

## OPERATIONS DURING COVID-19



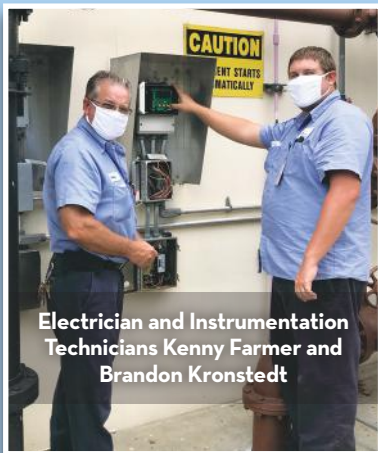
Customer Service Representatives Matt Greene, Rachael Worthington, Christina Villarreal, JD Lopez and Connie Flores

In late March, the utility's Emergency Response Plan was activated in response to the COVID-19 pandemic and in coordination with the declaration of national, state and local emergencies.

Throughout 2020, utility staff closely monitored the pandemic and enacted all appropriate health and safety measures to ensure uninterrupted operations.

- Additional sanitation and disinfection procedures were implemented within all buildings and facilities.
- The Customer Service Center was closed to walk-in traffic.
- Access was further restricted to control rooms and other plant operations.
- Administrative staff moved to remote working environments.
- Operations staff adjusted to staggered work schedules and social distancing protocols.

BSU's hardworking, dedicated staff continued to show up for work every day at the water and wastewater treatment plants and offices, and throughout the 60-square-mile service area to ensure that all members continued to receive the highest quality service that BSU is known for delivering.



Electrician and Instrumentation Technicians Kenny Farmer and Brandon Kronstedt



Wastewater Operator Dennis White



Wastewater Operator Attilio Amico



Plant Maintenance Technician Virgilio Rivas

## CAPITAL CREDITS

### \$3.9 Million in Capital Credits Retired

- ◆ \$2.55 million was returned to members who received service in 2014. In consideration of the hardships experienced by some members due to COVID-19, an additional \$1.35 million was also returned to members served in 2015 and 2016.
- ◆ A total of \$3,902,197 in capital credits were returned in 2020, benefiting 34,498 member.
- ◆ Since 2018, \$10.1 million in capital credits have been returned to members.

#### Allocation

At the end of the year, utility revenue may exceed expenses. This excess revenue is called the net margin and is allocated to members as capital credits. The allocation is based on a member's service payments for that year as a percentage of all utility revenue.

#### Retirement

Retirement is the process of paying out capital credits to members.



## MESSAGE FROM PRESIDENT **Brian Farrar**

Collectively and individually, the COVID-19 pandemic has changed the way we all live and work. I am proud to report that regardless of the changes and challenges that arose in 2020, BSU remains strong as your water and wastewater utility.

Over the past year, and especially amidst the pandemic, the board's focus was on supporting our members however possible. With that in mind, we approved two capital credit retirements from 2014, 2015 and 2016, returning a total of \$3.9 million to nearly 35,000 members. To date, BSU has retired just over \$10 million in capital credits for our members. The BSU staff worked tirelessly to ensure that all members received the same high-quality utility service that they always have.

For the tenth year, we opted to keep rates the same. In addition, we suspended disconnects for nonpayment to members experiencing financial hardship throughout the majority of the year. Especially last year, it was important for BSU to mitigate financial impacts for our members, where possible.

We also completed the refinancing of the utility's Series 2010 revenue bonds, a process that was initiated in 2019. This will save BSU members approximately \$10 million over the remaining bond term.

At the board's direction, staff developed the Community Fund, a voluntary member bill round-up program to raise funds to support our neighbors in need. The program launched in late 2020 and is off to a strong start. I look forward to seeing the impact we can collectively make for the benefit of our local community.

BSU continues to deliver on its mission of safe, reliable potable water and wastewater service. 2020 was no exception. Regardless of how far apart we may be separated, as the saying goes ... Together, we are BSU.

Thank you.



## FROM EXECUTIVE DIRECTOR **John R. Jenkins**

A global pandemic not seen in 100 years. How do you respond to a challenge like that? We responded by keeping our employees safe, while providing uninterrupted water and wastewater service to our members. As hand sanitizer and soap became prized commodities and everyone was urged to wash hands while singing Happy Birthday, water supply suddenly became a critical tool in the fight against the COVID-19 pandemic.

On March 9, 2020, Governor DeSantis issued Executive Order 20-52, declaring a state of emergency for the entire State of Florida. BSU activated its Emergency Response Plan and our incident management team took on the challenge of operating in a pandemic.

How did we keep our operations staff healthy? While the public quarantined, plant operators and field staff worked in platoons to limit interaction and possible exposure. Plants went into lockdown. Contingency plans were developed in case staff became ill in large numbers. Supplies of certain chemicals critical to the treatment processes became limited and had to be secured. Increased disinfection procedures and testing protocols were implemented throughout our facilities to protect the health and safety of both our staff and members.

Our Customer Service Center closed to walk-in visits, but our staff was on-site every day to handle member needs by phone and computer, and via our drive-thru window. Many people were out of work as businesses shut down. We suspended service disconnection for nonpayment. Administrative staff worked remotely to minimize contact and potential exposure. Our Board of Directors initiated virtual meetings without missing a beat.

Much more could be said about the past year, however there is hope that the end is in sight as multiple vaccines have become available. It is a good opportunity to recognize and thank our frontline healthcare workers, first responders, senior care facility workers, and the many others who have fought the good fight for us. I would add to that list the unsung heroes: utility workers like those here at BSU. It is truly an essential service they provide.

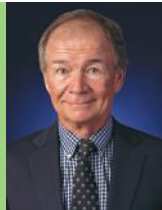
### 2020-21 BOARD OF DIRECTORS



President  
Brian  
Farrar



Vice President  
Vincent  
Marchesani



Treasurer  
Mike  
Malloy



Secretary  
Paul J.  
Attwood



Robert  
Bachman



Richard  
Garner



Lawrence  
Kosilla



James  
Murphy



Ben  
Nelson

### IN MEMORY OF **Frank Liles, Jr.**

**34 Years of  
Board Service**



*Frank loved BSU and its employees. He was known by all for his dedication to and advocacy for this utility. He is greatly missed.*

# WHAT'S NEW

- No rate increases for 10th year in a row
- Another phase of the Water Main Replacement program was completed, with 11,000 linear feet of aging water mains, along with associated hydrants
- \$1.4 million of infrastructure impacted by City improvements in areas of Maddox Lane, streets near Bonita Springs Elementary School and West Terry Street was relocated
- Design for the Reverse Osmosis Water Treatment Plant expansion was completed
- Work began on a replacement diesel generator and a new natural gas generator at the Water Treatment Plant



## WATER CONSERVATION "DROP SAVERS" Student Poster Contest

Conducted in partnership with the Florida Section of the American Water Works Association, the water conservation poster contest was held with local schools to promote water conservation in students' daily routines.

### WINNERS



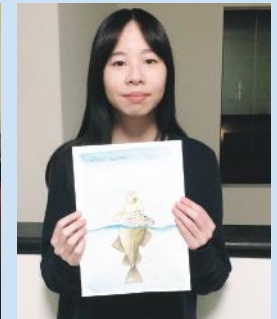
**Alinna Barrozo**  
Bonita Springs Elementary  
first-grade student,  
Division 1



**Yesica Marcos**  
Bonita Springs Elementary  
third-grade student,  
Division 2



**Nathalie Ricardo**  
Bonita Springs Elementary  
fourth-grade student,  
Division 3



**Xingyi "Lorena" Huang**  
Bonita Springs Middle  
sixth-grade student,  
Division 4

## HIGH-EFFICIENCY TOILET REBATE PROGRAM

Members received \$100 rebates for replacing outdated, inefficient toilets in their homes with high-efficiency models through the High-Efficiency Toilet Rebate Program. By the end of 2020, 176 rebates were credited to members' accounts. The rebate program was funded in part through a \$10,000 grant from the South Florida Water Management District.

**Toilets account for nearly 30% of an average home's water use and consume as much as 6 gallons per flush.\* New high-efficiency models use about 1.6 gallons per flush, with some WaterSense-labeled models using no more than 1.28 gallons per flush.**

\*Source: EPA



## MEET OUR Conservation & Sustainability Specialist

**Courtney Stevenson** joined the BSU team in 2020 as the utility's conservation & sustainability specialist. In addition to managing the utility's water conservation and sustainability efforts, she is developing community education programs to promote sustainability goals and increase conservation awareness.

**Water conservation efforts impact us all.**

## COMMUNITY FUND

In late 2020, the Community Fund was launched to support charitable organizations in Bonita Springs and Estero. The program is supported by voluntary participation from BSU members, who can opt in to round up their monthly utility bills to the next full dollar. Each member's contribution may be small, but together they add up to a big impact.

In less than two months, 265 members have signed up to participate in the program.



# FINANCIAL Report | Steven Richards, CPA Director of Finance

The following pages summarize the financial position, results of operations, changes in members' equity and cash flows for Bonita Springs Utilities, Inc. for the years ended December 31, 2020 and 2019.

The utility's total assets decreased \$8.6 million (2.3%) to \$362 million from 2019 to 2020. The utility's total liabilities decreased \$15.9 million (19.3%) to \$66.4 million, mainly due to the refinancing of the Series 2010 revenue bonds in addition to other regularly scheduled principal payments on revenue bonds. Members' equity increased 2.6% to \$295.6 million as a result of the net margin totaling \$2.7 million, \$8.6 million of capital contributions and \$3.9 million of capital credit retirements.

The utility's operating revenues increased approximately \$509,000 (1.2%) from 2019 to 2020. Total operating expenses increased approximately \$721,000 (1.8%) from 2019 to 2020, due in part to increased labor costs, and an increase in depreciation expense totaling approximately \$573,000 due to the completion of several large construction projects. The net margin totaled \$2.73 million for 2020 as compared to \$1.49 million in 2019. This change was due to a decrease in the operating margin totaling approximately \$213,000, an increase in other income totaling \$1.4 million, mainly due to an accounting gain as a result of the refinancing of the Series 2010 revenue bonds, and a decrease in debt expense of approximately \$11,000.

Pursuant to Internal Revenue Code requirements the utility continued its capital credit retirement program during 2020. To assist the membership in dealing with the impacts of the coronavirus pandemic, the Board approved a second capital credit retirement during the year. Capital credits retired totaled \$3.9 million. These credits were allocated to members for qualifying years 2014 through 2016. Current members received a credit on their account while former members have payment made available to them by check.

The Company refinanced its Series 2010 revenue bonds in August 2020, reducing the interest rate to 2.04% while saving the utility approximately \$10 million in cash over the remaining term of the bond.

With its strong financial position, strong debt service coverage and solid credit ratings (Standard & Poor's/AA, Moody's/Aa2), the utility remains well-positioned to continue the same high level of service our members expect.

The summary financial statement balances presented in this annual report are in agreement with the financial statements audited by Nichols, Cauley & Associates, LLC, Certified Public Accountants, which are contained in the utility's 2020 audit report. The complete audit report, including Notes to Financial Statements and Supplemental Information, is available upon request.

## Balance Sheets

Years Ended  
December 31, 2020  
and 2019

ASSETS	2020	2019
<b>Utility Plant, Property and Equipment, at Cost</b>		
Net of Accumulated Depreciation	\$ 277,023,484	\$ 279,809,370
<b>Restricted Cash and Investments</b>		
Cash and Cash Equivalents	1,705,088	6,302,318
<b>Total Restricted Cash and Investments</b>	<b>1,705,088</b>	<b>6,302,318</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	9,552,753	29,091,264
Investments	59,661,006	40,792,071
Accounts Receivable, Net	2,786,648	2,271,312
Unbilled Accounts Receivable	1,270,659	1,467,158
Material and Supplies Inventory	640,228	563,497
Prepaid Expenses	451,919	404,561
Prepaid Bond Issuance Costs	-	43,919
Interest Receivable	142,720	172,199
Special Service Charges Receivable - Current	610,000	606,300
Other Receivables	20,164	14,006
<b>Total Current Assets</b>	<b>75,136,097</b>	<b>75,426,287</b>
<b>Other Assets</b>		
Utility Deposits	25,955	25,205
Capital Deposits	123,338	64,444
Special Service Charges Receivable - Noncurrent	8,001,629	8,942,187
<b>Total Other Assets</b>	<b>8,150,922</b>	<b>9,031,836</b>
<b>Total Assets</b>	<b>\$ 362,015,591</b>	<b>\$ 370,569,811</b>

## MEMBERS' EQUITY AND LIABILITIES

2020

2019

**Members' Equity**

Members' Investment Certificates	\$ 4,205,271	\$ 4,205,271
Contributed Capital	154,066,584	145,512,804
Retained Earnings	137,315,748	138,495,764
<b>Total Members' Equity</b>	<b>295,587,603</b>	<b>288,213,839</b>

**Long-Term Liabilities**

Revenue Bonds, Series 2010	-	46,102,285
Revenue Bond, Series 2012B	3,618,576	5,384,768
Revenue Bond, Series 2014	4,876,127	6,443,160
Revenue Bond, Series 2020	32,723,027	-
Deferred Special Service Charge Income - Noncurrent	8,001,629	8,942,187
Injection Well Retirement Obligation	652,710	466,327
<b>Total Long-Term Liabilities</b>	<b>49,872,069</b>	<b>67,338,727</b>

**Current Liabilities Payable from Restricted Assets**

Accrued Bond Interest	166,011	407,910
Long-Term Liabilities - Current	7,715,000	5,700,000
<b>Total Payments Payable from Restricted Assets</b>	<b>7,881,011</b>	<b>6,107,910</b>

**Current Liabilities**

Accounts Payable	2,262,853	2,215,401
Retainage Payable	290,564	442,812
Members' Capital Credit Payable	1,769,054	1,759,455
Customer Deposits	2,729,395	2,897,642
Other Current Liabilities	1,013,042	987,725
Deferred Special Service Charge Income - Current	610,000	606,300
<b>Total Current Liabilities</b>	<b>8,674,908</b>	<b>8,909,335</b>

**Total Liabilities**

<b>66,427,988</b>	<b>82,355,972</b>
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**Total Members' Equity and Liabilities**

<b>\$ 362,015,591</b>	<b>\$ 370,569,811</b>
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Balance  
Sheets

Years Ended  
December 31, 2020  
and 2019



# Statements of Revenues and Expenses

Years Ended  
December 31, 2020  
and 2019

	2020	2019
<b>Operating Revenues</b>		
Water Sales	\$ 17,575,650	\$ 17,259,626
Wastewater Sales	22,793,436	22,406,373
Other Fees	1,223,265	1,417,525
<b>Total Operating Revenues</b>	<b>41,592,351</b>	<b>41,083,524</b>
<b>Operating Expenses</b>		
Plant:		
Distribution and Collection System Costs	4,118,622	4,043,788
Plant Operating Costs	8,063,825	8,095,842
Engineering	1,080,864	1,105,445
Depreciation	17,803,542	17,230,973
<b>Total Plant</b>	<b>31,066,853</b>	<b>30,476,048</b>
General and Administrative:		
Management and Office Costs	2,487,878	2,464,903
Administrative and Personnel	6,667,460	6,559,759
<b>Total General and Administrative</b>	<b>9,155,338</b>	<b>9,024,662</b>
<b>Total Operating Expenses</b>	<b>40,222,191</b>	<b>39,500,710</b>
<b>Operating Margin</b>	<b>1,370,160</b>	<b>1,582,814</b>
<b>Other Income (Expenses)</b>		
Investment Earnings	1,661,640	2,152,723
Other Non-Operating Income	73,709	243,856
Gain on Refunding of Series 2010 Revenue Bonds	1,918,857	-
Gain (Loss) on Sale of Fixed Assets	69,026	(119,851)
<b>Total Other Income</b>	<b>3,723,232</b>	<b>2,276,728</b>
<b>Debt Expense</b>		
Interest, Amortization and Other	2,361,264	2,372,519
<b>Net Margin</b>	<b>\$ 2,732,128</b>	<b>\$ 1,487,023</b>

# Statements of Changes in Members' Equity

Years Ended  
December 31, 2020  
and 2019

	Members' Investment Certificates	Contributed Capital	Retained Earnings	Total
<b>Balance, January 1, 2019</b>	<b>\$4,205,271</b>	<b>\$135,671,974</b>	<b>\$140,272,474</b>	<b>\$280,149,719</b>
Net Margin	-	-	1,487,023	1,487,023
Contributed Capital	-	9,840,830	-	9,840,830
<b>Members' Capital Credits Retired</b>	<b>-</b>	<b>-</b>	<b>(3,263,733)</b>	<b>(3,263,733)</b>
<b>Balance, December 31, 2019</b>	<b>4,205,271</b>	<b>145,512,804</b>	<b>138,495,764</b>	<b>288,213,839</b>
Net Margin	-	-	2,732,128	2,732,128
Contributed Capital	-	8,553,780	-	8,553,780
Members' Capital Credits Retired	-	-	(3,912,144)	(3,912,144)
<b>Balance, December 31, 2020</b>	<b>\$4,205,271</b>	<b>\$154,066,584</b>	<b>\$137,315,748</b>	<b>\$295,587,603</b>

# Statements of Cash Flows

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Net Margin	\$ 2,732,128	\$ 1,487,023
Adjustments to Reconcile Net Margin to Net Cash Provided by Operating Activities:		
Depreciation	17,803,542	17,230,973
Amortization, Bond Costs and Other	152,123	(22,198)
Gain on refunding of Series 2010 Revenue Bonds	(1,918,857)	-
(Gain) Loss on Disposal of Fixed Assets	(69,026)	119,851
Unrealized/Realized (Gain) Loss on Investments	(676,528)	(740,133)
(Increase) Decrease in Accounts Receivable	(3,543,377)	(1,931,787)
(Increase) Decrease in Unbilled Accounts Receivable	196,499	(182,364)
(Increase) Decrease in Materials and Supplies Inventory	(76,731)	(26,736)
(Increase) Decrease in Prepaid Expenses	(47,358)	104,982
(Increase) Decrease in Interest Receivable	29,479	25,488
(Increase) Decrease in Other Receivables	(6,158)	2,415
(Increase) Decrease in Utility Deposits	(750)	(258)
Increase (Decrease) in Interest Payable	(241,899)	(23,765)
Increase (Decrease) in Accounts Payable	497,033	(412,987)
Increase (Decrease) in Customer Deposits	(168,247)	(156,827)
Increase (Decrease) in Other Current Liabilities	25,317	185,484
<b>Cash Provided by Operating Activities</b>	<b>14,687,190</b>	<b>15,659,161</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investment Securities	(58,342,546)	(29,301,644)
Proceeds from Sale of Investment Securities	40,150,139	29,848,173
Proceeds from Sale of Fixed Assets	57,901	2,550
Capital Expenditures	(13,875,565)	(11,079,490)
Cash Received for Capital Expenditures	6,762,091	6,171,255
<b>Cash Used in Investing Activities</b>	<b>(25,247,980)</b>	<b>(4,359,156)</b>
<b>Cash Flows from Financing Activities</b>		
Principal Paid on Long-Term Debt	(49,800,000)	(4,825,000)
Proceeds from Long-Term Debt	37,400,000	-
Cash Paid for Bond Issuance Costs	(300,447)	(43,919)
Cash Paid for Capital Credit Retirement	(874,504)	(797,497)
<b>Cash Used in Financing Activities</b>	<b>(13,574,951)</b>	<b>(5,666,416)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>(24,135,741)</b>	<b>5,633,589</b>
<b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>	<b>35,393,582</b>	<b>29,759,993</b>
<b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>	<b>\$ 11,257,841</b>	<b>\$ 35,393,582</b>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash per Statement of Cash Flows to the Balance Sheet:</b>		
Cash, Cash Equivalents and Restricted Cash, Beginning:		
Current	\$29,091,264	\$23,583,645
Restricted	6,302,318	6,176,348
<b>Total</b>	<b>35,393,582</b>	<b>29,759,993</b>
Net Increase (Decrease):		
Current	(19,538,511)	5,507,619
Restricted	(4,597,230)	125,970
<b>Total</b>	<b>(24,135,741)</b>	<b>5,633,589</b>
Cash, Cash Equivalents and Restricted Cash, Ending:		
Current	9,552,753	29,091,264
Restricted	1,705,088	6,302,318
<b>Total</b>	<b>\$ 11,257,841</b>	<b>\$ 35,393,582</b>
<b>Supplemental Schedule of Noncash Activities</b>		
Utility Plant, Property and Equipment through Accounts Payable and Retainages Payable	\$ 924,587	\$ 1,374,168
Return of Capital to Members through Accounts Receivable Credits	\$ 3,027,250	\$ 2,130,190
Capital Credit Retirement through Accounts Payable	\$ 395,676	\$ 680,073
Contributed Assets	\$ 1,791,689	\$ 3,669,575
Net New Deferred Special Service Charges Receivable	\$ (936,858)	\$ (774,138)
<b>Supplemental Disclosures</b>		
Interest Paid	\$ 2,628,275	\$ 2,590,722

Years Ended  
December 31, 2020  
and 2019

*Together, we are BSU*

11900 East Terry Street  
Bonita Springs,  
Florida 34135

239-992-0711  
800-583-1496

www.BSU.us

## OUR MISSION

To provide safe, reliable potable water and wastewater treatment, emphasizing responsible protection of our resources at the most effective cost to all members.

*This report is printed on recyclable paper.*

**Please recycle!**



## We're on Facebook!

Follow us for all the latest news and updates.

## BSU by the Numbers

- ◆ **30,300** Members served by **135** Employees
- ◆ **61,000** Phone calls received by Customer Service
- ◆ **363,300** Bills processed



## IN THE COMMUNITY



**Estero Chamber Community Expo**



**Bonita Springs Chamber Community Expo**



Florida Gulf Coast University students toured the East Water Reclamation Facility.

## TOURS & TALKS

**Call 239-992-0711 to request a tour or presentation for your group.**

	2020	2019
<b>Total Water Production</b>	3.689 billion gallons	3.64 billion gallons
<b>Average Daily Water Production</b>	10.079 million gallons	9.97 million gallons
<b>Peak Day Water Production</b>	(March 10) 13.95 million gallons	(March 27) 13.97 million gallons
<b>Wastewater Effluent</b>	1.887 billion gallons	1.7 billion gallons
<b>Average Daily Wastewater Effluent</b>	5.156 million gallons	4.67 million gallons
<b>Peak Day Wastewater Effluent Flow</b>	(Sept. 13) 7.638 million gallons	(Jan. 22) 6.84 million gallons