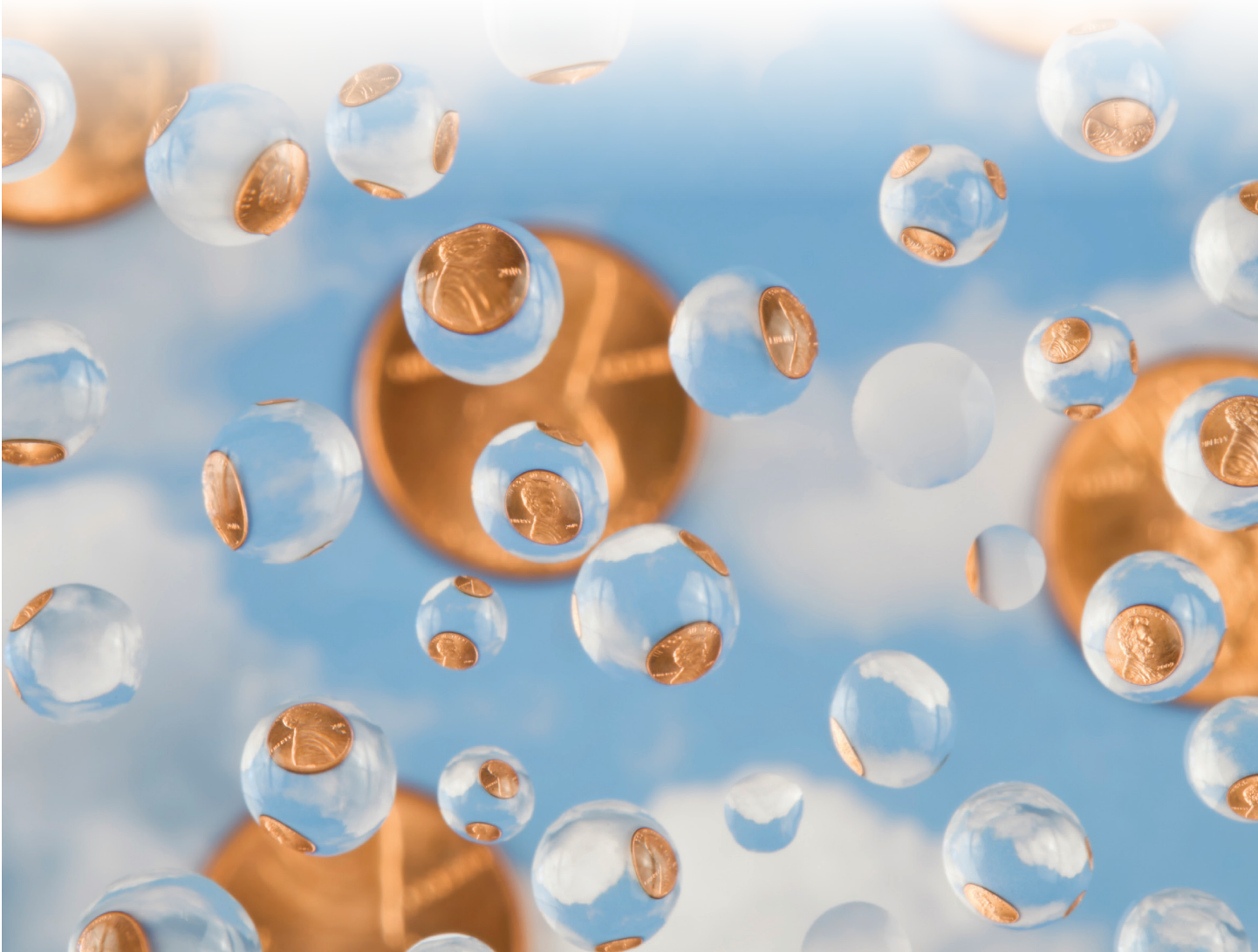


TAB
Financial Section 2



INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Florida Governmental Utility Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of Florida Governmental Utility Authority (the Authority), as of and for the year ended September 30, 2019, 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

The Authority's 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 auditors consider 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Authority, as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, 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

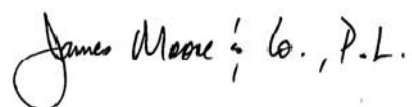
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying introductory section, statistical section, and schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and by Section 215.97, Florida Statutes, *Florida Single Audit Act*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020, 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 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 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.



Daytona Beach, Florida
February 27, 2020

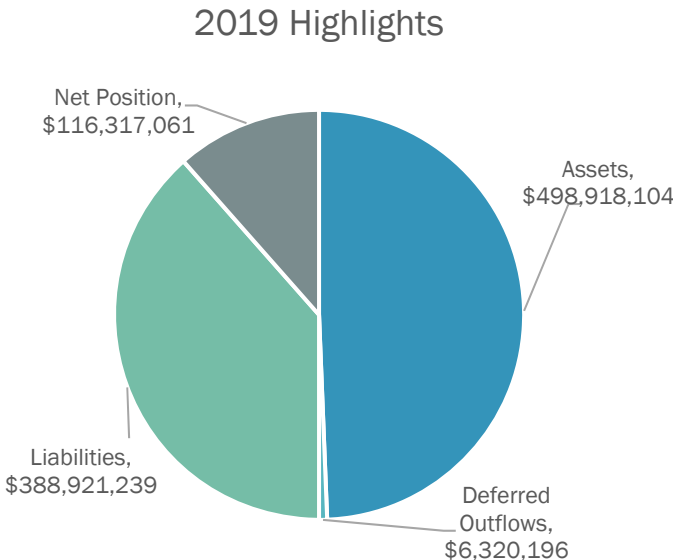
FINANCIAL

Florida Governmental Utility Authority Management’s Discussion and Analysis

As management of the Florida Governmental Utility Authority (FGUA), we offer readers of the FGUA’s financial statements this narrative overview and analysis of the financial activities for the fiscal year ending September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the FGUA exceeded its liabilities and deferred inflows at the close of fiscal year 2019 by \$116,317,061 as the chart to the right indicates. Of this amount, \$65,415,936 may be used to meet the FGUA’s ongoing obligations to citizens and creditors (Unrestricted Net Position). This is an increase of \$9,540,308 or 17% in unrestricted net position from the prior year. This increase is reflective of normal operations year-over-year, without the adverse effects of transitioning a system to a host government. The acquisition of the Dunnellon Utility System accounts for \$2.1 million, or 22% of this increase.



NET POSITION

The FGUA’s total net position increased by \$13.7 million in fiscal year 2019. As the chart on the next page indicates, the changes in net positions were as follows:

- The Lehigh Utility System contributed \$3.2 million or 23.4% of the increase in total net position. There was an increase in the number of customers connected to both the water and wastewater systems. Lehigh also received a significant amount of FEMA reimbursement related to Hurricane Irma.
- The Pasco Utility System contributed \$2.8 million or 20.53% of the increase in total net position. This increase is a combination of impact fees received related to Mitchell 54 development, FEMA reimbursement related to Hurricane Irma, and a consumer price index (CPI) rate increase.
- The Lake Aqua, Pasco Aqua, and Unified Aqua Utility Systems contributed a combined \$2.4 million or 17.43% of the increase in total net position. This increase is primarily a result of a

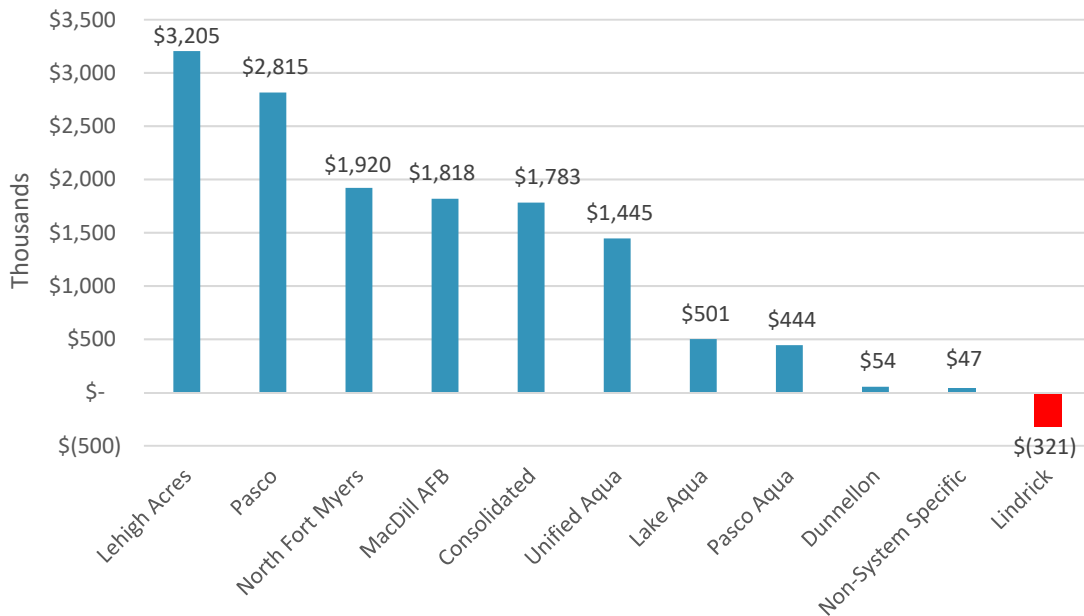
FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

consumer price index (CPI) rate increase along with an additional rate increase of 5% for Lake Aqua and Unified Aqua. Additionally, Lake Aqua and Unified Aqua received a significant amount of FEMA reimbursement related to Hurricane Irma.

- The North Fort Myers Utility System contributed \$1.9 million or 14% of the increase in total net position. This increase came from non-operating income such as interest deposit, impact fees and additions to utility plant assets. Expenditures were also lower than in previous years due to fewer storm impacts.
- The MacDill AFB Utility System contributed \$1.8 million or 13.3% of the increase in total net position, primarily due to capital grants.
- The Consolidated Utility System contributed \$1.8 million or 13% of the increase in total net position. This increase came from non-operating income such as interest deposit, impact fees and additions to utility plant assets. Expenditures were also lower than in previous years due to fewer storm impacts.
- The Dunnellon Utility System contributed \$53,690 or 0.39% of the increase in total net position, this represents the first 11 months of FGUA ownership of this system.
- The Lindrick Utility System decreased the total net position by -\$321,318 or -2.34%. This system continues to experience the effects of a prior 10% rate decrease. The recent bond refunding also contributed non-recurring debt issuance costs of \$377,350.
- The Authority has one non-specific fund that pre-pays expenses, and then is reimbursed by the appropriate enterprise funds upon determination of a reasonable allocation basis. It also pays for the rare non-allocable expenses for minor contractual services provided to the Authority. This fund had an increase in net position of \$47,157.

Increase (decrease) in Net Position by System for the Year
Ending September 30, 2019



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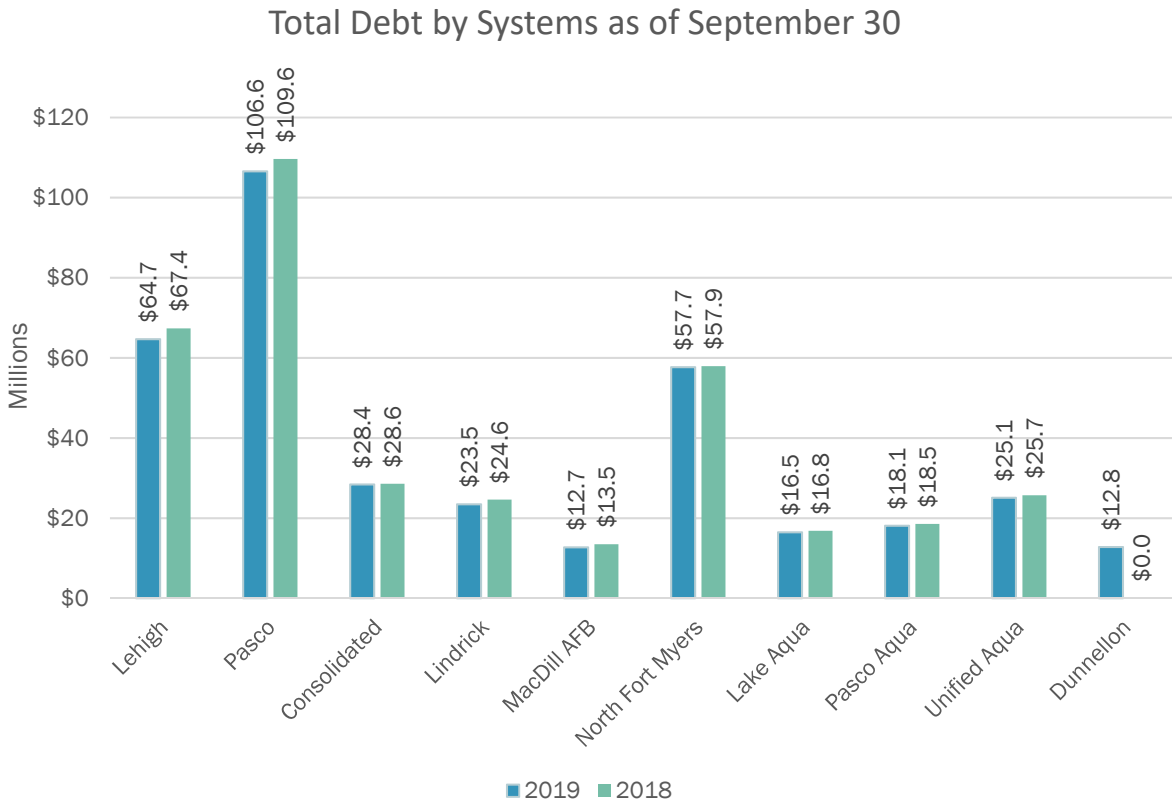
Florida Governmental Utility Authority Management’s Discussion and Analysis (continued)

DEBT

The net increase in total debt as of September 30, 2019 was \$3,359,852. As the chart below indicates, the Dunnellon Utility System contributed \$12.8 million in new debt. North Fort Myers also contributed additional new debt in the amount of \$986,619 with a construction loan from the State Revolving loan Fund (SRF) for wastewater system improvements. All other systems experienced decreases in debt due to normally scheduled debt service payments which largely offset the new debt added by Dunnellon and North Fort Myers.

To avoid potential future reductions of “Build America Bond” (BAB) subsidies, and with the recommendations from our Financial Advisor, we have advance refunded certain bonds to achieve debt service savings for the Lindrick Utility System in February 2019, the North Fort Myers Utility System in June 2019, and the Pasco Utility Systems BABs bonds in October 2019 to be completed in the first quarter of FY 2020. The debt service savings achieved will be realized in future years after beginning in FY2020.

More information can be found in Note 7 of the Financial Section.



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Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Florida Governmental Utility Authority's (FGUA) basic financial statements. The FGUA is a special purpose government involved solely in the provision of water and wastewater services to customers on a fee basis. All funds are accounted for in Proprietary Funds, specifically, ten enterprise funds. There are no government-wide financial statements, as they would be redundant to the fund financial statements. This report contains fund financial statements and notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The FGUA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the FGUA are proprietary funds, with one fund set up for each geographically separate utility system operated by the FGUA.

Proprietary Funds

The FGUA operates only one type of proprietary fund, and a separate enterprise fund is maintained for each utility system. Enterprise funds are used to report business-type functions, which recover all or a significant portion of their costs through user fees and charges.

The proprietary fund financial statements are comprised of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Statement of Net Position presents information on the FGUA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The Statement of Revenues, Expenses and Changes in Net Position presents information on the revenues received, the expenses incurred, and the positive or negative results of the individual utility system's increase or decrease in net position, presented on an accrual basis. The Statement of Cash flows provides information on the cash flows of each utility system, based on operations, financing activities, capital uses, and investment activities and a supplemental schedule of noncash activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning its compliance with the funding of outstanding debt issues. This information, known as Coverage Ratios, is provided as part of the information contained in the Statistical Section of this report.

FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

NET POSITION

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Florida Governmental Utility Authority, the assets and deferred outflows exceeded the liabilities and deferred inflows by \$116 million at the close of fiscal year 2019. See the condensed Statement of Net Position table on page 36.

In the past year, current assets decreased by \$4.1 million, due to a transformation of current assets (i.e., cash) into long-term capital assets (i.e., utility plants).

Deferred Outflows increased by \$4 million due to additional deferred losses on bond refunding for both the Lindrick and North Fort Myers Utility Systems.

Total liabilities increased by \$2 million or 0.52%. This is due in large part to the new debt taken on as part of the Dunnellon Utility System acquisition. The reduction in liabilities to the remaining utility systems is from the normal progression of paying down debt as scheduled.

The increase in net position represents the degree to which revenues have exceeded expenses in the past year combined with the decrease in debt. The total change in net position of \$13.7 million includes the acquisition of the Dunnellon Utility System. During fiscal year 2019 the total net position improved for the remaining utility systems except for the Lindrick Utility System.

Net investment in capital assets (e.g., land, buildings, and equipment) is presented net of any depreciation and the outstanding balances of any bond or other borrowings that are attributed to the acquisition, construction, or improvements of those assets. These assets are used to provide services to our customers, and consequently, these assets are not available for future spending (restricted). Net investment in capital assets ended the year with a balance of \$14.8 million which is a \$10.6 million improvement from the prior year balance of \$4.2 million. The balance increased because more capital assets were added than depreciation was expensed, and because more capital asset-related debt was paid off than was incurred.

Net Position Restricted for Capital Projects ended the year with a balance of \$11.2 million, which is a decrease of \$1.6 million. This is the balance in the Renewal and Replacement fund, the Water Capacity fund, the Wastewater Capacity fund, and other funds specifically restricted for capital projects, net of related accounts payable. These funds are restricted by board resolutions and by bond covenants to be used only for the purchase or construction of capital assets to renew and expand the utilities' assets. Restricted for capital projects decreased for the remaining utility systems as more restricted funds were used for construction projects.

Net Position Restricted for Debt Service ended the year with a balance of \$24,936,798 which is a decrease of \$4.8 million as compared to the prior year. Restricted for Debt Service represents resources reserved for payment of the debt service (principal and interest) on external debt; consequently, these assets are not available for other uses. Restricted for Debt Service decreased this year due to bond refunding for both Lindrick and North Fort Myers where debt service reserved funds were used to pay down the debt.

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Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

Net Position Unrestricted ended the year with a balance of \$65,415,936 which is an increase of \$9.5 million or 17% as compared to the prior year. Unrestricted funds may be budgeted for any future needs of the FGUA. The increase from FY 2018 to FY 2019 is due to the acquisition of Dunnellon, representing approximately 22% of the increase. Lindrick and North Fort Myers benefited from lower debt service costs due to their respective bond refunding. The remaining systems increased their unrestricted position from normal operations.

Condensed Statement of Net Position		
	2019	2018
Current & Other Assets	\$ 216,774,360	\$ 220,860,967
Capital Assets	282,143,744	266,310,462
Assets	498,918,104	487,171,429
Deferred loss on bond refunding	6,320,196	2,332,314
Deferred Outflows	6,320,196	2,332,314
Assets & Deferred Outflows	\$ 505,238,300	\$ 489,503,743
Long Term Liabilities	\$ 354,610,035	\$ 352,664,707
Other Liabilities	34,311,204	34,232,097
Total Liabilities	388,921,239	386,896,804
Net Position		
Net investment in Capital Assets	14,760,597	4,177,852
Restricted for Capital Projects	11,203,730	12,841,441
Restricted for Debt Service	24,936,798	29,712,018
Unrestricted	65,415,936	55,875,628
Total Net Position	\$ 116,317,061	\$ 102,606,939

REVENUES AND EXPENSES

Operating revenues increased \$460 thousand. The loss of half a year's revenue from Golden Gate Utility System was largely offset by the addition of the Dunnellon Utility System. Operating expenses increased \$1.8 million. This increase is primarily due to the annual adjustments to the operating contracts.

For the fiscal year ending September 30, 2019, all the FGUA utility systems' net positions increased except for the Lindrick Utility System. The Lindrick Utility System is still experiencing the anticipated effects of a 10% rate decrease that went into effect at the beginning of fiscal year 2018. Despite the

FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

resulting decrease in net position, the Lindrick Utility System continues to have a healthy fund balance.

The FGUA continues to maintain financially healthy systems. Excluding the \$1.6 million for the Dunnellon Utility System, the unrestricted cash balance increased in the remaining systems by 14.6% from \$55.2 million to \$63.4 million during fiscal year 2019, showing financially healthy utility systems with good liquidity.

Condensed Statement of Revenues, Expenses, and Changes in Net Position		
	2019	2018
Operating revenues		
Water and wastewater revenues	\$ 79,668,592	\$ 79,098,831
Other operating revenues	2,958,735	3,068,435
Operating expenses	(42,529,434)	(40,694,534)
Operating income before depreciation and amortization	40,097,893	41,472,732
Depreciation and amortization	(19,041,935)	(18,220,332)
Operating income	21,055,958	23,252,400
Non-Operating revenues (expenses)		
Investment revenue, net	1,918,149	1,437,547
Operating grants	1,184,293	75,304
Miscellaneous non-operating revenues	522,557	511,457
Interest expense, net	(15,055,753)	(15,818,164)
Loss on sale of utility System	-	(5,542,888)
Debt issuance cost	(1,680,973)	-
Income (loss) before capital contributions	7,944,231	3,915,656
Recoverable portion of purchase price (MacDill)	1,539,409	1,539,409
Capital contributions and grants	4,226,482	4,872,452
Change in net position	13,710,122	10,327,517
Total net position - beginning	102,606,939	92,279,422
Total net position - end of year	\$ 116,317,061	\$ 102,606,939

SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The fiscal year ending September 30, 2019, represents the twentieth full fiscal year of the FGUA's operations. Following are descriptions of significant capital asset and long-term activity.

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Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

CAPITAL ASSETS

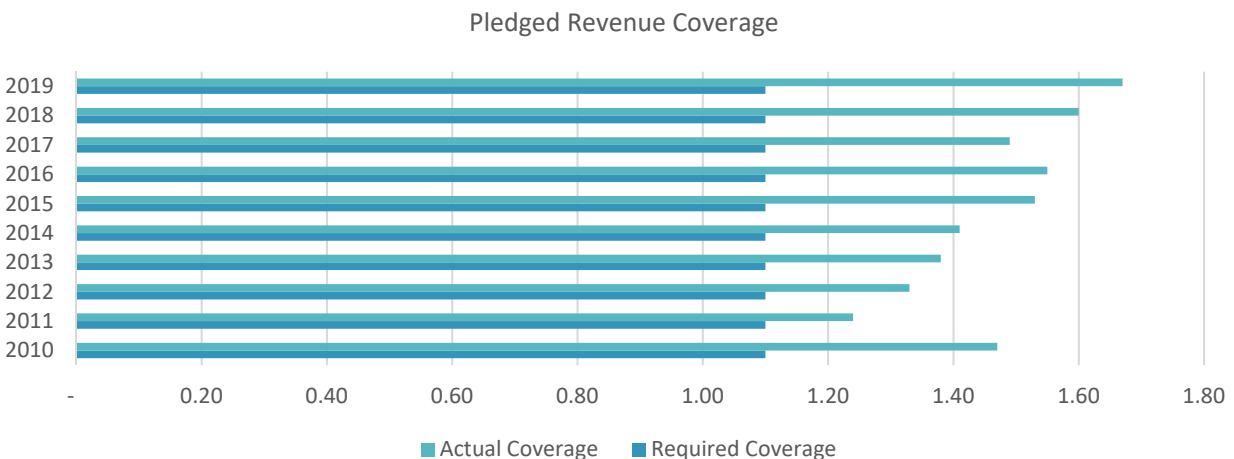
During FY 2019, the FGUA's net capital assets increased \$15.8 million (6%) due to the acquisition of the Dunnellon Utility System (\$9.2 million). The Lehigh utility had depreciation greater than capital asset additions during FY 2019. All remaining utilities had net increases totaling over \$8.9 million. Of the \$282 million balance of capital assets (net of depreciation), \$9.2 million represent costs incurred for capital projects that are under construction, but not yet completed as of September 30, 2019. Additional financial information on the FGUA's capital assets can be found in Note 6 of the Financial Section. Details on significant capital projects were described in the background information of each enterprise fund in the letter of transmittal in the introductory section.

DEBT ADMINISTRATION

On September 30, 2019, the FGUA had outstanding debt in the amount of \$366 million in the form of revenue bonds, state revolving loans, seller financed notes, a capital lease, and a USDA loan. This is an increase of \$3.4 million from the prior year's debt balance of \$363 million. The Dunnellon Utility System acquisition added \$12.8 million of new debt in the form of USDA loans. The North Fort Myers utility system also added \$1 million of debt in the form of a state revolving loan. The bond refunding for the Lindrick and North Fort Myers Utility Systems resulted in a debt reduction of \$9.9 million. Annual debt service payments accounted for a further \$9.9 million debt reduction.

The Lake Aqua, Pasco Aqua, and Unified Aqua issuances have reserve accounts with a September 30, 2019 fair market value of \$4 million. The remaining outstanding debt issues are fully insured via municipal bond insurance policies issued by Ambac Assurance Corporation and Assured Guaranty.

The FGUA maintains a debt coverage ratio of 1.1 or better (net operating income to debt service) for each of its utilities. The following chart shows the actual coverage compared to the required coverage for the past ten years for debt secured by pledged water and wastewater revenues.



The FGUA is prohibited by Chapter 163, Florida Statutes from imposing property taxes. In addition, it is further prohibited from issuance of general obligation debt. It is, however, authorized to impose

FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

special assessments upon property owners, whose property will benefit from water and wastewater system improvements.

Refer to Note 7 and the Statistical Section for more information on the FGUA's Long Term Debt and Coverage Ratios for each utility system.

FINANCIAL RESULTS OF OPERATIONS BY SYSTEM

A core function of the FGUA is to use the collective power of local governments, performing as board members, to acquire, improve, operate, and maintain water and wastewater facilities. Local governments hold the option to acquire any FGUA utility system within its jurisdiction. This makes the FGUA a unique local government. The financial statements can fluctuate significantly as the FGUA acquires utility systems or transitions them over to the local government. There are also years that have small to moderate fluctuations when there are no acquisitions or transitions and the financial activities are only reflective of traditional operational activities.

The major difference between FY 2019 and FY 2018 was the acquisition of the Dunnellon Utility System and the transition of the Golden Gate Utility System to Collier County. Generally, operating revenues and expenses increased modestly.

The impacts of acquisitions and transitions are reflected throughout this narrative as explanations for the large variances from prior year. There appear to be large decreases in revenues and expenses due to the mid-year transition of the Golden Gate Utility System to Collier County in Fiscal Year 2018. As a result, many of the explanations for the variances may seem redundant; however, each utility system of the FGUA operates independently. It is important, therefore, for the reader to understand that while the FGUA system, as a whole, may have been impacted by a transition activity in prior years; the explanations for the individual operations of the utility systems are more reflective of the traditional governmental utility operation.

OPERATING REVENUES

Operating revenues (excluding the General Fund) increased \$483 thousand or 0.6% from \$82.1 million in FY 2018 to \$82.6 million in FY 2019. This increase is primarily the result of annual rate adjustments combined with customer growth and usage.

- The Golden Gate Utility System was transferred March 1st, 2018 (FY 2018) to Collier County, by which time it earned \$3.8 million. Fiscal Year 2019 represents the first full year after the transition and as such there is no revenue attributable to the Golden Gate Utility System.
- The Lehigh Acres Utility System realized a small decrease in operating revenues of \$14,573 or -0.1% as compared to the prior year. This is primarily due to waiving the annual CPI index of 2.12% combined with a small increase in customer growth and an increase in customer usage.
- The Pasco Utility System realized an increase in operating revenues of \$457 thousand or 2.3% as compared to the prior year. This increase was primarily the result of a Consumer Price Index rate increase of 2.12% at the beginning of the year.
- The Consolidated Utility System realized an increase in operating revenues of \$274,502 or 4.5% as compared to the prior year. This increase was primarily the result of a Consumer

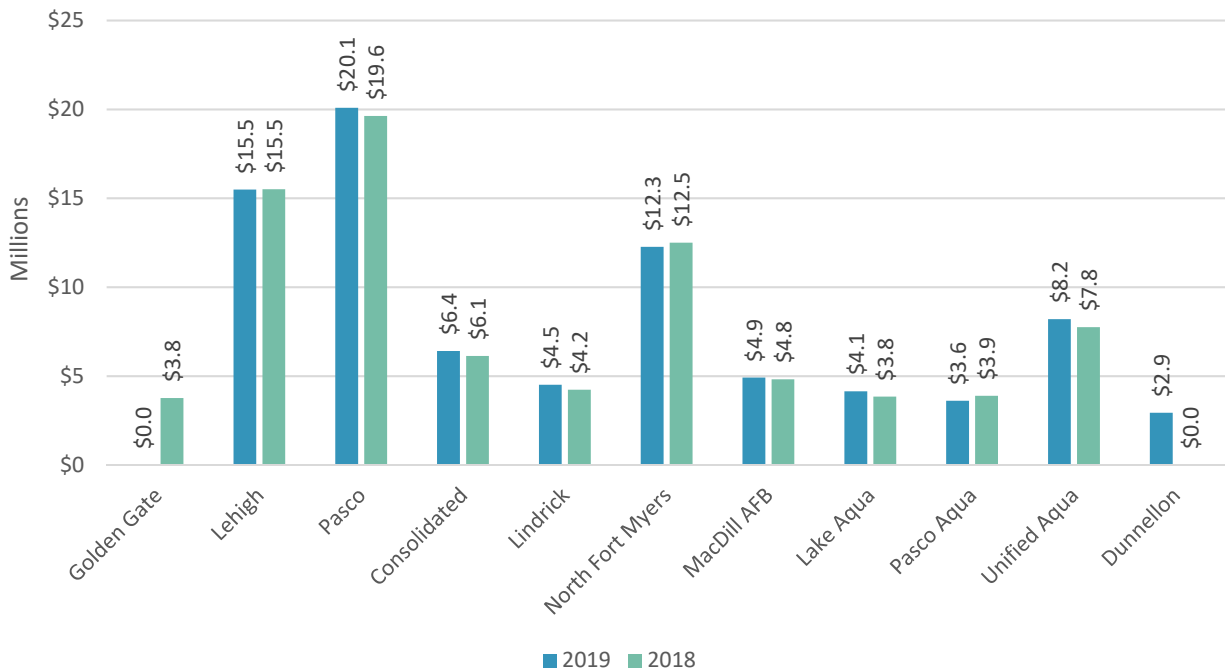
FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

Price Index rate increase of 2.12% at the beginning of the year combined with an increase in customer usage.

- The Lindrick Utility System realized an increase in operating revenues of \$276,749 or 6.5% as compared to the prior year. This increase was primarily the result of a Consumer Price Index rate increase of 2.12% as the beginning of the year combined with an increase in customer usage.
- The North Fort Myers Utility System realized a decrease in operating revenues of \$235,092 or -1.9% as compared to the prior year. This is primarily due to waiving the annual CPI index of 2.12% combined with a small increase in customer growth.
- The MacDill AFB Utility System operating revenues increased \$95,474 or 2%, as compared to the prior year. The increase is the result of the annual Consumer Price Index increase from the Federal Government.
- The Lake Aqua, Pasco Aqua, and Unified Aqua Utility Systems experienced a \$460,215 increase or 3.0% over FY 2018. This increase resulted from a combination of 7.12% rate increases in the Lake Aqua and Unified Aqua Utility Systems along with a 10% rate decrease in the Pasco Aqua Utility System.
- The Dunnellon Utility System earned \$2.9 million for eleven months during Fiscal Year 2019. This is in line with operating projections.

Operating Revenues by System for the Year Ending September 30



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Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

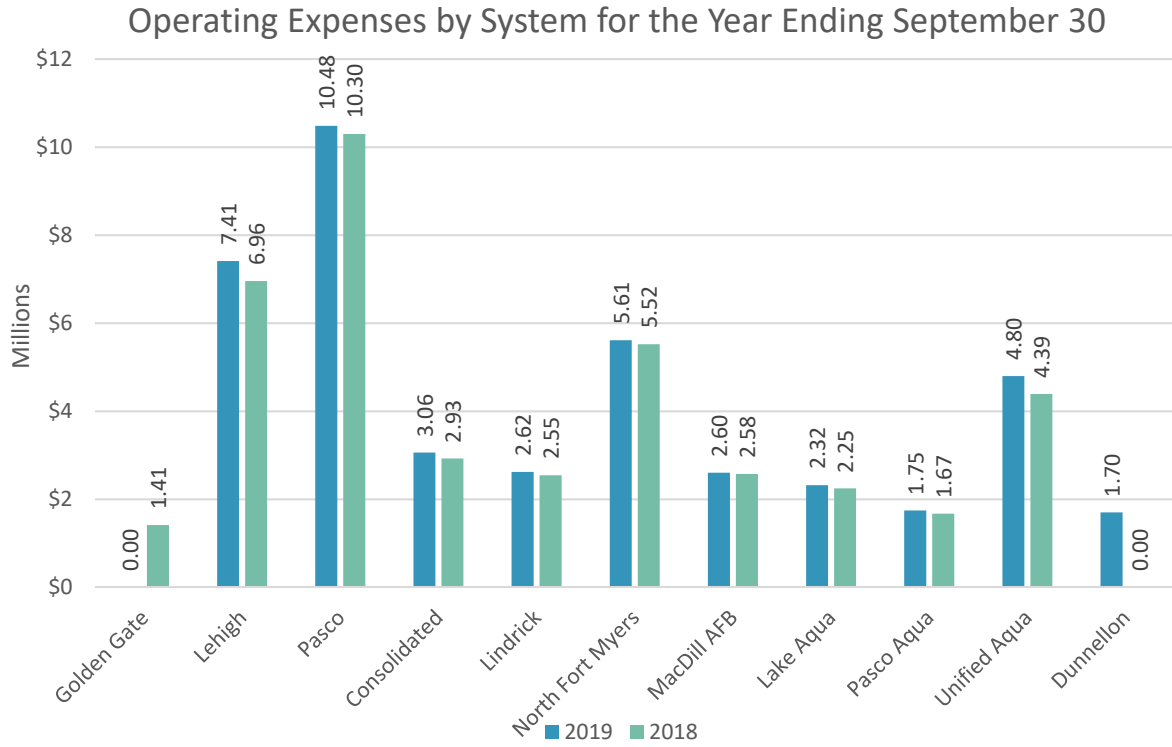
OPERATING EXPENSES

Operating expenses (excluding the General Fund and depreciation and amortization) at first glance appear to be 4.5% higher than in FY 2018, increasing from \$40.5 million in FY 2018 to \$42.4 million in FY 2019. Once we remove the transfer of the Golden Gate Utility System and acquisition of the Dunnellon Utility System, we find operating expenses increased approximately 3.9%.

- The Golden Gate Utility System was transferred March 1st, 2018 (FY 2018) to Collier County, by which time it incurred \$1.4 million in operating expenses. Fiscal Year 2019 represents the first full year after the transition and as such there are no operating expenses attributable to the Golden Gate Utility System.
- The Lehigh Utility System realized an increase in operating expenses of \$453,170 or 6.5%. This increase is primarily due to the increase in the operation and maintenance contract (\$240,776).
- The Pasco Utility System realized an increase in operating expenses of \$186,697 or 1.8%. This is in line with expected annual operating expenditure increases.
- The Consolidated Utility System realized an increase in operating expenses of \$133,497 or 4.6%. This increase is primarily due to increased bulk water consumption (approx. \$76,000).
- The Lindrick Utility System realized an increase in operating expenses of \$74,404 or 2.9%. This is in line with expected annual operating expenditure increases.
- The North Fort Myers Utility System realized an increase in operating expenses of \$92,358 or 1.7%. This is in line with expected annual operating expenditure increases.
- The MacDill AFB Utility System realized an increase in operating expenses of \$26,773 or 1.0%. This is in line with expected annual operating expenditure increases.
- The Lake Aqua, Pasco Aqua and Unified Aqua Utility Systems operating expenses were \$553,037 higher in FY 2019. Ignoring previous years' effects of Hurricane Irma storm response recovery, this increase would be roughly \$300 thousand less for normal operating expenditures. Permit renewals, regulatory, and compliance items represent roughly \$232 thousand of this increase.
- The Dunnellon Utility System incurred \$1.7 million in operating expenses for eleven months during Fiscal Year 2019. This is in line with operating projections.

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Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

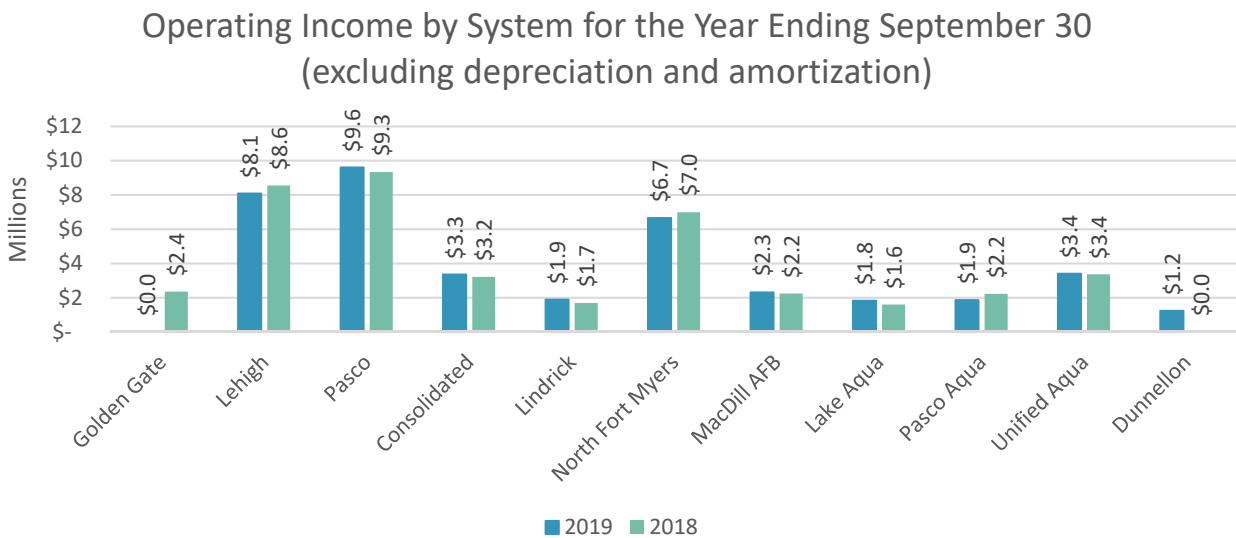


FINANCIAL

Florida Governmental Utility Authority Management’s Discussion and Analysis (continued)

NET OPERATING INCOME

Operating income is the net of operating revenue against operating expenses. Details of the changes in operating revenues and expenses are described in the previous pages for each of the utility systems. Below is a chart showing the net result.



FACTORS EXPECTED TO HAVE AN ECONOMIC IMPACT ON FUTURE OPERATIONS

The primary factors that have an economic impact on the FGUA’s future operations include: additions and deletions of utility systems; restructuring acquisition debt; development and customer growth within system territories; and rate changes. Severe weather also tends to have a significant impact on operating expenses but cannot be predicted.

ADDITIONS AND DELETIONS OF UTILITY SYSTEMS

In December 2019, Pasco County approved taking ownership of the Pasco Aqua Utility System (FY 2020) and the Lindrick Utility System (FY 2021).

DEBT

Advance refunding acquisition debt between 2010 to 2018 will result in significant decreases in debt service for many of the FGUA systems in the future. In February 2019 we advanced refunded certain bonds in the Lindrick Utility System resulting in \$227,000 debt service savings per year, in June 2019 we advanced refunded certain bonds in the North Fort Myers Utility System resulting in \$436,000 debt service savings per year and in October 2019 the Pasco Utility System’s Series 2010 bonds were advanced refunded and an additional \$5 million in debt was incurred resulting in debt service savings of \$894,000 per year. These debt service savings will be realized in future years.

FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

RATE CHANGES

The Consolidated Utility System added a rate for reclaimed water service on 12/01/2018 in preparation for when reclaimed water service becomes available. This will result in a significant decrease in potable water revenues as customers change from regular treated water to using reclaimed water on separate irrigation meters. The reclaimed water will be supplied by Pasco County Utilities through a bulk reclaimed water agreement.

DEVELOPMENT

Developers have resumed building resulting in increased demand of connections in FY 2018 and FY 2019.

The Lehigh Utility System has the greatest number of undeveloped parcels within its service territory as compared to the other FGUA service territories. Many of the Lehigh Acres parcels are scattered throughout the territory as opposed to being in consolidated lots owned by developers. The Lehigh Acres Utility System collected \$823 thousand in Impact fees during FY 2019 for an approximate 299 equivalent residential connections (ERCs).

In the Pasco Utility System, the FGUA has committed to capacity for the Mitchell 54 development. This development project will result in over 600 new residential units as well as multiple commercial developments, which should equate to approximately 3% more connections between FY 2019 and FY 2020.

CUSTOMERS

The number of customer connections increased overall during FY 2019 by 6,956 because of the acquisition of the Dunnellon Utility System. There was positive utility growth for the majority of the other systems during FY 2019. The Lehigh Acres Utility System experienced the greatest year over year customer growth with a net addition of 625 active connections. We predict the rate of future growth will continue to be relatively flat for most of the utility systems. Management monitors growth closely as it has an impact on the infrastructure needs of the utility systems and requires prudent long-term capital planning. The FGUA will continue to meet system demands by managing the capital improvement projects in accordance with the FGUA capital improvement plan that is adopted each September with the FGUA operating budget. (Details on customer growth for the past ten years can be found in the Statistical Section).

The following chart depicts the change in water and wastewater billed customers over the last two years. All the FGUA systems charge base fees if there is a connection that must be maintained, whether occupied or vacant.

FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

System	Water Customers				Wastewater Customers			
	6/30/2019	6/30/2018	Growth	Percent Growth	6/30/2019	6/30/2018	Growth	Percent Growth
Lehigh Acres	13,208	12,886	322	2.50%	10,965	10,662	303	2.84%
Pasco Systems	18,182	18,138	44	0.24%	15,402	15,371	31	0.20%
Consolidated Systems	6,643	6,636	7	0.11%	3,427	3,420	7	0.20%
Lindrick Utility System	3,152	3,106	46	1.48%	2,652	2,613	39	1.49%
MacDill AFB	1	1	0	0.00%	1	1	0	0.00%
North Fort Myers System	1,847	1,855	(8)	-0.43%	12,037	11,952	85	0.71%
Lake Aqua System	5,057	5,058	(1)	-0.02%	1,254	1,254	0	0.00%
Pasco Aqua System	3,269	3,272	(3)	-0.09%	3,104	3,106	(2)	-0.06%
Unified Aqua System	7,773	7,752	21	0.27%	1,997	1,996	1	0.05%
Dunnellon	3,485	0	3,485	100.00%	2,579	0	2,579	100.00%
Totals	62,617	58,704	3,913	6.67%	53,418	50,375	3,043	6.04%

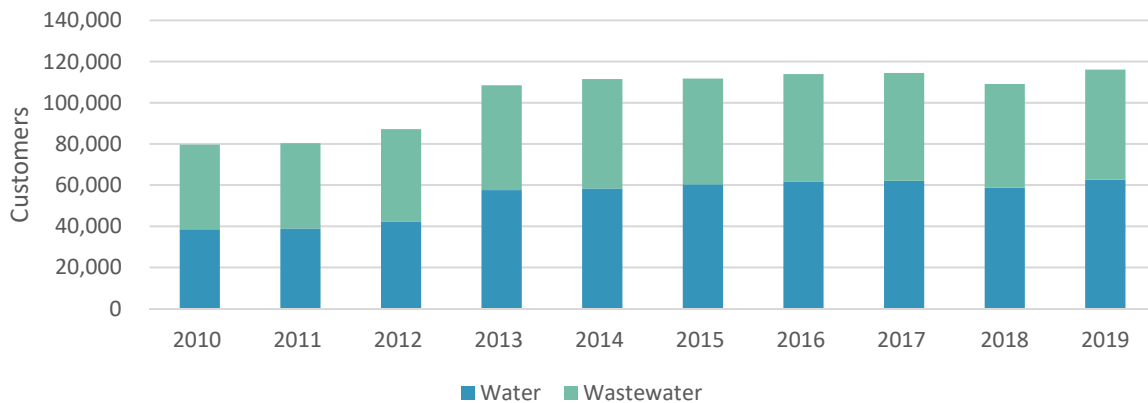
Note:

Reflects active customers on June 30

The following chart shows the change in the number of customers over the past ten years. While the individual utilities have traditionally experienced relatively flat growth in the customer base, acquisitions of new systems and transitioning of exiting systems may be reflected in the changes shown below. In 2010, the FGUA acquired the Consolidated, Lindrick, and North Fort Myers utility systems. In 2012, the FGUA acquired the Mad Hatter/Paradise Lakes utility systems. In 2013, the FGUA acquired the Lake Aqua, Pasco Aqua, and Unified Aqua utility systems. The FGUA transferred the Golden Gate Utility System to Collier County in 2018. The FGUA acquired the Dunnellon Utility System in 2018. The number of utility systems and the size of the customer base of each system for a given year affect the upward and downward changes over this ten-year period.

Refer to the Statistical Section for additional information.

Most Recent 10 Years of FGUA Customers



FINANCIAL

Florida Governmental Utility Authority Management's Discussion and Analysis (continued)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Florida Governmental Utility Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the FGUA Office of the Chief Financial Officer, 280 Wekiva Springs Road, Suite 2070, Longwood, FL 32779.

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FLORIDA GOVERNMENTAL UTILITY AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Non-System Specific	Lehigh Utility System	Pasco Utility System	Consolidated Utility Systems	Lindrick Utility System
ASSETS					
Current assets					
Cash and cash equivalents	\$ 854,706	\$ 17,577,979	\$ 9,849,960	\$ 7,985,332	\$ 2,407,134
Restricted assets:					
Cash and cash equivalents	-	4,163,472	6,738,293	1,924,492	1,441,395
Due from other governments	-	-	-	-	-
Accounts receivable, net	82,258	2,055,904	2,479,376	888,501	607,965
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	26,383	363,752	37,064	29,379	94,474
Total current assets	<u>963,347</u>	<u>24,161,107</u>	<u>19,104,693</u>	<u>10,827,704</u>	<u>4,550,968</u>
Non-current assets					
Restricted assets:					
Cash and cash equivalents	-	4,750,318	8,454,549	4,494,621	347,994
Special assessment receivable	-	284,492	-	-	-
Intangible right-of-use agreements, net	-	-	-	-	3,273,200
Land	-	2,557,494	1,637,649	227,526	49,504
Utility plants	188,647	125,627,881	70,072,602	16,105,936	9,383,653
Construction in process	-	4,883,458	84,500	310,082	540
Accumulated depreciation	(70,298)	(63,018,046)	(19,739,179)	(2,640,475)	(1,748,993)
Excess of cost over fair value of acquired assets, net	-	1,101,485	35,647,557	9,959,710	11,341,274
Total non-current assets	<u>118,349</u>	<u>76,187,082</u>	<u>96,157,678</u>	<u>28,457,400</u>	<u>22,647,172</u>
Total Assets	<u>1,081,696</u>	<u>100,348,189</u>	<u>115,262,371</u>	<u>39,285,104</u>	<u>27,198,140</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	-	2,222,614	-	-	1,023,111
LIABILITIES					
Current liabilities					
Accounts payable	465,491	1,101,694	1,598,774	484,725	242,583
Customer deposits	-	1,562,695	1,901,664	398,112	213,396
Liabilities payable from current restricted assets:					
Accounts payable	-	638,513	235,976	203,081	460,568
Interest payable	-	1,120,959	3,342,317	514,111	435,911
Current portion of long-term debt	-	2,404,000	3,160,000	1,207,300	544,916
Total current liabilities	<u>465,491</u>	<u>6,827,861</u>	<u>10,238,731</u>	<u>2,807,329</u>	<u>1,897,374</u>
Non-current liabilities					
Non-current portion of long-term debt	-	62,281,010	103,406,406	27,193,363	22,906,496
Total Liabilities	<u>465,491</u>	<u>69,108,871</u>	<u>113,645,137</u>	<u>30,000,692</u>	<u>24,803,870</u>
NET POSITION					
Net investment in capital assets	118,349	8,996,004	(18,844,346)	(4,202,094)	351,687
Restricted for:					
Capital projects	-	4,631,524	816,204	1,073,163	97,915
Debt service	-	2,216,666	10,779,414	4,392,968	314,185
Unrestricted	497,856	17,617,738	8,865,962	8,020,375	2,653,594
Total Net Position	<u>\$ 616,205</u>	<u>\$ 33,461,932</u>	<u>\$ 1,617,234</u>	<u>\$ 9,284,412</u>	<u>\$ 3,417,381</u>

The accompanying notes to financial statements
are an integral part of this statement.

N. Fort Myers Utility System	MacDill AFB Utility System	Lake Aqua Utility System	Pasco Aqua Utility System	Unified Aqua Utility System	Dunnellon Utility System	Total
\$ 10,540,472	\$ 4,462,144	\$ 1,865,412	\$ 3,806,564	\$ 4,019,089	\$ 1,627,477	\$ 64,996,269
2,344,757	1,205,912	859,332	908,832	1,245,603	646,677	21,478,765
-	-	-	-	-	611,502	611,502
1,508,443	834,413	564,027	517,509	1,148,680	426,021	11,113,097
522,705	-	-	-	-	73,904	596,609
-	-	-	-	-	-	-
199,561	6,050	47,298	32,485	88,608	8,861	933,915
15,115,938	6,508,519	3,336,069	5,265,390	6,501,980	3,394,442	99,730,157
745,035	1,617,614	1,159,729	1,715,963	1,684,676	790,979	25,761,478
-	-	-	-	-	323,993	608,485
-	-	-	-	267,480	-	3,540,680
345,710	-	227,084	177,485	1,222,850	580,415	7,025,717
69,701,466	49,356,976	9,054,406	8,110,780	28,018,101	8,868,189	394,488,637
243,666	3,217,857	163,252	534	2,771	259,367	9,166,027
(17,826,124)	(10,330,824)	(2,991,413)	(2,161,179)	(7,486,530)	(523,576)	(128,536,637)
12,173,734	-	6,823,992	9,039,413	1,046,395	-	87,133,560
65,383,487	43,861,623	14,437,050	16,882,996	24,755,743	10,299,367	399,187,947
80,499,425	50,370,142	17,773,119	22,148,386	31,257,723	13,693,809	498,918,104
3,074,471	-	-	-	-	-	6,320,196
610,603	380,414	469,647	264,855	1,167,719	275,298	7,061,803
547,322	4,000	260,590	348,556	418,704	115,597	5,770,636
359,040	406,849	105,420	74,745	96,502	115,649	2,696,343
429,176	-	358,903	399,087	484,028	351,507	7,435,999
1,556,541	799,063	395,009	435,000	665,073	179,521	11,346,423
3,502,682	1,590,326	1,589,569	1,522,243	2,832,026	1,037,572	34,311,204
56,132,458	11,902,309	16,059,166	17,683,283	24,442,997	12,602,547	354,610,035
59,635,140	13,492,635	17,648,735	19,205,526	27,275,023	13,640,119	388,921,239
10,078,507	29,542,637	(3,175,902)	(2,925,750)	(2,023,065)	(3,155,430)	14,760,597
733,999	2,416,677	38,177	437,569	96,697	861,805	11,203,730
1,512,994	-	1,515,609	1,687,894	2,239,114	277,954	24,936,798
11,613,256	4,918,193	1,746,500	3,743,147	3,669,954	2,069,361	65,415,936
\$ 23,938,756	\$ 36,877,507	\$ 124,384	\$ 2,942,860	\$ 3,982,700	\$ 53,690	\$ 116,317,061

The accompanying notes to financial statements
are an integral part of this statement.

**FLORIDA GOVERNMENTAL UTILITY AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Non-System Specific	Lehigh Utility System	Pasco Utility System	Consolidated Utility Systems	Lindrick Utility System
Operating revenues					
Water and wastewater revenues	\$ -	\$ 14,716,145	\$ 19,387,507	\$ 6,134,643	\$ 4,366,866
Other operating revenues	59,300	775,729	695,365	274,953	143,555
Total operating revenues	<u>59,300</u>	<u>15,491,874</u>	<u>20,082,872</u>	<u>6,409,596</u>	<u>4,510,421</u>
Operating expenses					
Operating and management services	-	6,823,225	9,769,026	2,872,973	2,529,544
Other operating expenses	170,787	586,366	713,583	187,141	92,031
Depreciation and amortization	26,408	4,488,635	4,306,720	1,058,467	899,058
Total operating expenses	<u>197,195</u>	<u>11,898,226</u>	<u>14,789,329</u>	<u>4,118,581</u>	<u>3,520,633</u>
Operating income	<u>(137,895)</u>	<u>3,593,648</u>	<u>5,293,543</u>	<u>2,291,015</u>	<u>989,788</u>
Nonoperating revenues (expenses)					
Investment income	10,748	451,016	431,684	309,097	67,504
Miscellaneous income	174,302	-	170,777	2,275	128
Build America Bond interest subsidies	-	-	2,194,565	-	268,786
Operating grants	-	363,139	162,946	22,702	1,708
Interest expense	-	(2,103,464)	(6,699,848)	(1,164,890)	(1,317,085)
Debt issuance costs	-	-	-	-	(377,350)
Total nonoperating revenues (expenses)	<u>185,050</u>	<u>(1,289,309)</u>	<u>(3,739,876)</u>	<u>(830,816)</u>	<u>(1,356,309)</u>
Income (loss) before capital contributions	<u>47,155</u>	<u>2,304,339</u>	<u>1,553,667</u>	<u>1,460,199</u>	<u>(366,521)</u>
Capital contributions					
Capital grants	-	-	-	-	-
Recoverable portion of system purchase price	-	-	-	-	-
Impact fees and developer contributions	-	900,403	1,261,362	322,652	45,200
Total capital contributions	<u>-</u>	<u>900,403</u>	<u>1,261,362</u>	<u>322,652</u>	<u>45,200</u>
Increase (decrease) in net position	<u>47,155</u>	<u>3,204,742</u>	<u>2,815,029</u>	<u>1,782,851</u>	<u>(321,321)</u>
Net position, beginning of year	569,050	30,257,190	(1,197,795)	7,501,561	3,738,702
Net position, end of year	<u>\$ 616,205</u>	<u>\$ 33,461,932</u>	<u>\$ 1,617,234</u>	<u>\$ 9,284,412</u>	<u>\$ 3,417,381</u>

The accompanying notes to financial statements
are an integral part of this statement.

<u>N. Fort Myers Utility System</u>	<u>MacDill AFB Utility System</u>	<u>Lake Aqua Utility System</u>	<u>Pasco Aqua Utility System</u>	<u>Unified Aqua Utility System</u>	<u>Dunnellon Utility System</u>	<u>Total</u>
\$ 12,121,398	\$ 4,880,893	\$ 3,990,800	\$ 3,422,014	\$ 7,768,238	\$ 2,880,088	\$ 79,668,592
146,021	33,275	153,648	187,496	432,853	56,540	2,958,735
<u>12,267,419</u>	<u>4,914,168</u>	<u>4,144,448</u>	<u>3,609,510</u>	<u>8,201,091</u>	<u>2,936,628</u>	<u>82,627,327</u>
5,108,122	2,444,457	2,183,369	1,637,156	4,425,031	1,571,248	39,364,151
505,397	158,252	135,609	109,328	375,046	131,743	3,165,283
2,880,717	1,843,988	810,064	774,997	1,429,306	523,575	19,041,935
<u>8,494,236</u>	<u>4,446,697</u>	<u>3,129,042</u>	<u>2,521,481</u>	<u>6,229,383</u>	<u>2,226,566</u>	<u>61,571,369</u>
<u>3,773,183</u>	<u>467,471</u>	<u>1,015,406</u>	<u>1,088,029</u>	<u>1,971,708</u>	<u>710,062</u>	<u>21,055,958</u>
320,931	3,813	60,210	119,127	107,946	36,073	1,918,149
26,369	139,189	2,843	3,099	2,199	1,376	522,557
998,230	-	-	-	-	-	3,461,581
112,671	-	138,896	36,038	346,193	-	1,184,293
(3,584,388)	(786,767)	(722,074)	(803,927)	(983,384)	(351,507)	(18,517,334)
(588,225)	-	(2,324)	-	(18,931)	(694,143)	(1,680,973)
<u>(2,714,412)</u>	<u>(643,765)</u>	<u>(522,449)</u>	<u>(645,663)</u>	<u>(545,977)</u>	<u>(1,008,201)</u>	<u>(13,111,727)</u>
<u>1,058,771</u>	<u>(176,294)</u>	<u>492,957</u>	<u>442,366</u>	<u>1,425,731</u>	<u>(298,139)</u>	<u>7,944,231</u>
-	454,929	-	-	-	236,617	691,546
-	1,539,409	-	-	-	-	1,539,409
861,649	-	7,566	1,392	19,500	115,212	3,534,936
<u>861,649</u>	<u>1,994,338</u>	<u>7,566</u>	<u>1,392</u>	<u>19,500</u>	<u>351,829</u>	<u>5,765,891</u>
1,920,420	1,818,044	500,523	443,758	1,445,231	53,690	13,710,122
22,018,336	35,059,463	(376,139)	2,499,102	2,537,469	-	102,606,939
<u>\$ 23,938,756</u>	<u>\$ 36,877,507</u>	<u>\$ 124,384</u>	<u>\$ 2,942,860</u>	<u>\$ 3,982,700</u>	<u>\$ 53,690</u>	<u>\$ 116,317,061</u>

The accompanying notes to financial statements
are an integral part of this statement.

**FLORIDA GOVERNMENTAL UTILITY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Non-System Specific	Lehigh Utility System	Pasco Utility System	Consolidated Utility Systems	Lindrick Utility System
Cash flows from operating activities					
Cash received from customers, including customer deposits	\$ 352,298	\$ 15,753,328	\$ 19,955,880	\$ 6,360,652	\$ 4,431,065
Cash received from rental activities	-	-	170,777	2,275	128
Cash payments for contractual and other services	(128,945)	(7,633,291)	(10,694,550)	(2,997,625)	(2,904,646)
Net cash provided by (used in) operating activities	<u>223,353</u>	<u>8,120,037</u>	<u>9,432,107</u>	<u>3,365,302</u>	<u>1,526,547</u>
Cash flows from capital and related financing activities					
Proceeds from issuance of bonds and loans	-	-	-	-	19,195,000
Debt issuance costs	-	-	-	-	(1,400,461)
Principal paid on revenue bond and assessment note	-	(2,278,899)	(3,070,000)	(183,101)	(20,346,400)
Interest paid on revenue bonds and assessment note	-	(2,424,186)	(6,754,813)	(1,165,724)	(1,717,824)
Build America Bond subsidy receipts on revenue bonds	-	-	2,194,565	-	268,786
Payments to acquire and construct plant property	(76,491)	(2,608,236)	(3,805,555)	(2,340,363)	(502,979)
Operating grants	-	363,139	162,946	22,702	1,708
Capital grants	-	-	-	-	-
Impact fees and other capital contributions	-	823,920	353,134	26,850	45,200
Net cash provided by (used in) capital and related financing activities	<u>(76,491)</u>	<u>(6,124,262)</u>	<u>(10,919,723)</u>	<u>(3,639,636)</u>	<u>(4,456,970)</u>
Cash flows from investing activities					
Sales (purchases) of investments	-	-	1,842,703	-	403,880
Interest received	10,748	451,016	431,684	309,097	67,504
Net cash provided by (used in) investing activities	<u>10,748</u>	<u>451,016</u>	<u>2,274,387</u>	<u>309,097</u>	<u>471,384</u>
Net increase (decrease) in cash and cash equivalents	<u>157,610</u>	<u>2,446,791</u>	<u>786,771</u>	<u>34,763</u>	<u>(2,459,039)</u>
Cash and cash equivalents, beginning of year	697,096	24,044,978	24,256,031	14,369,682	6,655,562
Cash and cash equivalents, end of year	<u>\$ 854,706</u>	<u>\$ 26,491,769</u>	<u>\$ 25,042,802</u>	<u>\$ 14,404,445</u>	<u>\$ 4,196,523</u>
Reconciliation of operating income to net cash provided by (used in) operating activities					
Cash flows from operating activities					
Operating income	\$ (137,895)	\$ 3,593,648	\$ 5,293,543	\$ 2,291,015	\$ 989,788
Adjustments to reconcile operating income to net cash provided by operating activities:					
Miscellaneous nonoperating income	174,302	-	170,777	2,275	128
Depreciation and amortization expense	26,408	4,488,635	4,306,720	1,058,467	899,058
Changes in assets and liabilities					
Decrease (Increase) in accounts receivable	(82,258)	156,879	(236,069)	(77,249)	(101,282)
Decrease (Increase) in prepaid expenses	(14,014)	1,137	(30,494)	(11,367)	(87,279)
Increase (Decrease) in accounts payable and accrued expenses	256,810	(224,837)	(181,447)	73,856	(195,792)
Increase (Decrease) in customer deposits payable	-	104,575	109,077	28,305	21,926
Total adjustments	<u>361,248</u>	<u>4,526,389</u>	<u>4,138,564</u>	<u>1,074,287</u>	<u>536,759</u>
Net cash provided by (used in) operating activities	<u>\$ 223,353</u>	<u>\$ 8,120,037</u>	<u>\$ 9,432,107</u>	<u>\$ 3,365,302</u>	<u>\$ 1,526,547</u>
Supplemental schedule of noncash investing, capital, and financing activities					
Amortization of excess of cost over fair value of acquired assets	\$ -	\$ 264,356	\$ 1,835,925	\$ 445,782	\$ 555,491
Amortization of deferred loss on refunding	-	109,700	-	-	-
Bond discount (premium) amortization	-	(397,122)	15,215	353	-
Plant property contributed by developers	-	76,483	908,228	295,802	-

The accompanying notes to financial statements
are an integral part of this statement.

N. Fort Myers Utility System	MacDill AFB Utility System	Lake Aqua Utility System	Pasco Aqua Utility System	Unified Aqua Utility System	Dunnellon Utility System	Total
\$ 11,879,130	\$ 5,290,215	\$ 4,185,037	\$ 3,650,681	\$ 8,450,499	\$ 1,616,805	\$ 81,925,590
26,369	139,189	2,843	3,099	2,199	1,376	348,255
(5,709,918)	(2,407,303)	(2,080,720)	(1,668,418)	(4,430,622)	(1,436,554)	(42,092,592)
<u>6,195,581</u>	<u>3,022,101</u>	<u>2,107,160</u>	<u>1,985,362</u>	<u>4,022,076</u>	<u>181,627</u>	<u>40,181,253</u>
45,641,619	-	-	-	-	12,782,068	77,618,687
(3,690,618)	-	(2,324)	-	(18,931)	(694,143)	(5,806,477)
(45,863,659)	(752,642)	(380,062)	(424,999)	(605,438)	-	(73,905,200)
(5,023,612)	(786,767)	(722,156)	(804,550)	(976,291)	-	(20,375,923)
998,230	-	-	-	-	-	3,461,581
(3,350,811)	(3,676,773)	(646,154)	(900,478)	(2,055,301)	(9,540,530)	(29,503,671)
112,671	-	138,896	36,038	346,193	-	1,184,293
-	-	-	-	-	236,617	236,617
66,021	1,994,338	7,566	1,392	19,500	63,421	3,401,342
<u>(11,110,159)</u>	<u>(3,221,844)</u>	<u>(1,604,234)</u>	<u>(2,092,597)</u>	<u>(3,290,268)</u>	<u>2,847,433</u>	<u>(43,688,751)</u>
1,009,700	-	-	-	-	-	3,256,283
320,931	3,813	60,210	119,127	107,946	36,073	1,918,149
<u>1,330,631</u>	<u>3,813</u>	<u>60,210</u>	<u>119,127</u>	<u>107,946</u>	<u>36,073</u>	<u>5,174,432</u>
(3,583,947)	(195,930)	563,136	11,892	839,754	3,065,133	1,666,934
17,214,211	7,481,600	3,321,337	6,419,467	6,109,614	-	110,569,578
<u>\$ 13,630,264</u>	<u>\$ 7,285,670</u>	<u>\$ 3,884,473</u>	<u>\$ 6,431,359</u>	<u>\$ 6,949,368</u>	<u>\$ 3,065,133</u>	<u>\$ 112,236,512</u>
\$ 3,773,183	\$ 467,471	\$ 1,015,406	\$ 1,088,029	\$ 1,971,708	\$ 710,062	\$ 21,055,958
26,369	139,189	2,843	3,099	2,199	1,376	522,557
2,880,717	1,843,988	810,064	774,997	1,429,306	523,575	19,041,935
(444,481)	376,047	17,037	16,460	207,769	(1,435,420)	(1,602,567)
(159,350)	(845)	(1,159)	(8,160)	4,850	(8,861)	(315,542)
62,951	196,251	239,417	86,226	364,605	275,298	953,338
56,192	-	23,552	24,711	41,639	115,597	525,574
<u>2,422,398</u>	<u>2,554,630</u>	<u>1,091,754</u>	<u>897,333</u>	<u>2,050,368</u>	<u>(528,435)</u>	<u>19,125,295</u>
<u>\$ 6,195,581</u>	<u>\$ 3,022,101</u>	<u>\$ 2,107,160</u>	<u>\$ 1,985,362</u>	<u>\$ 4,022,076</u>	<u>\$ 181,627</u>	<u>\$ 40,181,253</u>
\$ 584,339	\$ -	\$ 290,383	\$ 384,656	\$ 54,435	\$ -	\$ 4,415,367
27,922	-	-	-	-	-	137,622
8,443	-	2,831	5,752	10,893	-	(353,635)
795,628	-	-	-	-	-	2,076,141

The accompanying notes to financial statements
are an integral part of this statement.

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FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

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

(a) **Reporting entity**—The Florida Governmental Utility Authority (the “Authority”) was formed as a legal entity and public body pursuant to Chapters 125, 166 and 163, Florida Statutes and an Interlocal Agreement dated February 1, 1999 (the "Interlocal Agreement") initially by and between Brevard County, Lee County, Polk County, and Sarasota County (the "Authority Members"), each a local government located in the State of Florida. The Interlocal Agreement was amended and restated on December 1, 2000, by and between Citrus County, Nassau County, Polk County, and Sarasota County. Sarasota County was a member of the Interlocal Agreement, but withdrew effective August 29, 2002, after assuming ownership of the Authority's assets and liabilities related to the Sarasota Utility System. On January 16, 2003, Osceola County was accepted as a member. Osceola County has since terminated its membership and the Poinciana Utility System assets and liabilities were transferred to the Tohopekaliga Water Authority on April 30, 2007. The Citrus Utility System was transitioned to Citrus County on February 15, 2007. On October 15, 2005 Lee County rejoined the Authority subsequent to the purchase of the Lehigh Acres System. The Town of Dundee joined as a member on June 12, 2007 and subsequently withdrew on January 21, 2010. Hendry County joined as a member on February 21, 2008. Pasco County joined as a member on February 27, 2008. DeSoto County joined as a member on January 13, 2009, and terminated its membership on November 12, 2015. The purpose of the Authority is to enable the Authority Members to make the most efficient use of their common power to acquire, own, improve, operate, and maintain water and wastewater facilities. It is not expected that the Authority will have any employees. All services will be provided on a contractual basis.

Based on the criteria in Governmental Accounting Standards Board (GASB) Codification, the Authority has determined that there are no other units that meet the criteria for inclusion in the Authority's financial statements.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The accounting systems of the Authority are organized on the basis of funds, each of which is considered an accounting entity having a self-balancing set of accounts for recording its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses. Since the Authority is a special purpose government involved solely in the provision of water and wastewater services to its customers on a fee basis, all funds are accounted for in Proprietary Funds. The Authority utilizes the accrual basis of accounting in accordance with the GASB Codification.

The focus of proprietary fund measurement is the determination of net income, financial position, and cash flows. The proprietary funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority operates ten utility systems (Lehigh Acres, Pasco, Consolidated, Lindrick, North Fort Myers, MacDill AFB, Lake Aqua, Pasco Aqua, Unified Aqua, and Dunnellon) in ten separate funds. The Authority has one non-system specific fund that handles the administration of the interlocal agreements. All funds are considered major funds.

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

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

(c) **Cash and cash equivalents**—Cash and cash equivalents consists of cash on hand and on deposit in banks and money market accounts. Investments with a maturity of three months or less when purchased are considered to be cash equivalents.

(d) **Investments**—Investments are carried at fair value.

(e) **Accounts receivable**—The Authority's accounts receivable consists of amounts due from consumers. The Utility Systems perform credit evaluations on their consumers and generally require collateral deposits from them.

(f) **Restricted assets and reserves**—Certain assets are required to be segregated from other assets due to various bond indenture agreements. These assets are legally restricted for specific purposes such as debt service, construction, and renewals and replacements. The remaining excess of restricted assets over liabilities is reflected as restricted net position.

(g) **Property and plant**—Property and plant are recorded at cost less accumulated depreciation, except contributed assets which are recorded at acquisition value on the date of contribution. Expenditures of \$5,000 or more are capitalized. Depreciation, on a straight-line basis, is charged over estimated useful lives ranging from 5 to 35 years.

(h) **Intangibles**—The excess cost over fair value of acquired assets is being amortized, on a straight-line basis, over the approximate life of the related assets purchased, ranging from 20 to 30 years. The right-of-use capacity agreement for the Lindrick Utility System has an indefinite life.

(i) **Bond discounts and premiums**—Bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest method.

(j) **Revenue recognition**—Operating revenue consists primarily of charges for services, which are billed to customers for water, wastewater, and reclaimed water service. Billings are included in revenue as meters are read on a cycle basis throughout each month. Unbilled revenues are accrued based on estimated consumption of the most recent billing. For the MacDill AFB system, all water and wastewater revenues are earned based on the terms set forth in a formal agreement between the Authority and the Federal government.

(k) **Net position flow assumption**—Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Authority's policy to consider restricted net position to have been used before unrestricted net position is applied.

(l) **Operating and nonoperating revenues and expenses**—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. 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.

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

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

(m) **Capital grants, contributions, and impact fees**—Impact fees are imposed by the Utility Systems to acquire, construct, equip, or expand the capacity of the water and/or wastewater facilities in order to serve new users of the facilities and new development within the service area of the Utility Systems. Impact fees revenue is recognized when the related connection services are performed. Capital contributions represent contributions of certain water distribution and wastewater collection systems. Such contributions are recognized as revenue in the period they are received. The recoverable portion of system purchase price is earned in the MacDill AFB System based on the terms set forth in the agreement with the Federal government. Capital grants represent funding from state and Federal agencies to support capital asset construction.

(n) **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. It is the deferred loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 no items that qualify for reporting in this category.

(o) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(p) **Risk management**—The Authority participates in various insurance programs for property and casualty losses. Coverage includes property, general liability, and public officials insurance. Environmental impairment insurance for potential spills is maintained with a third party insurance carrier. Settled claims have not exceeded insurance coverage during the last three fiscal years.

(2) **Purchase and Transition of Utility Systems:**

Dunnellon utility system—Effective October 26, 2018, the Authority Board of Directors accepted and approved a contract for the acquisition, repair, improvement, and operation of water and wastewater utility facilities owned by the City of Dunnellon, Florida, for a purchase price of \$12,119,727. The acquired utility facilities were recorded in a new fund for financial reporting purposes.

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(2) **Purchase and Transition of Utility Systems:** (Continued)

As discussed further in Note (7), the Authority Board of Directors authorized the issuance of the Dunnellon Utility System U.S. Department of Agriculture (USDA) Rural Development Loan. The purpose of these bonds was to finance the acquisition and improvement of the utility assets acquired.

(3) **Sale of Utility Systems:**

In recent years, the Authority has periodically engaged in selling rehabilitated utility systems, most recently selling the Golden Gate system in fiscal year 2018.

No other such sales occurred during the year ended September 30, 2019.

(4) **Deposits and Investments:**

(a) **Deposits**—At September 30, 2019, the Authority held cash on deposit with various financial institutions. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. 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 another 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 are considered insured for custodial credit risk purposes.

(b) **Investments**—The Authority measures and records its investments using fair value measurement guidelines established by GASB Codification. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments or futures contracts.

Level 2: Assets and liabilities valued based on observable market data for similar instruments. Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for assets and liabilities, either directly or indirectly.

Level 3: Assets or liabilities for which significant valuation assumptions are not readily observable in the market and instruments, which are valued based on the best available data. Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets may include instruments for which the determination of fair value requires significant management judgment or estimation.

At September 30, 2019, the Authority held no additional investments after the Level 2 Municipal bonds held matured July 15, 2019. The monies from the bond were deposited into cash accounts.

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

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

(c) **Custodial credit risk**—For an investment, custodial credit 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 an annual review of the institutions used.

(d) **Credit risk**—Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Authority does have a formal investment policy that limits its investments to high quality investments to control credit risk, which requires diversification of investments, limited investments in securities with higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools or money market funds. In addition, certificates of deposit and other evidences of deposit at qualified depositories, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1 or D-1 or higher) by a nationally recognized rating agency. The money market mutual funds do not have credit quality ratings.

(e) **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, except for special situations, limits investment maturities to instruments maturing within three years from purchase as a means of managing exposure to fair value losses arising from increasing interest rates. At September 30, 2019, the Authority had no investments subject to interest rate risk.

(5) **Accounts Receivable:**

Receivables at September 30, 2019, consist of the following:

	Non-System Specific	Lehigh Utility System	Pasco Utility System	Consolidated Utility System
Billed customer receivables	\$ -	\$ 1,774,222	\$ 1,717,297	\$ 793,016
Unbilled customer receivables	-	697,559	1,111,591	321,402
Special assessments - current	-	41,266	-	-
Other receivables	82,258	-	-	3,569
Gross accounts receivable	82,258	2,513,047	2,828,888	1,117,987
Less: Allowance for uncollectibles	-	(457,143)	(349,512)	(229,486)
Net total receivables	<u>\$ 82,258</u>	<u>\$ 2,055,904</u>	<u>\$ 2,479,376</u>	<u>\$ 888,501</u>

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(5) **Accounts Receivable:** (Continued)

	Lindrick Utility System	N. Ft. Myers Utility System	MacDill AFB Utility System	Lake Aqua Utility System
Billed customer receivables	\$ 437,471	\$ 554,534	\$ 834,413	\$ 490,315
Unbilled customer receivables	343,986	1,027,777	-	187,572
Special assessments - current	-	-	-	-
Other receivables	-	52,242	-	-
Gross accounts receivable	781,457	1,634,553	834,413	677,887
Less: Allowance for uncollectibles	(173,492)	(126,110)	-	(113,860)
Net total receivables	<u>\$ 607,965</u>	<u>\$ 1,508,443</u>	<u>\$ 834,413</u>	<u>\$ 564,027</u>

	Pasco Aqua Utility System	Unified Aqua Utility System	Dunnellon Utility System	Total
Billed customer receivables	\$ 437,612	\$ 959,502	\$ 348,408	\$ 8,346,790
Unbilled customer receivables	241,329	478,110	123,397	4,532,723
Special assessments - current	-	-	-	41,266
Other receivables	-	-	21,069	159,138
Gross accounts receivable	678,941	1,437,612	492,874	13,079,917
Less: Allowance for uncollectibles	(161,432)	(288,932)	(66,853)	(1,966,820)
Net total receivables	<u>\$ 517,509</u>	<u>\$ 1,148,680</u>	<u>\$ 426,021</u>	<u>\$ 11,113,097</u>

(6) **Capital Assets:**

Changes in the Authority's capital assets for the year ended September 30, 2019, were as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Capital assets not being depreciated:				
Land	\$ 6,459,462	\$ 580,595	\$ (14,340)	\$ 7,025,717
Construction in progress	23,023,132	19,254,012	(33,111,117)	9,166,027
Total capital assets not being depreciated	<u>29,482,594</u>	<u>19,834,607</u>	<u>(33,125,457)</u>	<u>16,191,744</u>
Capital assets being depreciated:				
Utility plants	350,798,633	43,750,702	(60,698)	394,488,637
Accumulated depreciation	(113,970,765)	(14,626,570)	60,698	(128,536,637)
Total capital assets being depreciated, net	<u>236,827,868</u>	<u>29,124,132</u>	<u>-</u>	<u>265,952,000</u>
Capital assets, net	<u>\$ 266,310,462</u>	<u>\$ 48,958,739</u>	<u>\$ (33,125,457)</u>	<u>\$ 282,143,744</u>
Excess of cost over fair value of acquired assets	\$ 129,520,247	\$ -	\$ -	\$ 129,520,247
Accumulated amortization	(37,981,227)	(4,405,460)	-	(42,386,687)
Excess of cost over fair value of acquired assets, net	<u>91,539,020</u>	<u>(4,405,460)</u>	<u>-</u>	<u>87,133,560</u>
Right of use intangibles	3,570,400	-	-	3,570,400
Accumulated amortization	(19,813)	(9,907)	-	(29,720)
Right of use intangibles, net	<u>3,550,587</u>	<u>(9,907)</u>	<u>-</u>	<u>3,540,680</u>
Intangible assets, net	<u>\$ 95,089,607</u>	<u>\$ (4,415,367)</u>	<u>\$ -</u>	<u>\$ 90,674,240</u>

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:**

(a) Revenue bonds and notes payable at September 30, 2019, are comprised of the following:

Lehigh Acres Utility System

\$10,120,000 2.00%-4.00% Series 2017 Serial Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2018, principal payments due annually October 1, 2018 through 2040; secured by pledged water and wastewater revenues	\$ 10,035,000
\$1,145,000 2.00%-5.00% Series 2017 Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2018, principal payments due biannually October 1, 2022 through 2030; secured by pledged water and wastewater revenues	1,145,000
\$16,480,000 Series 2014 Serial Bonds, interest due semi-annually on April 1 and October 1 commencing April 1, 2015, principal payments due annually October 1, 2016 through 2032; interest rates ranging from 2.00% to 5.00%; secured by pledged water and wastewater revenues	14,205,000
\$4,145,000 3.625% Series 2014 Term Bonds, interest due semi-annually on April 1 and October 1 commencing April 1, 2015, mandatory redemption of principal payments due annually October 1, 2033 through 2035; secured by pledged water and wastewater revenues	4,145,000
\$20,465,000 Series 2012 Serial Bonds, interest due semi-annually on April 1 and October 1 commencing April 1, 2013, principal payments due annually October 1, 2015 through 2028; interest rates ranging from 2.75% to 5.00%; secured by pledged water and wastewater revenues	15,800,000
\$10,615,000 5.00% Series 2012 Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2013, principal payments due annually October 1, 2029 through 2033; secured by pledged water and wastewater revenues	10,615,000
\$6,705,500 Loan Agreement with SunTrust Equipment Finance & Leasing Corp. –The Lehigh Acres Utility System was approved for a preconstruction and construction loan with SunTrust Equipment Finance & Leasing Corp. in the amount of \$6,705,500 at an interest rate of 2.30%. The funds are used pursuant to a Guaranteed Energy, Water and Wastewater Performance Savings Contract with Siemens for system improvements. According to the loan agreement, monthly payments of interest only are due August 25, 2016 and monthly payments of principal and interest are due beginning on August 25, 2017 through 2032. This loan is junior and subordinate in all regards in right of payment and security to the Lehigh Acres Utility System	6,376,800

Pasco Utility System

\$20,920,000 Series 2010B Serial Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2011, principal payments due annually October 1, 2013 through 2020; interest at rates ranging from 2.746% to 5.022%; secured by pledged water and wastewater revenues	6,420,000
\$18,150,000 5.72% Series 2010B Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2011, principal payments due annually October 1, 2021 through 2025; secured by pledged water and wastewater revenues	18,150,000

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

\$21,955,000 6.348% Series 2010B Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2011, principal payments due annually October 1, 2026 through 2030; secured by pledged water and wastewater revenues	\$ 21,955,000
\$60,120,000 6.548% Series 2010B Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2011, principal payments due annually October 1, 2031 through 2040; secured by pledged water and wastewater revenues	60,120,000

Consolidated Utility System

\$1,815,000 Series 2012A Serial Bonds, interest due semi-annually on April 1 and October 1 commencing October 1, 2012, principal payments due annually October 1, 2013 through 2025; interest at rates ranging from 2.00% to 3.75%; secured by pledged water and wastewater revenues	1,450,000
\$6,995,000 4.00% Series 2012A Term Bonds, interest due semi-annually on April 1 and October 1 commencing October 1, 2012, principal payments due annually October 1, 2026 through 2032; secured by pledged water and wastewater revenues	6,995,000
\$4,250,000 5.00% Series 2012A Term Bonds, interest due semi-annually on April 1 and October 1 commencing October 1, 2012, principal payments due annually October 1, 2033 through 2037; secured by pledged water and wastewater revenues	4,250,000
\$4,000,000 5.00% Series 2012A Term Bonds, interest due semi-annually on April 1 and October 1 commencing October 1, 2012, principal payments due annually October 1, 2038 through 2042; secured by pledged water and wastewater revenues	4,000,000
\$3,580,000 4.25% Series 2012A Term Bonds, interest due semi-annually on April 1 and October 1 commencing October 1, 2012, principal payments due annually October 1, 2038 through 2042; secured by pledged water and wastewater revenues	3,580,000
\$5,000,000 4.00% Series 2012 Subordinate Bond, interest due semi-annually on June 1 and December 1 commencing December 1, 2012, principal payments of \$1,000,000 due annually June 1, 2020 through 2024; seller-financed agreement is secured by pledged water and wastewater revenues	5,000,000
\$3,145,300 Loan Agreement with SunTrust Equipment Finance & Leasing Corp. –The Consolidated Utility System was approved for a preconstruction and construction loan with SunTrust Equipment Finance & Leasing Corp. in the amount of \$3,145,300 at an interest rate of 2.30%. The funds are used pursuant to a Guaranteed Energy, Water and Wastewater Performance Savings Contract with Siemens for system improvements. According to the loan agreement, monthly payments of interest only are due August 25, 2016 and monthly payments of principal and interest are due beginning on August 25, 2017 through 2032. This loan is junior and subordinate in all regards in right of payment and security to the Consolidated Utility System	2,979,200

Lindrick Utility System

\$1,729,413 Bulk Wastewater Treatment Agreement in form of capital lease with the City of New Port Richey as amended effective October 1, 2012, due in monthly installments of \$16,107 through October 1, 2022, comprised of principal and interest at a rate of 2.25%	575,246
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FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

\$19,195,000 Series 2019 Serial Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2019, principal payments due annually October 1, 2019 through 2039; interest at rates ranging from 3.00% to 5.00%; secured by pledged water and wastewater revenues \$ 19,195,000

\$2,094,600 Loan Agreement with SunTrust Equipment Finance & Leasing Corp. –The Lindrick Utility System was approved for a preconstruction and construction loan with SunTrust Equipment Finance & Leasing Corp. in the amount of \$2,094,600 at an interest rate of 2.30%. The funds are used pursuant to a Guaranteed Energy, Water and Wastewater Performance Savings Contract with Siemens for system improvements. According to the loan agreement, monthly payments of interest only are due August 25, 2016 and monthly payments of principal and interest are due beginning on August 25, 2017 through 2032. This loan is junior and subordinate in all regards in right of payment and security to the Lindrick Utility System 2,035,600

North Fort Myers Utility System

\$9,965,000 Series 2010A Serial Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2013 through 2020; interest at rates ranging from 2.50% to 3.75%; secured by pledged water and wastewater revenues 3,060,000

\$44,655,000 Series 2019 Serial Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2019, principal payments due annually October 1, 2021 through 2039; interest at rates ranging from 4.00% to 5.00%; secured by pledged water and wastewater revenues 44,655,000

\$986,619 Loan Agreement WW360850—The North Fort Myers Utility System was approved for preconstruction and construction loans by the Florida Department of Environmental Protection under the Clean Water State Revolving Loan Fund Program in the amount of \$2,648,113 at an interest rate of 1.09%. The funds were used for wastewater system improvements. According to the loan agreement, 40 semi-annual payments of principal and interest are due beginning on April 15, 2020, currently in the amount of \$55,037; secured by pledged water and wastewater revenues. This loan is junior and subordinate in all regards in right of payment and security to the North Fort Myers Utility System Series 2019 Bonds 986,619

\$994,500 Loan Agreement with SunTrust Equipment Finance & Leasing Corp. — The North Fort Myers Utility System was approved for a preconstruction and construction loan with SunTrust Equipment Finance & Leasing Corp. in the amount of \$994,500 at an interest rate of 2.30%. The funds are used pursuant to a Guaranteed Energy, Water and Wastewater Performance Savings Contract with Siemens for system improvements. According to the loan agreement, monthly payments of interest only are due August 25, 2016 and monthly payments of principal and interest are due beginning on August 25, 2017 through 2032. This loan is junior and subordinate in all regards in right of payment and security to the North Fort Myers Utility System 929,500

MacDill AFB Utility System

\$17,715,314 6.00% seller-financed purchase price liability due in monthly installments of \$128,284, recorded as offset against utility service charges, March 1, 2011 through February 1, 2031; secured by utility plant, infrastructure, and equipment 12,701,372

FINANCIAL

Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) Bonds and Notes Payable: (Continued)

Lake Aqua Utility System

\$3,310,000 Series 2013A Serial Bonds interest due semi-annually on April 1 and October 1 commencing October 1 2013, principal payments due annually October 1, 2014 through 2023; interest at rates ranging from 2.00% to 3.375%; secured by pledged water and wastewater revenues	\$ 2,070,000
\$5,525,000 4.25% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2024 through 2033; secured by pledged water and wastewater revenues	5,525,000
\$5,615,000 5.00% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2034 through 2040; secured by pledged water and wastewater revenues	5,615,000
\$3,045,000 4.50% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2041 through 2043; secured by pledged water and wastewater revenues	3,045,000
\$120,000 Loan Agreement WW011200—The Lake Aqua Utility System was approved for preconstruction and construction loans by the Florida Department of Environmental Protection under the Clean Water State Revolving Loan Fund Program in the amount of \$35,000 at an interest rate of 1.50%. Amendment 1 to the loan increased the loan amount by \$85,000 at an interest rate of 2.14%. The funds were used for wastewater system improvements. According to the loan agreement, 40 semi-annual payments of principal and interest are due beginning on October 15, 2019, currently in the amount of \$3,748; secured by pledged water and wastewater revenues. This loan is junior and subordinate in all regards in right of payment and security to the Lake Aqua Utility System Series 2013 Bonds	121,122

Pasco Aqua Utility System

\$3,860,000 Series 2013A Serial Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2014 through 2023; interest at rates ranging from 2.00% to 3.50%; secured by pledged water and wastewater revenues	2,305,000
\$6,165,000 4.25% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2024 through 2033; secured by pledged water and wastewater revenues	6,165,000
\$6,260,000 5.00% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2034 through 2040; secured by pledged water and wastewater revenues	6,260,000
\$3,390,000 4.50% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2041 through 2043; secured by pledged water and wastewater revenues	3,390,000

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

Unified Aqua Utility System

\$6,370,000 Series 2013A Serial Bonds interest due semi-annually on April 1 and October 1 commencing October 1 2013, principal payments due annually October 1, 2014 through 2025; interest at rates ranging from 2.00% to 4.00%; secured by pledged water and wastewater revenues	\$ 4,740,000
\$2,390,000 3.75% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2026 through 2028; secured by pledged water and wastewater revenues	2,390,000
\$4,640,000 4.00% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2029 through 2033; secured by pledged water and wastewater revenues	4,640,000
\$12,665,000 4.25% Series 2013A Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2013, principal payments due annually October 1, 2034 through 2043; secured by pledged water and wastewater revenues	12,665,000
\$950,382 Loan Agreement WW590320—The Unified Aqua Utility System was approved for preconstruction and construction loans by the Florida Department of Environmental Protection under the Clean Water State Revolving Loan Fund Program at an interest rate of 0.83%. The funds were used for construction of the Authority’s Reclaimed Water Storage Tank project. According to the loan agreement, 40 semi-annual payments of principal and interest are due beginning on June 15, 2019, currently in the amount of \$39,566; secured by pledged water and wastewater revenues	949,945

Dunnellon Utility System

\$9,000,000 2.75% U.S. Department of Agriculture Rural Development Loan interest due annually on October 26 commencing October 26, 2019, principal payments due annually October 26, 2019 through 2058; secured by pledged water and wastewater revenues	9,000,000
\$3,782,068 2.75% U.S. Department of Agriculture Rural Development Loan interest due annually on October 26 commencing October 26, 2019, principal payments due annually October 26, 2019 through 2058; secured by pledged water and wastewater revenues	3,782,068
Bonds and notes payable at September 30, 2019	354,022,472
Add: unamortized bond premiums, net of unamortized bond discounts	11,933,986
Total long-term bonds and notes payable, net	365,956,458
Less: current portion of bonds and notes payable	(11,346,423)
Long-term bonds and notes payable at September 30, 2019, net	\$ 354,610,035

For the above debt instruments secured by pledged water and wastewater revenues, amounts pledged consist of the respective system’s operating revenues for the course of the long-term debt payments. The debt instruments were issued to purchase the utility systems and to fund various capital improvements. The amounts and terms of the commitments are clearly stated in the detailed descriptions above for each debt instrument.

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

Below is a table comparing the current year's pledged revenue (including revenue from the sale of water and wastewater, meter tapping, service charges, miscellaneous operating revenue, and any amounts contributed from capitalized interest and rate stabilization accounts) to the current year's principal and interest (net of Build America Bond subsidies received) required debt service. Further details may be found in the Pledged Revenue Coverage tables in the Statistical Section.

September 30	Water, Wastewater and Other Revenue	Debt Service	
		Principal	Interest
Lehigh Acres	\$ 15,892,892	\$ 2,180,000	\$ 2,241,919
Pasco	20,685,333	3,160,000	4,490,068
Consolidated	6,720,970	640,000	1,094,888
Lindrick	4,738,054	587,500	985,845
North Fort Myers	12,414,720	1,495,000	2,527,989
Lake Aqua	4,207,501	392,492	716,629
Pasco Aqua	3,731,735	435,000	798,176
Unified Aqua	8,311,233	657,390	969,464
Dunnellon	2,974,076	179,521	351,507
Totals	<u>\$ 79,676,514</u>	<u>\$ 9,726,903</u>	<u>\$ 14,176,485</u>

The Lehigh 2010 Bond series were in-substance defeased on September 7, 2017. The escrow account to legally defease these bonds was funded by issuing the 2017 series of bonds and using unrestricted cash accumulated in the Lehigh Acres enterprise fund. The escrow account consists of multiple U.S. treasury notes timed to mature in step with interest and principal payments with the final maturity on 9/30/2021. The balance of outstanding in-substance defeased debt as of September 30, 2019, is \$12,535,000. This amount will be available to be redeemed early on October 1, 2021.

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

(b) **Changes in bonds and notes payable**—Activity in bonds and notes payable for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Secured by pledged water and wastewater revenues:					
Bonds	\$ 327,085,000	\$ 63,850,000	\$ (82,350,000)	\$ 308,585,000	\$ 8,685,000
Bond premiums and discounts, net	2,577,314	9,710,306	(353,634)	11,933,986	-
Bonds, net	<u>329,662,314</u>	<u>73,560,306</u>	<u>(82,703,634)</u>	<u>320,518,986</u>	<u>8,685,000</u>
Seller-financed notes	5,000,000	-	-	5,000,000	1,000,000
USDA Loans	-	12,782,068	-	12,782,068	179,521
State Revolving Loans	1,066,566	994,586	(3,466)	2,057,686	72,223
<i>Subtotal debt secured by pledged water & wastewater revenues</i>	<u>335,728,880</u>	<u>87,336,960</u>	<u>(82,707,100)</u>	<u>340,358,740</u>	<u>9,936,744</u>
Secured by other (county bonds, assets):					
Capital leases	753,412	-	(178,166)	575,246	182,216
Seller-financed notes	13,454,014	-	(752,642)	12,701,372	799,063
Notes payable	<u>12,660,300</u>	<u>-</u>	<u>(339,200)</u>	<u>12,321,100</u>	<u>428,400</u>
<i>Subtotal other debt</i>	26,867,726	-	(1,270,008)	25,597,718	1,409,679
Bonds and notes payable, net	<u>\$ 362,596,606</u>	<u>\$ 87,336,960</u>	<u>\$ (83,977,108)</u>	<u>\$ 365,956,458</u>	<u>\$ 11,346,423</u>

(c) Debt service requirements to maturity are as follows at September 30, 2019:

Lehigh Utility System			
September 30	Principal	Interest	Total Debt Service
2020	\$ 2,404,000	\$ 2,384,884	\$ 4,788,884
2021	2,521,400	2,308,934	4,830,334
2022	2,672,900	2,200,232	4,873,132
2023	2,781,000	2,095,253	4,876,253
2024	2,954,800	1,975,311	4,930,111
2025 - 2029	17,365,400	8,012,278	25,377,678
2030 - 2034	19,402,300	4,681,252	24,083,552
2035 - 2039	9,235,000	1,424,818	10,659,818
2040 - 2041	2,985,000	91,850	3,076,850
Totals	<u>\$ 62,321,800</u>	<u>\$ 25,174,812</u>	<u>\$ 87,496,612</u>

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

Pasco Utility System

September 30	Principal	Interest	Total Debt Service
2020	\$ 3,160,000	\$ 6,684,633	\$ 9,844,633
2021	3,260,000	6,532,258	9,792,258
2022	3,370,000	6,368,541	9,738,541
2023	3,495,000	6,175,777	9,670,777
2024	3,625,000	5,975,863	9,600,863
2025 - 2029	20,300,000	26,532,233	46,832,233
2030 - 2034	24,805,000	19,590,007	44,395,007
2035 - 2039	30,525,000	10,781,281	41,306,281
2040 - 2041	14,105,000	1,395,051	15,500,051
Totals	<u>\$ 106,645,000</u>	<u>\$ 90,035,644</u>	<u>\$ 196,680,644</u>

Consolidated Utility System

September 30	Principal	Interest	Total Debt Service
2020	\$ 1,207,300	\$ 1,162,314	\$ 2,369,614
2021	1,174,500	1,116,865	2,291,365
2022	1,236,900	1,072,298	2,309,198
2023	1,276,400	1,026,333	2,302,733
2024	1,345,600	978,439	2,324,039
2025 - 2029	4,902,800	4,373,034	9,275,834
2030 - 2034	6,025,700	3,291,327	9,317,027
2035 - 2039	4,885,000	2,213,000	7,098,000
2040 - 2043	6,200,000	738,000	6,938,000
Totals	<u>\$ 28,254,200</u>	<u>\$ 15,971,610</u>	<u>\$ 44,225,810</u>

Lindrick Utility System

September 30	Principal	Interest	Total Debt Service
2020	\$ 544,916	\$ 493,228	\$ 1,038,144
2021	855,358	862,312	1,717,670
2022	908,195	826,517	1,734,712
2023	762,277	790,673	1,552,950
2024	805,700	755,674	1,561,374
2025 - 2029	4,991,800	3,170,618	8,162,418
2030 - 2034	5,577,600	2,015,748	7,593,348
2035 - 2039	6,010,000	1,004,688	7,014,688
2040 - 2041	1,350,000	54,000	1,404,000
Totals	<u>\$ 21,805,846</u>	<u>\$ 9,973,458</u>	<u>\$ 31,779,304</u>

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

North Fort Myers Utility System

September 30	Principal	Interest	Total Debt Service
2020	\$ 1,556,541	\$ 484,870	\$ 2,041,411
2021	1,655,146	2,092,838	3,747,984
2022	1,586,434	2,061,892	3,648,326
2023	1,648,527	2,000,609	3,649,136
2024	1,735,826	1,921,323	3,657,149
2025 - 2029	10,096,801	8,267,648	18,364,449
2030 - 2034	12,583,810	5,595,315	18,179,125
2035 - 2039	15,350,664	2,545,321	17,895,985
2040 - 2041	3,417,370	135,749	3,553,119
Totals	<u>\$ 49,631,119</u>	<u>\$ 25,105,565</u>	<u>\$ 74,736,684</u>

MacDill AFB Utility System

September 30	Principal	Interest	Total Debt Service
2020	\$ 799,063	\$ 740,346	\$ 1,539,409
2021	848,348	691,061	1,539,409
2022	900,672	638,737	1,539,409
2023	956,224	583,186	1,539,410
2024	1,015,201	524,208	1,539,409
2025 - 2029	6,096,141	1,600,904	7,697,045
2030 - 2031	2,085,723	95,106	2,180,829
Totals	<u>\$ 12,701,372</u>	<u>\$ 4,873,548</u>	<u>\$ 17,574,920</u>

Lake Aqua Utility System

September 30	Principal	Interest	Total Debt Service
2020	\$ 395,009	\$ 717,784	\$ 1,112,793
2021	405,106	707,936	1,113,042
2022	420,205	695,837	1,116,042
2023	430,307	683,285	1,113,592
2024	445,411	669,369	1,114,780
2025 - 2029	2,503,679	3,069,095	5,572,774
2030 - 2034	3,081,594	2,493,492	5,575,086
2035 - 2039	3,844,811	1,728,023	5,572,834
2040 - 2044	4,850,000	688,650	5,538,650
Totals	<u>\$ 16,376,122</u>	<u>\$ 11,453,471</u>	<u>\$ 27,829,593</u>

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(7) **Bonds and Notes Payable:** (Continued)

Pasco Aqua Utility System			
September 30	Principal	Interest	Total Debt Service
2020	\$ 435,000	\$ 798,175	\$ 1,233,175
2021	445,000	787,300	1,232,300
2022	460,000	773,950	1,233,950
2023	475,000	760,150	1,235,150
2024	490,000	744,713	1,234,713
2025 - 2029	2,760,000	3,413,201	6,173,201
2030 - 2034	3,405,000	2,774,213	6,179,213
2035 - 2039	4,250,000	1,923,500	6,173,500
2040 - 2044	5,400,000	766,700	6,166,700
Totals	<u>\$ 18,120,000</u>	<u>\$ 12,741,902</u>	<u>\$ 30,861,902</u>

Unified Aqua Utility System			
September 30	Principal	Interest	Total Debt Service
2020	\$ 665,073	\$ 970,591	\$ 1,635,664
2021	675,448	956,266	1,631,714
2022	700,826	930,688	1,631,514
2023	721,207	910,657	1,631,864
2024	741,592	890,023	1,631,615
2025 - 2029	4,093,836	4,079,050	8,172,886
2030 - 2034	4,888,936	3,278,503	8,167,439
2035 - 2039	5,908,027	2,233,562	8,141,589
2040 - 2044	6,990,000	915,664	7,905,664
Totals	<u>\$ 25,384,945</u>	<u>\$ 15,165,004</u>	<u>\$ 40,549,949</u>

Dunnellon Utility System			
September 30	Principal	Interest	Total Debt Service
2020	\$ 179,521	\$ 351,507	\$ 531,028
2021	183,509	347,519	531,028
2022	189,505	341,523	531,028
2023	194,716	336,312	531,028
2024	200,071	330,957	531,028
2025 - 2029	1,084,152	1,570,988	2,655,140
2030 - 2034	1,242,696	1,415,444	2,658,140
2035 - 2039	1,423,288	1,231,852	2,655,140
2040 - 2044	1,630,131	1,025,009	2,655,140
2045 - 2049	1,866,665	788,475	2,655,140
2050 - 2054	2,138,500	516,640	2,655,140
2055 - 2059	2,449,314	205,834	2,655,148
Totals	<u>\$ 12,782,068</u>	<u>\$ 8,462,060</u>	<u>\$ 21,244,128</u>

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(8) **Commitments and Contingencies:**

(a) **U.S. Water/Wade Trim, LLC**—Contracted to perform water treatment, water distribution, wastewater treatment, wastewater disposal and control, and other related services for all utility systems of the Authority. With the exception of Lehigh Acres, which had a contract effective date of October 1, 2011, the contract terms started on the effective date of the acquisitions of each system, and expire on varying dates from September 30, 2019, to September 30, 2020. With the exception of MacDill AFB, new contracts were entered into effective October 1 or November 1, 2019, and expire on September 30, 2024.

U.S. Water receives an annual fixed fee for services provided to the systems of \$24,490,006, paid in monthly installments. Fees in future years are adjusted as defined in the Operations and Billing Contract. The Operations and Billing Contract also provides for additional payments to U.S. Water for renewals and replacements and for capital improvements. Such additional payments are to be at U.S. Water's cost plus a specified profit percentage. Total amounts paid to U.S. Water for the year ended September 30, 2019 for all services were \$38,970,920. At September 30, 2019, amounts payable to U.S. Water totaled \$6,671,962.

(b) **Government Services Group, Inc.**—In order to execute the powers of the Authority pursuant to the Interlocal Agreement and the responsibilities of the Authority, the Authority retained Government Services Group, Inc. (GSG), a private contractor, for the overall management of the Authority. The Management Services Agreement between the Authority and GSG defines the general functions GSG will carry out and expires September 30, 2025. The Authority has the option to extend the term of the Management Services Agreement. GSG receives an annual base fixed fee for general administrative services provided to the Authority of \$3,863,596, as well as an annual based fixed fee for capital improvement program administrative fees of \$1,211,023. Additional payments are made for other services approved by the Authority's Board of Directors. Total amounts paid to GSG for the year ended September 30, 2019 were \$6,139,003. At September 30, 2019, amounts payable to GSG totaled \$298,289.

(c) **North Fort Myers System contingent payments**—As part of the purchase agreement for the North Fort Myers System, the Authority agreed to pay the seller 50% of impact fees collected for a period of 20 years from the closing date in June 2010 or until \$25 million has been paid to the seller, whichever occurs first. In accordance with this agreement, \$1,112,125 has been incurred through September 30, 2019. Of this amount, \$26,361 was incurred during the year ended September 30, 2019 and offset by a refund of \$74,054 for an overpayment in a prior year. Due to the refund, there was no amount payable as of September 30, 2019. The Authority also entered into a settlement with a developer of a specific subdivision whereby the developer is entitled to \$635 per lot (less a 2.0% handling fee) when impact fees are paid. As of September 30, 2019, the total amount incurred under this agreement is \$221,844. Of this amount, \$151,130 was incurred during the year ended September 30, 2019.

(d) **Contracts**—Commitments on outstanding contracts for improvements and maintenance of the Utility Systems totaled \$6,376,608 at September 30, 2019.

(e) **Other pending litigation**—The Utility Systems are contingently liable with respect to regulatory inquiries and other claims incidental to the ordinary course of its operations. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of these regulatory inquiries and claims will not have a material adverse effect on the financial position or results of operations of the Utility Systems.

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Florida Governmental Utility Authority
Notes to Financial Statements
September 30, 2019

(9) Subsequent Events:

On October 17, 2019, the Authority's Board of Directors authorized the issuance of the Series 2019 Utility Refunding Revenue Bonds for the Pasco Utility System in the amount of \$90,050,000 and due October 1, 2040. The bonds were issued on October 31, 2019. Interest will compound monthly on a 30/360 basis. Payments on interest are due semi-annually, beginning on April 1, 2020, at rates ranging from 3.00% to 5.00%. Principal payments in varying amounts are due annually on October 1, 2020 through 2040. The purpose of the Revenue Bonds is to refund the Pasco Utility System Series 2010A Revenue Bonds, which were refunded at the date of issuance of the Series 2019 Revenue Bonds, and to fund certain capital improvements to the Pasco Utility System.

On December 12, 2019, the Authority's Board of Directors approved the execution of an interlocal agreement with Flagler County, Florida to provide utility management and operations services for the Flagler County utility system, encompassing the Beverly Beach, Eagle Lakes, and Plantation Bay utility systems. The interlocal agreement is in effect until February 1, 2021, or will be automatically terminated upon final closing if the Authority assumes ownership of the Flagler County system from the County.

On December 12, 2019, the Authority's Board of Directors approved an approximately \$1 million Clean Water State Revolving Fund Loan agreement with the Florida Department of Environmental Protection to fund the replacement of a wastewater treatment plan within the Lake Aqua Utility System. The loan incurs interest at a rate of 0.35% per annum and matures 20 years after execution of the agreement.

On January 16, 2020, the Authority's Board of Directors approved a \$3,700,000 grant from the Florida Department of Environmental Protection to fund the design and construction of a new sanitary sewer system and the demolition of existing wastewater treatment facilities within the Dunnellon Utility System. The agreement expires on December 31, 2021.