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>

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

<u>Fiscal Year Ending</u>	<u>Amount</u>
<u>September 30:</u>	
2022	\$ (28,149)
2023	(26,704)
2024	(23,651)
2025	(22,767)
2026	(22,767)
Thereafter	690
	<u>\$ (123,348)</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 \$7,687 and \$13,969 for the fiscal years ended September 30, 2021 and 2020, respectively.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(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 upon hiring, but 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 \$979,649 and \$970,137 for the fiscal years ended September 30, 2021 and 2020, 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 2020, 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	<u>(207,398)</u>
	<u>\$ 112,124</u>

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(10) Leases: (Continued)

(a) Right to Use Lease (Continued)

Annual lease service requirements to term are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2022	\$ 70,512	\$ 3,407	\$ 73,919
2023	47,982	699	48,681
Total lease payable	<u>\$ 118,494</u>	<u>\$ 4,106</u>	<u>\$ 122,600</u>

(b) 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. The discount rate was 4% using the implicit rate of the lease. In September 2021, the Authority entered into an agreement with Cellco Partnership d/b/a Verizon Wireless, which allowed Verizon Wireless 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 25 years. The discount rate was 2% using the implicit rate of the lease. Annual lease service requirements to term are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30:			
2022	\$ 99,905	\$ 54,520	\$ 154,425
2023	107,794	51,278	159,072
2024	116,114	47,761	163,875
2025	124,882	43,956	168,838
2026	134,123	39,845	173,968
2027 - 2031	383,360	150,992	534,352
2032 - 2036	370,569	114,723	485,292
2037 - 2041	462,058	73,744	535,802
2042 - 2045	448,583	22,941	471,524
Total lease receivable	<u>\$ 2,247,388</u>	<u>\$ 599,760</u>	<u>\$ 2,847,148</u>

(11) Commitments and Contingencies:

The Authority had outstanding purchase orders related to capital projects totaling approximately \$18 and \$19 million for the fiscal years ended September 30, 2021 and 2020, 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.

SEACOAST UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

(12) Risk Management: (Continued)

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.

This Page Intentionally Left Blank

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

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>	<u>2021</u>
Total OPEB liability					
Service cost	\$ 43,668	\$ 39,433	\$ 34,871	\$ 43,577	\$ 52,097
Interest	23,004	22,767	27,470	18,349	13,007
Differences between expected and actual experience	162,380		(182,990)		(47,441)
Changes of assumptions	(234,515)	(24,958)	(98,410)	49,359	82,757
Changes of benefit terms					
Benefit payments	(28,672)	(40,921)	(22,228)	(26,324)	(5,402)
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>	<u>95,018</u>
Total OPEB liability - beginning	742,050	754,870	765,795	525,710	610,522
Total OPEB liability - ending	<u>\$ 754,870</u>	<u>\$ 765,795</u>	<u>\$ 525,710</u>	<u>\$ 610,522</u>	<u>\$ 705,540</u>
Covered employee payroll	\$ 8,242,182	\$ 8,815,344	\$ 8,342,230	\$ 8,342,230	\$ 8,780,574
Authority's total OPEB liability as a percentage of covered employee payroll	9.16%	8.69%	6.30%	7.32%	8.04%

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 October 1, 2020, valuation, all assumptions, methods, and results are based on the actuarial report dated October 11, 2021. Changes to the assumptions since the last actuarial valuation include the discount rate was increased from 2.14% to 2.43% in 2021 and was decreased from 3.58% to 2.14% in 2020; 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.

This Page Intentionally Left Blank

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

SEACOAST UTILITY AUTHORITY
COMPARATIVE SCHEDULES OF OPERATING REVENUES
BUDGET AND ACTUAL
For the Fiscal Years Ended September 30, 2021 and 2020

	2021		
	Budget	Actual	Variance
Operating revenues:			
Metered water sales	\$ 34,896,793	\$ 36,094,893	\$ 1,198,100
Sewer sales	21,354,608	21,746,075	391,467
Guaranteed revenue	1,100,000	1,199,613	99,613
Reclaimed water sales	2,048,380	2,058,334	9,954
Private fire protection	155,001	162,803	7,802
Private system maintenance	74,400	68,049	(6,351)
Administrative fees	80,000	123,792	43,792
Miscellaneous	374,383	463,143	88,760
Total operating revenues	<u>\$ 60,083,565</u>	<u>\$ 61,916,702</u>	<u>\$ 1,833,137</u>

	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>

SEACOAST UTILITY AUTHORITY
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
BUDGET AND ACTUAL
For the Fiscal Years Ended September 30, 2021 and 2020

	2021		
	Budget	Actual	Variance
Operating expenses:			
Administration	\$ 6,237,414	\$ 6,216,817	\$ 20,597
Finance	1,511,201	1,254,972	256,229
Customer service	2,028,532	1,846,116	182,416
Water treatment	10,069,088	8,516,514	1,552,574
Water distribution	2,234,215	2,038,313	195,902
Sewer treatment	4,598,267	4,123,901	474,366
Sewer distribution	2,856,683	2,647,075	209,608
Utility services	1,815,334	1,610,455	204,879
Plant and administrative	2,474,442	1,895,875	578,567
Depreciation and amortization		19,873,611	(19,873,611)
Total operating expenses	<u>\$ 33,825,176</u>	<u>\$ 50,023,649</u>	<u>\$ (16,198,473)</u>

	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>

SEACOAST UTILITY AUTHORITY
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
For the Fiscal Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Water costs of sales and services:		
Treatment:		
Personnel services	\$ 2,516,807	\$ 2,587,386
Operating expenses	5,999,707	5,845,121
Total treatment	<u>8,516,514</u>	<u>8,432,507</u>
Distribution:		
Personnel services	1,447,218	1,455,636
Operating expenses	591,095	428,460
Total distribution	<u>2,038,313</u>	<u>1,884,096</u>
Total water costs of sales and services	<u>10,554,827</u>	<u>10,316,603</u>
Sewer costs of sales and services:		
Treatment:		
Personnel services	1,932,286	1,803,953
Operating expenses	2,191,615	1,667,050
Total treatment	<u>4,123,901</u>	<u>3,471,003</u>
Collection:		
Personnel services	1,501,942	1,459,527
Operating expenses	1,145,133	865,385
Total collection	<u>2,647,075</u>	<u>2,324,912</u>
Total sewer costs of sales and services	<u>6,770,976</u>	<u>5,795,915</u>
Utility services and fleet:		
Personnel services	853,089	819,842
Operating expenses	757,366	692,387
Total utility services and fleet	<u>1,610,455</u>	<u>1,512,229</u>
Administrative and general:		
Administrative:		
Personnel services	3,409,138	3,379,785
Operating expenses	2,807,679	2,089,752
Total administration	<u>6,216,817</u>	<u>5,469,537</u>
Finance:		
Personnel services	947,063	1,019,217
Operating expenses	307,909	266,996
Total finance	<u>1,254,972</u>	<u>1,286,213</u>
Customer service:		
Personnel services	1,222,846	1,245,835
Operating expenses	623,270	604,300
Total customer service	<u>1,846,116</u>	<u>1,850,135</u>
Total administration and general	<u>9,317,905</u>	<u>8,605,885</u>
Plant and administrative shared expenses:		
Personnel services	267,673	541,756
Operating expenses	1,628,202	1,343,509
Total plant and administrative shared expenses	<u>1,895,875</u>	<u>1,885,265</u>
Total operating expenses before depreciation	30,150,038	28,115,897
Depreciation and amortization	19,873,611	19,104,598
Total operating expenses	<u>\$ 50,023,649</u>	<u>\$ 47,220,495</u>

This Page Intentionally Left Blank

STATISTICAL SECTION

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

Contents

Page

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.

- Schedule of Net Position by Component.....51
- Schedule of Changes in Net Position.....52

Revenue Capacity

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

- Schedule of Revenues by Source.....53
- Total Water Units by Category.....54
- Total Sewer Units by Category.....55
- Water Meter Data.....56
- Sewer Accounts Data.....57
- Potable Water Sold by Customer Type.....58
- Schedule of Water and Sewer Rates 59 and 60
- Largest Customers61

Demographic & Statistical Information

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

- Schedule of Area Demographics62 and 63

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 Debt64
- Schedule of Pledged Revenue Coverage65

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 Function66
- Operation Indicators by Function67
- Capital and Infrastructure Statistics by Function.....68

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year or from data collected from our billing history reports.

This Page Intentionally Left Blank

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

	2012 (1)	2013 (1)	2014	2015	2016	2017 (2)	2018	2019	2020	2021
Net investment in capital assets	\$ 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	\$ 262,597,570
Restricted for:										
Debt service	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	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	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	76,645,689
Totals	\$ 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	\$ 341,243,259
% Change from the prior year	7.56%	6.70%	4.72%	2.01%	5.88%	5.31%	4.14%	6.22%	7.98%	5.30%

(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

	2012 (1),(2)	2013 (1),(2)	2014	2015	2016	2017(3)	2018(2)	2019	2020	2021
OPERATING REVENUE:										
Metered water sales	\$ 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	\$ 36,094,893
Sewer sales	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	21,746,075
Guaranteed revenue	882,228	614,734	581,794	902,696	1,024,180	1,008,373	1,304,046	1,141,744	1,132,859	1,199,613
Reclaimed water revenue	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	2,058,334
Other	632,462	690,943	792,812	765,827	829,542	984,629	680,601	899,654	701,393	817,787
Total operating revenue	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	61,916,702
OPERATING EXPENSES:										
Plant operation and maintenance	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	20,092,742
General and administrative	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	10,057,296
Depreciation	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	19,873,611
Total operating expenses	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	50,023,649
OPERATING INCOME	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	11,893,053
NONOPERATING REVENUE (EXPENSES):										
Investment income:										
Interest income	512,414	458,167	598,500	821,557	1,122,509	1,139,967	2,491,940	2,549,434	1,918,035	1,019,192
Net (decrease) in the fair value of investments	97,271	(547,630)	128,583	317,981	419,896	(648,720)	(1,863,386)	2,361,132	795,908	(707,859)
Grant Revenue							104,821	35,934	339,096	4,472
Interest expense	(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)	(1,120,126)
Bond issuance costs	(134,106)	(160,220)	(161,285)	(156,322)	(139,220)	(547,215)				
Amortization							1,179,483	1,573,181	1,017,945	1,301,953
Build America bond rebate	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	552,798
Other (expense)	(345,518)	(213,682)	(2,637,075)	(3,817,089)	(1,309,422)	(2,364,185)	(295,693)	(3,787,291)	(583,262)	(1,280,604)
Total nonoperating revenue (expenses)	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	(230,174)
INCOME BEFORE CAPITAL/GRANT CONTRIBUTIONS	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	11,662,879
CAPITAL/GRANT CONTRIBUTIONS	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	5,511,322
INCREASE IN NET POSITION	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	17,174,201
NET POSITION, BEGINNING OF YEAR	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	324,069,058
NET POSITION, END OF YEAR	\$ 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	\$ 341,243,259

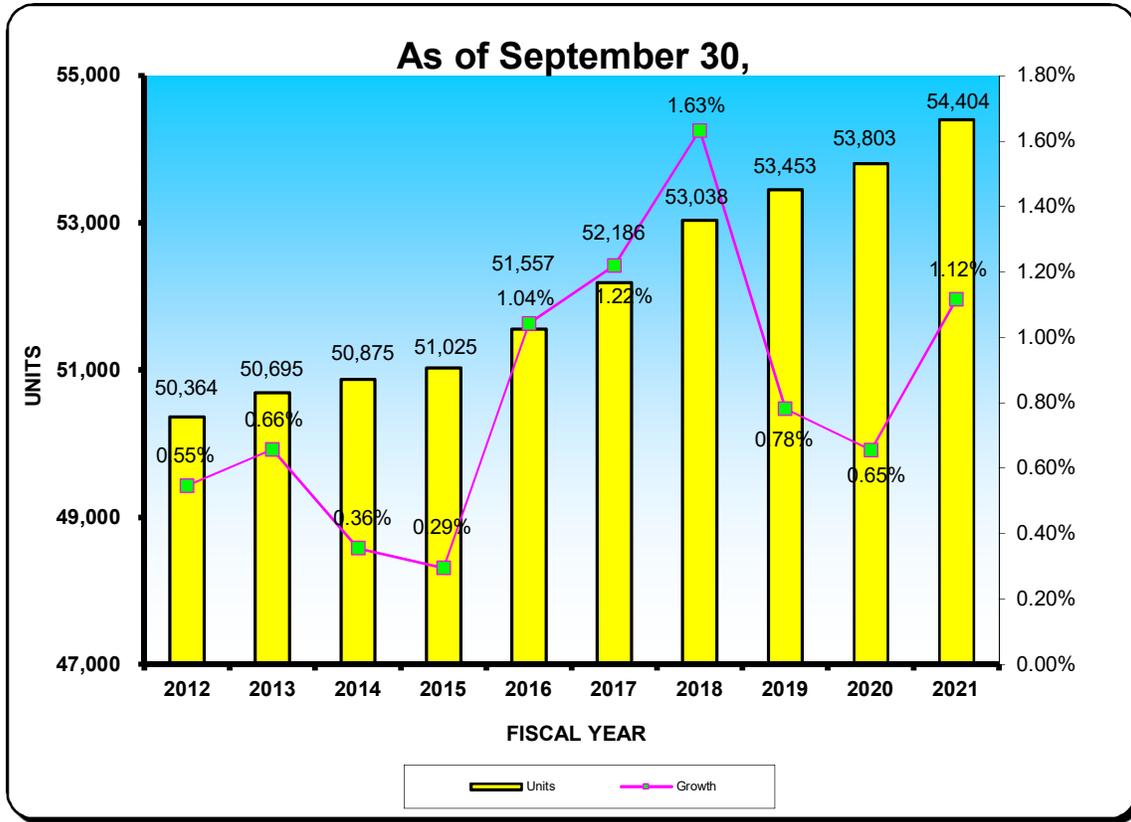
(1) Net position for this fiscal year was restated due to the implementation of GASB 65.
(2) Certain accounts have been reclassified for comparative purposes to conform with the current year presentation.
(3) Beginning Net Position has been restated due to the implementation of GASB 75.

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

Fiscal Year Ended September 30,	Operating Revenues					Nonoperating Revenues					Total Non-Operating Revenues	Total 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			
2012	\$ 25,376,426	\$ 16,567,511	\$ 882,228	\$ 1,056,117	\$ 632,462	\$ 44,514,744	\$	\$ 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
2021	36,094,893	21,746,075	1,199,613	2,058,334	817,787	61,916,702	311,333	5,515,794		552,798		6,379,925	68,296,627

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

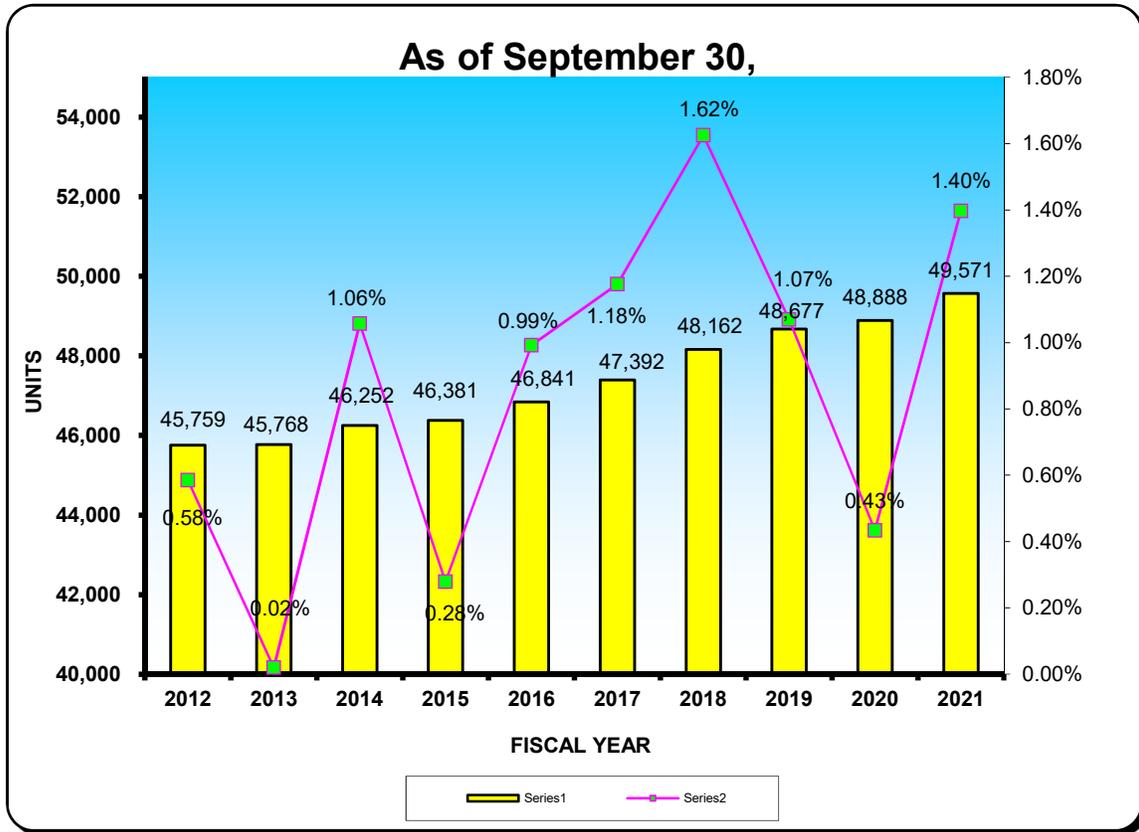
**SEACOAST UTILITY AUTHORITY
TOTAL WATER UNITS BY CATEGORY
For the Last Ten Fiscal Years**



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	
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
2021	32,955	60.57%	18,379	33.78%	3,070	5.64%	54,404

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



TOTAL UNITS BY CATEGORY

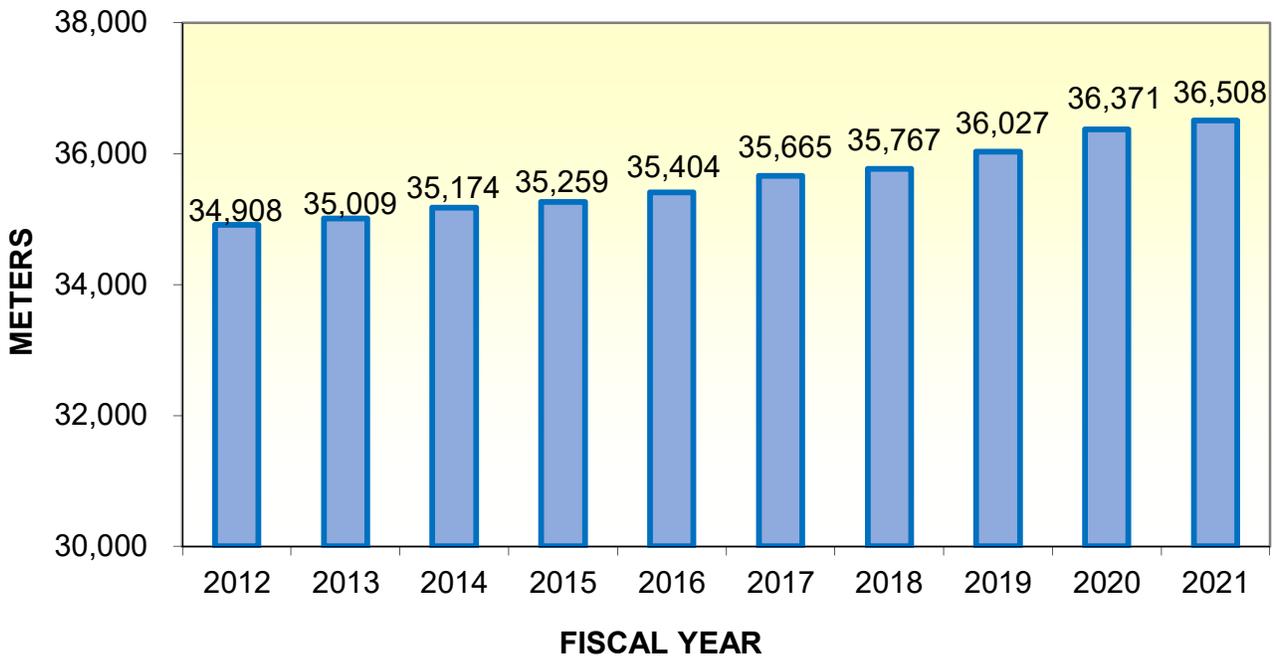
Fiscal Year	Single Family		Multi-Family		Non-Residential		Total All
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2012	27,962	61.11%	16,063	35.10%	1,734	3.79%	45,759
2013	27,971	61.11%	16,063	35.10%	1,734	3.79%	45,768
2014	28,160	60.88%	16,347	35.34%	1,745	3.77%	46,252
2015	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
2021	29,787	60.09%	17,980	36.27%	1,804	3.64%	49,571

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

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	
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	30,400	84.38%	2,584	7.18%	3,043	8.45%	36,027
2020	30,597	84.12%	2,584	7.11%	3,190	8.77%	36,371
2021	30,853	84.51%	2,585	7.09%	3,070	8.41%	36,508

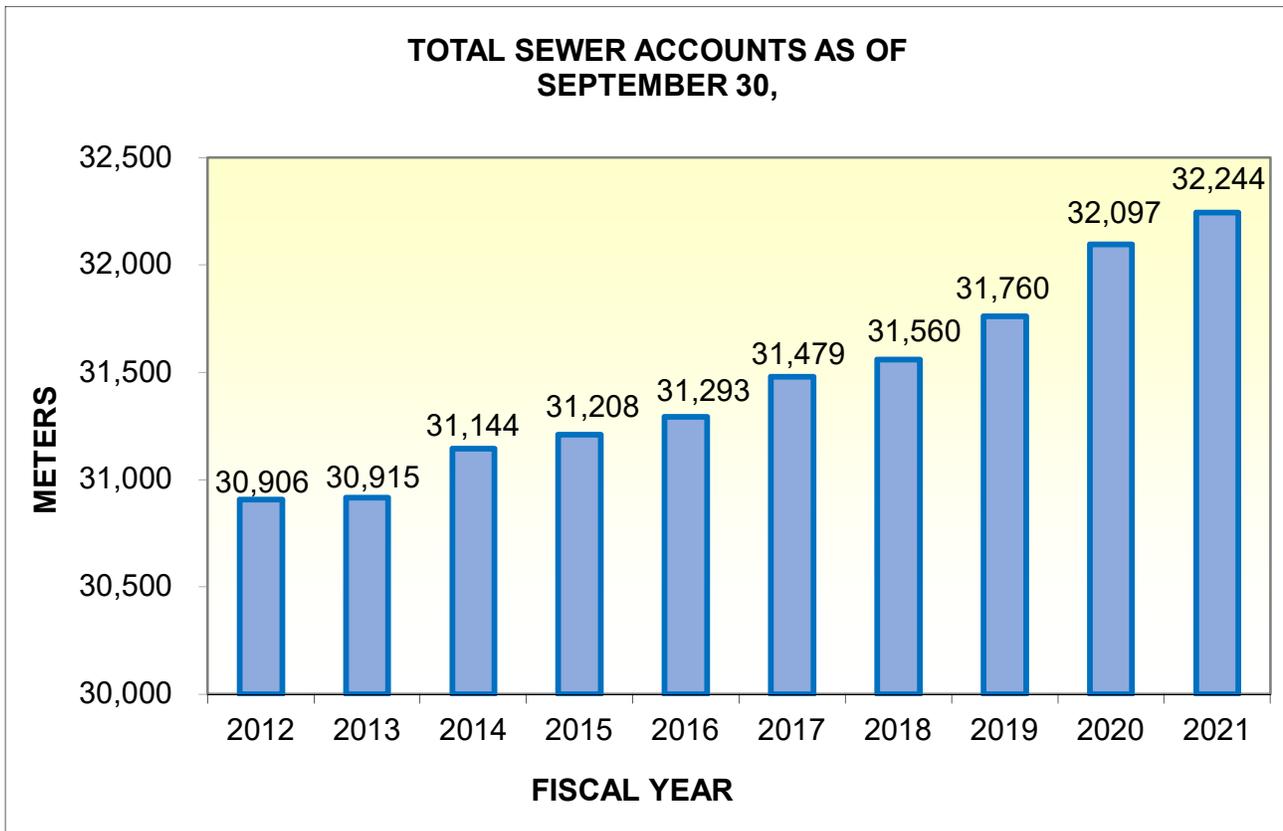
**TOTAL POTABLE WATER METERS AS OF
SEPTEMBER 30,**



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

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	
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
2021	27,879	86.45%	2,561	7.94%	1,804	5.59%	32,244



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential:	(in thousands of gallons)									
Single-Family	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	3,873,265
Multi-Family	666,714	585,494	645,459	724,340	740,264	776,256	796,712	776,352	794,895	801,097
Total Residential	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	4,674,362
Non-Residential	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	1,262,161
Grand Total	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	5,936,523

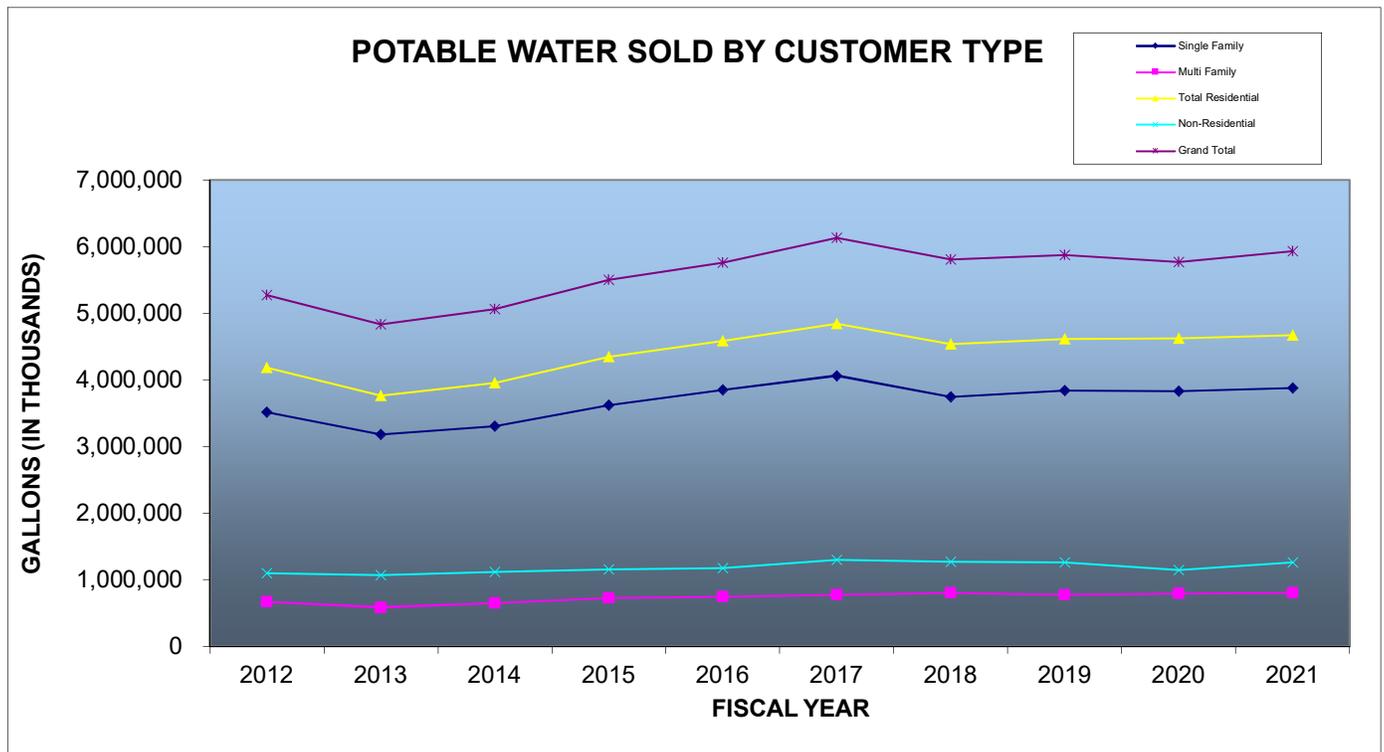
Charges for Services

\$ 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	\$ 61,916,702
---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------

Calculated Total Direct Rate

per Thousand Gallons \$	8.44	\$ 9.02	\$ 9.10	\$ 8.82	\$ 8.93	\$ 8.92	\$ 9.40	\$ 9.80	\$ 10.34	\$ 10.43
-------------------------	------	---------	---------	---------	---------	---------	---------	---------	----------	----------

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, who total 22, 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, 2021

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 "	\$ 20.81	\$ 30.19	\$ 13.94	\$ 24.15	\$ 20.81	\$ 30.19
1"	52.01	30.19	13.94	24.15	52.01	75.48
1-1/2"	104.03	30.19	13.94	24.15	104.03	150.95
2"	166.45	30.19	13.94	24.15	166.45	241.54
3"		30.19	13.94	24.15	332.87	483.08
4"		30.19	13.94	24.15	520.13	754.79
6" Compound		30.19	13.94	24.15	1,040.23	1,509.62
6" Turbine		30.19	13.94	24.15	1,040.23	1,509.62
8" Turbine		30.19	13.94	24.15	1,664.40	2,415.38
10" Compound		30.19	13.94	24.15		
10" Turbine		30.19	13.94	24.15		
Sewer only		30.19		24.15		

Rates effective October 1, 2020

(Continued)

SEACOAST UTILITY AUTHORITY
SCHEDULE OF WATER AND SEWER RATES (Continued)
As of September 30, 2021

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
\$ 1.27	\$ 2.06	\$ 1.27	\$ 2.06	\$ 1.27	\$ 2.06

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

		Water	Sewer
Single-Family:	1 - 6,000 gallon rate	\$ 1.12	\$
	7,000 - 30,000 gallon rate	4.41	
	Greater than 31,000 gallon rate	6.62	
	0 - 10,000 gallons max		0.74
Multi-Family:	1 - 4,000 gallon rate	1.12	
	5,000 - 20,000 gallon rate	4.41	
	Greater than 21,000 gallon rate	6.62	
	0 - 6,000 gallons max		0.74
Non-Residential:	1 - 6,000 gallon rate	1.12	
	7,000 gallon rate or more	4.41	
	All gallons		0.74

Fire Line Charge Caps: Customers served by separate Fire Line

Fixed Monthly Charge: All Fire Lines \$22.08 (includes \$1.27 point of service charge)
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	2021			2012		
	Operating Revenues	Rank	%	Operating Revenues	Rank	%
Housing Trust Group of Florida LLC	\$ 412,273	1	0.67%	\$ 230,230	3	0.52%
San Matera The Gardens Condo Assoc Inc	356,733	2	0.58%	310,751	1	0.70%
Westwood Gardens Devel Corp	336,169	3	0.54%	296,402	2	0.67%
Meadows Mobile Home Park	315,078	4	0.51%	208,424	8	0.47%
Advenir at PGA, LLC	287,373	5	0.46%			
Waterford	260,121	6	0.42%	181,958	10	0.41%
Forbes/Cohen Fla Properties	259,489	7	0.42%	210,898	6	0.47%
San Merano at Mirasol	249,061	8	0.40%	211,289	5	0.47%
Gables Residential	241,595	9	0.39%	211,553	4	0.48%
Magazine Gardens East LP	235,836	10	0.38%			
Downtown Gardens Mgmt. Co.				209,106	7	0.47%
Olen Company				198,343	9	0.45%
Subtotal	\$ 2,953,728		4.77%	\$ 2,268,954		5.11%
Balance from other customers	58,962,974		95.22%	42,245,790		94.89%
Total all	\$ 61,916,702		100.00%	\$ 44,514,744		100.00%

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

Fiscal Year		Estimated Population Served	Per Capita Personal Income	Median Age	Unemployment Rate
2012	City of Palm Beach Gardens	49,365	\$ 56,119	47.08	5.9%
	Town of Lake Park	8,309	\$ 18,885	35.06	11.4%
	Town of Juno Beach	3,235	\$ 54,136	60.37	11.2%
	Village of North Palm Beach	12,241	\$ 49,117	51.1	5.3%
	Palm Beach County	19,086	\$ 48,953	42.59	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%
2021	City of Palm Beach Gardens	57,761	\$ 91,968	47.6	2.9%
	Town of Lake Park	8,481	\$ 63,198	36.8	3.2%
	Town of Juno Beach	3,663	\$ 89,962	60.1	3.5%
	Village of North Palm Beach	13,096	\$ 75,510	52.6	2.2%
	Palm Beach County	23,261	\$ 68,107	44.0	4.0%

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 11/12			FY 12/13			FY 13/14			FY 14/15			FY 15/16		
	Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area	
		Employment	Rank												
Florida Power & Light	3,635	5.2%	1	3,804	5.4%	1	3,635	4.8%	1	3,854	5.1%	1	3,658	4.9%	1
Waackenhut	3,000	4.3%	2	3,000	4.2%	2	3,000	4.0%	2	3,000	1.5%	2	3,000	4.0%	2
PGA National Resort & Spa	700	1.0%	3	700	1.0%	3	700	0.9%	3	700	0.9%	4	780	1.0%	4
BIOMET 3i, Inc.	476	0.7%	5	460	0.7%	5	476	0.6%	5	471	0.6%	5	519	0.7%	5
Virtual Bank	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	0*	0.0%	7	467	0.6%	6
Belean Engineering Corp	329	0.5%	7	329	0.5%	7	329	0.4%	7	441	0.6%	6	464	0.6%	7
City of Palm Beach Gardens	450	0.6%	6	450	0.6%	6	450	0.6%	6	154	0.2%	10	277	0.4%	8
Palm Beach Gardens Marriott	154	0.2%	10	154	0.2%	10	154	0.2%	10	282	0.4%	8	242	0.3%	9
Gobal Care Solutions	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	807	1.1%	3	807	1.1%	3
Anspach Companies	256	0.4%	8	256	0.4%	8	256	0.3%	8	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	215	0.3%	10
Catalfumo Construction	200	0.3%	9	200	0.3%	9	200	0.3%	9						
Total Employed by Top Ten	9,800	14.0%		9,994	14.2%		9,800	13.0%		10,399	13.0%		10,429	13.0%	

Top Ten Employers by Number of Employees	FY 16/17			FY 17/18			FY 18/19			FY 19/20			FY 20/21		
	Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area		Number of Employees	% of Total Service Area	
		Employment	Rank												
Florida Power & Light	4,005	5.4%	1	4,021	5.4%	1	4,404	5.9%	1	4,807	6.1%	1	5,119	6.5%	1
G4S Security (Waackenhut)	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
PGA National Resort & Spa	700	0.9%	4	700	0.9%	4	700	0.9%	4	700	0.9%	4	700	0.9%	4
BIOMET 3i, Inc.	471	0.6%	6	471	0.6%	6	651	0.9%	5	659	0.8%	5	659	0.8%	5
Belean Engineering Corp	450	0.6%	7	458	0.6%	7	458	0.6%	7	458	0.6%	7	315	0.4%	7
City of Palm Beach Gardens	472	0.6%	5	496	0.7%	5	496	0.7%	6	496	0.6%	6	501	0.6%	6
Palm Beach Gardens Marriott	154	0.2%	10	154	0.2%	10	154	0.2%	10	154	0.2%	10	154	0.2%	10
Anspach Companies	242	0.3%	9	242	0.3%	9	242	0.3%	9	242	0.3%	9	242	0.3%	9
TBC Corporation	807	1.1%	3	750	1.0%	3	800	1.1%	3	870	1.1%	3	870	1.1%	3
Catalfumo Construction	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0	0*	0.0%	0
LRP Publications	285	0.4%	8	292	0.4%	8	292	0.4%	8	292	0.4%	8	293	0.4%	8
Total Employed by Top Ten	10,586	14.2%		9,085	12.2%		9,698	13.0%		10,129	12.9%		10,304	13.1%	

* 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 (7)	2009B Revenue Bonds (7)	2016A Refunding Bonds (6)	2016B Refunding Bonds (6)	2018 Loan Payable (8)	2019 Loan Payable (8)	2020 Loan Payable (8)	2021 Loan Payable (8)	Total	
													Outstanding Debt (5)	Debt Per Customer (1)
2012 (5)	23,814,737	5,510,069	9,877,046	9,276,799	12,739,150	65,015,000							126,232,801	2,506
2013	24,005,687		9,854,795	9,256,502	12,128,325	65,015,000							120,260,309	2,372
2014	19,019,346		9,256,669	8,695,433	12,062,808	65,015,000							114,049,256	2,242
2015	13,496,664		8,638,785	8,109,988	11,997,656	65,015,000							107,258,093	2,102
2016	10,428,982		6,601,620	6,195,736	11,877,896	65,015,000							100,119,234	1,942
2017	7,176,301		4,485,644	4,208,801	4,019,633	65,015,000	8,499,065	50,049,587					143,454,031	2,749
2018	3,733,618		2,287,761	2,141,164	3,932,777	65,015,000	7,852,603	48,491,687	17,269				133,471,879	2,517
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	17,269	29,334	30,095		47,553,776	884
2021							35,869,757		17,269	29,334	30,095	29,975	35,976,430	661

(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.

(6) The 2016A Bonds were issued to advance 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.

(7) The 2009 Bonds were issued to construct the replacement of the Water Treatment Plant.

(8) The Authority entered into a lease/purchase loan agreements.

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	Operating Expenses Excluding Depreciation	75% of Non-Construction Interest Income	25% of Non-Construction Interest Income	Net Revenue Available (1)	Guaranteed Revenue	Connection Charges	Interest	Principal (6)	Total Debt Service Requirements (5)	Excluding Guaranteed Revenue and Connection Fees (2)	Including Guaranteed Revenue and Connection Fees (4)
2012	43,632,516	20,397,508	384,310	128,103	23,619,318	882,228	981,136	7,413,646	5,570,961	12,984,607	1.82	1.97
2013	43,006,922	20,834,197	343,625	114,542	22,516,350	614,734	955,672	7,104,217	5,992,548	13,096,765	1.72	1.85
2014	45,507,201	22,659,642	448,875	149,625	23,296,434	581,794	940,202	6,776,099	6,529,195	13,305,294	1.75	1.88
2015	47,601,578	21,820,014	616,168	205,389	26,397,732	902,696	1,669,411	6,426,250	6,873,329	13,299,579	1.98	2.19
2016	50,386,173	22,299,646	841,882	280,627	28,928,409	1,024,180	2,129,539	6,082,796	7,221,417	13,304,213	2.17	2.43
2017	53,706,235	23,003,820	854,975	284,992	31,557,390	1,008,373	1,868,168	7,235,870	7,567,911	14,803,781	2.13	2.35
2018	53,306,256	25,203,588	1,868,955	622,985	29,971,623	1,304,046	2,232,405	7,531,360	8,250,521	15,781,881	1.90	2.16
2019	56,414,512	25,467,006	1,912,076	637,358	32,859,582	1,141,744	2,170,156	7,135,105	8,643,925	15,779,030	2.08	2.33
2020	58,522,580	28,115,897	1,438,526	479,509	31,845,209	1,132,859	4,144,811	4,577,551	9,430,000	14,007,551	2.27	2.68
2021	60,717,089	30,150,038	764,394	254,798	31,331,445	1,199,613	3,043,796	1,962,250	10,280,000	12,242,250	2.56	2.93

(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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Administration	30	29	29	30	31	31	30	32	33	32
Customer/Field Service	18	18	18	18	18	18	15	14	15	15
Utility Services/Fleet	10	10	11	10	10	10	10	9	9	8
Sewer Treatment	16	16	16	16	16	16	16	15	16	18
Water Treatment	22	22	22	22	21	21	21	21	20	23
Water Distribution	14	14	13	16	15	15	16	17	17	18
Wastewater Collection	16	16	15	15	14	14	16	17	16	17
Total	126	125	124	127	125	125	124	125	126	131

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
WATER										
Number of accounts	34,908	35,009	35,174	35,259	35,665	35,665	35,767	35,999	36,371	36,508
Average Daily Consumption (in thousands of gallons)	14,450	13,250	13,882	15,072	15,779	16,809	15,922	16,098	15,807	16,264
SEWER										
Number of accounts	30,906	30,915	31,144	31,208	31,293	31,479	31,560	31,760	32,097	32,244
Average Daily Sewer Charged (in thousands of gallons)	8,739	8,689	9,061	9,036	9,169	9,680	9,355	9,477	9,364	9,391

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
WATER										
Water main (miles)	478.0	480.5	480.6	484.5	488.2	493.6	495.7	497.2	503.2	520.2
Fire hydrants	3,500	3,508	3,525	3,555	3,593	3,614	3,624	3,635	3,809	3,849
Valves	6,885	6,935	6,948	7,186	7,307	7,382	7,450	7,520	7,716	7,926
SEWER										
Sanitary sewer (miles)	281.1	281.4	281.6	284.1	285.0	286.3	286.3	287.1	296.1	302.6
Force main miles	85.8	86.2	86.0	86.9	87.5	87.9	88.9	89.4	92.9	97.4
Lift stations	150	150	150	151	152	153	154	156	159	168
Utility holes	7,592	7,607	7,632	7,711	7,747	7,759	7,771	7,782	8,076	8,279
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

This Page Intentionally Left Blank



**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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 16, 2022



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, 2021, and have issued our report thereon dated February 16, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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 Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
February 16, 2022

Mauldin & Jenkins, LLC

SEACOAST UTILITY AUTHORITY

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiency identified not considered
to be material weaknesses?

Yes None reported

Noncompliance material to financial statements noted?

Yes 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, 2021.

**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, 2021

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, 2021. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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, 2021.

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

Bradenton, Florida
February 16, 2022

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

This Page Intentionally Left Blank