



COMPREHENSIVE

Annual Financial Report
Florida Governmental Utility Authority

For the Fiscal Year Ended
September 30th

2019



FLORIDA GOVERNMENTAL UTILITY AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by:

Finance Department
David DiLena, CPA, Chief Financial Officer

**FLORIDA GOVERNMENTAL UTILITY AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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TAB ¹
Introductory Section





FGUA Operations Office
Government Services Group, Inc.
280 Wekiva Springs Rd., Ste 2070
Longwood, FL 32779-6026

(877) 552-3482 Toll Free
(407) 629-6900 Tel
(407) 629-6963 Fax

February 27, 2020

Chairman and Members, Board of Directors
Florida Governmental Utility Authority
1500 Mahan Drive, Suite 250
Tallahassee, FL 32308

Florida State law requires that all units of local government publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report of the Florida Governmental Utility Authority (FGUA) for the fiscal year ended September 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the FGUA. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the FGUA. All disclosures necessary to enable the reader to gain an understanding of the FGUA's financial activities have been included.

The Florida Governmental Utility Authority's financial statements have been audited by James Moore & Co. P.L., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Florida Governmental Utility Authority for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Florida Governmental Utility Authority's financial statements for the Fiscal Year ended September 30, 2019, are fairly presented in conformance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The Florida Governmental Utility Authority's MD&A can be found immediately following the report of the independent auditors.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

PROFILE OF THE GOVERNMENT

The FGUA exists as a legal entity and public body pursuant to Chapters 125, 163 and 166, Florida Statutes, and a First Amended and Restated Interlocal Agreement dated as of December 1, 2000, as restated, amended and supplemented from time to time (the “Interlocal Agreement”) by and among various local governments located in the State of Florida. The table below outlines the original member governments as well as the changes and current status of other member governments throughout the years as follows:

Local Government	Notes	Status	Year Joined	Year Terminated
Brevard County	[a]	Terminated member	1999	2000
Citrus County		Current member	2003	
Collier County		Terminated member	1999	2018
Desoto County		Terminated member	2009	2015
Hendry County		Current member	2008	
Lee County	[a]	Current member	1999	
Marion County		Current member	2013	
Nassau County		Terminated member	1999	2003
Osceola County		Terminated member	2003	2009
Pasco County		Current member	2008	
Polk County	[a]	Current member	1999	
Sarasota County	[a]	Terminated member	1999	2002
Town of Dundee		Terminated member	2007	2008

[a] Original establishment member governments

PURPOSE OF THE GOVERNMENT

The purpose of the FGUA is to enable its members to make the most efficient use of their common power to acquire, own, improve, operate, and maintain water and wastewater facilities. Authority membership is not a prerequisite to the acquisition of property within any particular jurisdiction. As of September 30, 2019, the FGUA managed and operated 90 water systems and 36 wastewater systems located in thirteen counties in Florida. These systems are accounted for in ten separate enterprise funds, each with their own revenue bonds.

The FGUA does not have any employees. All services are provided on a contractual basis predicated on the management and operational needs of the FGUA. Overall management (including executive oversight, administration, financial management, capital planning, and construction contract supervision) is provided by Government Services Group, Inc. Daily operations, maintenance, customer service, and billing services are provided by US Water Services Corporation.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

OPERATIONAL ACTIVITY OF THE GOVERNMENT

The FGUA began its operational and fiscal activities on the date of acquisition of five water and wastewater systems on April 15, 1999. The table below outlines the utility systems acquired by year and in certain utility systems, the year the system was successfully transferred back to the host government or other established authority as follows:

Utility System	Year Acquired	Year Transferred	County/Authority Transferred To
Barefoot Bay	1999	2000	Brevard
Carrollwood	1999	2004	Hillsborough
Golden Gate	1999	2018	Collier
Poinciana	1999	2007	Tohopekaliga Water Authority
Sarasota	1999	2002	Sarasota
Citrus County	2003	2007	Citrus
Lehigh Acres	2003		
Aloha Utilities (Aloha Gardens & Seven Springs)	2009		
Consolidated	2009		
Lindrick	2010		
North Ft. Myers	2010		
MacDill AFB	2010		
Mad Hatter/Paradise Lakes	2012		
Lake Aqua	2013		
Pasco Aqua	2013		
Unified Aqua	2013		
City of Dunnellon	2018		

As of September 30, 2019, the FGUA consisted of 126 water and wastewater systems located in thirteen counties in Florida. The systems are grouped into ten enterprise funds, primarily on a geographic basis. There is also a Non-System Specific enterprise fund for the other minor contractual services provided by the FGUA.

INTRODUCTORY SECTION

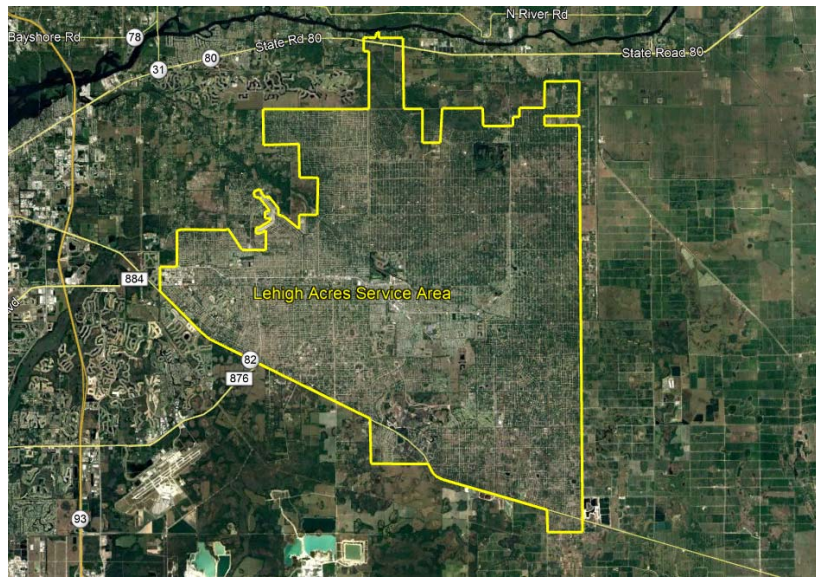
Florida Governmental Utility Authority Letter of Transmittal (continued)

BACKGROUND INFORMATION ON ENTERPRISE FUNDS

LEHIGH ACRES UTILITY SYSTEM

SERVICE AREA

Lehigh Acres is in the Eastern portion of Lee County, Florida, located east of State Road 82 and south of State Road 80. Fort Myers is the largest population center located due west of Lehigh Acres. Lehigh Acres occupies approximately 94.9 square miles of developed residential and light commercial property. The majority of properties are zoned single family residential. Duplex residential and light commercial properties are located along the main roadways. Less than 50 percent of Lehigh Acres is served by public water service, with 38 percent served by central wastewater service. The Florida Governmental Utility Authority has utility service primarily along three major roadway corridors, Lee Boulevard running east and west, Homestead Road running southwest and Joel Boulevard running north and south. Both old and new planned neighborhoods are scattered along these roadways and typically have water and wastewater service.



WATER SYSTEM

The Lehigh Acres water system consists one (1) 3.10 MGD water treatment plant (WTP), thirteen (13) production wells, two (2) booster stations, and an interconnect with the city of Fort Myers which allows for up to 2.0 MG peak daily flow.

WASTEWATER SYSTEM

The Lehigh Acres wastewater system consists of one (1) wastewater treatment plant (WWTP) with a permitted capacity of 2.76 MGD AADF, a deep injection well (DIW) with a permitted disposal capacity of 18.6 MGD, collection and transmission mains, and lift stations. The system provides reclaimed water to two (2) major users (golf courses) and is permitted for 1.28 MGD AADF.

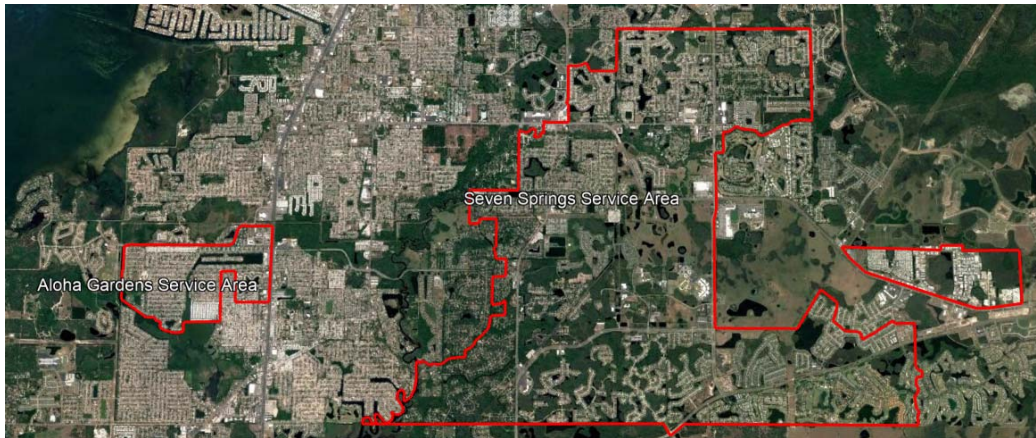
INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

PASCO UTILITY SYSTEM

SERVICE AREA

The physical facilities of the Pasco Utility System are located in two distinct service areas, the Aloha Gardens service area and the Seven Springs service area. The Pasco Utility systems are located in Pasco County, immediately north of Pinellas and Hillsborough Counties, with the Aloha Gardens service area west of U.S. Highway 19 and the Seven Springs service area to the east of U.S. Highway 19.



WATER SYSTEM

Aloha Gardens - The Aloha Gardens water system consists of one (1) production well with a permitted withdrawal limit of 0.123 MGD AADF, associated disinfection system, and a hydro tank. The Aloha Gardens system purchases additional water from Pasco County through three (3) interconnects.

Seven Springs - The Seven Springs water system consists of one (1) centralized WTP with a permitted treatment capacity of 2.90 MGD and includes seven (7) production wells. The Seven Springs water system is also interconnected with Pasco County and is required to purchase all water beyond its Water Use Permit limit of 2.289 MGD AADF.

WASTEWATER SYSTEM

Aloha Gardens - The Aloha Gardens wastewater system consists of twelve (12) lift stations and the associated collection and transmission system. All wastewater from the Aloha Gardens service area is sent to Pasco County for treatment and disposal through a bulk service agreement.

Seven Springs - The Seven Springs wastewater system consists of one (1) wastewater treatment plant with a permitted capacity of is a 2.9 MGD AADF, and sixty-eight (68) lift stations. The system provides reclaimed water to residential and commercial customers and is permitted for 3.089 MGD AADF.

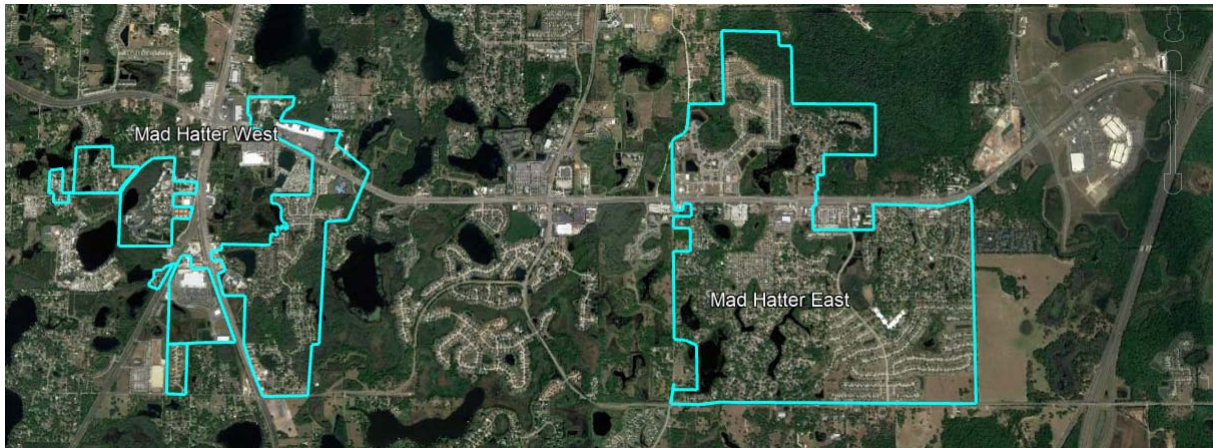
INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

CONSOLIDATED UTILITY SYSTEM

SERVICE AREA

The Consolidated Utility System is comprised of ten (10) small service areas: Anclote, Angus Valley, Colonial Manor, Dixie Groves, Virginia City, Westwood, Mad Hatter East (Carpenters Run, Turtle Lakes, and Twin Palms), Mad Hatter West (Foxwood Lakes and Cypress Cove), Linda Lakes and Paradise Lakes. These systems are geographically spread throughout Hillsborough County, Pasco County and Pinellas County and collectively make up the Consolidated Utility System.



WATER SYSTEM

The Consolidated water system consists of ten (10) separate small water systems. Eight (8) of these systems (Angus Valley, Dixie Groves, Virginia City, Westwood, Mad Hatter East, Mad Hatter West, Linda Lakes, and Paradise Lakes) have small WTPs with permitted withdrawal limits ranging from 0.029 MGD AADF (Westwood) to 1.00 MGD AADF (Mad Hatter East/West). The water systems generally consist of one (1) or two (2) production wells, associated disinfection systems, and small hydro tanks. Two (2) of the water systems (Anclote and Colonial Manor) are interconnected with neighboring utilities and all water is purchased. A complete listing of these facilities and associated capacities is shown on Table 1.

WASTEWATER SYSTEM

The Consolidated wastewater system consist of one (1) WWTP with a permitted capacity of 0.020 MGD TMRADF, collection and transmission mains and lift stations. The WWTP only serves the Linda Lakes community and all other wastewater from the Mad Hatter East, Mad Hatter West and Paradise Lakes wastewater systems are sent to Pasco County via an interconnect for treatment and disposal.

Anclote, Angus Valley, Colonial Manor, Dixie Groves, Virginia City and Westwood are water only systems and have no wastewater facilities.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

LINDRICK UTILITY SYSTEM

SERVICE AREA

The Lindrick service area is comprised of approximately 3.24 square miles and consists of a population of approximately 4,600 people. The majority of the Lindrick service area is located west of US-19 on Florida's Gulf of Mexico coastline, extending from Trouble Creek Road to Green Key Road, which includes the Shamrock Height Subdivision.



WATER SYSTEM

The Lindrick water system consists of six (6) production wells (No. 2, 3, 4, 5, 6, 8) with a combined permitted withdrawal limit of 870,000 GPD AADF. Wells No. 1 and 7 are currently out of service. Water from all wells is conveyed to a centralized WTP located at the Well No. 1 site. This centralized WTP has a design capacity of 1.944 MGD. There are also two (2) emergency bulk water interconnects with the city of New Port Richey which are available to supplement water supply when needed.

WASTEWATER SYSTEM

The Lindrick wastewater collection system consists of approximately 482 manholes, 137,500 feet of gravity sewer and eighteen (18) lift stations. All wastewater is sent to the city of New Port Richey WWTP for treatment and disposal under a Bulk Wastewater Treatment Agreement. The current agreement is in effect until July 1, 2021 and allows up to 700,000 gallons per day of treatment capacity.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

MACDILL AIR FORCE BASE UTILITY SYSTEM

SERVICE AREA

The MacDill Air Force Base (AFB) is located eight miles south of downtown Tampa on the Southwestern tip of the interbay Peninsula on the west coast of Florida. The AFB privatized utilities in 2011 and ownership of all water and wastewater system assets transferred to the FGUA. The FGUA now has the primary responsibility in operating and maintaining the system.



WATER SYSTEM

The MacDill AFB purchases treated water from the city of Tampa Water Department through three interconnections. The MacDill AFB water system consists of treatment facilities, water storage tanks, the transmission/distribution system, along with associated pumps, valves and appurtenances. The water system is well designed with multiple supply points, effective system looping, and sufficient storage capacity.

WASTEWATER SYSTEM

The MacDill AFB wastewater system consists of one (1) wastewater treatment plant (WWTP) with a permitted capacity 1.20 MGD AADF, collection and transmission mains, lift stations, an effluent disposal system and a biosolids disposal system. The system provides reclaimed water to two (2) major users (golf courses) located at the AFB.

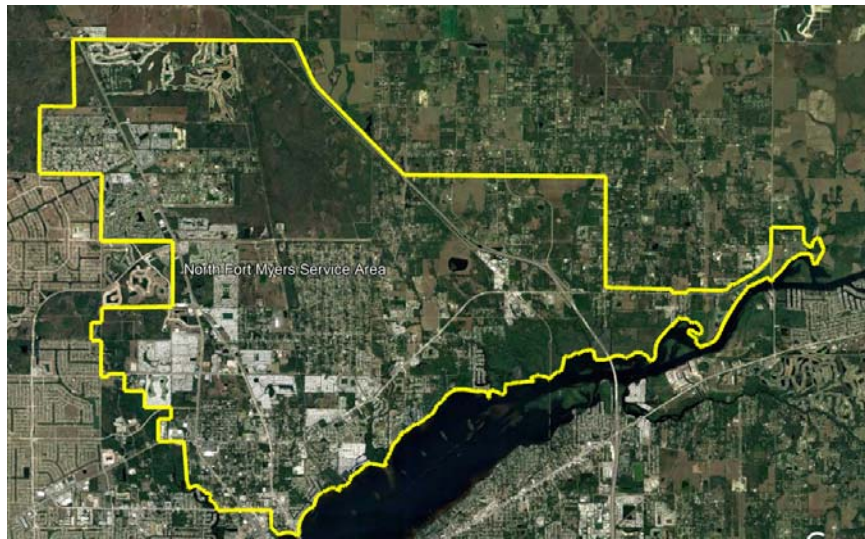
INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

NORTH FORT MYERS UTILITY SYSTEM

SERVICE AREA

The North Fort Myers service area is located immediately north of Caloosahatchee River in Lee County, mainly between Interstate 75 and US 41. The service area occupies approximately 39 square miles and is comprised of single family and multi-family residential, light commercial, and undeveloped properties. The North Fort Myers service area is mainly a wastewater system due to the fact that Lee County serves potable water to a large portion of the North Fort Myers service area but FGUA does supply water to two small water systems (Pine Lakes and Lake Fairways).



WATER SYSTEM

The water system consists of two (2) small separate systems: Pine Lakes and Lake Fairways. The Pine Lakes water system is supplied by Lee County through an interconnect. The Lake Fairways water system consists of two (2) production wells with a permitted withdrawal limit of 37 MG annually (0.101 MGD). Raw water from the wells is conveyed to a centralized WTP located inside the community. Both Pine Lakes and Lake Fairways systems are built out with no future development expected.

WASTEWATER SYSTEM

The North Fort Myers system is served by two (2) separate collection and treatment facilities, the Del Prado WWTP and the Lake Fairways WWTP.

Del Prado - The Del Prado wastewater system consist of one (1) WWTP with a permitted capacity of 4.25 MGD AADF, a deep injection well (DIW) with a permitted disposal capacity of 4.87 MGD maximum daily flow, collection and transmission mains, and lift stations. The system provides reclaimed water to seven (7) major users (golf courses, and landscape irrigation for developments) and is permitted for 5.251 MGD AADF.

Lake Fairways - The Lake Fairways wastewater system consists of one (1) WWTP with a permitted capacity of 0.300 MGD AADF, collection and transmission mains, and lift stations. The system provides reclaimed water to one (1) major user (Pine Lakes golf course).

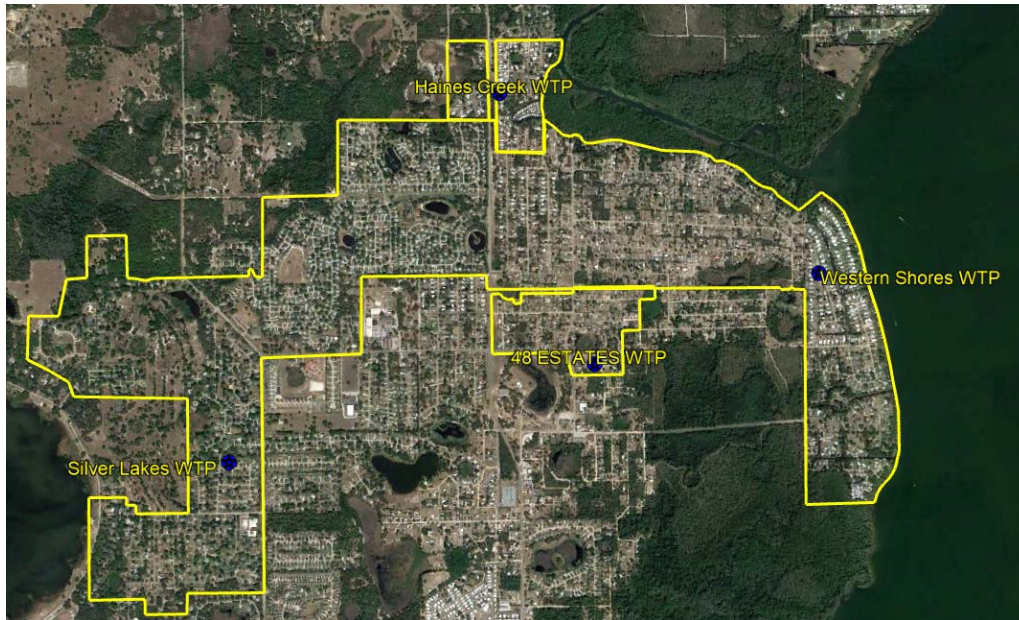
INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

LAKE AQUA UTILITY SYSTEM

SERVICE AREA

FGUA currently owns and operates twenty-five (25) water systems and eight (8) wastewater systems in Lake County, Florida. These systems are geographically scattered across Lake County and collectively make up the Lake Aqua Utility System. The largest contiguous Lake Aqua Utility System service area is shown below.



WATER SYSTEM

The Lake Aqua water system consist of approximately twenty-five (25) separate water systems and associated WTPs. Most of the water systems are relatively small, with sixteen (16) systems serving 200 connections or less, eight (8) systems serving 200 to 500 connections, and the largest system in the group (Silver Lake Estates) serving approximately 1,100 connections. The water systems generally consist of one (1) or two (2) production wells, associated disinfection systems, and small hydro tanks. Most are permitted by the Florida Department of Environmental Protection and have a Consumptive Use Permit (CUP) from the St. Johns River Water Management District (SJRWMD). A complete listing of these facilities and associated capacities is shown on Table 1.

WASTEWATER SYSTEM

The Lake Aqua wastewater system consists of eight (8) separate wastewater systems, seven (7) wastewater treatment plants (WWTPs) which range in permitted capacity from 0.020 MGD AADF (Morningview) to 0.080 MGD AADF (Valencia Terrace), collection and transmission mains, and lift stations. Effluent disposal at the facilities generally consists of rapid infiltration basins or permitted reuse facilities using sprayfields. A complete listing of these facilities and associated capacities is shown on Table 2.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

PASCO AQUA UTILITY SYSTEM

SERVICE AREA

The Pasco Aqua service area is comprised of three (3) separate service areas: Jasmine Lakes, Palm Terrace and Zephyr Shores (not shown below). These systems are geographically scattered across Pasco County and collectively make up the Pasco Aqua Utility System.



WATER SYSTEM

Jasmine Lakes - The Jasmine Lakes water system consists of four (4) production wells with a combined permitted withdrawal limit of 318,700 GPD AADF. Water from all wells is conveyed to a centralized WTP located at 7612 Pineapple Lane for treatment and subsequent distribution.

Palm Terrace - The Palm Terrace water system is a consecutive water system that purchases all of its water from Pasco County Utilities via an interconnect.

Zephyr Shoes - The Zephyr Shores water system consists of one (1) production well, associated disinfection system, and a small hydro tank. There is also an emergency bulk water interconnect with Pasco County which can supplement water supply when needed.

WASTEWATER SYSTEM

Jasmine Lakes - The Jasmine Lakes wastewater system consists of one (1) wastewater treatment plant (WWTP) with a permitted capacity of 0.370 MGD TMRADF, associated collection and transmission mains, and lift stations. The WWTP is limited to 0.308 MGD AADF due to limited effluent disposal.

Palm Terrace - The Palm Terrace wastewater collection system consists of one (1) wastewater treatment plant with a permitted capacity of 0.130 MGD AADF, associated collection and transmission mains, and lift stations.

Zephyr Shores - The Zephyr Shores wastewater system consists of collection and transmission mains and lift stations. All wastewater is conveyed to Pasco County via an interconnect for treatment and disposal.

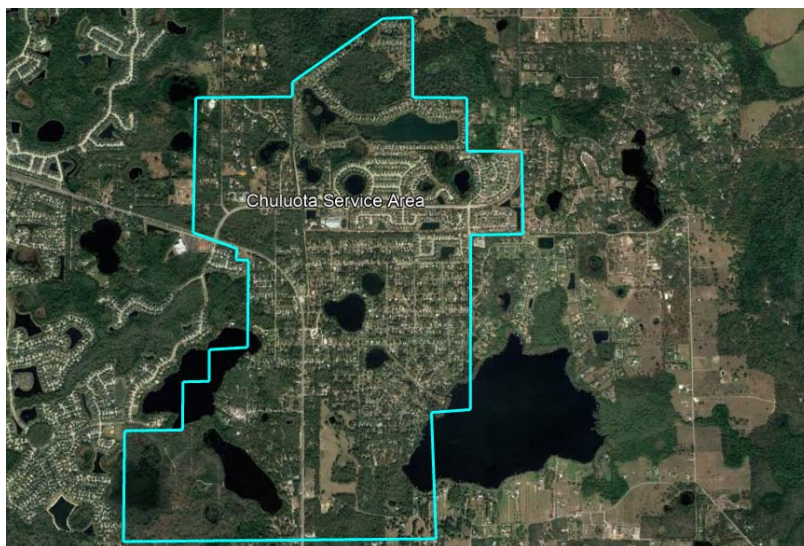
INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

UNIFIED AQUA UTILITY SYSTEM

SERVICE AREA

FGUA currently owns and operates forty-four (44) water systems and thirteen (13) wastewater systems located throughout various Florida counties including: Alachua, Citrus, Hardee, Lee, Marion, Orange, Polk, Putnam, Seminole, and Volusia Counties. These systems are geographically spread throughout Florida and collectively make up the Unified Aqua Utility System. Chuluota, shown below, is the largest single service area in the Unified Aqua Utility System.



WATER SYSTEM

The Unified Aqua water system consists of forty-four (44) separate water systems. Permitted capacities for the water systems range from a minimum of 21,096 gpd (Palm Port) to a maximum of 540,000 gpd (Chuluota). Many of the water systems do not have consumptive use permits due either to the smaller size of their system or because the facility purchases water from a neighboring utility.

Most of the water facilities are relatively small with thirty-five (35) systems serving 200 connections or less, eight (8) serving between 200 and 850 connections, and the largest system in the group (Chuluota) serving approximately 1,500 connections. The water systems generally consist of one (1) or two (2) production wells, associated disinfection systems, and small hydro tanks. Most are permitted by the Florida Department of Environmental Protection and have a Consumptive Use Permit (CUP) from one of the Florida Water Management Districts (WMDs). A complete listing of these facilities and associated capacities is shown on Table 1.

WASTEWATER SYSTEM

The Unified Aqua wastewater system consists of thirteen (13) separate wastewater systems, ten (10) wastewater treatment plants (WWTPs) which range in permitted capacity from 12,000 gpd (Silver Lake Oaks) to 264,000 gpd (South Seas), collection and transmission mains, and lift stations. Three (3) of the wastewater systems (Beecher's Point, Florida Central Commerce Park and Lake Gibson)

INTRODUCTORY SECTION

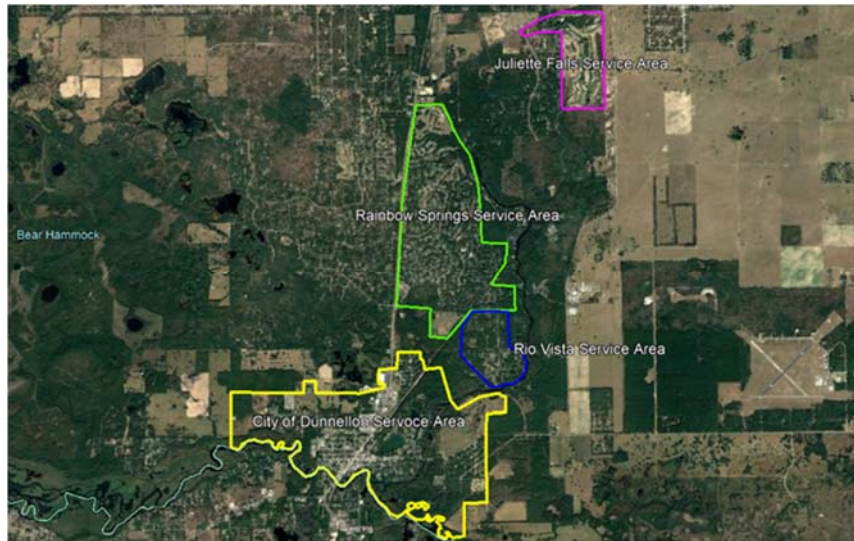
Florida Governmental Utility Authority Letter of Transmittal (continued)

pump flows to neighboring utilities via interconnects for treatment and disposal. A complete listing of these facilities and associated capacities is shown on Table 2.

DUNNELLOM UTILITY SYSTEM

SERVICE AREA

The Dunnellon service area is comprised of four (4) separate service areas: City of Dunnellon, Juliette Falls, Rainbow Springs and Rio Vista. These systems are geographically scattered across the Southwest region of Marion county and collectively make up the Dunnellon Utility System.



WATER SYSTEM

The Dunnellon water system consists of four (4) water systems: City of Dunnellon, Rainbow Springs and Rio Vista are combined under one (1) water user permit with a permitted withdrawal capacity of 1.117 MGD AADF, and Juliette Falls has its own water use permit with a permitted withdrawal capacity of 0.017 MGD AADF.

WASTEWATER SYSTEM

City of Dunnellon – The City of Dunnellon wastewater system consists of one (1) wastewater treatment plant (WWTP) with a permitted capacity of 0.335 MGD AADF, associated collection and transmission mains, and lift stations.

Juliette Falls – The Juliette Falls wastewater system consists of one (1) wastewater treatment plant (WWTP) with a permitted capacity of 0.100 MGD TMRADF, associated collection and transmission mains, and lift stations. Currently all wastewater generated by the Juliette Falls wastewater system is hauled to the City of Dunnellon WWTP for treatment.

Rainbow Springs – The Rainbow Springs wastewater system consists of one (1) wastewater treatment plant with a permitted capacity of 0.230 MGD TMRADF, associated collection and transmission mains, and lift stations.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

Rio Vista – The Rio Vista wastewater system consists of collection and transmission mains, and lift stations. All wastewater generated by the Rio Vista wastewater system is treated at the Rainbow Springs WWTP.

TABLE 1 - WATER SYSTEMS

System	Subsystem	Notes on Permitted Capacity	Permitted Capacity (MGD)
Consolidated	Anclote	Purchased Water (Interconnect)	N/A
Consolidated	Angus Valley	WUP Limit	0.145
Consolidated	Colonial Manor	Purchased Water (Interconnect)	N/A
Consolidated	Dixie Groves	WUP Limit	0.054
Consolidated	Linda Lakes	No WUP	N/A
Consolidated	Mad Hatter	WUP Limit	1.000
Consolidated	Paradise Lakes	WUP Limit	0.077
Consolidated	Virginia City	WUP Limit	0.083
Consolidated	Westwood	WUP Limit	0.029
Dunnellon	City of Dunnellon & Rainbow Springs & Rio Vista	WUP Limit	1.117
Dunnellon	Juliette Falls	WUP Limit	0.017
Lake Aqua	48 Estates	Plant Design Capacity	0.057
Lake Aqua	Carlton Village	WUP Limit	0.118
Lake Aqua	East Lake Harris Est.	WUP Limit	0.033
Lake Aqua	Fairways at Mt. Plymouth	WUP Limit	0.232
Lake Aqua	Fern Terrace	WUP Limit	0.048
Lake Aqua	Friendly Center	(Interconnect with East Lk Harris)	N/A
Lake Aqua	Grand Terrace	WUP Limit	0.041
Lake Aqua	Haines Creek	WUP Limit	0.006
Lake Aqua	Hobby Hills	WUP Limit	0.027
Lake Aqua	Holiday Haven	Interconnect	N/A

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

Lake Aqua	Imperial Terrace	WUP Limit	0.030
Lake Aqua	King's Cove	WUP Limit	0.136
Lake Aqua	Morningview	WUP Limit	0.013
Lake Aqua	Palms MHP	WUP Limit	0.022
Lake Aqua	Picciola	WUP Limit	0.052
Lake Aqua	Piney Woods & Spring Lk Manor	WUP Limit	0.066
Lake Aqua	Quail Ridge	WUP Limit	0.027
Lake Aqua	Ravenswood	WUP Limit	0.017
Lake Aqua	Silver Lake Estates	WUP Limit	0.629
Lake Aqua	Skycrest	WUP Limit	0.028
Lake Aqua	Stone Mountain	WUP Limit	0.014
Lake Aqua	Summit Chase	WUP Limit	0.058
Lake Aqua	Valencia Terrace	WUP Limit	0.117
Lake Aqua	Venetian Village	WUP Limit	0.048
Lake Aqua	Western Shores	Interconnect w/ Silver Lakes Estates	N/A
Lehigh Acres	Lehigh Acres	Plant Design Capacity	3.100
Lindrick	Lindrick	WUP Limit	0.870
Lindrick	Lindrick	Plant Design Capacity	1.944
MacDill AFB	MacDill AFB	Interconnect w/ CTWD	N/A
North Fort Myers	Lake Fairways	WUP limit	0.101
North Fort Myers	Lake Fairways	Plant Design Capacity	0.200
Pasco	Aloha Gardens	WUP Limit	0.123
Pasco	Aloha Gardens	Purchased Water (Interconnect)	N/A
Pasco	Seven Springs	WUP Limit	2.289
Pasco	Seven Springs	Purchased Water (Interconnect)	N/A
Pasco Aqua	Jasmine Lakes	WUP Limit	0.318

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

Pasco Aqua	Palm Terrace	Interconnect	N/A
Pasco Aqua	Zephyr Shores	WUP Limit	0.036
Unified Aqua	Arredondo Estates	WUP Limit	0.068
Unified Aqua	Beecher's Point	Interconnect w/ town Welaka	0.025
Unified Aqua	Belleair	Plant Design Capacity (No WUP)	N/A
Unified Aqua	Belleview Hills & JA	Interconnect	N/A
Unified Aqua	Belleview Hills Est.	WUP Limit	0.092
Unified Aqua	Breeze Hill	WUP Limit	0.054
Unified Aqua	Castle Lake	Plant Design Capacity (No WUP)	0.167
Unified Aqua	Chappell Hills	Plant Design Capacity (No WUP)	0.065
Unified Aqua	Chuluota	WUP Limit	0.540
Unified Aqua	Fairfax Hills	Plant Design Capacity (No WUP)	0.100
Unified Aqua	Gibsonia	WUP Limit	0.075
Unified Aqua	Harmony Homes	WUP Limit	0.021
Unified Aqua	Hawk's Point	WUP Limit	0.042
Unified Aqua	Hermit's Cove/St. John's Highlands	Plant Design Capacity (No WUP)	0.130
Unified Aqua	Interlachen/P.M.	WUP Limit	0.049
Unified Aqua	Jungle Den	Interconnect	N/A
Unified Aqua	Kenwood North	Plant Design Capacity (No WUP)	0.115
Unified Aqua	Lake Gibson	WUP Limit	0.243
Unified Aqua	Marion Hills	Plant Design Capacity (No WUP)	0.036
Unified Aqua	Meadows, The	Plant Design Capacity (No WUP)	0.160
Unified Aqua	Ocala Oaks & 49th St.	WUP Limit	0.194
Unified Aqua	Orange Hill & Sugar Creek	WUP Limit	0.071
Unified Aqua	Palm Port	WUP Limit	0.021
Unified Aqua	Peace River	Plant Design Capacity (No WUP)	0.129

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

Unified Aqua	Pine Valley	Plant Design Capacity (No WUP)	0.044
Unified Aqua	Pomona Park	Plant Design Capacity (No WUP)	0.170
Unified Aqua	Ridge Meadows	Plant Design Capacity (No WUP)	0.130
Unified Aqua	River Grove	Interconnect	0.030
Unified Aqua	Rosalie Oaks	Plant Design Capacity (No WUP)	0.125
Unified Aqua	Saratoga Harbor	Plant Design Capacity (No WUP)	0.158
Unified Aqua	Silver Lake Oaks	Plant Design Capacity (No WUP)	0.032
Unified Aqua	Tangerine	WUP Limit	0.127
Unified Aqua	Tomoka View	WUP Limit	0.053
Unified Aqua	Twin Rivers	WUP Limit	0.022
Unified Aqua	Village Water	Interconnect	N/A
Unified Aqua	Welaka	Plant Design Capacity (No WUP)	0.086
Unified Aqua	West Citrus	Plant Design Capacity (No WUP)	0.072
Unified Aqua	West View	Plant Design Capacity (No WUP)	0.050
Unified Aqua	Woodberry Forest	Interconnect	N/A
Unified Aqua	Wootens	Plant Design Capacity (No WUP)	0.036

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

TABLE 2 - WASTEWATER SYSTEMS

System	Subsystem	Permitted Capacity (MGD) AADF	Permitted Capacity TMADF	Capacity Notes
Consolidated	Linda Lakes	N/A	0.020	TMADF
Dunnellon	City of Dunnellon	0.335	N/A	AADF
Dunnellon	Juliette Falls	N/A	0.100	TMADF
Dunnellon	Rainbow Springs	N/A	0.230	TMADF
Lake Aqua	Fairways at Mt. Plymouth	0.075	N/A	AADF
Lake Aqua	Holiday Haven	0.025	N/A	AADF
Lake Aqua	King's Cove	0.055	N/A	AADF
Lake Aqua	Morningview	0.020	N/A	AADF
Lake Aqua	Summit Chase	0.054	N/A	AADF
Lake Aqua	Valencia Terrace	0.080	N/A	AADF
Lake Aqua	Venetian Village	0.036	N/A	AADF
Lehigh Acres	Lehigh Acres	2.760	N/A	AADF
Lindrick	Lindrick	0.700	N/A	BULK AGREEMENT
MacDill AFB	MacDill AFB	1.200	N/A	AADF
North Fort Myers	Del Prado	4.250	4.800	AADF
North Fort Myers	Lake Fairways	0.300	N/A	AADF
Pasco	Aloha Gardens	N/A	N/A	BULK AGREEMENT
Pasco	Seven Springs	2.900	N/A	AADF
Pasco Aqua	Jasmine Lakes	0.308	0.370	AADF
Pasco Aqua	Palm Terrace	0.130	N/A	AADF
Pasco Aqua	Zephyr Shores	N/A	N/A	BULK AGREEMENT

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

Unified Aqua	Beecher's Point	0.014	N/A	BULK AGREEMENT
Unified Aqua	Breeze Hill	N/A	0.040	TMADF
Unified Aqua	Chuluota	0.150	N/A	AADF
Unified Aqua	Fl. Cent. Comm. Pk.	N/A	N/A	BULK AGREEMENT
Unified Aqua	Jungle Den	0.021	N/A	AADF
Unified Aqua	Lake Gibson	N/A	N/A	BULK AGREEMENT
Unified Aqua	Palm Port	0.030	N/A	AADF
Unified Aqua	Park Manor	0.015	N/A	AADF
Unified Aqua	Peace River	N/A	0.040	TMADF
Unified Aqua	Rosalie Oaks	N/A	0.040	TMADF
Unified Aqua	Silver Lake Oaks	0.012	N/A	AADF
Unified Aqua	South Seas	0.264	N/A	AADF
Unified Aqua	Village Water	0.045	0.075	AADF

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

ECONOMIC CONDITION

The information presented in the financial statement is perhaps best understood when it is considered from the broader perspective of the specific environment within which the FGUA utility systems are located.

Both the Lehigh Acres Utility System and the North Fort Myers Utility System are located in Lee County, which had been one of the fastest growing regions in the nation until the downturn in the housing market in 2007. According to data from the Florida Legislature Office of Economic and Demographic Research, Lee County's population was anticipated to increase from 618,754 in 2010 to 713,903 in 2018, an increase of 15.4%. The number of housing units permitted in Lee County increased from a six-year average beginning in 2012 of 2,043 to 9,721 in 2018. The unemployment rate continued to decline from the peak of 12.5% in 2010 to 3.4% in 2018. Recent foreclosure information suggests that the housing market continues to improve. Personal bankruptcy filings slightly worsened from 1.51 per 1,000 of population in 2018 to 1.70 per 1,000 of population as of September 30, 2019. The two Lee County systems have a significant amount of undeveloped land for future growth and expansion.

The Pasco, Lindrick, Consolidated and Pasco Aqua Utility Systems are located in Pasco County. According to data from the Florida Legislature Office of Economic and Demographic Research, Pasco County's population was anticipated to increase from 464,697 in 2010 to 515,077 in 2018, an increase of 10.8%. The number of housing units permitted in Pasco County increased from a six-year average beginning in 2012 of 1,401 to 3,830 in 2018. The unemployment rate continued to decline from the peak of 11.9% in 2010 to 3.8% in 2018. Personal bankruptcy filings slightly worsened from 2.16 per 1,000 of population in 2018 to 2.39 per 1,000 of population as of September 30, 2019. Again, recent data suggests an improvement in market conditions. Portions of the FGUA service areas in Pasco County (Seven Springs) have significant potential for future growth and development, while others have limited growth opportunities.

The Lake Aqua Utility Systems are located in Lake County. The FGUA service area within Lake County is largely built out and has limited growth opportunities. According to data from the Florida Legislature Office of Economic and Demographic Research, Lake County's population was anticipated to increase from 297,047 in 2010 to 342,917 in 2018, an increase of 15.4%. The number of housing units permitted in Lake County increased from a six-year average beginning in 2012 of 942 to 3,330 in 2018. The unemployment rate continued to decline from the peak of 11.8% in 2010 to 3.5% in 2018. Personal bankruptcy filings slightly worsened from 2.30 per 1,000 of population in 2018 to 2.37 per 1,000 of population as of September 30, 2019.

The Unified Aqua Utility System is spread throughout 10 different Florida Counties. The majority of the customers are located within Seminole County and Polk County. According to released data from the Florida Legislature Office of Economic and Demographic Research, Florida's population is anticipated to increase annually by 338,521 from 2018 to 2020. The number of housing units permitted in Florida is back in positive territory, showing continued strong growth throughout the State. The unemployment rate continued to decline from the peak of 11.1% in 2010 to 3.6% as of December 2018.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

INTERNAL CONTROL

In developing and evaluating the FGUA's accounting system, consideration is given to the adequacy of internal accounting controls. 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: (a) the cost of a control should not exceed the benefits likely to be derived there from; and (b) the evaluation of costs and benefits requires estimates and judgments by management. We believe all internal control evaluations occur within the above framework and that the FGUA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGETARY CONTROL

The FGUA maintains a system of budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. The FGUA also maintains an encumbrance system as one method of maintaining budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances are re-appropriated as part of the following year's budget.

The budget process begins in the spring, when the staff develops proposed capital projects and operating budgets, with input from the Capital Program and Operations Managers and the Contract Operator. A planning meeting by the Board of Directors and senior staff is conducted in February or March of each year and is used to establish or update long-range system goals. Detailed budgets are presented by staff to the Systems Manager in late May. The System Manager's budget is forwarded to the Board of Directors in June. Any adjustments to the budget, to include public hearings for any necessary rate changes, are typically conducted in August and September. The Board of Directors approves the final budget at a public hearing in September for the new fiscal year that begins October 1.

As demonstrated by the statements and schedules included in the financial section of this report, the FGUA meets its responsibility for sound financial management.

FACTORS AFFECTING FINANCIAL CONDITION

Capital Improvement Program – The FGUA has adopted a five-year Capital Improvement Program (CIP) for the years 2020 to 2024, which outlines additions and improvements to its utility systems. The FGUA reviews and updates this five-year plan annually, authorizing appropriations for those projects scheduled to be started during the ensuing fiscal year. The cost of all new projects for fiscal year 2020 is approximately \$35 million and is estimated to total \$109 million for the fiscal years 2020 – 2024. The CIP for each system is segregated into five major program areas, as follows:

Wastewater Collection – This program calls for improvements to existing wastewater lines as well as the addition of new lines as the customer base increases. This program also calls for renewal of the existing system by repairing lines that allow infiltration/inflow and the rehabilitation of lift stations.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

Wastewater Treatment Facilities/Disposal – This program seeks to increase existing capacity as well as upgrade existing facilities. The objectives of this program are to promote use of reclaimed water, protect the environment, ensure that treatment capacity is available for growth, and ensure that facilities are in compliance with regulations of the United States Environmental Protection Agency and the State of Florida Department of Environmental Protection.

Water Treatment Facilities (Water Production/Treatment) – This program ensures that the FGUA is able to deliver water to its customers during peak periods by expanding current production capabilities. This program also includes a comprehensive renewal program which provides for maintenance of water tanks, well pump facilities, well power systems, and filtration equipment.

Water Distribution – This program calls for improvements to existing water lines as well as the addition of new lines as the customer base increases.

Meters – In order to maintain accurate water usage data for appropriate billing and reporting, the FGUA replaces a certain number of meters each year. Most residential meters are replaced at ten years of age. Larger meters need to be replaced more frequently.

Large Capital Projects – Specific project cost centers are created for special large projects as needed.

The successful implementation of FGUA's Capital Improvement Program calls for a portion of funding to be provided through existing balances of construction funds from bonds, with the remaining amounts to be funded from operating revenues and impact fees.

The MD&A describes the major changes in capital asset balances. Note 6 shows the increases and decreases for the FGUA in a summarized format. The adopted budget has details of the large capital projects for each enterprise fund and can be found at:
<https://www.fgua.com/about-us/finance/budgets/budget-documents/>

FINANCIAL POLICIES

In January 2009, the FGUA Board approved a Net Asset (Working Capital) Policy in order to maintain and improve financial stability and manage its financial resources for its various enterprise funds to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain the highest possible investment grade bond ratings, (3) position properly for significant economic downturns or revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

The FGUA's investment policy is designed to minimize credit and market risk while maintaining a competitive yield on its investments. As of the end of the Fiscal Year all deposits were entirely covered by either federal depository insurance or pooled collateral held by the State Treasurer pursuant to Chapter 280, Florida Statutes.

INTRODUCTORY SECTION

Florida Governmental Utility Authority Letter of Transmittal (continued)

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a seventeenth consecutive Certificate of Achievement for Excellence in Financial Reporting to the Florida Governmental Utility Authority for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial staff. Appreciation is expressed to all those who assisted and contributed to its preparation and to the Board for its interest and support in planning and conducting the operations of the FGUA in a responsible manner.

Respectfully submitted,



Stephen M. Spratt, System Manager



David M. DiLena, CPA Chief Financial Officer

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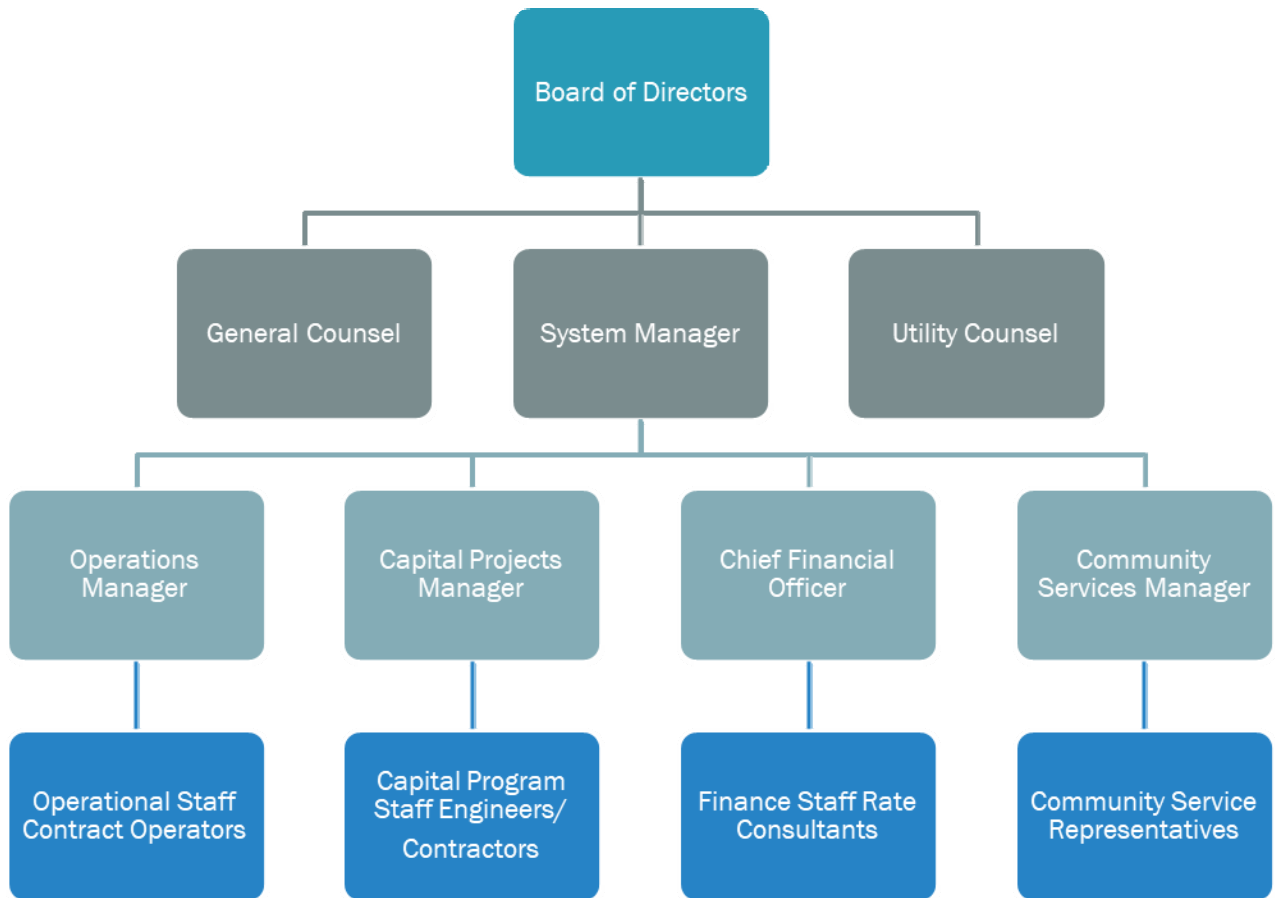
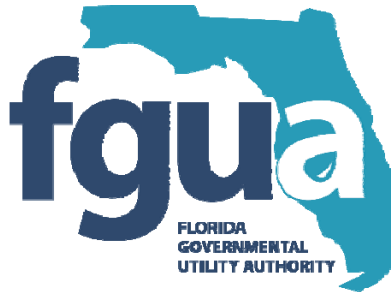
Florida Governmental Utility Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



List of Principal Officials

Board Members

<u>Name</u>	<u>Local Government</u>	<u>Title</u>
Lea Ann Thomas, Chair	Polk County	Deputy County Manager
Tamara Richardson (Alternate)	Polk County	Director of Utilities Department
James Cheek, P.E., Vice Chair	Citrus County	Director of Water Resources Department
Christina Malmberg (Alternate)	Citrus County	Director of Utility Planning and Engineering Division
Michael Carballa, P.E., BCEE	Pasco County	Assistant County Administrator of Public Infrastructure
Robert G. Marin (Alternate)	Pasco County	Director of Utilities Department
Christine Brady	Lee County	Assistant County Manager
Pam Keyes, P.E. (Alternate)	Lee County	Director of Public Utilities
Shane Parker, P.E., Vice Chair	Hendry County	County Engineer
Angel Rousset, P.E.	Marion County	Assistant County Administrator
Bob Titterington, P.E. (Alternate)	Marion County	Utilities Engineering Manager

Systems Manager

Government Services Group, Inc.
Stephen Spratt, Senior Vice President
David M. DiLena, CPA, Chief Financial Officer

General Counsel

Pennington, P.A.
John C. Pelham

Utility Counsel

Nabors, Giblin & Nickerson, P.A.
Heather Encinosa

Bond Counsel

Nabors, Giblin & Nickerson, P.A.
Chris Traber

Rate Consultant

Public Resources Management Group, Inc.
Robert J. Ori, President

Financial Advisor

Ford & Associates, Inc.
Jon Ford

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