FLORIDA
GOVERNMENTAL
UTILITY AUTHORITY

Comprehensive Annual Financial Report

for the

Fiscal Year Ended September 30, 2012

FLORIDA GOVERNMENTAL UTILITY AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared by:

Finance Department
David DiLena, CPA, Chief Financial Officer

FLORIDA GOVERNMENTAL UTILITY AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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March 11, 2013

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

Florida State law requires that all units of local government publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report of the Florida Governmental Utility Authority (FGUA) for the fiscal year ended September 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the FGUA. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the FGUA. All disclosures necessary to enable the reader to gain an understanding of the FGUA's financial activities have been included.

The Florida Governmental Utility Authority's financial statements have been audited by James Moore & Co. P.L., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Florida Governmental Utility Authority for the fiscal year ended September 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the Florida Governmental Utility Authority's financial statements for the Fiscal Year ended September 30, 2012, are fairly presented in conformance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

LEA ANN THOMAS, CHAIR
Polk County

DOUG MEURER, P.E.
Lee County

KEN CHEEK, P.E.
Citrus County

SHANE PARKER, P.E
Hendry County

MICHELE BAKER
Pasco County

MICHAEL VUOLO
DeSoto County

FGUA OPERATIONS OFFICE

Government Services Group, Inc.
280 Wekiva Springs Rd., Ste 2000
Longwood FL 32779

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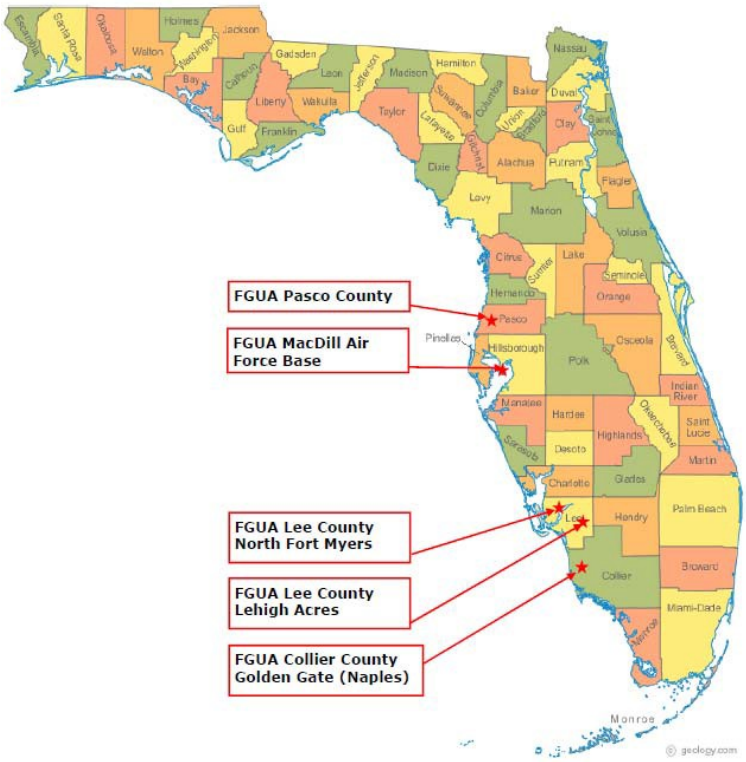
Profile of the Government

The FGUA exists as a legal entity and public body pursuant to Chapters 125, 163 and 166, Florida Statutes, and a First Amended and Restated Interlocal Agreement dated as of December 1, 2000, as restated, amended and supplemented from time to time (the "Interlocal Agreement") by and among Citrus County, Nassau County, Polk County and Sarasota County, each a local government located in the State of Florida. Sarasota County and Nassau County have since terminated their membership in the Authority. Osceola County joined as a member in 2003 and has since terminated its membership in the Authority. Lee County joined as a member on October 18, 2005, Pasco County joined as a Member on February 27, 2008, Hendry County joined as a member on February 21, 2008 and Desoto County joined as a member on February 19, 2009. The Town of Dundee joined as a member on June 12, 2007 and has since terminated membership in the Authority. Citrus County, Desoto County, Hendry County, Lee County, Pasco County and Polk County are the current counties who are Members in the FGUA. The purpose of the FGUA is to enable its members to make the most efficient use of their common power to acquire, own, improve, operate, and maintain water and wastewater facilities; however, Authority membership is not a prerequisite to the acquisition of property within any particular jurisdiction.

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

The FGUA began its operational and fiscal activities on the date of acquisition of five water and wastewater systems on April 15, 1999. These systems were acquired from Florida Cities Water Company and Poinciana Utilities, Inc., units of Avatar Properties, Inc. A sixth system located in Lee County was part of the acquisition discussions, but was directly purchased by Lee County on April 15, 1999. The Barefoot Bay Utility System was transferred to Brevard County in February 2000. The Sarasota Utility System was transferred to Sarasota County on August 8, 2002. On December 5, 2003, the FGUA completed the purchase of two additional utility systems from Florida Water Services Corporation, the Citrus County Utility System and the Lehigh Acres Utility System (Lee County). On March 31, 2004, the FGUA sold its Carrollwood Utility System water production wells to the Tampa Bay Water Authority and its water distribution system and wastewater collection system to Hillsborough County, ending its ownership in the Carrollwood Utility System. Continuing with the FGUA's purpose to transition utility activities from the private sector to public ownership and operation, the Citrus Utility System was transitioned to Citrus County on February 15, 2007. Shortly thereafter, on April 30, 2007, the Poinciana Utility System was transitioned to the Tohopekaliga Water Authority. On February 27, 2009 the FGUA purchased the Aloha Utilities Inc. water and wastewater systems (Aloha Gardens and Seven Springs), collectively called the FGUA Pasco Utility Systems. On December 23, 2009 the FGUA acquired the Consolidated Utility Systems. On March 10, 2010 the FGUA acquired the Lindrick Utility System and on July 29, 2010 the FGUA acquired the North Fort Myers Utility System. On June 17, 2010, the Authority accepted and approved a contract with the United States government for the acquisition of the water and wastewater utility facilities at MacDill Air Force Base (AFB). The effective date of this acquisition was March 1, 2011 after the transition period which ended February 28, 2011. On June 28, 2012 the FGUA acquired the Mad Hatter and Paradise Lakes Utility Systems, collectively; the Mad Hatter System has been combined into the Consolidated Utility Systems. As of September 30, 2012, the FGUA consisted of seven separate water and wastewater systems located in four counties in Florida. Each of the systems is accounted for as a separate enterprise fund of the FGUA. Two enterprise funds continue to be maintained for the Barefoot Bay and Sarasota Systems to account for the Revenue Bonds Payable used to acquire these systems and Revenue Bonds Receivable used by Brevard and Sarasota Counties to pay for their purchase of the systems from the FGUA. There is also a Non-System Specific enterprise fund for the other minor contractual services provided by the FGUA.

The **Golden Gate System** serves the Golden Gate community which is located in an unincorporated area located between I-75, the Golden Gate main canal, and county road 951, approximately 8 miles east of Naples in Collier County, Florida. Golden Gate is a series of large subdivisions occupying just over 4 square miles of developed urban residential and light commercial property, the majority of which are single-family residential.



The Golden Gate System serves about half of the Golden Gate development with water service, while serving less than half with wastewater services. Those without central sewer service utilize individual on-site septic systems for treatment and disposal. The utility system is surrounded on all sides by the Collier County Water-Sewer District. The utility system is not located in the Collier County District, or in any area served by the District. The supply for the Golden Gate water system comes from a series of shallow, surficial aquifer wells capable of providing 1,780 gpm of raw water. The system also has a 2.099 mgd water treatment plant, two storage tanks, and approximately 44 miles of water transmission and distribution lines. As of September 30, 2012, the system served 3,715 total customer accounts.

The wastewater facilities in the utility system include a 1.50 mgd wastewater treatment plant with a permitted disposal capacity of 1.25 mgd approximately 23 miles of gravity sewer lines, 29 lift stations, and approximately 14 miles of force mains. As of September 30, 2012, the system served 2,349 total customer accounts.

The **Lehigh Acres System**, located in central Lee County, approximately 12 miles east of Fort Myers near I-75 and Southwest Florida International Airport, was acquired on December 5, 2003. The utility system was originally developed to serve the Lehigh Acres community, covering approximately 60,000 acres of residential and light commercial property. The system, upon acquisition, was serving approximately 9.3 percent of the authorized service area, leaving substantial opportunity for growth.

The water facilities include one lime softening treatment plant, six water storage tanks spread throughout the service area (three ground storage (GS) tanks at WTP # 1, one GS tank at WTP #2, one elevated tank, and one GS tank at the Ft. Myers interconnect), and approximately 196 miles of water transmission and distribution lines. The system has 16 raw water supply wells capable of providing 3,174 gpm of raw water from the sandstone aquifer. The water treatment plants have a combined permitted capacity of 4.1 mgd to serve a total of 12,597 total water customers as of September 30, 2012. Construction of the Mirror Lakes WTP No. 2 and associated wells was completed in FY 2008. An interconnect pipeline with the City of Fort Myers water system was completed in FY 2007, providing an additional backup source for the Lehigh Acres System.

The wastewater facilities of the utility system include a 3.50 mgd wastewater treatment plant with a permitted disposal capacity of 2.3 mgd, 64 lift stations, approximately 103 miles of gravity sewer lines, 49 miles of force main, and 9.7 miles of reuse or reclaimed effluent force mains. The utility system served 10,349 total wastewater customer accounts as of September 30, 2012.

The **Pasco Utility System** serves residential and commercial customers in the Aloha Gardens and Seven Springs service areas and was acquired on February 27, 2009. Aloha Gardens is located in Holiday. Holiday is mostly residential and is bordered on the South by the City of Tarpon Springs/Pinellas County Line, the Gulf of Mexico on the West, SR 54 on the North, and the Anclote River to the East. Seven Springs is located in the Trinity area. The Floridan Aquifer provides most of the water for the FGUA Pasco County Systems.

In 2012, FGUA completed construction of the centralized Mitchell Rd. WTP to serve Seven Springs. Raw water is conveyed from various well sites in the Seven Springs service area to the new centralized Mitchell Rd. WTP. Previously each of the individual well sites were permitted as individual WTP's and included hydro tanks and chemical addition at each site. The centralized WTP treats water more effectively than the individual plants and has corrected many water quality issues within the system. The Mitchell Rd. WTP has a permitted capacity of 2.9 mgd but is limited to the water use permit (WUP) capacity of 2.04 mgd. The Seven Springs finished water distribution system is interconnected with Pasco County and any additional capacity beyond 2.04 MGD is purchased from Pasco County. The Seven Springs system has 1 wastewater treatment plant permitted at 2.1 mgd. The Aloha Gardens water system includes 3 water plants and an interconnect with Pasco County. It has a permitted withdrawal/purchase capacity of 1.085 mgd. All wastewater from the Aloha Gardens system is conveyed to Pasco County for treatment through a bulk wastewater treatment agreement. The Pasco Utility System served a total of 15,686 total water customer accounts as of September 30, 2012.

The **Consolidated Utility System** is comprised of 6 small water only service areas: Anclote, Angus Valley, Colonial Manor, Dixie Groves, Virginia City, Westwood and The Mad Hatter and Paradise Lakes Utility System.

The Anclote water system is located in Pasco County, approximately 3 miles north of Tarpon Springs, approximately ½ mile south of the Pinellas/Pasco line, west of US Highway 19. The service area encompasses approximately 964 acres, extending both in Pasco and Pinellas Counties. The system consists of single and multi-family homes, mobile home parks, light commercial shops and public schools.

Treatment - All water is purchased from the city of Tarpon Springs.

The Angus Valley water system is located approximately 23 miles east of New Port Richey on SR 54, ½ mile west of I-75 in the Angus Valley subdivision approximately 1.3 miles west of Wesley Chapel on Dayflower Boulevard west of Old Pasco Rd and ½ mile north of SR 54.

Treatment - Water is withdrawn from two (2) production wells in the Floridian Aquifer. There are two (2) hydropneumatic tanks both with capacities of 5,000 gallons. Chlorine is injected for disinfection.

The Colonial Manor water system is located in Pasco County, approximately 1 mile southwest of the city of Elfers, ½ mile east of US Highway 19, in the subdivision off of Mogg Rd. The service area encompasses approximately 162.4 acres consisting of residential, light commercial and office spaces.

Treatment - All water is purchased from Pasco County.

The Dixie Groves water system is located in Holiday which is in the western portion of Pasco County, 3 miles south of New Port Richey, and one mile east of the intersection of US Highway and County Rd. 595. The service area encompasses approximately 42 areas consisting of residential, light commercial and office spaces.

Treatment - Water is withdrawn from two (2) production wells in the Floridian Aquifer. There are two (2) hydropneumatic tanks with capacities of 1,500 and 3,000 gallons. Chlorine is injected for disinfection

The Virginia City water system is located in New Port Richey, on Thys Road, in Pasco County, approximately 2.5 miles east of US Highway 19 on the north side of SR 54.

Treatment – Water is withdrawn from one (1) production well in the Floridian Aquifer. There is one (1)

hydropneumatic tank with a capacity of 5,000 gallons. Chlorine and Ammonia are injected for disinfection via chloramination.

The Westwood water system is located in southwestern Pasco County, north of Tarpon Springs, ½ mile west of US Highway 19. The Westwood service area encompasses approximately 182 acres. The system consists of mostly single family residential units.

Treatment - Water is withdrawn from one (1) production well in the Floridian Aquifer. There is one (1) hydropneumatic tank with a capacity of 10,000 gallons. Chlorine is injected for disinfection. There is also an emergency interconnect with Pasco County Utilities. Prior to utilization of the interconnect all Westwood customers are notified and the well is inactivated due to Pasco County Utilities utilizing chloramination for disinfection.

The water treatment plants/bulk purchase agreements for the System have a permitted capacity of 0.550 mgd to serve a total of 2,378 total water customers as of September 30, 2012

The Mad Hatter and Paradise Lakes Utility System encompass several residential subdivisions and some commercial properties in the vicinity of SR 54 and US 41 in south-central Pasco County. The service area occupies over nineteen (19) square miles and comprised of single family and multi-family residential, light commercial and undeveloped properties which serve approximately 3,846 water customers and 3,287 wastewater customers. There are four water systems in the Mad Hatter and Paradise Lakes Utility System service district; Mad Hatter East, Mad Hatter West, Paradise Lakes and Linda Lakes. The service area that includes the Mad Hatter East, Mad Hatter West, and Linda Lakes is authorized by Southwest Florida Water Management District (SWFWMD) under permit number 590.009, to withdraw an average flow of 1,000,000 gallons per day of groundwater for general use for its combined wells with a peak month withdrawal of 1,300,000 gallons per day. The Paradise Lakes service area is authorized under permit number 6223.02 to withdraw an average of 77,000 gallons per day with a peak month withdrawal of 116,000 per day. The service area that includes the Mad Hatter East, Mad Hatter West and Paradise Lakes pump wastewater to Pasco County for treatment. The Linda Lakes System pumps wastewater to an onsite wastewater plant with a capacity of 0.020 mgd.

The **Lindrick Utility System** service area is comprised of approximately 3.24 square miles in Pasco County, Florida. The majority of the Lindrick service area is located west of US-19 on Florida's Gulf of Mexico coastline. Lindrick's water supply comes from the Floridan Aquifer. The water system serves its customers with eight permitted supply wells under Southwest Florida Water Management District (SWFWMD) water use permit number 2978.012. The majority of customers served are residential. Flows from the 19 lift stations in the Lindrick wastewater collection system are sent to the City of New Port Richey wastewater treatment plant under a bulk wastewater service agreement. The current agreement is in effect until July 1, 2021 and allows up to 850,000 gallons per day of treatment capacity. Under the terms of the agreement with the City of New Port Richey, the Lindrick system must maintain the chloride levels below 600 mg/l and use its best efforts to achieve chloride levels of 400 mg/l. The water treatment plants for the system have a WUP withdrawal limit of 0.870 mgd to serve a total of 2,818 total water customers and 2,541 wastewater customers as of September 30, 2012.

The **North Fort Myers Utility System**, serves residential and commercial customers in the northwestern portion of Lee County, Florida and was acquired on July 29, 2010 The NFMU System includes water and wastewater treatment facilities and the service area occupies approximately 39 square miles and is comprised of single family and multifamily residential, light commercial and undeveloped properties. The majority of the developed properties are single family residential homes and multi-family housing units (primarily manufactured housing). The limited commercial development consists of support facilities for the surrounding residents. The NFMU System has a larger wastewater system customer base when compared to the water service due to the fact that the County currently serves potable water service to a large portion of the Utility System service area. The system includes two separate wastewater service areas. The primary area is the Del Prado service area that includes the Del Prado Wastewater Treatment Facility, the sanitary sewer collection system and lift stations, and reuse distribution system. Wastewater customers in the Del Prado service area receive potable water service from either Lee County Utilities or

wells The Del Prado WWTP is located in Northern Lee County in North Fort Myers, at 4100 Del Prado Boulevard, approximately 1.6 miles east of Tamiami Trail (US 41) and serves approximately 42,000 people. The treatment plant is permitted for 3.5 mgd annual average daily flow. The Lake Fairways WWTP has a permitted capacity of 0.300 mgd annual average daily flow and is currently built-out. The utility system served 11,782 total wastewater customers as of September 30, 2012.

The service area also includes two small water systems, Pine Lakes and Lake Fairways both located in Lee County, in North Fort Myers, at 10200 Pine Lakes Boulevard and 19371 North Tamiami Trail, respectively. Both communities are built out and future development / expansion is not expected. The Pine Lakes water system is supplied by Lee County through a master meter. The master meter is located on U.S. 41. The Lake Fairways water system consists of two production wells in the Mid Hawthorn Aquifer which send the raw water to a centralized water treatment plant located inside the community. The Lake Fairways WTP current WUP limit is 0.101 MGD annual average daily flow and served a total of 1,849 total water customers as of September 30, 2012.

The **MacDill Air Force Base Utility System** serves a population of approximately 12,800. All Finished water is purchased from the City of Tampa Water Department (CTWD) through an interconnect with flows averaging around 0.92 mgd. The water system consists of treatment facilities, water storage tanks, and the transmission/distribution system. The wastewater system consists of a 1.2 mgd annual average daily flow WWTP, 62 lift stations, 57,166 LF of force main and 121,636 LF of gravity sewer.

There are no potential component units of the FGUA that are not included in this Comprehensive Annual Financial Report.

Economic Condition

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

Both the Lehigh Acres system and the North Fort Myers system are located in Lee County, which had been one of the fastest growing regions in the nation until the recent downturn in the housing market. According to newly released data from the U.S. Census, during the period from 2000-2010, the Lehigh Acres population increased from 33,430 to 86,784, an increase of 160%. The increase in the number of housing units in the area mirrored the rate of population growth. The tremendous growth during the first several years of the decade has been followed by foreclosure rates among the highest in the nation and a vacancy rate of over 25% in 2010. The growth in utility customers in Lehigh Acres has been much more modest with an increase of approximately 21% since the FGUA acquired the system in 2003. Conversely, the North Fort Myers area has actually experienced a small decrease in population during the past decade; falling from 40,214 in 2000 to 39,407 in 2010. North Fort Myers has experienced similar challenges of foreclosures and high vacancy rates as well, with vacancy rates standing at almost 27% in 2010. A significant amount of this vacancy rate is thought to be due to seasonal shifts in the population. Recent foreclosure information suggests that the housing market is slowly improving, but significant recovery may take a number of years. The two Lee County systems have a significant amount of undeveloped land for future growth and expansion.

The Golden Gate area experienced modest population growth during the past decade, increasing from 20,951 in 2000 to 23,961 in 2010, representing an increase of 14%. Utility customers increased by approximately 25% during the period. The Golden Gate area suffered from increases in foreclosures as well, and vacancy rates almost doubled during the period from 7% in 2000 to 13.7% in 2010. As in the Lee County systems, there appears to be some improvement in housing market data in recent months. There is limited potential for new residential and commercial growth in Golden Gate.

The other FGUA systems owned as of September 30, 2012 were located in Pasco County. Pasco County population increased from 344,765 in 2000 to 464,697 in 2010, for an increase of 35%. Like much of the State of Florida, the County has experienced a significant number of foreclosures in recent years. The rate of increase in housing units during the period was similar to the increase in population, however, the

vacancy rate only increased from 15.1% in 2000 to 17.2 in 2010. Again, recent data suggests a gradual improvement to market conditions. Portions of the FGUA service areas in Pasco County (Seven Springs) have significant potential for future growth and development, while others have limited growth opportunities.

Internal Control

In developing and evaluating the FGUA's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived there from; and (b) the evaluation of costs and benefits requires estimates and judgments by management. We believe all internal control evaluations occur within the above framework and that the FGUA's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

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

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

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

Factors Affecting Financial Condition

Capital Improvement Program – The FGUA has adopted a five-year Capital Improvement Program (CIP) for the years 2013 to 2017, which outlines additions and improvements to its utility systems. The FGUA reviews and updates this five-year plan annually, authorizing appropriations for those projects scheduled to be started during the ensuing fiscal year. The cost of all new projects for fiscal year 2013 is approximately $17.9 million. The CIP for each system is segregated into five major program areas, as follows:

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

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

Wastewater Treatment/Disposal – This program seeks to increase existing capacity as well as upgrade existing facilities. The objectives of this program are to promote reuse of reclaimed water, protect the

environment, ensure that treatment capacity is available for growth, and ensure that facilities are in compliance with regulations of the United States Environmental Protection Agency and the State of Florida Department of Environmental Protection.

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

General Projects – This program includes miscellaneous repair and replacement, meter change-out, and other miscellaneous projects.

A total of $44.6 million in new capital improvements are slated for funding during the FY 2013 to 2017 planning period. The successful implementation of FGUA's Capital Improvement Program calls for a portion of funding to be provided through the issuance of bonds and/or bank financing, with the remaining amounts to be funded from operating revenues and impact fees.

Financial Policies

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded an eleventh consecutive Certificate of Achievement for Excellence in Financial Reporting to the Florida Governmental Utility Authority for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Robert E. Sheets, System Manager

David M. DiLena, CPA Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Florida Government Utility Authority

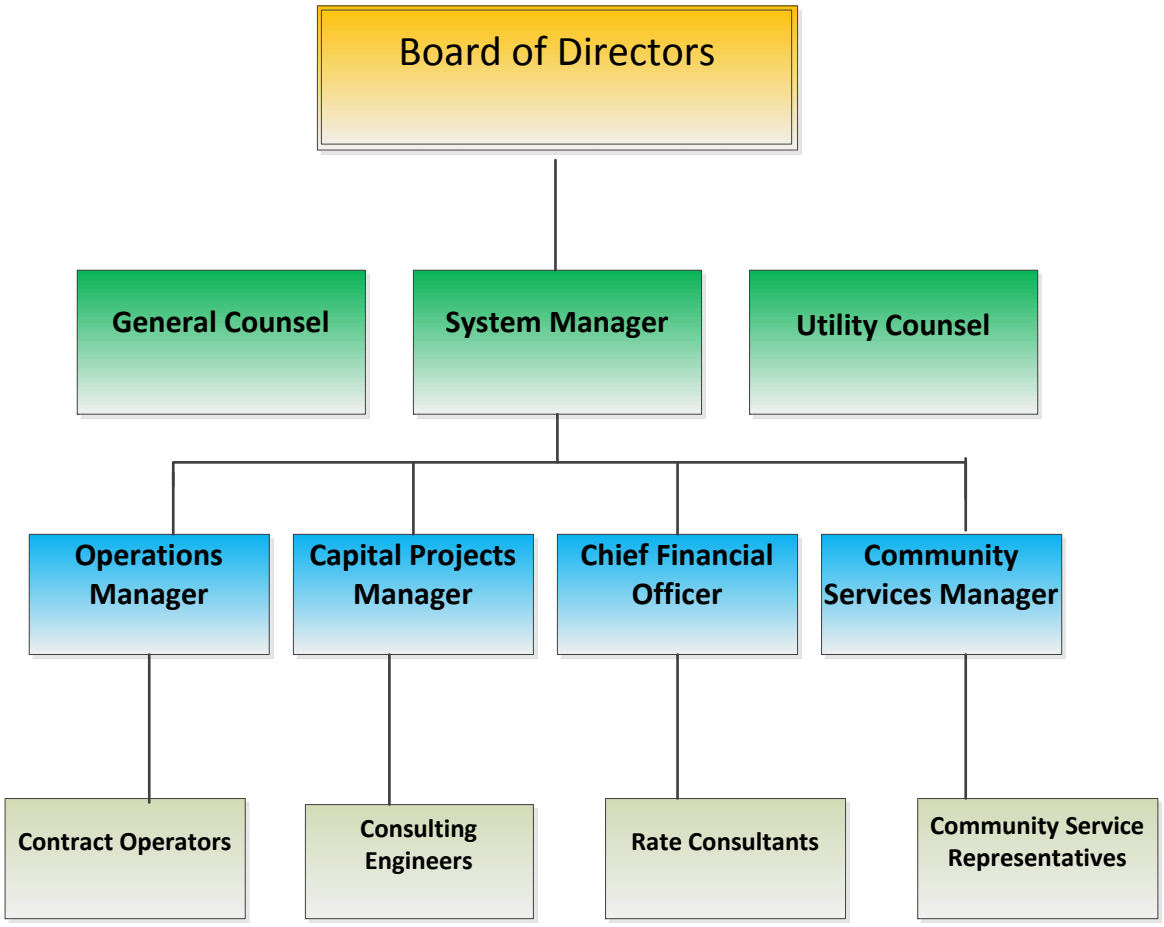
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P Morrill
President

Jeffrey R. Esser
Executive Director

FGUA ORGANIZATION CHART



List of Principal Officials

Board Members

Name	Local Government	Title
Lea Ann Thomas, Chair	Polk County	Assistant County Administrator
Michele Baker, Vice Chair	Pasco County	Chief Assistant County Administrator
Bruce Kennedy (Alternate)	Pasco County	Assistant County Administrator
Ken Cheek	Citrus County	Director of Water Resources
Doug Muerer, Vice Chair	Lee County	Public Works Director
Pam Keyes (Alternate)	Lee County	Utilities Director
Shane Parker	Hendry County	County Engineer
Michael Vuolo	DeSoto County	Water System Supervisor

Systems Manager

Government Services Group, Inc.
Robert E. Sheets, President
David M. DiLena, CPA, Chief Financial Officer

General Counsel

Pennington, Moore, Wilkinson, Bell & Dunbar, P.A.
John C. Pelham

Utility Counsel

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

Board Counsel

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

Rate Consultant

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

Financial Advisor

Dunlap & Associates, Inc.
Craig Dunlap

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Florida Governmental Utility Authority:

We have audited the accompanying financial statements of each major fund of the Florida Governmental Utility Authority (the Authority), as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2013, on our consideration of Florida Governmental Utility 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* and should be considered in assessing the results of our audit.

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

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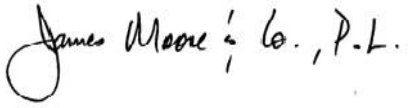
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Florida Governmental Utility Authority's financial statements as a whole. The introductory section and statistical section are presented for the purposes additional analysis and are not a required part of the financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



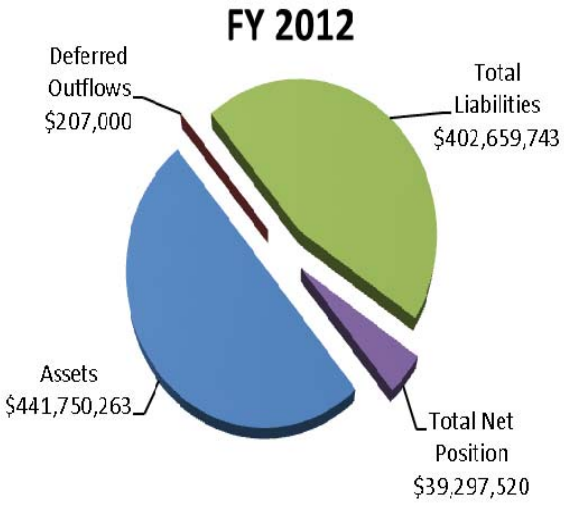
Daytona Beach, Florida
March 11, 2013

FLORIDA GOVERNMENTAL UTILITY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

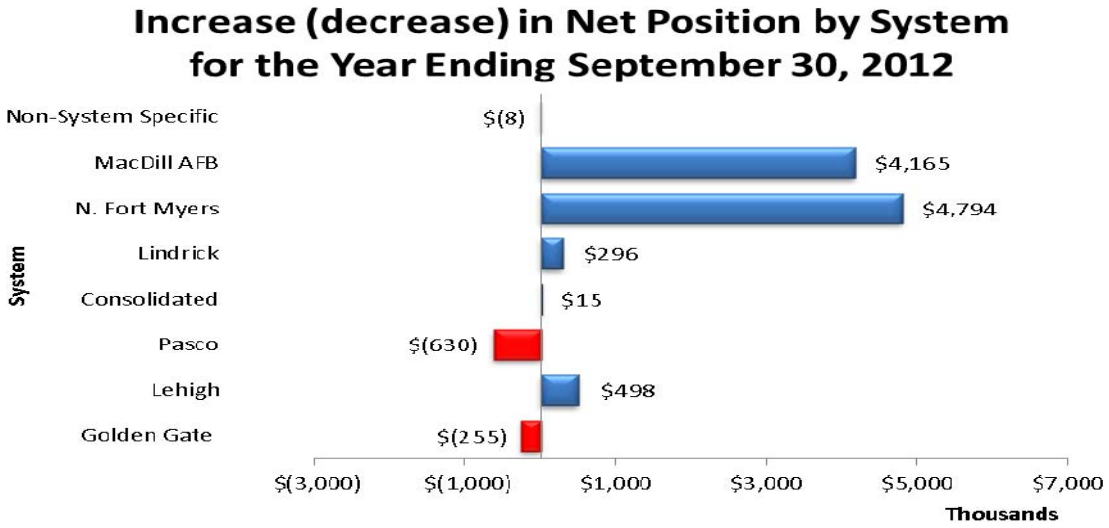
As management of the Florida Governmental Utility Authority (FGUA), we offer readers of the Florida Governmental Utility Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal year ending September 30, 2012. We encourage readers to consider the 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. In addition, the Authority has early-implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this Statement are effective for financial statements for fiscal year 2014, but have been early implemented as of and for the year ended September 30, 2012. The most notable change within the Management's Discussion and Analysis, as well as the rest of the financial statements is the removal of unamortized bond issuance costs as of September 30, 2011 and results in the reduction of beginning unrestricted net assets by the same amount. Additional information can be found in **Note 10** of the **Financial Section.**

FINANCIAL HIGHLIGHTS

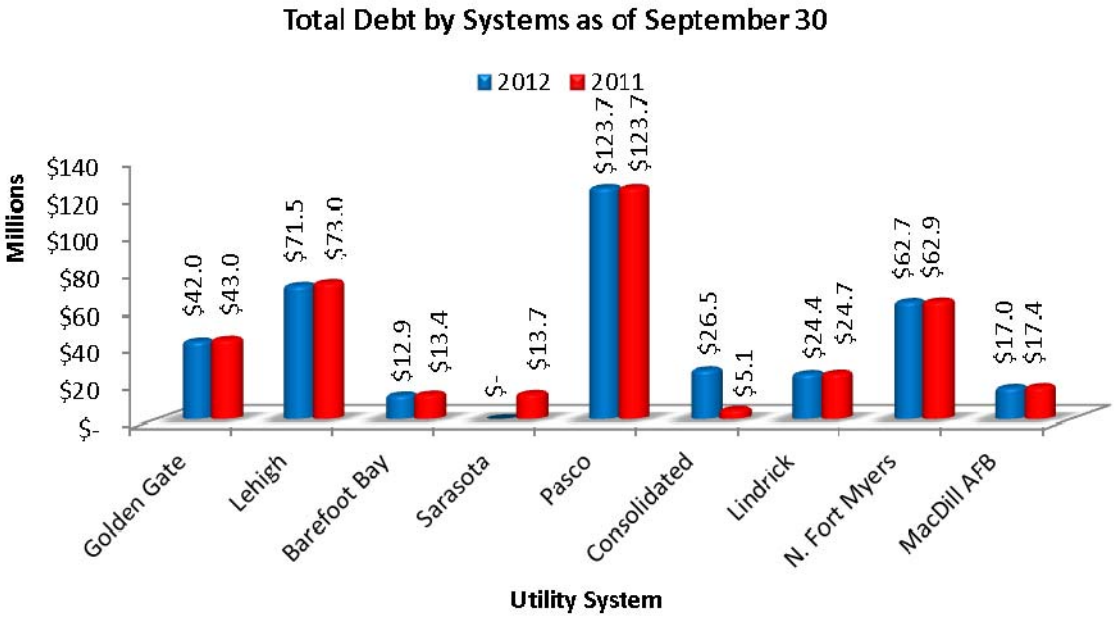
The assets and deferred outflows of the FGUA exceeded its liabilities and deferred inflows at the close of Fiscal Year 2011-2012 by $39,297,520 as the chart to the right indicates. Of this amount, $17,814,769 may be used to meet the FGUA's ongoing obligations to citizens and creditors (Unrestricted Net Position). This is an increase of $4,338,109 or 32% in unrestricted net position from the prior year.



FGUA's total net position increased by $8.87 million in Fiscal Year 2011-2012. As the chart on the next page indicates, the North Fort Myers Utility System contributed $4.7 million or 54% of the increase. This increase in net position is primarily the result of County Contributions during the construction phase of the Del Prado Wastewater Treatment Plant and the Waterway Estates Force Main projects during the year, which was substantially complete as of the end of FY2012. The MacDill AFB Utility System contributed $4.1 million or 47% of the increase as a result of a full year of realized activities as compared to the prior year. The other utility systems contributed to the increase in net position primarily as a result of rate increases in the beginning of the year which ranged from 2.37% to 18%. The increase in net position was offset by decreases in net position in the Golden Gate and Pasco Utility Systems as a result of the increase in interest expense in the Golden Gate Utility System and increases in certain operating expenses within the Pasco Utility System. The Authority has one non-specific fund that handles certain expenses that are not allocable to the other systems for minor contractual services provided by the Authority. This fund had a decrease in net position of $8,064.



The net increase in total debt as of September 30, 2012 was $3,832,058. As the chart below indicates, the Consolidated Utility System experienced the only increase in debt as a result of the acquisition of the Mad Hatter and Paradise Lakes Utility Systems which was effective June 28, 2012 and is accounted for within the Consolidated Utility System. The net increase in debt for the Consolidated Utility System was $21.4 million. Additional information can be found in **Note 2** of the **Financial Section.** The other utility systems continue to pay down debt obligations as they become due and in accordance with bond indentures. In fiscal year 2012, principal payments reduced the debt in those systems by $3.4 million. The Barefoot Bay and Sarasota Utility Systems are treated like custodial funds, where FGUA records the outstanding debt, along with the restricted assets secured to pay the debt as it becomes due. In fiscal year 2012, principal payments and retirement of bonds reduced the debt in these two systems by $14,126,259.



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. Since the FGUA 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, specifically ten enterprise funds. Therefore, 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 Authority, 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 $39,297,520 at the close of Fiscal Year 2011-2012. See chart on the following page.

Net investment in capital assets (e.g., land, buildings, machinery, and equipment), which is one of the four categories of net position, ended the year with a deficit balance of $6,533,854 which is an improvement from the prior year as restated of a deficit balance of $14,035,110.

Net Position Restricted for Capital Projects ended the year with a balance of $6,330,759, which is a decrease of $5,594,506 as compared to the prior year. This decrease is the result of the completion of certain large capital projects including the Del Prado Wastewater Treatment Plant and the Waterway Estates Force Main projects, which were substantially completed during FY2012.

Net Position Restricted for Debt Service ended the year with a balance of $21,685,846, which is an increase of $2,630,498 as compared to the prior year. This increase is the result of the bonds that were issued during the year for the acquisition of the Mad Hatter and Paradise Lakes Utility Systems as well as the offset of principal and interest repayments during the year and interest earned on certain investments during the 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.

Net Position Unrestricted ended the year with a balance of $17,814,769, which is an increase of $4,338,109 or 32% as compared to the prior year and is available for other budgetary uses of the FGUA.

Florida Governmental Utility Authority Condensed Statement of Net Position

	2012	2011
		(Restated)
Current & Other Assets	$ 201,846,356	$ 204,925,911
Capital Assets	239,903,907	221,207,840
Assets	**441,750,263**	**426,133,751**
Accumulated decrease in fair value of interest rate swap	-	265,561
Deferred loss on bond refunding	207,000	-
Deferred Outflows	207,000	265,561
Assets & Deferred Outflows	**$ 441,957,263**	**$ 426,399,312**
Long Terrm Liabilities	$ 374,648,125	$ 359,626,737
Other Liabilities	28,011,618	36,350,412
Total Liabilities	**402,659,743**	**395,977,149**
Net Position		
Net investment in Capital Assets	(6,533,854)	(14,035,110)
Restricted for Capital Projects	6,330,759	11,925,265
Restricted for Debt Service	21,685,846	19,055,348
Unrestricted	17,814,769	13,476,660
Total Net Position	**$ 39,297,520**	**$ 30,422,163**

In the past year, assets increased by $15,616,512. Deferred Outflows decreased by $58,561 as a result of the deferred loss on bond refunding within the Consolidated Utility System. Total liabilities increased by $6,682,594 producing an increase in net position of $8,875,357, which is an increase of 29% from the prior year. The primary reason for the increase was due to County Contributions for the Del Prado Wastewater Treatment Plant and Waterway Estates Force Main projects during the year and the recoverable portion of the purchase price associated with the MacDill AFB Utility Systems.

The FGUA is able to report positive balances in three of the four categories of net position totaling $39,297,520. In the prior year, three of the four categories of net position reported positive balances, totaling $30,422,163.

The increase in net position of $8.9 million represents the degree in which revenues have exceeded expenses in the past year. See chart below. Of the total increase, $498 thousand occurred in the Lehigh Acres Utility System and primarily resulted from increased operating revenue of $997 thousand. $296 thousand occurred in the Lindrick Utility System and primarily resulted from increased operating revenue of $351 thousand. $15 thousand occurred in the Consolidated Utility System as a result of the additional operating revenues with the acquisition of the Mad Hatter and Paradise Lakes Utility Systems during the last quarter of the fiscal year. This increase was reduced by $500 thousand in debt issuance cost in accordance with GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. $4.79 million occurred in the North Fort Myers Utility System and primarily resulted from County Contributions. $4.16 million occurred in the MacDill System as a result of a full year of activity as compared to the prior year. There was a decrease in net assets of $255 thousand in the Golden Gate Utility System attributed mainly to increased interest expense and depreciation and amortization expense. There was a decrease of $629 thousand in the Pasco Utility System as a result of increased operating expenses, as well as an increase in interest expense during the year. The Non-System Specific fund had a small decrease of $8 thousand at the end of September 30, 2012.

Florida Governmental Utility Authority Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2012	2011 (Restated)
Operating revenues	$ 55,986,682	$ 49,824,657
Operating expenses	(27,153,423)	(24,559,658)
Operating income before depreciation and amortization	28,833,259	25,264,999
Depreciation and amortization	(13,552,276)	(14,516,388)
Operating income	15,280,983	10,748,611
Investment revenue, net	1,184,422	2,198,656
Interest expense, net	(15,605,019)	(14,250,220)
Debt issuance cost	(508,069)	-
Income (loss) before capital contributions	352,317	(1,302,953)
Recoverable Portion of Purchase Price	1,523,016	888,426
Capital contributions	7,000,024	10,396,240
Change in net position	8,875,357	9,981,713
Total net position - beginning	30,422,163	30,692,948
Restate net position for GASB 65	-	(10,252,498)
Total net position - beginning of year as restated	30,422,163	20,440,450
Total net position - end of year	$ 39,297,520	$ 30,422,163

SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The fiscal year ending September 30, 2012 represents the thirteenth full fiscal year of the FGUA's operations. During this period, the following significant events occurred:

Capital Assets

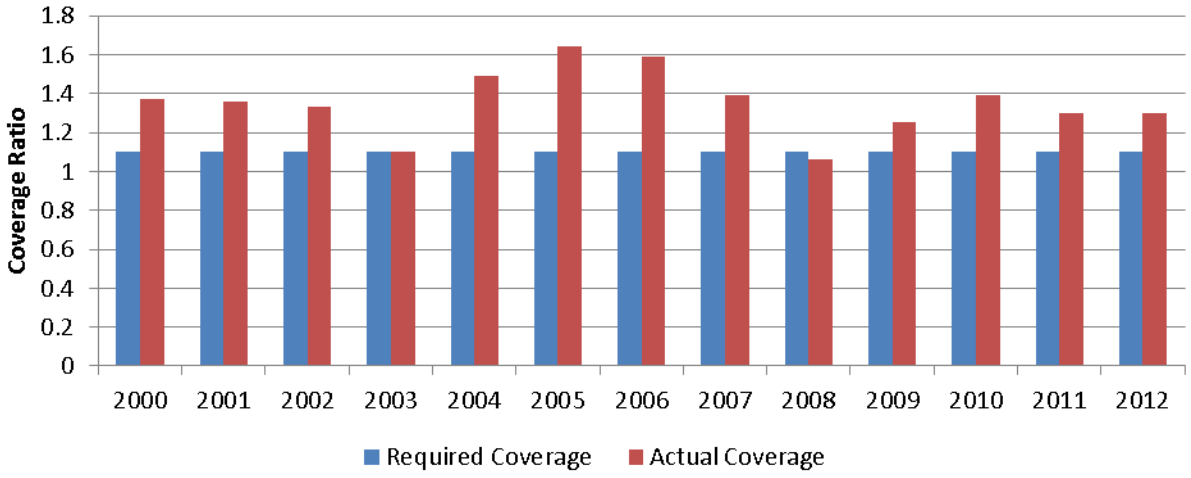
During FY 2012, the FGUA increased its net Capital Assets by $18.7 million from the prior year. Of this increase, $1.8 million was for the MacDill AFB Utility System, $12.2 million was for the North Fort Myers System and $3.8 million was for the Consolidated Utility System. For the Consolidated Utility System, the capital assets added were the result of the acquisition of the Mad Hatter and Paradise Lakes Utility Systems during the year and combined with the Consolidated Utility System. For the MacDill Air Force Base System, the majority of the capital assets added were due to completion of certain Initial System Deficiency Correction (ISDC) projects during the fiscal year. For the North Fort Myers System, the majority of the capital assets added were the result of continued work and substantial completion of the Del Prado Wastewater Treatment Plant. Of the $240 million recorded for Capital Assets (net of depreciation), $7.0 million represent costs incurred for capital projects that are under construction, but not yet completed as of September 30, 2012.

Additional information on the FGUA's capital assets can be found in **Note 6** of the **Financial Section**.

Debt Administration

On September 30, 2012, the FGUA had revenue bonds, State revolving loans, Lines of Credit, and a Seller-financed note outstanding in the amount of $381 million. During fiscal year 2012, debt service payments totaled $43.7 million ($22.6 million-principal, $21.1 million-interest). All outstanding bond issues are fully insured via a municipal bond insurance policy issued by Ambac Assurance Corporation or directly with banking institutions.

The following chart shows the actual pledged revenue coverage compared to the required coverage for the past thirteen years.



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.

FACTORS EXPECTED TO HAVE AN ECONOMIC IMPACT ON FUTURE OPERATIONS

Future Growth in Customers

Due to continued economic conditions, customer growth within each utility system continues to be below expectations. There was positive overall utility growth for fiscal year 2012 of 8.43% for water customers and 8.59% for wastewater customers compared to the prior year increases of 1.0% and 0.85% for water and wastewater customers, respectively. This increase was the result of the acquisition of the Mad Hatter Utility System and Paradise Lakes Utility System which are included within the Consolidated Utility System. In comparison to prior years, the rate of future growth is predicted to be relatively flat, which will have an impact on the infrastructure needs of the Utility Systems and require prudent long-term capital planning. The FGUA has and will continue to meet system demands and compliance and reliability requirements by managing the completion dates of construction to date, the projects in process, and the construction planned within the FGUA capital improvement plan that was adopted along with the FGUA operating budget. (Further information on customer growth for the past five years can be found in the **Statistical Section**).

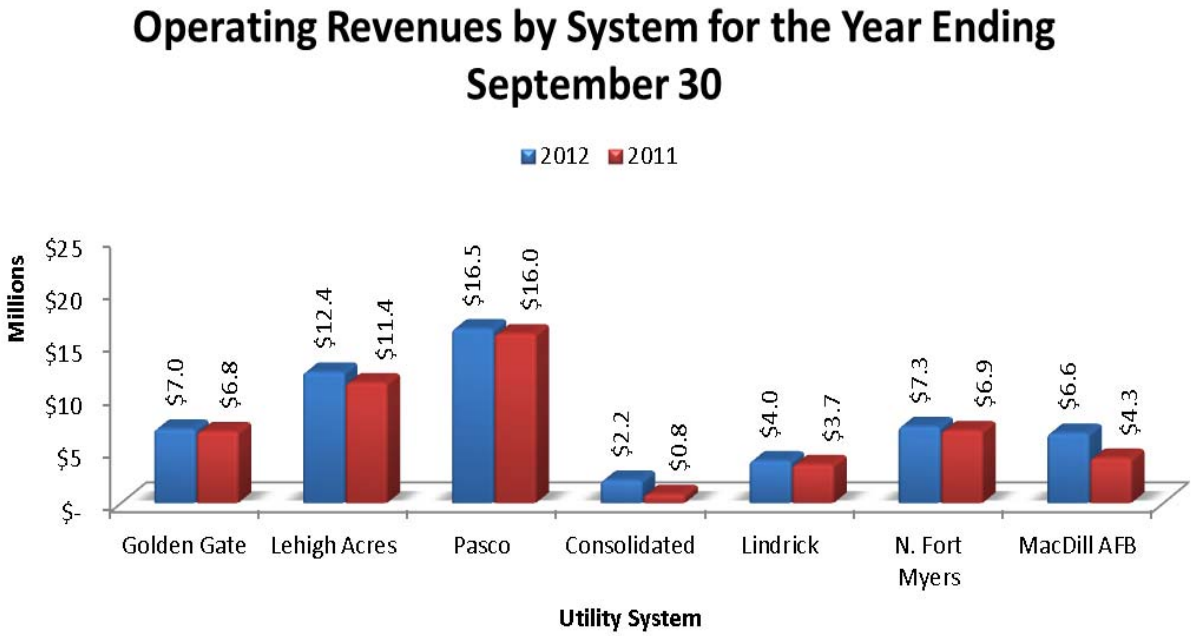
FINANCIAL INFORMATION

Operations

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, as financial statements can fluctuate significantly as the FGUA acquires utility systems or transitions them over to the local government. There are also comparative fiscal 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 transition phase for the MacDill Air Force Base began in June 2010 and extended to February 2011. March 1, 2011 was the official acquisition date of the MacDill AFB Utility, and therefore represents seven months of financial operating information for FY2011, as compared to a full twelve months during FY2012. In addition, the Consolidated Utility System includes three months of financial operating information with the addition of the Mad Hatter and Paradise Lakes Utility Systems which were purchased on June 28, 2012 and combined into the Consolidated Utility System. The impacts of acquisitions and transitions are reflected throughout this narrative as explanations for the large variances from the prior year. As a result, many of the explanations for the variances are redundant; however, each utility of the FGUA operates independently. It is important for the reader to understand that while the FGUA system, as a whole, was impacted by the transition activity; the explanations for the individual operations of the utility systems are more reflective of the traditional governmental utility operation.

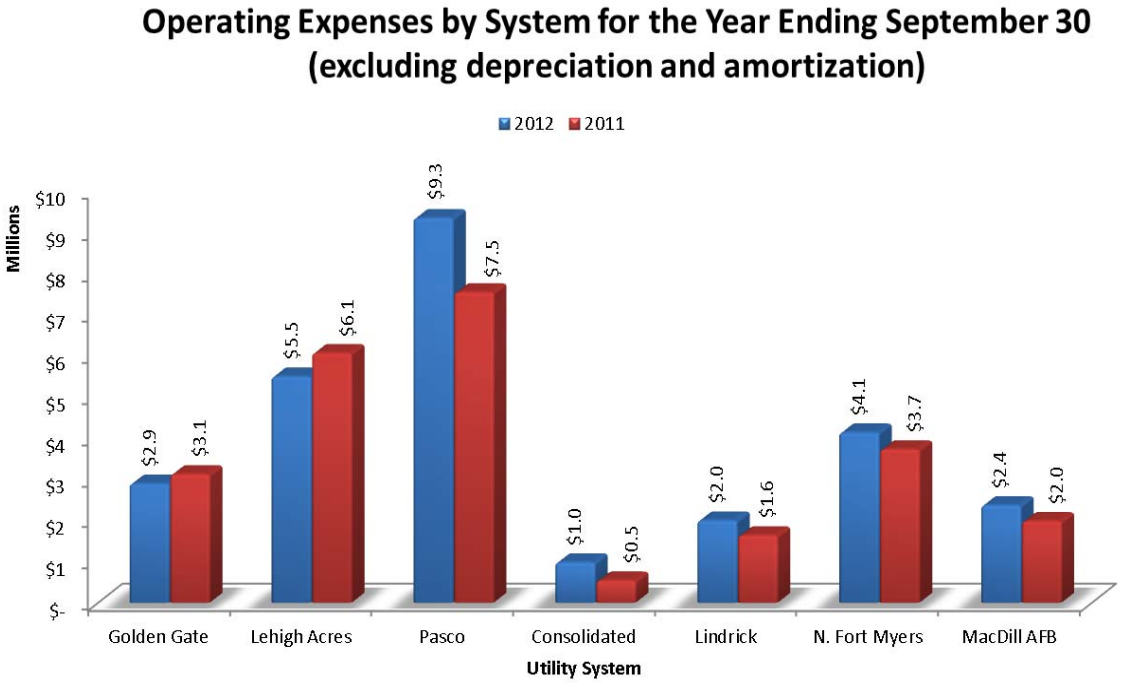
Operating revenues increased by over $6.1 million or 12% from $49.8 million in FY 2011 to $55.9 million in FY 2012.

- The Golden Gate Utility System realized an increase in operating revenues of $246,012 or 4% as compared to the prior year. There was also an increase in customer growth of 0.51% water customers and 1.86% wastewater customers during the year.
- The Lehigh Acres Utility System realized an increase in operating revenues of $997,462 primarily as a result of the 2.37% rate increase in the beginning of the year, as well as the revenue recognized for the mandatory connection of certain wastewater customers during the year.
- The Pasco Utility System realized an increase in operating revenues of $469,182 or 3% as compared to the prior year. This increase was primarily the result of a 7.0% rate increase at the beginning of the year, as well as the 2.95% growth in water customers and 2.88% growth in wastewater customers.
- The Consolidated Utility System realized an increase in operating revenues of $1,346,094 primarily as a result of an 18% rate increase and the acquisition of the Mad Hatter and Paradise Lakes Utility Systems which was effective June 28, 2012 and is accounted for within the Consolidated Utility System. As a result of this acquisition, customer growth increased 129.86% in water customers and 100.00% in wastewater customers.
- The Lindrick Utility System realized an increase in operating revenues of $351,218 or 10% as compared to the prior year. This increase was primarily the result of a 14.0% rate increase at the beginning of the year.
- The North Fort Myers Utility System realized an increase in operating revenues of $392,293 or 6% as compared to the prior year. This increase was primarily the result of a 6.0% rate increase at the beginning of the year, as well as a small increase in wastewater customers of 0.39% during the year.
- The MacDill AFB Utility System realized an increase in operating revenues of $2,359,764 primarily as a result of a full year of realized revenues after the transition period which ended March 1, 2011.



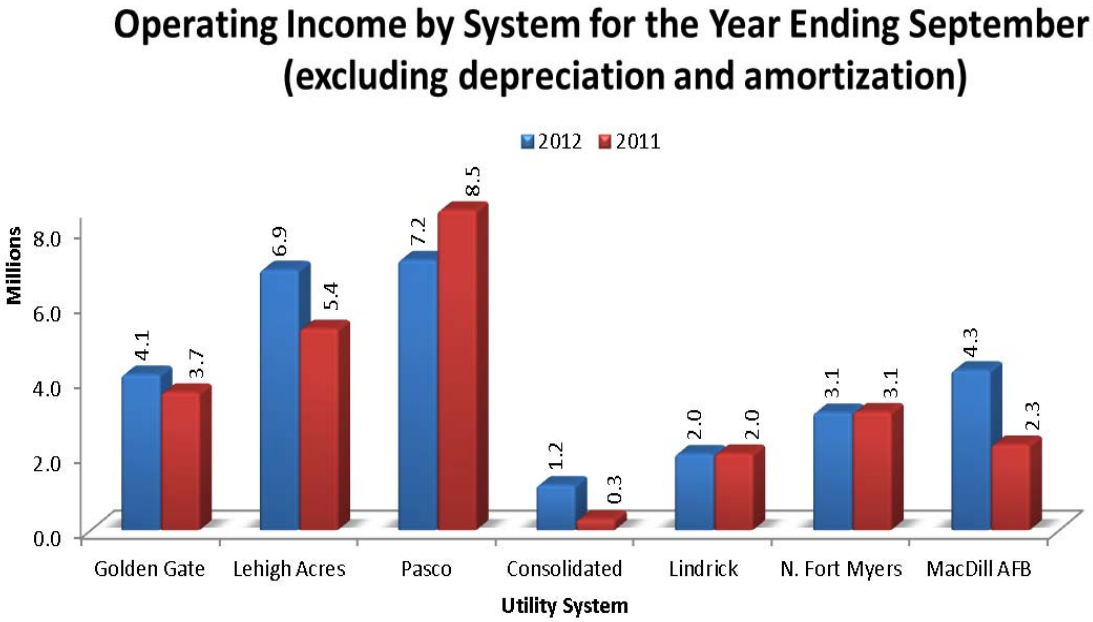
Operating expenses (excluding depreciation and amortization) increased by $2.6 million, or 11% from $24.6 million in FY 2011 to $27.2 million in FY 2012.

- Golden Gate and Lehigh Acres Utility Systems realized a decrease in operating expenses, excluding depreciation and amortization, as a result of a change in the contract operator effective October 1, 2011. The decrease in operating expenses was $227,981 and $570,618 respectively.
- The Pasco Utility System realized an increase in operating expenses of $1,797,787 excluding depreciation and amortization expense. The increase is the result of a full year of operating expenses associated with the centralized Mitchell Road Water Treatment Plant, including operations, maintenance cost, and purchased water. This increase in operating expenses is not anticipated in future years.
- The Consolidated Utility System realized an increase in operating expenses of $439,071 excluding depreciation and amortization expense, as a result of the acquisition of the Mad Hatter and Paradise Lakes Utility Systems which was effective June 28, 2012 and is accounted for within the Consolidated Utility System.
- The Lindrick Utility System realized an increase in operating expenses of $360,114 excluding depreciation and amortization expense. This increase was primarily the result of the increase in the operations and maintenance contract.
- The North Fort Myers Utility System realized an increase in operating expenses of $407,606 excluding depreciation and amortization expense. This increase was primarily the result of increases in the operations and maintenance contract, as well as renewal of permit fees during FY2012.
- The MacDill AFB Utility System realized an increase in operating expenses of $386,250 excluding depreciation and amortization expense as a result of a full year of realized operating expenses after the transition period which ended March 1, 2011.



Operating income, excluding depreciation and amortization expense increased by $3.5 million or 14% from $25.3 million in FY 2011 to $28.8 million in FY 2012.

- Golden Gate and Lehigh Acres Utility Systems operating income, excluding depreciation and amortization expense increased as a result of rate increases and reductions in operating expenses.
- Pasco Utility Systems operating income, excluding depreciation and amortization expense decreased as a result of the increase in operating expenses which were offset by increases in rates at the beginning of the year.
- The Consolidated Utility Systems operating income excluding depreciation and amortization expense increased as a result of the acquisition of the Mad Hatter and Paradise Lakes Utility Systems which was effective June 28, 2012 and is accounted for within the Consolidated Utility System.
- The Lindrick and North Fort Myers Utility Systems operating income excluding depreciation and amortization expense remained unchanged as a result of rate increases at the beginning of the year which was offset by increases in operating expense.
- The MacDill AFB Utility Systems operating income excluding depreciation and amortization expense increased as a result of a full year of realized operating income after the transition period which ended March 1, 2011.



The FGUA continues to maintain a financially healthy system. Unrestricted cash balance increased by 17% from $12.3 million in FY 2011 to $14.4 million in FY 2012, showing a financially healthy utility system with good liquidity.

CUSTOMERS

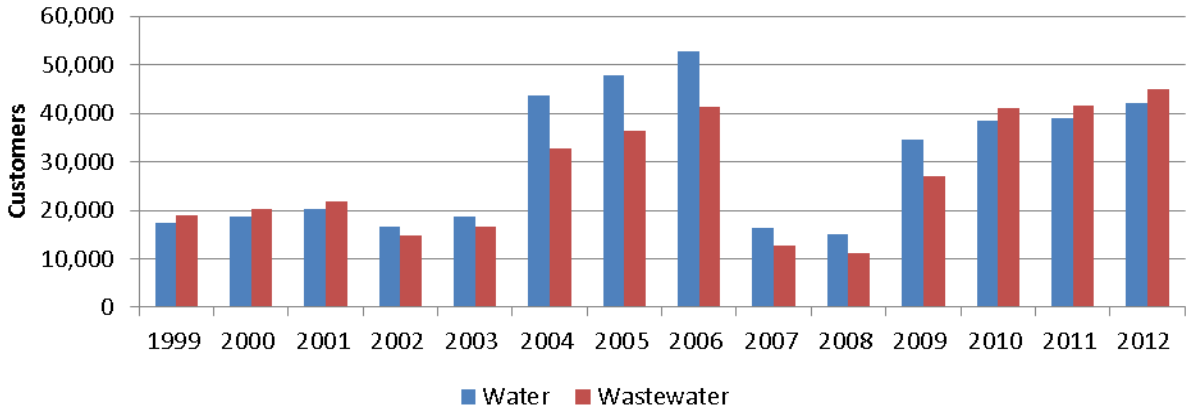
The following chart depicts the change in water and wastewater customers over the last two years. The Consolidated Utility Systems experienced a very significant increase in both water and wastewater customers as a result of the acquisition of the Mad Hatter Utility System and Paradise Lakes Utility System which are included in the Consolidated Utility System.

	Water Customers				Wastewater Customers			
System	9/30/2012	9/30/2011	Growth	Percent Growth	9/30/2012	9/30/2011	Growth	Percent Growth
Golden Gate	3,715	3,696	19	0.51%	2,349	2,306	43	1.86%
Lehigh Acres	12,597	12,866	(269)	-2.09%	10,349	10,321	28	0.27%
Pasco Systems	15,686	15,240	446	2.93%	15,000	14,580	420	2.88%
Consolidated Systems	5,466	2,378	3,088	129.86%	3,037	0	3,037	100.00%
Lindrick Utility System	2,818	2,825	(7)	-0.25%	2,541	2,550	(9)	-0.35%
North Fort Myers System	1,849	1,849	0	0.00%	11,782	11,736	46	0.39%
MacDill AFB	1	1	0	0.00%	1	1	0	0.00%
Totals	**42,132**	**38,855**	**3,277**	**8.43%**	**45,059**	**41,494**	**3,565**	**8.59%**

Note:
Reflects active customers on September 30

The following chart shows the overall growth since the inception of the FGUA in FY 1999. While the individual utilities have traditionally experienced healthy growth in the customer base, acquisitions of new systems and transitioning of existing systems is reflected in the changes shown below. For example, the transition of the two largest of the four systems explains the significant decrease from 2006 to 2007. However, this chart does not reflect the actual increase in customers of the systems remaining at the end of 2007. The number of utility systems and the size of the customer base of the existing utility systems for a given year affect the upward and downward changes over this thirteen year period. Refer to the **Statistical Section** for additional information.

OVERALL GROWTH IN CUSTOMERS SINCE FY 1999



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

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 2000, Longwood, FL 32779.

FLORIDA GOVERNMENTAL UTILITY AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2012

	Non-System Specific	Golden Gate Utility System	Lehigh Utility System	Barefoot Bay Utility System
ASSETS				
Current assets				
Cash and cash equivalents	$ 554,562	$ 1,300,153	$ 3,996,179	$ -
Restricted assets:				
Cash and cash equivalents	-	1,847,868	3,864,096	-
Bonds receivable	-	-	-	455,000
Interest receivable	-	-	-	327,644
Accounts receivable, net	7,673	1,045,924	1,869,669	-
Due from other funds	-	144,200	147,527	-
Prepaid expenses	28,933	11,912	22,726	-
Total current assets	591,168	4,350,057	9,900,197	782,644
Non-current assets				
Restricted assets:				
Cash and cash equivalents	-	2,985,389	9,907,376	-
Investments	-	-	-	-
Bonds receivable	-	-	-	12,465,000
Special assessment receivable	-	-	492,727	-
Land	-	500,000	2,557,624	-
Utility plants	-	43,865,848	103,140,746	-
Construction in process	-	-	4,256,638	-
Accumulated depreciation	-	(15,802,779)	(34,047,023)	-
Excess of cost over fair value of acquired assets, net	-	7,463,351	2,951,980	-
Total non-current assets	-	39,011,809	89,260,068	12,465,000
	$ 591,168	$ 43,361,866	$ 99,160,265	$ 13,247,644
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	$ -	$ -	$ -	$ -
LIABILITIES				
Current liabilities				
Accounts payable	$ 47,121	$ 278,640	$ 357,555	$ -
Customer deposits	-	437,070	814,483	-
Due to other funds	486,341	-	-	-
Liabilities payable from current restricted assets				
Accounts payable	-	341,704	623,796	-
Interest payable	-	525,144	1,725,300	327,644
Current portion of long-term debt	-	981,020	1,515,000	455,000
Total current liabilities	533,462	2,563,578	5,036,134	782,644
Non-current liabilities				
Non-current portion of long-term debt	-	41,068,472	69,950,161	12,465,000
Total non-current liabilities	-	41,068,472	69,950,161	12,465,000
Total Liabilities	$ 533,462	$ 43,632,050	$ 74,986,295	$ 13,247,644
NET POSITION				
Net investment in capital assets	$ -	$ (4,634,779)	$ 14,146,398	$ -
Restricted for:				
Capital projects	-	1,169,862	1,831,378	-
Debt service	-	1,408,254	2,839,404	-
Unrestricted	57,706	1,786,479	5,356,790	-
Total Net Position	$ 57,706	$ (270,184)	$ 24,173,970	$ -

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

Sarasota Utility System	Pasco Utility System	Consolidated Utility Systems	Lindrick Utility System	N. Fort Myers Utility System	MacDill AFB Utility System	Total
			ASSETS			
$ -	$ 5,654,327	$ 816,237	$ 904,902	$ 647,094	$ 539,554	$ 14,413,008
-	5,982,226	313,752	1,999,668	6,247,225	1,410,843	21,665,678
-	-	-	-	-	-	455,000
-	-	-	-	-	-	327,644
-	2,253,642	627,802	517,217	739,570	709,982	7,771,479
-	33,646	26,928	65,966	21,357	46,717	486,341
-	3,642	9,900	5,083	15,587	116,727	214,510
-	13,927,483	1,794,619	3,492,836	7,670,833	2,823,823	45,333,660
-	5,191,365	5,478,307	2,208,040	(1,347,917)	1,840,063	26,262,623
-	7,851,437	-	1,705,737	4,246,801	-	13,803,975
-	-	-	-	-	-	12,465,000
-	-	-	-	-	-	492,727
-	1,637,199	241,676	49,504	345,520	-	5,331,523
-	50,558,555	5,767,890	3,208,339	60,401,766	19,798,237	286,741,381
-	712,253	28,764	705,178	7,652	1,190,704	6,901,189
-	(4,716,836)	(216,788)	(165,103)	(3,089,844)	(1,031,813)	(59,070,186)
-	48,499,037	13,080,184	15,229,710	16,264,109	-	103,488,371
-	109,733,010	24,380,033	22,941,405	76,828,087	21,797,191	396,416,603
$ -	$ 123,660,493	$ 26,174,652	$ 26,434,241	$ 84,498,920	$ 24,621,014	$ 441,750,263
			DEFERRED OUTFLOWS OF RESOURCES			
$ -	$ -	$ 207,000	$ -	$ -	$ -	$ 207,000
			LIABILITIES			
$ -	$ 729,513	$ 184,961	$ 239,710	$ 341,343	$ 391,865	$ 2,570,708
-	924,396	149,065	57,485	118,248	5,500	2,506,247
-	-	-	-	-	-	486,341
-	944,999	28,741	765,357	3,310,352	890,868	6,905,817
-	3,662,227	285,011	924,311	1,986,869	-	9,436,506
-	1,375,000	-	310,000	950,004	519,975	6,105,999
-	7,636,135	647,778	2,296,863	6,706,816	1,808,208	28,011,618
-	122,366,495	26,479,572	24,105,000	61,780,303	16,433,122	374,648,125
-	122,366,495	26,479,572	24,105,000	61,780,303	16,433,122	374,648,125
$ -	$ 130,002,630	$ 27,127,350	$ 26,401,863	$ 68,487,119	$ 18,241,330	$ 402,659,743
			NET POSITION			
$ -	$ (22,686,503)	$ (3,890,846)	$ (3,184,183)	$ 10,712,028	$ 3,004,031	$ (6,533,854)
-	794,585	174,896	-	-	2,360,038	6,330,759
-	9,258,433	1,823,411	2,020,588	4,335,756	-	21,685,846
-	6,291,348	1,146,841	1,195,973	964,017	1,015,615	17,814,769
$ -	$ (6,342,137)	$ (745,698)	$ 32,378	$ 16,011,801	$ 6,379,684	$ 39,297,520

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, 2012

	Non-System Specific	Golden Gate Utility System	Lehigh Utility System	Barefoot Bay Utility System
Operating revenues				
Water and wastewater revenues	$ -	$ 7,006,044	$ 12,096,820	$ -
Special assessments	-	-	214,781	-
Connection fees	-	14,797	87,930	-
Total operating revenues	-	7,020,841	12,399,531	-
Operating expenses				
Contractual services	-	2,038,369	4,384,126	-
Depreciation and amortization	-	2,314,717	4,038,582	-
Other operating expenses	8,064	846,092	1,096,474	-
Total operating expenses	8,064	5,199,178	9,519,182	-
Operating income (loss)	(8,064)	1,821,663	2,880,349	-
Nonoperating revenues (expenses)				
Investment income	-	716	23,632	655,287
Build America Bond interest subsidies	-	-	-	-
Interest expense	-	(2,097,253)	(3,212,022)	(655,287)
Debt issuance costs	-	-	-	-
Total nonoperating revenues (expenses)	-	(2,096,537)	(3,188,390)	-
Income (loss) before capital contributions	(8,064)	(274,874)	(308,041)	-
Capital contributions				
Recoverable portion of system purchase price	-	-	-	-
Impact fees and developer contributions	-	19,808	806,482	-
Total capital contributions	-	19,808	806,482	-
Increase (decrease) in net position	(8,064)	(255,066)	498,441	-
Net position, beginning of year, as restated	65,770	(15,118)	23,675,529	-
Net position, end of year	$ 57,706	$ (270,184)	$ 24,173,970	$ -

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

Sarasota Utility System	Pasco Utility System	Consolidated Utility Systems	Lindrick Utility System	N. Fort Myers Utility System	MacDill AFB Utility System	Total
$ -	$ 16,399,700	$ 2,169,318	$ 4,012,701	$ 7,246,369	$ 6,614,233	$ 55,545,185
-	-	-	-	-	-	214,781
-	102,832	7,479	5,958	7,720	-	226,716
-	16,502,532	2,176,797	4,018,659	7,254,089	6,614,233	55,986,682
-	8,258,416	880,785	1,791,926	3,341,027	2,084,163	22,778,812
-	3,411,916	257,870	645,483	2,219,803	663,905	13,552,276
-	1,063,437	96,568	200,264	784,582	279,130	4,374,611
-	12,733,769	1,235,223	2,637,673	6,345,412	3,027,198	40,705,699
-	3,768,763	941,574	1,380,986	908,677	3,587,035	15,280,983
124,251	213,943	153	49,650	116,733	57	1,184,422
-	2,538,563	-	647,018	1,277,053	-	4,462,634
(124,251)	(7,220,712)	(452,074)	(1,802,459)	(3,558,311)	(945,284)	(20,067,653)
-	-	(508,069)	-	-	-	(508,069)
-	(4,468,206)	(959,990)	(1,105,791)	(2,164,525)	(945,227)	(14,928,666)
-	(699,443)	(18,416)	275,195	(1,255,848)	2,641,808	352,317
-	-	-	-	-	1,523,016	1,523,016
-	69,821	33,694	20,330	6,049,889	-	7,000,024
-	69,821	33,694	20,330	6,049,889	1,523,016	8,523,040
-	(629,622)	15,278	295,525	4,794,041	4,164,824	8,875,357
-	(5,712,515)	(760,976)	(263,147)	11,217,760	2,214,860	30,422,163
$ -	$ (6,342,137)	$ (745,698)	$ 32,378	$ 16,011,801	$ 6,379,684	$ 39,297,520

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, 2012

	Non-System Specific	Golden Gate Utility System	Lehigh Utility System	Barefoot Bay Utility System
Cash flows from operating activities				
Cash received from customers, including customer deposits	$ 17,100	$ 6,800,783	$ 11,624,259	$ -
Cash payments for contractual and other services	(28,178)	(3,082,511)	(5,957,831)	-
Net cash provided by (used in) operating activities	(11,078)	3,718,272	5,666,428	-
Cash flows from capital and related financing activities				
Proceeds from issuance of bonds and loans	-	-	-	-
Debt issuance costs	-	-	-	-
Principal paid on revenue bond and assessment note maturities	-	(938,561)	(1,465,000)	(435,000)
Interest paid on revenue bonds and assessment note	-	(2,124,023)	(3,477,651)	(665,074)
Interest rate swap termination fee	-	-	-	-
Build America Bond subsidy receipts on revenue bonds	-	-	-	-
Payments to acquire and construct plant property	-	(399,750)	(1,840,394)	-
Payments in excess of fair market value to acquire utility system	-	-	-	-
Interfund loans	365,164	(196,342)	(41,866)	-
Impact fees and other capital contributions	-	11,291	446,632	-
Net cash provided by (used in) capital and related financing activities	365,164	(3,647,385)	(6,378,279)	(1,100,074)
Cash flows from investing activities				
Proceeds from bond maturities	-	-	-	435,000
Interest received	-	716	23,632	665,074
Net cash provided by investing activities	-	716	23,632	1,100,074
Net increase (decrease) in cash and cash equivalents	354,086	71,603	(688,219)	-
Cash and cash equivalents, beginning of year	200,476	6,061,807	18,455,870	-
Cash and cash equivalents, end of year	$ 554,562	$ 6,133,410	$ 17,767,651	$ -
Reconciliation of operating income to net cash provided by operating activities				
Cash flows from operating activities				
Operating income (loss)	$ (8,064)	$ 1,821,663	$ 2,880,349	$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	-	2,314,717	4,038,582	-
Changes in assets and liabilities				
Decrease (Increase) in accounts receivable	17,100	(223,507)	(863,745)	-
Decrease (Increase) in prepaid expenses	6,258	3,471	12,875	-
Increase (Decrease) in accounts payable and accrued expenses	(26,372)	(201,521)	(490,106)	-
Increase (Decrease) in customer deposits payable	-	3,449	88,473	-
Total adjustments	(3,014)	1,896,609	2,786,079	-
Net cash provided by operating activities	$ (11,078)	$ 3,718,272	$ 5,666,428	$ -
Supplemental schedule of noncash investing, capital, and financing activities				
Amortization of excess of cost over fair value of acquired assets	$ -	$ 525,020	$ 264,357	$ -
Amortization of deferred loss on refunding	-	-	-	-
Bond discount (premium) amortization	-	11,337	(74,368)	-
Plant property contributed by developers	-	8,517	359,850	-

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

Sarasota Utility System	Pasco Utility System	Consolidated Utility Systems	Lindrick Utility System	N. Fort Myers Utility System	MacDill AFB Utility System	Total
$ -	$ 16,430,680	$ 1,755,771	$ 3,966,940	$ 7,335,710	$ 6,434,520	$ 54,365,763
-	(9,468,983)	(809,766)	(1,872,138)	(4,000,350)	(2,535,028)	(27,754,785)
-	6,961,697	946,005	2,094,802	3,335,360	3,899,492	26,610,978
-	-	26,488,297	-	-	-	26,488,297
-	-	(508,069)	-	-	-	(508,069)
(13,691,259)	-	(5,124,200)	(250,000)	(200,004)	(489,767)	(22,593,791)
(473,707)	(7,324,454)	(202,640)	(1,856,925)	(3,997,792)	(1,033,249)	(21,155,515)
-	-	(230,000)	-	-	-	(230,000)
-	2,538,563	-	647,018	1,277,053	-	4,462,634
-	(2,932,724)	(3,889,336)	(469,697)	(12,445,312)	(1,840,155)	(23,817,368)
-	-	(11,191,483)	-	-	-	(11,191,483)
-	(66,783)	(25,332)	4,589	(36,788)	(2,642)	-
-	60,910	33,694	20,330	6,049,889	1,523,016	8,145,762
(14,164,966)	(7,724,488)	5,350,931	(1,904,685)	(9,352,954)	(1,842,797)	(40,399,533)
13,691,259	-	-	-	-	-	14,126,259
473,707	182,979	153	40,051	99,559	57	1,485,928
14,164,966	182,979	153	40,051	99,559	57	15,612,187
-	(579,812)	6,297,089	230,168	(5,918,035)	2,056,752	1,823,632
-	17,407,730	311,207	4,882,442	11,464,437	1,733,708	60,517,677
$ -	$ 16,827,918	$ 6,608,296	$ 5,112,610	$ 5,546,402	$ 3,790,460	$ 62,341,309
$ -	$ 3,768,763	$ 941,574	$ 1,380,986	$ 908,677	$ 3,587,035	$ 15,280,983
-	3,411,916	257,870	645,483	2,219,803	663,905	13,552,276
-	(165,387)	(520,626)	(67,506)	44,325	(185,213)	(1,964,559)
-	5,204	(5,306)	44,467	14,549	(116,727)	(35,209)
-	(152,334)	172,893	75,585	110,710	(55,008)	(566,153)
-	93,535	99,600	15,787	37,296	5,500	343,640
-	3,192,934	4,431	713,816	2,426,683	312,457	11,329,995
$ -	$ 6,961,697	$ 946,005	$ 2,094,802	$ 3,335,360	$ 3,899,492	$ 26,610,978
$ -	$ 1,835,925	$ 165,995	$ 555,491	$ 584,339	$ -	$ 3,931,127
-	-	23,000	-	-	-	23,000
-	10,469	(8,725)	-	(1,161)	-	(62,448)
-	8,911	-	-	-	-	377,278

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

(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. 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.

The Authority has adopted Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus,* for the purpose of evaluating its financial statements. Based on the criteria in Statement No. 61, 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 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 seven utility systems (Golden Gate, Lehigh Acres, Pasco, Consolidated, Lindrick, North Fort Myers, and MacDill AFB) in seven separate funds. The Authority has one non-specific fund that handles the administration of the interlocal agreements and also has two funds (Sarasota and Barefoot Bay) that service outstanding bonds from former utility systems the Authority operated years ago.

The Authority utilizes the accrual basis of accounting in accordance with the GASB Codification.

(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 fair value on the date of contribution. Expenditures of $5,000 or more are capitalized. Construction period interest cost, net of interest earned on the unexpended proceeds of tax-exempt borrowings, is capitalized as part of the asset cost. Depreciation, on a straight-line basis, is charged over estimated useful lives ranging from 5 to 35 years.

(h) **Excess of cost over fair value of acquired assets**—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.

(i) **Bond discounts and issuance costs**—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 water and wastewater services and connection fees. These amounts are recognized in revenue as follows:

Water and Wastewater Services—Revenue consists of billings to customers for water and wastewater 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 since the last 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.

Connection Fees—Connection fees are imposed by the Utility Systems for the costs associated with installation of the service meter and tapping into the water and/or wastewater service main. Connection fees revenue is recognized when connection services are performed.

When both restricted and unrestricted resources are available for use, expenses are considered to be paid first from restricted resources and then from unrestricted resources as they are needed.

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

(k) **Capital 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.

(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.

(m) **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.

(n) **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 Zurich Insurance. Settled claims have not exceeded insurance coverage during the last three fiscal years.

(o) **Implementation of new standards**—At September 30, 2012 and for the year ended September 30, 2012, the Authority has early-implemented Governmental Accounting Standards Board (GASB) *Statement No. 65, Items Previously Reported As Assets and Liabilities*. See Note 10 for the effect on beginning net position.

(2) **Purchase of Utility System:**

Mad Hatter utility system— Effective May 17, 2012 the Authority Board of Directors accepted and approved a contract for the acquisition, repair, improvement, and operation of water and wastewater utility facilities at Mad Hatter Utility in Pasco County, Florida for a purchase price of $14,000,000. The Mad Hatter system was combined into the Consolidated Utility System for financial reporting purposes.

As discussed further in Note 7, the Authority Board of Directors authorized the issuance of the Consolidated Series 2012 Refunding Revenue Bonds and the Consolidated Series 2012 Subordinate Bond. The purpose of these bonds was to finance the acquisition and improvement of water and wastewater assets owned by Mad Hatter Utility, Inc., and Paradise Lakes Utility, LLC, located in Pasco County, Florida.

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

(a) **Sarasota utility system—**Effective August 8, 2002, Sarasota County, Florida, acquired all the assets and assumed all operating liabilities of the Sarasota Utility System at net book value. This transaction resulted in a gain of approximately $1,800,000, equal to the accumulated deficit of the Sarasota Utility System at the sale date. In payment for the Sarasota Utility System, Sarasota County issued the Sarasota County Utility System Revenue Bonds Series 2002A in the amount of $17,300,000 and Series 2002B in the amount of $9,800,000 (the "Series 2002 Bonds"). The respective interest rates and maturities of the Series 2002 Bonds are identical to the Florida Governmental Utility Authority Utility System Revenue Bonds (Sarasota Utility System), Series 1999 and Series 2001 Bonds. The Series 1999 Bonds were issued by the Authority at the acquisition of the Sarasota Utility System and the Series 2001 Bonds were issued for capital improvements to the Sarasota Utility System. The trust estate as defined in the Series 2002 Bonds trust indenture secured the Series 2002 Bonds and replaced the net revenues of the Sarasota Utility System as the pledged revenue source securing the Series 1999 and 2001 Bonds.

The Sarasota Utility System Series 1999 and 2001 bonds were redeemed in their entirety on December 5, 2011. $13,865,000 of the outstanding principal balance on the bonds was redeemed at 100.5% in accordance with the bond indentures for early redemption. As a result, all maturities on this debt, and the related interest expense, were paid during fiscal year 2012.

(b) **Barefoot Bay utility system**—Effective February 2, 2000, Barefoot Bay Water and Sewer District (the "District"), a component unit of Brevard County, Florida, acquired all the assets and assumed all operating liabilities of the Barefoot Bay Utility System at net book value. This transaction resulted in a gain of approximately $250,000, equal to the accumulated deficit of the Barefoot Bay Utility System at the sale date. In payment for the Barefoot Bay Utility System, the District issued Barefoot Bay Water and Sewer District Utility Revenue Bonds Series 2000 (the "Series 2000 Bonds") in the amount of $17,135,000. The respective interest rates and maturities of the Series 2000 Bonds are identical to the Florida Governmental Utility Authority Utility System Revenue Bonds (Barefoot Bay Utility System), Series 1999 Bonds issued at the acquisition of the Barefoot Bay Utility System by the Authority and which remain outstanding. The trust estate as defined in the Series 2000 Bonds trust indenture secures the Series 2000 Bonds. This trust estate has replaced the net revenues of the Barefoot Bay Utility System as the pledged revenue source securing the Series 1999 Bonds. The Series 2000 Bonds are included in restricted assets in the combined Statement of Net Position of the Authority.

(c) **Citrus utility system**—Effective February 15, 2007, Citrus County acquired all the assets and assumed all operating liabilities of the Citrus System at net book value. This transaction resulted in a loss of $14,172,385. At September 30, 2012, the Authority had $18,375,000 of defeased bonds outstanding.

(d) **Poinciana utility system**—Effective April 30, 2007, the Tohopekaliga Water Authority acquired all the assets and assumed all operating liabilities of the Poinciana System at net book value. This transaction resulted in a loss of $66,695,896. At September 30, 2012, the Authority had $35,650,000 of defeased bonds outstanding.

(4) **Deposits and Investments:**

(a) **Deposits**—At September 30, 2012, the carrying amount of the Authority's cash on deposit in its bank account was $3,029,744 and the related bank balance was $3,078,649. 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**—At September 30, 2012, the Authority's investments consisted of the following:

Types of Investments	Maturities	Credit Quality (Moody's)	Fair Value
Investments			
Municipal bonds receivable	18	N/A	$ 12,920,000
Municipal bonds	2.81	Aaa-Aa2	13,803,975
Money market mutual funds	N/A	N/A	59,311,565
Total investments			86,035,540
Cash on deposit			3,029,744
Total cash and investments (unrestricted and restricted)			$ 89,065,284

(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. The municipal bonds receivable and money market mutual funds do not have credit quality ratings. The municipal bonds receivable are insured by a financial guaranty insurance policy.

(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, 2012, the Plan's municipal bonds had a weighted average duration of 2.81 years.

(5) Accounts Receivable:

Receivables at September 30, 2012, consist of the following:

	Non-System Specific	Golden Gate Utility System	Lehigh Utility System	Pasco Utility System
Billed customer receivables	$ -	$ 1,016,730	$ 1,859,621	$ 1,757,603
Unbilled customer receivables	-	339,778	638,462	929,741
Special assessments - current	-	-	50,886	-
Other receivables	7,673	1,038	-	18,757
Gross accounts receivable	7,673	1,357,546	2,548,969	2,706,101
Less: Allowance for uncollectables	-	311,622	679,300	452,459
Net total receivables	$ 7,673	$ 1,045,924	$ 1,869,669	$ 2,253,642

	Consolidated Utility System	Lindrick Utility System	N. Ft. Myers Utility System	MacDill AFB Utility System	Total
Billed customer receivables	$ 553,499	$ 278,386	$ 438,994	$ 604,782	$ 6,509,615
Unbilled customer receivables	324,393	346,585	372,958	-	2,951,917
Special assessments - current	-	-	-	-	50,886
Other receivables	-	-	-	105,200	132,668
Gross accounts receivable	877,892	624,971	811,952	709,982	9,645,086
Less: Allowance for uncollectables	250,090	107,754	72,382	-	1,873,607
Net total receivables	$ 627,802	$ 517,217	$ 739,570	$ 709,982	$ 7,771,479

(6) Capital Assets:

Changes in the Authority's capital assets for the year ended September 30, 2012 were as follows:

	Balance October 1, 2011	Increases	Decreases	Balance September 30, 2012
Capital assets not being depreciated:				
Land	$ 5,184,320	$ 147,203	$ -	$ 5,331,523
Construction in progress	37,436,737	24,113,155	54,648,703	6,901,189
Total capital assets not being depreciated	42,621,057	24,260,358	54,648,703	12,232,712
Capital assets being depreciated:				
Utility plants	228,001,875	58,739,506	-	286,741,381
Accumulated depreciation	(49,415,092)	(9,655,094)	-	(59,070,186)
Total capital assets being depreciated, net	178,586,783	49,084,412	-	227,671,195
Capital Assets, net	$221,207,840	$ 73,344,770	$ 54,648,703	$239,903,907

Total interest expense incurred by the Authority during the current fiscal year was $21,001,074. Of this amount, $933,421 was capitalized and included as part of the cost of construction in progress.

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

(a) Revenue bonds and notes payable at September 30, 2012 are comprised of the following:

Barefoot Bay Utility System	
$3,715,000 5.25% Series 1999 Term Bonds due October 1, 2018, subject to mandatory sinking fund requirements in varying annual principal amounts beginning October 1, 2012	$ 3,715,000
$9,205,000 5.00% Series 1999 Term Bonds due October 1, 2029, subject to mandatory sinking fund requirements in varying annual principal amounts beginning October 1, 2019	9,205,000
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%	1,815,000
$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	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	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	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	3,580,000
$705,000 Series 2012B Serial Bonds, interest due semi-annually on April 1 and October 1 commencing October 1, 2012, principal payments due annually October 1, 2013 through 2016; interest at rates ranging from 2.00% to 2.80%	705,000
$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 June 1, 2024	5,000,000

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

Golden Gate Utility System

$6,315,000 5.50% Series 2010 Term Bonds interest due semi-annually on January 1 and July 1 commencing July 1, 2011, principal payments due annually July 1, 2036 through 2040	$ 6,315,000
$1,880,000 4.50% Series 2005 Serial Bonds interest due semi-annually on January 1 and July 1 commencing July 1, 2006, principal due July 1, 2030	1,880,000
$10,765,000 4.625% Series 2005 Term Bonds interest due semi-annually on January 1 and July 1 commencing July 1, 2006, principal payments due annually July 1, 2031 through July 1, 2035	10,765,000
$6,385,000 5.25% Series 1999 Term Bonds interest due semi-annually on January 1 and July 1 commencing July 1, 1999, principal payments due annually July 1, 2012 through 2018	5,605,000
$15,815,000 5.00% Series 1999 Term Bonds interest due semi-annually on January 1 and July 1 commencing July 1, 1999, principal payments due annually July 1, 2019 through 2029	15,815,000
$1,546,461 2.96% Florida Department of Environmental Protection Clean Water State Revolving Fund Loan; payments of $52,237 including interest due semi-annually beginning October 15, 2004	1,048,681
$1,855,921 2.85% Florida Environmental Protection Agency Loan for Drinking Water State Revolving Fund Loan; payments of $61,648 including interest due semi-annually beginning February 15, 2005	1,245,864

Lehigh Utility System

$12,535,000 5.25% Series 2010 Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2011, principal payments due annually October 1, 2034 through 2040	12,535,000
$13,390,000 Series 2005 Serial Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2006, principal payments due annually October 1, 2006 through 2025; interest at rates ranging from 3.40% to 4.50%	10,460,000
$5,515,000 4.50% Series 2005 Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2006, principal payments due annually October 1, 2026 through 2030	5,515,000
$6,890,000 4.625% Series 2005 Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2006, principal payments due annually October 1, 2031 through 2035	6,890,000
$21,325,000 Series 2003 Serial Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2004, principal payments due annually October 1, 2004 through 2023; interest at rates ranging from 2.00% to 5.00%	14,750,000
$9,190,000 5.125% Series 2003 Series Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2006, principal payments due annually October 1, 2024 through 2028	9,190,000
$11,800,000 5.125% Series 2003 Series Term Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2006, principal payments due annually October 1, 2029 through 2033	11,800,000

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

Lindrick Utility System

$4,585,000 6.641% Series 2010 Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2011 through 2020	$ 4,335,000
$3,375,000 7.141% Series 2010 Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2021 through 2025	3,375,000
$4,255,000 7.630% Series 2010 Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2026 through 2030	4,255,000
$5,445,000 7.880% Series 2010 Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2031 through 2035	5,445,000
$7,005,000 8.080% Series 2010 Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2036 through 2040	7,005,000

North Fort Myers Utility System

$600,000 Series 2011 Taxable Promissory Note, due in monthly installments of $16,667 plus interest of LIBOR plus 5.0%, July 1, 2011 through May 24, 2014	349,995
$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%	9,965,000
$9,175,000 6.584% Series 2010B Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2021 through 2025	9,175,000
$11,365,000 6.884% Series 2010B Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2026 through 2030	11,365,000
$31,935,000 7.084% Series 2010B Term Bonds interest due semi-annually on April 1 and October 1 commencing October 1, 2010, principal payments due annually October 1, 2031 through 2040	31,935,000

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

Pasco Utility System

$2,760,000 Series 2010A Serial Bonds interest due semi-annually on April 1 and October 1 commencing April 1, 2011, principal payments due annually October 1, 2012 through 2013; interest at rates ranging from 2.428% to 2.746%	$ 2,760,000
$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%	20,920,000
$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	18,150,000
$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	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	60,120,000

MacDill AFB Utility System

$17,715,314 6.00% seller-financed purchase price liability due in monthly installments of $126,918, recorded as offset against utility service charges, March 1, 2011 through February 1, 2031	16,953,097
Bonds and notes payable at September 30, 2012	381,142,637
Less: unamortized bond discounts, net of unamortized bond premiums	(388,513)
Less: current portion of bonds and notes payable	(6,105,999)
Long-term bonds and notes payable at September 30, 2012, net	$374,648,125

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

(b) Debt service requirements to maturity are as follows at September 30, 2012:

	Barefoot Bay Utility System		
September 30	Principal	Interest	Total Debt Service
2013	$ 455,000	$ 655,287	$ 1,110,287
2014	475,000	631,400	1,106,400
2015	500,000	606,463	1,106,463
2016	530,000	580,212	1,110,212
2017	555,000	552,387	1,107,387
2018 – 2022	3,245,000	2,297,537	5,542,537
2023 – 2027	4,145,000	1,395,500	5,540,500
2028 – 2030	3,015,000	306,500	3,321,500
Totals	$ 12,920,000	$ 7,025,286	$ 19,945,286

	Consolidated Utility System		
September 30	Principal	Interest	Total Debt Service
2013	$ -	$ 894,815	$ 894,815
2014	220,000	1,117,408	1,337,408
2015	220,000	1,112,783	1,332,783
2016	220,000	1,107,733	1,327,733
2017	225,000	1,102,198	1,327,198
2018 – 2022	3,420,000	5,348,764	8,768,764
2023 – 2027	4,100,000	4,443,920	8,543,920
2028 – 2032	4,990,000	3,562,050	8,552,050
2033 – 2037	4,405,000	2,530,025	6,935,025
2038 – 2042	6,885,000	1,251,702	8,136,702
2043	1,660,000	38,650	1,698,650
Totals	$ 26,345,000	$ 22,510,048	$ 48,855,048

	Golden Gate Utility System		
September 30	Principal	Interest	Total Debt Service
2013	$ 981,020	$ 2,081,569	$ 3,062,589
2014	1,025,690	2,033,849	3,059,539
2015	1,075,495	1,983,894	3,059,389
2016	1,130,440	1,931,437	3,061,877
2017	1,185,528	1,876,213	3,061,741
2018 – 2022	6,844,279	8,467,506	15,311,785
2023 – 2027	7,932,093	6,712,235	14,644,328
2028 – 2032	9,435,000	4,656,930	14,091,930
2033 – 2037	9,075,000	2,276,133	11,351,133
2038 – 2040	3,990,000	391,738	4,381,738
Totals	$ 42,674,575	$ 32,411,504	$ 75,086,049

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

	Lehigh Utility System		
September 30	Principal	Interest	Total Debt Service
2013	$ 1,515,000	$ 3,450,596	$ 4,965,596
2014	1,575,000	3,392,358	4,967,358
2015	1,645,000	3,320,688	4,965,688
2016	1,710,000	3,258,751	4,968,751
2017	1,790,000	3,179,650	4,969,650
2018 – 2022	10,265,000	14,568,852	24,833,852
2023 – 2027	12,960,000	11,886,717	24,846,717
2028 – 2032	16,435,000	8,398,324	24,833,324
2033 – 2037	15,940,000	4,116,914	20,056,914
2038 – 2040	7,305,000	780,151	8,085,151
Totals	$ 71,140,000	$ 56,353,001	$ 127,493,001

	Lindrick Utility System		
September 30	Principal	Interest	Total Debt Service
2013	$ 310,000	$ 1,828,036	$ 2,138,036
2014	380,000	1,802,800	2,182,800
2015	455,000	1,772,583	2,227,583
2016	475,000	1,741,038	2,216,038
2017	500,000	1,707,833	2,207,833
2018 – 2022	2,830,000	7,988,209	10,818,209
2023 – 2027	3,530,000	6,846,232	10,376,232
2028 – 2032	4,470,000	5,312,424	9,782,424
2033 – 2037	5,720,000	3,277,054	8,997,054
2038 – 2041	5,745,000	725,988	6,470,988
Totals	$ 24,415,000	$ 33,002,197	$ 57,417,197

	North Fort Myers Utility System		
September 30	Principal	Interest	Total Debt Service
2013	$ 950,004	$ 3,991,218	$ 4,941,222
2014	1,009,991	3,962,468	4,972,459
2015	1,230,000	3,929,168	5,159,168
2016	1,290,000	3,892,268	5,182,268
2017	1,355,000	3,853,568	5,208,568
2018 – 2022	7,920,000	18,465,055	26,385,055
2023 – 2027	9,985,000	15,846,071	25,831,071
2028 – 2032	12,405,000	12,121,961	24,526,961
2033 – 2037	15,515,000	7,338,670	22,853,670
2038 – 2040	11,130,000	1,600,630	12,730,630
Totals	$ 62,789,995	$ 75,001,077	$ 137,791,072

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

	Pasco Utility System		
September 30	**Principal**	**Interest**	**Total Debt Service**
2013	$ 1,375,000	$ 7,324,454	$ 8,699,454
2014	1,765,000	7,291,069	9,056,069
2015	2,310,000	7,242,602	9,552,602
2016	2,845,000	7,170,068	10,015,068
2017	2,910,000	7,069,355	9,979,355
2018 – 2022	15,845,000	33,364,312	49,209,312
2023 – 2027	18,825,000	28,803,955	47,628,955
2028 – 2032	22,860,000	22,582,738	45,442,738
2033 – 2037	28,085,000	14,537,542	42,622,542
2038 – 2041	27,085,000	4,525,977	31,610,977
Totals	$123,905,000	$ 139,912,072	$ 263,817,072

	MacDill AFB Utility System		
September 30	**Principal**	**Interest**	**Total Debt Service**
2013	$ 519,975	$ 1,003,041	$ 1,523,016
2014	552,046	970,970	1,523,016
2015	586,095	936,921	1,523,016
2016	622,244	900,772	1,523,016
2017	660,623	862,393	1,523,016
2018 – 2022	3,966,947	3,648,133	7,615,080
2023 – 2027	5,350,816	2,264,264	7,615,080
2028 – 2031	4,694,351	509,286	5,203,637
Totals	$ 16,953,097	$ 11,095,780	$ 28,048,877

(c) **Loan Agreement CS12090902P**—The Golden Gate 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 $1,546,461 at an interest rate of 2.96%. 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, 2004, currently in the amount of $52,237. This loan is junior and subordinate in all regards in right of payment and security to the Golden Gate Utility System Series 1999, Series 2005, and Series 2010.

(d) **Loan Agreement DW1127010**—The Golden Gate Utility System was approved for a construction loan by the Florida Department of Environmental Protection under the Drinking Water State Revolving Loan Fund Program in the amount of $1,395,175 at an interest rate of 2.86%. Amendment 1 to the loan increased the loan amount to $1,855,921 at an average interest rate of 2.85%. The funds were used for system improvements. According to the loan agreement, 40 semi-annual payments of principal and interest are due beginning on February 15, 2005, currently in the amount of $61,648. This loan is junior and subordinate in all regards in right of payment and security to the Golden Gate Utility System Series 1999, Series 2005, and Series 2010.

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

(e) **Changes in bonds and notes payable**—Activity in bonds and notes payable for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	$ 357,119,200	$ 21,345,000	$ 21,919,200	$ 356,545,000	$ 5,225,000
Seller-financed note	17,442,864	5,000,000	489,767	21,953,097	519,975
Lines of credit	549,999	-	200,004	349,995	200,004
State revolving loans	2,453,106	-	158,561	2,294,545	161,020
	$ 377,565,169	$ 26,345,000	$ 22,767,532	$ 381,142,637	$ 6,105,999

(f) **Bond issuances**—During the year ended September 30, 2012, there were two bond issuances, both of which were issued in June 2012 and related to financing a portion of the cost of the acquisition of and capital improvements to Mad Hatter Utility Systems and Paradise Lakes Utility System.

The first bond issued was the Consolidated Series 2012 Refunding Revenue Bonds. The total debt issued was $21,345,000 and was used to refund the Series 2009 Revenue Bonds, which resulted in a loss on refunding of $230,000. This amount is included in deferred loss on bond refunding under deferred outflows on the statement of net position. Current year amortization of the deferred loss, included in interest expense on the statement of revenues, expenses, and changes in net position, totaled $23,000. The outstanding balance of the deferred loss on refunding is $207,000.

The second bond issued was the Consolidated Series 2012 Subordinate Revenue Bond, issued directly to the seller. The total debt issued was $5,000,000.

(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 the Pasco, Golden Gate, Lehigh Acres, Consolidated, Lindrick, North Fort Myers Systems and MacDill AFB Systems. With the exception of Golden Gate and Lehigh Acres, both of which had contract effective dates 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, 2013 to September 30, 2020.

U.S. Water receives an annual fixed fee for services provided to the systems of $16,682,061, paid in monthly installments. For systems with acquisitions in the current year, an adjusted fee was prorated to only include the time period in which services for the additional systems were provided. 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, 2012 for all services were $27,247,065. At September 30, 2012, amounts payable to U.S. Water totaled $5,146,279.

(8) **Commitments and Contingencies:** (Continued)

(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, 2018, with the exception of the agreement defining functions relating to the MacDill AFB System, which expires September 30, 2021. 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 $2,250,367, as well as an annual based fixed fee for capital improvement program administrative fees of $1,302,395. 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, 2012 were $4,958,120. At September 30, 2012, amounts payable to GSG totaled $186,406.

(c) **Contracts**—Commitments on outstanding contracts for improvements and maintenance of the Utility Systems totaled $6,015,593 at September 30, 2012.

(d) **Donald Hein Claim**—On August 23, 2010, the Authority was formally notified of a potential personal injury claim by Mr. Hein. Mr. Hein claims to have been injured as a result of a defective manhole adjacent to Pump Station No. 19 in the North Fort Myers Utility System. The Authority purchased the assets of North Fort Myers Utilities, Inc. (NFMU) in July 2010, including the facilities which are the subject of the claim. The Authority's insurer has investigated the incident and has taken the position that the condition of the manhole was a latent, concealed condition, not readily observable by the Authority during the due diligence conducted prior to the acquisition of the assets of NFMU. As such, the Authority has notified NFMU of the claim and requested that NFMU address the claim asserted by Mr. Hein. NFM has denied responsibility for the defense of this claim. The Authority received a pre-suit notice under Section 768.28, Florida Statues from Mr. and Mrs. Hein by letter dated December 20, 2010.

In a Complaint served on the FGUA on March 6, 2012, the Heins alleged that either the FGUA or North Fort Myers Utilities Inc. were responsible for the injuries suffered by Mr. Hein. An Amended Complaint was filed in October of last year asserting two counts against the FGUA and two counts against North Fort Myers Utilities, Inc. Mr. Hein seeks general and special damages for his expenses, loss of earnings, loss of capacity to earn and costs of bringing the action. Ms. Hein seeks compensatory damages for loss of services, comfort, companionship and consortium. The FGUA has filed an answer and affirmative defenses to the Amended Complaint and has crossclaimed against North Fort Myers Utilities, Inc. In the crossclaim, the FGUA, in Count I, seeks a declaration regarding the respective rights and obligations of the FGUA and North Fort Myers Utilities, Inc. under the Purchase Agreement whereby the FGUA acquired the assets of the North Fort Myers Utility System from North Fort Myers Utilities, Inc. In Count II of the crossclaim, the FGUA asserts that North Fort Myers Utilities, Inc. is contractually obligated to pay, perform and discharge any liability of FGUA to the Heins as asserted in the Amended Complaint and that North Fort Myers Utilities, Inc. has to provide a defense for FGUA. To date, North Fort Myers, Utilities, Inc. has denied any responsibility for this injury to Mr. Hein and has refused to provide a defense for the FGUA. Discovery is ongoing in this matter. No trial date has been set and the parties have not initiated settlement talks or scheduled mediation. Based on information gathered to this point in time, the FGUA believes it has good and sufficient defenses to the claims and is vigorously defending the matter.

(e) **Gassner Development, Inc., Notice of Claim**—On or about January 6, 2006, the Authority accepted service of a complaint filed by Gassner Development, Inc. Gassner alleges that the Authority owes it an amount in excess of $186,000 for certain utility improvements made under the terms of a developer agreement that was entered into by the former owner of the Lehigh Utility System, Florida Water Services, Inc. Gassner claims that the Authority is now responsible for certain obligations allegedly due from Florida Water Services, Inc. Gassner has subsequently amended their complaint several times and the current version, the Fourth Amended Complaint, adds breach of contract, quantum merit, promissory estoppel and unjust enrichment counts relating to utility improvement constructed by Gassner for Phase IV of the Town Lakes development. Under these theories, Gassner claims it is due $850,653 for phase IV. The Authority disputes the validity of the plaintiffs claim and is vigorously defending this action in the circuit court for Leon County, Florida. The Authority filed a Counterclaim against Gassner seeking reimbursement of $361,864, erroneously paid by the Authority to Gassner for the Phase III infrastructure. The parties ultimately settled their claims against each other by a Settlement Agreement and Mutual Releases dated March 19, 2009 and a subsequent Joint Stipulation of Dismissal with Prejudice on March 24, 2009. As a part of the settlement, the Authority is required by pay Gassner $4,857 per connection for each Phase IV lot that becomes connected for water and wastewater services by the Lehigh system for a five year period beginning March 19, 2009. There are one hundred and forty-one (141) lots in Phase IV B of the Town Lakes development. Since the beginning of the five year period referenced in the settlement, there have been no new connections. The Authority will remain contingently liable for these amounts during the five (5) year period.

(f) **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.

(9) Related Party Transactions:

Prior to December 31, 2001, Government Services Group, Inc. (GSG) was partially owned by Nabors, Giblin & Nickerson, P.A., (NGN) which is serving as Bond Counsel with respect to the Series 2012, 2010, 2009, 2005, 2003, 2002, 2001, 2000 and 1999 Bonds and Special Authority Counsel of each of the Utility Systems. This direct interest ended through a buyout of NGN shares by GSG.

(10) **Restatement of Net Position:**

In March 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of GASB 65 are effective for fiscal year 2014, but have been early-implemented as of and for the year ended September 30, 2012. The implementation of GASB 65 will result in the removal of $10,252,498 of unamortized bond issuance costs as of September 30, 2011 and result in the reduction of beginning unrestricted net assets in the government-wide statement of net assets by the same amount. The effect of the restatement is as follows:

	Golden Gate	Lehigh	Pasco	Consolidated	Lindrick	North Fort Myers
Balance, 9/30/2011	$ 1,318,290	$ 26,182,203	$ (2,280,389)	$ (345,959)	$ 194,034	$ 13,325,852
Bond issuance costs, net, 9/30/2011	1,333,408	2,506,674	3,432,126	415,017	457,181	2,108,092
Restated balance, 9/30/2011	$ (15,118)	$ 23,675,529	$ (5,712,515)	$ (760,976)	$ (263,147)	$ 11,217,760

(11) **Subsequent Events**

(a) **Golden Gate Utility System Series 2012 Refunding Revenue Bonds**— On November 18, 2012 the Authority Board of Directors authorized the issuance of the Series 2012 Utility Refunding Revenue Bonds for the Golden Gate Utility System in the amount of $20,275,000 and due July 1, 2029. The bonds were issued on December 21, 2012. Interest will compound monthly on a 30/360 basis. Payments on interest are due semi-annually, beginning on the July 1, 2013, at rates ranging from 2.000% to 5.000%. Principal payments in varying amounts are due annually on July 1, 2013 through 2029. The Purpose of the Revenue Bonds is to refund the Golden Gate Utility System Series 1999 Revenue Bonds, which were refunded at the date of issuance of the Series 2012 Revenue Bonds.

(b) **Lehigh Acres Utility System Series 2012 Refunding Revenue Bonds**— On November 18, 2012 the Authority Board of Directors authorized the issuance of the Series 2012 Utility Refunding Revenue Bonds for the Lehigh Acres Utility System in the amount of $31,080,000 and due October 1, 2033. The bonds were issued on December 21, 2012. Interest will compound monthly on a 30/360 basis. Payments on interest are due semi-annually, beginning on April 1, 2013, at rates ranging from 2.750% to 5.000%. Principal payments in varying amounts are due annually on October 1, 2015 through 2033. The Purpose of the Revenue Bonds is to refund the Lehigh Acres Utility System Series 2003 Revenue Bonds, which were refunded at the date of issuance of the Series 2012 Revenue Bonds.

(11) **Subsequent Events:** (Continued)

(c) **Aqua Utility System—**On December 28, 2012 the Authority Board of Directors authorized the acquisition of certain water and wastewater assets owned by Aqua Utilities Florida, Inc. and Crystal River Utilities, Inc. located in Pasco, Lake, Alachua, Citrus, Hardee, Lee, Marion, Orange, Polk, Seminole, Volusia and Putnam Counties, Florida. The Board also authorized an Asset Acquisition Agreement for an amount not to exceed $49,200,000 with a closing date anticipated to be March 22, 2013. The Authority expects to obtain the necessary financing to complete the acquisition prior to the closing date. The acquired systems would be separated into three separate enterprise funds; Aqua Pasco Utility System, Aqua Lake Utility System, and Aqua Unified Utility System for financial reporting purposes.

STATISTICAL SECTION

This part of the Florida Governmental Utility Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. While this financial report reflects the ninth year of operation for the Florida Governmental Utility Authority, data is not available for all years. In future financial statements, we will add the current year plus continue to report on the years reflected in these schedules until a full ten years of data is presented.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Florida Governmental Utility Authority
Net Position by Component
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in whole dollars)

Description	FISCAL YEAR 2004	2005	2006	2007	2008	2009	2010	2011	2012
								(Restated)	
Primary Government									
Business-type activities									
Net Investment in Capital Assets	$ 7,795,470	$ 10,438,716	$ 32,190,518	$ 16,432,401	17,914,712	13,992,783	4,939,605	(14,035,110)	(6,533,854)
Restricted for capital projects	18,758,311	27,110,981	35,749,809	5,091,960	2,973,351	4,629,009	13,652,745	11,925,265	6,330,759
Restricted for debt service	5,213,807	5,597,580	6,725,253	1,924,309	2,250,265	2,574,639	3,978,362	19,055,348	21,685,846
Unrestricted	10,264,534	22,942,265	16,280,688	3,724,891	5,523,306	6,047,544	8,122,236	13,476,660	17,814,769
Total Business Type Activities Net Position	**$ 42,032,122**	**$ 66,089,542**	**$ 90,946,268**	**$ 27,173,561**	**$ 28,661,634**	**$ 27,243,975**	**$ 30,692,948**	**$ 30,422,163**	**$ 39,297,520**
Total Primary Government Net Position	**$ 42,032,122**	**$ 66,089,542**	**$ 90,946,268**	**$ 27,173,561**	**$ 28,661,634**	**$ 27,243,975**	**$ 30,692,948**	**$ 30,422,163**	**$ 39,297,520**

The Florida Governmental Utility Authority has no governmental activities. All funds are accounted for in enterprise funds.

Note: The change in Net Position from fiscal year 2006 to fiscal year 2007 is the result of the transition of the Poinciana and Citrus Utility systems to their local governmental authorities

Note: 2011 balances restated due to implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reorted as Assets and Liabilities. See Note 10 of the Financial Section.

Florida Governmental Utility Authority
Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in whole dollars)

Description	FISCAL YEAR 2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Business-type activities									
Contractual services	$ 11,472,111	$ 14,156,584	$ 16,196,892	$ 10,525,349	6,533,699	10,064,112	15,281,545	20,497,628	22,778,812
Depreciation and amortization	6,811,807	8,081,326	9,091,026	6,852,093	4,638,000	7,843,407	10,617,680	14,516,388	13,552,276
Other operating expenses	2,540,039	3,372,748	5,686,891	3,788,543	2,841,753	3,985,936	3,222,587	4,062,030	4,374,611
Loss on sale of system (transfer of net assets)	(1,063,547)	-	-	80,868,281	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	508,069
Interest expense	8,162,059	8,350,243	9,107,813	7,860,464	5,154,598	8,319,821	11,380,492	14,250,220	15,605,019
Total business-type activities expenses	**$ 27,922,469**	**$ 33,960,901**	**$ 40,082,622**	**$ 109,894,730**	**$ 19,168,050**	**$ 30,213,276**	**$ 40,502,304**	**$ 53,326,266**	**$ 56,818,787**
Program revenues									
Business-type activities									
Water and wastewater revenue	$ 26,738,272	$ 31,325,777	$ 37,633,280	$ 28,515,815	$ 15,660,843	$ 25,321,022	$ 34,618,769	$ 50,615,714	$ 55,545,185
Purchased water and wastewater	(243,797)	(128,343)	(109,885)	(48,493)	-	-	-	-	-
Contract fees	-	221,768	399,754	237,613	199,306	24,924	-	-	-
Special assessments	76,932	78,021	77,476	74,773	86,195	39,759	362	-	214,781
Connection fees	2,173,762	3,190,477	1,953,396	446,205	13,460	49,028	106,801	97,369	226,716
Developer contributions for capital projects	2,412,010	5,448,427	4,292,694	6,643,015	514,989	1,337,812	2,052,823	653,393	377,278
Recoverable portion of purchase price	-	-	-	-	-	-	-	-	1,523,016
Capital grants	-	-	-	-	110,058	17,500	-	-	-
Nonoperating revenues (primarily impact fees)	12,685,692	17,882,194	20,692,633	10,253,095	4,071,272	2,005,572	7,172,518	11,941,503	7,807,168
Total business-type activities revenue	**$ 43,842,871**	**$ 58,018,321**	**$ 64,939,348**	**$ 46,122,023**	**$ 20,656,123**	**$ 28,795,617**	**$ 43,951,273**	**$ 63,307,979**	**$ 65,694,144**
Change in net position									
Total primary government	**$ 15,920,402**	**$ 24,057,420**	**$ 24,856,726**	**$ (63,772,707)**	**$ 1,488,073**	**$ (1,417,659)**	**$ 3,448,969**	**$ 9,981,713**	**$ 8,875,357**

Note: The ***Loss on sale of system*** amount under the **Expenses** section represents the net asset value of those systems that transition from private sector to public entities.

Note: The change in Net Position during fiscal year 2007 is the result of the transition of the Poinciana and Citrus Utility systems to their local governmental authorities

Florida Governmental Utility Authority
Summary of Ten Largest Single Water Users
September 30, 2012

System	Total Consumption (thousands of gallons)	Percent of Total Gallons Consumed
GOLDEN GATE		
PAR ONE HOMEOWNERS	16,667	4.36%
CORA PALMS NAPLES APT LLC	9,825	2.57%
PACIFICA NAPLES LLC (#2116600111)	8,318	2.18%
PACIFICA NAPLES LLC (#2116622213)	8,261	2.16%
NORTHGATE CLUB APARTMENTS	5,114	1.34%
COLLIER COUNTY GOVERNMENT	2,513	0.66%
WAVA INC	2,418	0.63%
HACK BERRY CORPORATION	2,343	0.61%
RANIERI (QUALITY INN)	2,338	0.61%
C & C BUILDING COMPANY	1,362	0.36%
TOTAL	**59,159**	**15.47%**
LEHIGH ACRES		
DBA LEHIGH ACRES NH LLC	6,120	1.06%
LEHIGH REGIONAL MED CENTER	3,901	0.68%
WALLMART STORES #1-2237	3,691	0.64%
LEE COUNTY ELECTRIC CO	3,113	0.54%
DBA LEHIGH ACRES NH LLC	2,948	0.51%
LEHIGH HIGH SCHOOL	2,771	0.48%
SUNSHINE VILLAS	2,313	0.40%
HARNS MARSH MIDDLE SCHOOL	1,880	0.33%
FOUNTAIN CREST RETIREMENT COMM	1,516	0.26%
LEHIGH REGIONAL MEDICAL CENTER	1,415	0.25%
TOTAL	**29,668**	**5.15%**
PASCO		
CRP HOLIDNGS CSS LLC	15,778	1.59%
REILLY ASSOCIATES	12,802	1.29%
TANDEM HEALTH CARE	9,136	0.92%
DISTRICT SCHOOL BOARD PASCO	6,556	0.66%
EASTLAKE REHAB & CARE CENTER LLC	4,961	0.50%
PARK AT BARRINGTON PLACE LLC	3,943	0.40%
HOLIDAY PK MF ASSOCIATION LLC	2,902	0.29%
PARK AT BARRINGTON PLACE LLC	2,898	0.29%
7-ELEVEN, INC.	2,393	0.24%
HOLIDAY PK MF ASSOCIATION LLC	2,089	0.21%
TOTAL	**63,458**	**6.40%**

System	Total Consumption (thousands of gallons)	Percent of Total Gallons Consumed
CONSOLIDATED		
WALMART STORES EAST, LP	2,513	1.23%
MORGAN TIRE #5037	2,263	1.11%
HIGHLAND OAKS HOA, INC.	1,852	0.91%
GULFSIDE ELEM SCHOOL	1,696	0.83%
HUGHES TOOL SUPPLY	1,518	0.74%
HICKORY PT. TR. PK.	1,483	0.73%
SUNBANK AND TRUST COMPANY	1,417	0.69%
PLR MANAGEMENT, LLC	1,382	0.68%
HOUGHTON-WAGMAN PARTNERSHIP	1,150	0.56%
DENHAM OAKS ELEMENTARY	1,135	0.56%
TOTAL	**16,409**	**8.04%**
LINDRICK		
GULF HARBORS CONDO	15,785	8.89%
NEW PORT COLONY	5,885	3.31%
LANDINGS AT SEA FOREST	5,727	3.22%
LANDINGS OF ST ANDREWS	4,740	2.67%
SEA CASTLE CONDO	2,471	1.39%
SEA FOREST BEACH CLUB	2,126	1.20%
HEATHER COVE	2,056	1.16%
SEA CASTLE CONDO	1,558	0.88%
MARINERS WAY OF NPR	1,152	0.65%
ANDREI DIKOUCHINE	254	0.14%
TOTAL	**41,754**	**23.51%**
NFMU		
EQUITY LIFESTYLE PROP, INC.	26,009	4.73%
ISLAND VISTA ESTATES LLC	25,310	4.61%
MHC WINDMILL VILLAGE	19,000	3.46%
SIX LAKES COUNTRY CLUB IN	18,641	3.39%
EQUITY LIFESTYLE PROPERTIES, INC.	13,626	2.48%
ROSALIE MURPHY (S)	7,650	1.39%
PIONEER VILLAGE	7,528	1.37%
SERENDIPITY MOBILE HOME PARK	6,967	1.27%
RAINTREE RV PARK	3,653	0.67%
ROSS UPRIVER - OWNER POOLE	2,592	0.47%
TOTAL	**130,976**	**23.84%**

Florida Governmental Utility Authority
Ratios of Outstanding Debt by Type (1)
Last Nine Fiscal Years
(amounts expressed in whole dollars)

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Utility Customer
	Water & Wastewater Bonds	General Obligation Bonds	Capital Leases			
2004 (1)	$ 191,071,165	-	-	$ 191,071,165	na	$ 4,930
2005	191,445,482	-	-	191,445,482	na	4,541
2006	225,466,429	-	-	225,466,429	na	4,797
2007 (2)	145,239,428	-	-	145,239,428	na	9,946
2008	143,294,162	-	-	143,294,162	na	9,729
2009 (3)	252,014,267	-	-	252,014,267	na	4,295
2010 (4)	341,518,994	-	-	341,518,994	na	4,290
2011 (5)	332,432,943	-	-	332,432,943	na	4,137
2012 (5)	351,269,540	-	-	351,269,540	na	4,029

Note: (1) During Fiscal Year 2004, with the acquisition of two large systems (Poinciana and Citrus), the proportional increase in customers was greater than the additional increase in debt service. This caused the combined decrease for all FGUA Systems in the Per Utility Customer Cost from FY 2003 to FY 2004.

(2) During Fiscal Year 2007, the transition of the Poinciana and Citrus Utility systems to their local governmental authorities caused the overall increase in the Per Utility Customer Costs. These systems accounted for the majority of the total customer count for the combined FGUA Systems.

(3) The Pasco Systems includes the Aloha Gardens and Seven Springs service areas. This system was purchased on February 27, 2009 and issued $106,710,000 in debt for the acquistion.

(4) The FGUA purchased the Consolidated Systems, the Lindrick Utility Systems and the North Fort Myers Utility Systems during FY 2010 and Issued debt for $5,124,000, $24,665,000, and $62,440,000 respectively for these aquisitions.

(5) This amout excludes the Seller-financed note associated with the MacDill AFB purchase. The entire water and wastewater system has one customer, The Federal Government.

Florida Governmental Utility Authority
Pledged-Revenue Coverage
Last Nine Fiscal Years
(amounts expressed in whole dollars)

		Water & Sewer Revenue Bonds						Special Assessment Bonds			
					Debt Service				Debt Service		
Fiscal Year	Name of System	Water, Wastewater and Other Revenue (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal	Interest	Coverage	Special Assessment	Principal	Interest	Coverage
2004											
	Barefoot Bay(4)	1,105,668	-	1,105,668	325,000	780,668	1.00	-	-	-	-
	Sarasota(4)	1,760,128	-	1,760,128	500,000	1,260,128	1.00	-	-	-	-
	Carrollwood	5,443,070	272,318	5,170,752	4,895,000	111,737	1.03	-	-	-	-
	Citrus	4,174,346	2,131,081	2,043,265	-	779,103	2.62	-	-	-	-
	Golden Gate	4,932,573	2,285,812	2,646,761	564,999	1,368,779	1.37	76,932	45,292	27,539	1.06
	Lehigh Acres	7,136,031	2,688,561	4,447,470	-	1,549,017	2.87	-	-	-	-
	Poinciana	12,169,817	6,634,378	5,535,439	855,000	2,285,088	1.76	-	-	-	-
	Total	$36,721,633	$14,012,150	$22,709,483	$7,139,999	$8,134,520	1.49	76,932	45,292	27,539	1.06
2005											
	Barefoot Bay(4)	1,108,318	-	1,108,318	340,000	768,318	1.00	-	-	-	-
	Sarasota(4)	1,780,149	-	1,780,149	540,000	1,240,149	1.00	-	-	-	-
	Citrus	6,079,643	3,116,494	2,963,149	340,000	1,006,524	2.20	-	-	-	-
	Golden Gate	5,331,661	2,274,866	3,056,795	840,898	1,564,146	1.27	78,021	48,903	23,934	1.07
	Lehigh Acres	9,536,780	3,703,048	5,833,732	640,000	1,954,098	2.25	-	-	-	-
	Poinciana	14,593,128	8,236,867	6,356,261	1,205,000	2,445,394	1.74	-	-	-	-
	Total	$38,429,679	$17,331,275	$21,098,404	$3,905,898	$8,978,629	1.64	78,021	48,903	23,934	1.07
2006											
	Barefoot Bay(4)	1,110,058	-	1,110,058	355,000	755,058	1.00	-	-	-	-
	Sarasota(4)	1,774,140	-	1,774,140	555,000	1,219,140	1.00	-	-	-	-
	Citrus	7,174,292	4,594,908	2,579,384	420,000	1,128,394	1.67	-	-	-	-
	Golden Gate	6,396,112	2,570,262	3,825,850	835,071	1,880,344	1.41	77,476	52,802	19,760	1.07
	Lehigh Acres	11,382,882	4,739,615	6,643,267	1,725,000	2,796,384	1.47	-	-	-	-
	Poinciana	18,210,839	9,653,016	8,557,823	1,320,000	2,433,294	2.28	-	-	-	-
	Total	$46,048,323	$21,557,801	$24,490,522	$5,210,071	$10,212,614	1.59	77,476	52,802	19,760	1.07
2007											
	Barefoot Bay(4)	1,105,859	-	1,105,859	365,000	740,859	1.00	-	-	-	-
	Sarasota(4)	1,751,892	-	1,751,892	555,000	1,196,892	1.00	-	-	-	-
	Golden Gate	6,498,238	2,823,225	3,675,013	801,652	1,947,323	1.34	74,773	54,866	14,272	1.08
	Lehigh Acres	12,070,977	5,047,070	7,023,907	1,170,000	3,003,803	1.68	-	-	-	-
	Total	$21,426,966	$7,870,295	$13,556,671	$2,891,652	$6,888,877	1.39	74,773	54,866	14,272	1.08
2008											
	Barefoot Bay(4)	1,090,893	-	1,090,893	365,000	725,893	1.00	-	-	-	-
	Sarasota(4)	1,752,929	-	1,752,929	580,000	1,172,929	1.00	-	-	-	-
	Golden Gate	6,066,118	3,172,185	2,893,933	795,642	1,918,578	1.07	86,195	59,240	8,255	1.28
	Lehigh Acres	10,707,788	6,020,572	4,687,216	1,305,000	2,970,503	1.10	-	-	-	-
	Total	$19,617,728	$9,192,757	$10,424,971	$3,045,642	$6,787,903	1.06	86,195	59,240	8,255	1.28
2009											
	Barefoot Bay(4)	1,090,123	-	1,090,123	380,000	710,123	1.00	-	-	-	-
	Sarasota(4)	1,752,652	-	1,752,652	605,000	1,147,652	1.00	-	-	-	-
	Golden Gate	5,704,070	3,079,882	2,624,188	829,749	1,360,084	1.20	39,759	90,145	3,513	0.42
	Lehigh Acres	10,594,737	6,337,683	4,257,054	1,335,000	2,192,343	1.21	-	-	-	-
	Pasco Systems (5)	9,258,799	4,612,090	4,646,709	-	2,909,619	1.60	-	-	-	-
	Total	$28,400,381	$14,029,655	$14,370,726	$3,149,749	$8,319,821	1.25	39,759	90,145	3,513	0.42
2010											
	Barefoot Bay(4)	1,093,123	-	1,093,123	400,000	693,123	1.00	-	-	-	-
	Sarasota(4)	1,736,391	-	1,736,391	630,000	1,106,391	1.00	-	-	-	-
	Golden Gate	6,141,890	2,877,879	3,264,011	864,474	1,874,800	1.19	-	-	-	-
	Lehigh Acres	10,200,210	5,428,303	4,771,907	1,380,000	2,970,455	1.10	-	-	-	-
	Pasco Systems (5)	14,494,924	4,612,090	9,882,834	-	4,930,583	2.00	-	-	-	-
	Consolidated	656,710	425,806	230,904	-	176,400	1.31	-	-	-	-
	Lindrick	2,020,189	1,137,864	882,325	-	676,921	1.30	-	-	-	-
	NFMU	1,174,236	674,730	499,506	-	401,866	1.24	-	-	-	-
	Total	$37,517,673	$15,156,672	$22,361,001	$3,274,474	$12,830,539	1.39	-	-	-	-
2011											
	Barefoot Bay(4)	1,118,992	-	1,118,992	435,000	683,992	1.00	-	-	-	-
	Sarasota(4)	1,415,300	-	1,415,300	420,000	995,300	1.00	-	-	-	-
	Golden Gate	6,745,712	3,112,442	3,633,270	897,072	2,145,828	1.19	-	-	-	-
	Lehigh Acres	11,888,187	6,051,218	5,836,969	1,415,000	3,439,336	1.20	-	-	-	-
	Pasco Systems	16,366,387	7,524,066	8,842,321	-	7,178,225	1.23	-	-	-	-
	Consolidated	823,093	538,282	284,811	-	227,976	1.25	-	-	-	-
	Lindrick	4,232,463	1,632,076	2,600,387	-	1,865,225	1.39	-	-	-	-
	NFMU	8,333,037	3,718,003	4,615,034	-	3,726,984	1.24	-	-	-	-
	MacDill AFB (7)	5,142,895	1,977,043	3,165,852	272,450	590,151	3.67				
	Total	$56,066,066	$24,553,130	$31,512,936	$3,439,522	$20,853,017	1.30	-	-	-	-
2012											
	Barefoot Bay(4)	1,100,074	-	1,100,074	435,000	665,074	1.00	-	-	-	-
	Sarasota(4)	14,164,966	-	14,164,966	13,691,259	473,707	1.00	-	-	-	-
	Golden Gate	6,621,557	2,884,461	3,737,096	936,561	2,124,023	1.22	-	-	-	-
	Lehigh Acres	11,608,382	5,480,600	6,127,782	1,465,000	3,477,651	1.24	-	-	-	-
	Pasco Systems	16,516,475	9,321,853	7,194,622	-	4,785,891	1.50	-	-	-	-
	Consolidated	1,976,950	977,353	999,597	-	453,053	2.21	-	-	-	-
	Lindrick	3,868,309	1,992,190	1,876,119	250,000	1,201,605	1.29	-	-	-	-
	NFMU	7,614,567	4,125,609	3,488,958	200,004	2,720,739	1.19	-	-	-	-
	MacDill AFB	6,614,290	2,363,293	4,250,997	489,767	1,033,249	2.79				
	Total	$70,085,570	$27,145,359	$42,940,211	$17,467,591	$16,934,992	1.25	-	-	-	-

Notes: (1) Includes revenue from the sale of water and wastewater, meter tapping, service charges, and miscellaneous operating revenue. Also includes funds contributed from Capitalized Interest Accounts and Rate Stabilization Accounts in accordance with Bond documents. Excludes water and wastewater impact fee revenue and special assessments.

(2) Excludes depreciation and amortization expenses.

(3) In Fiscal Year 2007, these Systems were transitioned to their local governmental authorities. The bonds were defeased.

(4) These Systems were sold, but the debt, along with the funds to pay the annual debt service requirements, are still shown on the FGUA Financial Statements. The amounts in the Revenue (Note 1) column reflect the restricted funds used to pay the annual debt service requirement.

(5) The Pasco Systems includes the Aloha Gardens and Seven Springs service areas. This system was purchased on February 27, 2009 and issued $106,710,000 in debt for the acquistion.

(6) The FGUA purchased the Consolidated Systems, the Lindrick Utility Systems and the North Fort Myers Utility Systems during FY 2010 and Issued debt for $5,124,000, $24,665,000, and $62,440,000 respectively for these aquisitions.

(7) The FGUA Purhchased the MacDill AFB water and wastewater system during FY 2010. In lieu of the issuance of debt, the Authority will amortize the purchase price over the subsequent 20 year period. The Debt Service is described as a seller-financed note.

Florida Governmental Utility Authority
Demographic and Economic Statistics
Last Nine Fiscal Years

		Estimated population served	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2004						
	Carrollwood	3,513	44,850			4.3
	Citrus	22,698	24,278			5.0
	Golden Gate	9,618	42,846			3.9
	Lehigh Acres	32,261	33,073	44.3		3.8
	Poinciana	48,180	23,755			4.5
	Total	**116,270**				
2005						
	Citrus	24,840	21,474	50.2	21,593	4.0
	Golden Gate	9,690	33,374	43.3	59,463	3.2
	Lehigh Acres	33,464	28,286	43.0	102,886	2.9
	Poinciana	58,496	20,050	36.6	186,475	3.6
	Total	**126,489**				
2006						
	Citrus	27,882				3.5
	Golden Gate	9,801				2.5
	Lehigh Acres	33,386				2.7
	Poinciana	69,930				3.2
	Total	**140,999**				
2007						
	Golden Gate	9,801		44.2		5.3
	Lehigh Acres	33,386		44.6		5.2
	Total	**43,187**				
2008						
	Golden Gate	9,922		43.2	42,535	8.4
	Lehigh Acres	33,665		47.0	79,457	9.2
	Total	**43,587**				
2009						
	Golden Gate	9,922	34,831	44.1	42,822	8.0
	Lehigh Acres	33,665	18,802	42.8	80,400	9.5
	Pasco Systems	N/A			62,530	8.4
	Total	**43,587**				
2010						
	Golden Gate	22,556	63,276	46.2	43,371	10.0
	Lehigh Acres	68,819	41,954	42.7	80,161	13.9
	Pasco Systems	N/A	27,628	41.6	66,994	12.5
	Consolidated Systems	N/A	N/A	N/A	66,994	12.5
	Lindrick Systems	N/A	N/A	N/A	66,994	12.5
	NFMU Systems	N/A	N/A	N/A	80,161	13.9
	Total	**91,375**				
2011						
	Golden Gate	22,390	61,141	47.5	42,098	12.4
	Lehigh Acres	68,819	38,653	34.4	81,929	13.5
	Pasco Systems	N/A	29,113	45.6	66,994	13.2
	Consolidated Systems	N/A	29,113	45.6	66,994	13.2
	Lindrick Systems	N/A	29,113	45.6	66,994	13.2
	NFMU Systems	N/A	38,653	34.4	81,929	13.5
	Total	**91,209**				
2012						
	Golden Gate (1)	19,537	59,985	56.5	42,430	10.3
	Lehigh Acres (2)	86,784	30,363	45.6	83,771	11.2
	Pasco Systems (3)	464,697	29,236	43.6	67,337	11.7
	Consolidated Systems (3)	N/A	29,236	43.6	67,337	11.7
	Lindrick Systems (3)	N/A	29,236	43.6	67,337	11.7
	NFMU Systems (2)	N/A	30,363	45.6	83,771	11.2
	Total	**571,018**				

Data Sources:

(1) City of Naples FY2011 CAFR. Information for Golden Gate System is not specific to the service area. Information reflects the City of Naples data.

(2) Lee County FY2011 CAFR. Information for Lehigh Acres and NFMU System data is not specific to the service area. Information reflects the Lee County data.

(3) Pasco County FY2011 CAFR. Information for Pasco, Consolidated, and Lindrick data is not specific to the service area. Information reflects the Pasco County data.

Florida Governmental Utility Authority
Principal Employers
Last Four Fiscal Years

Employer	2012 Employees	2012 Rank	2012 Percentage of total City Employment	2011 Employees	2011 Rank	2011 Percentage of total City Employment	2010 Employees	2010 Rank	2010 Percentage of total City Employment	2009 Employees	2009 Rank	2009 Percentage of total City Employment
Golden Gate (1)												
NCH Healthcare System	5,000	1	21.3%	3,725	2	23.7%	5,000	1	23.1%	5,000	1	23.1%
Collier County School District	4,728	2	20.2%	5,393	1	34.3%	4,728	2	21.8%	4,728	2	21.8%
Publix Supermarket	3,246	3	13.9%				3,246	3	15.0%	3,246	3	15.0%
Marriott Hotels	2,328	4	9.9%				2,328	4	10.7%	2,328	4	10.7%
Collier County Government	2,200	5	9.4%	1,727	3	11.0%						
Wal-Mart	1,715	6	7.3%				1,715	5	7.9%	1,715	5	7.9%
Collier County Sheriff's Office	1,383	7	5.9%	1,387	4	8.8%	1,029	6	4.7%	1,029	6	4.7%
Winn Dixie Stores Inc	1,014	8	4.3%				1,014	7	4.7%	1,014	7	4.7%
Home Depot	1,012	9	4.3%	1,012	5	6.4%	1,012	8	4.7%	1,012	8	4.7%
Gargiulo Inc	800	10	3.4%				800	9	3.7%	800	9	3.7%
Ritz-Carlton Hotel				743	6	4.7%						
Naples Grande Beach Resort				605	7	3.9%						
City of Naples				451	8	2.9%						
Naples Beach and Tennis Club				423	9	2.7%						
Collier County Health Department				235	10	1.5%						
Pacific Tomato Growers							800	10	3.7%	800	10	3.7%
Total	**23,426**		**100.0%**	**15,701**		**100.0%**	**21,672**		**100.0%**	**21,672**		**100.0%**
Lehigh Acres and North Fort Myers (2)												
Lee Memorial Health System	10,249	1	27.7%	9,500	1	27.7%	9,434	1	27.3%	6,818	2	21.9%
Lee County School District	9,394	2	25.4%	9,270	2	27.0%	9,270	2	26.9%	9,270	1	29.7%
Publix Super Markets	4,362	4	11.8%	3,071	4	9.0%	3,071	4	8.9%	4,215	3	13.5%
Lee County Government *	4,719	3	12.8%	4,678	3	13.6%	4,989	3	14.5%	2,364	4	7.6%
Wal-Mart	1,967	5	5.3%	1,967	5	5.7%	1,967	5	5.7%	2,071	5	6.6%
Lee County Sheriff's Office			0.0%							1,585	6	5.1%
U.S. Postal Service	1,291	7	3.5%							1,040	9	3.3%
Chico's FAS, Inc	1,595	6	4.3%	1,388	7	4.0%	1,388	7	4.0%	1,388	8	4.4%
City of Cape Coral	1,197	8	3.2%	1,409	6	4.1%	1,409	6	4.1%	1,409	7	4.5%
Target	1,100	9	3.0%	1,100	8	3.2%	1,100	8	3.2%			
Florida Gulf Coast University	1,083	10	2.9%	993	9	2.9%	993	9	2.9%			
Bonita Bay Group										1,035	10	3.3%
Shell Point Retirement Community				900	10	2.6%						
City of Fort Myers							897	10	2.6%			
Total	**36,957**		**100.0%**	**34,276**		**100.0%**	**34,518**		**100.0%**	**31,195**		**100.0%**
Pasco, Consolidated and Lindrick Utility Systems (3)												
Pasco County School District	11,035	1	51.9%	9,499	1	48.1%	9,783	1	49.1%	9,783	1	49.1%
Pasco County Government	2,073	2	9.8%	2,290	2	11.6%	2,290	2	11.5%	2,290	2	11.5%
State of Florida Government	1,328	3	6.2%	1,297	3	6.6%	1,297	3	6.5%	1,297	3	6.5%
Pasco County Sheriff	1,250	4	5.9%	1,291	4	6.5%	1,261	4	6.3%	1,261	4	6.3%
Florida Hopsital Zephyrhills	1,076	5	5.1%	1,100	5	5.6%	944	9	4.7%	944	9	4.7%
Community Hospital	1,012	7	4.8%	1,000	6	5.1%	1,050	5	5.3%	1,050	5	5.3%
Regional Medical Center Bayonet Point	1,074	6	5.1%	1,000	7	5.1%	977	7	4.9%	977	7	4.9%
Florida Medical Clinic	909	8	4.3%	850	8	4.3%						
Federal Government	780	9	3.7%									
Pasco-Hernando Community College	713	10	3.4%	713	9	3.6%	622	10	3.1%	622	10	3.1%
Saddlebrook Resort				700	10	3.5%						
HCA Health Services of Florida							1,000	6	5.0%	1,000	6	5.0%
Saddlebrook Resort							720	8	3.6%	720	8	3.6%
Total	**21,250**		**100.0%**	**19,740**		**100.0%**	**19,944**		**100.0%**	**19,944**		**100.0%**

Data Sources:

(1) City of Naples FY2011 CAFR
Note: Employer Statistical Information is not available for the specific service area. Information presented is for the whole City of Naples.

(2) Lee County FY2011 CAFR
Note: Employer Statistical Information is not available for the specific service area. Information provided is for all of Lee County.

(3) Pasco County FY2011 CAFR
Note: Information for Pasco Systems is presented for all of Pasco County. This information is relevant for the Pasco Systems, Systems Consolidated, and the Lindrick Utlity Systems.

Florida Governmental Utility Authority
Operating Indicators by Function
Last Nine Fiscal Years

	Function		2004	2005	2006	2007	2008	2009	2010	2011	2012
						Fiscal Year					
Water											
	Aloha Gardens (3)	New Connections	-	-	-	-	-	22	-	-	29
		Average Daily Flow (mgpd)*	-	-	-	-	-	0.496	0.298	0.166	0.404
	Citrus (1)	New Connections	-	1,112	1,542	105	-	-	-	-	-
		Average Daily Flow (mgpd)*	3.863	4.971	5.915	5.775	-	-	-	-	-
	Consolidated (4)	New Connections	-	-	-	-	-	-	-	1	3
		Average Daily Flow (mgpd)*	-	-	-	-	-	-	0.382	0.360	1.285
	Golden Gate	New Connections	57	41	56	55	(1)	(296)	13	13	-
		Average Daily Flow (mgpd)*	1.362	1.460	1.458	1.446	1.411	1.341	1.38	1.427	1.626
	Lehigh Acres	New Connections	-	450	(21)	267	125	63	60	46	0
		Average Daily Flow (mgpd)*	2.191	2.422	2.638	2.437	2.162	2.07	2.105	2.199	2.203
	Lindrick	New Connections	-	-	-	-	-	-	-	3	13
		Average Daily Flow (mgpd)*	-	-	-	-	-	-	0.704	0.658	0.630
	North Fort Myers (6)	New Connections	-	-	-	-	-	-	-	-	-
		Average Daily Flow (mgpd)*	-	-	-	-	-	-	0.131	0.077	0.0825
	Poinciana (2)	New Connections	2,755	3,833	3,276	284	-	-	-	-	-
		Average Daily Flow (mgpd)*	4.441	5.330	7.489	7.850	-	-	-	-	-
	Seven Springs (3)	New Connections	-	-	-	-	-	65	-	14	29
		Average Daily Flow (mgpd)*	-	-	-	-	-	3.51	2.982	2.843	2.879
	MacDill AFB	New Connections	-	-	-	-	-	-	-	-	
		Average Daily Flow (mgpd)*	-	-	-	-	-	-	-	1.200	0.977
	Total	New Connections	2812	5436	4853	711	124	(146)	73	77	74
		Average Daily Flow (mgpd)*	11.857	14.183	17.500	17.508	3.573	7.417	7.982	8.930	10.087
Wastewater											
	Aloha Gardens (4)	New Connections	-	-	-	-	-	19	-	-	29
		Average Daily Flow (mgpd)*+++	-	-	-	-	-	-	-	-	-
	Citrus (1)	New Connections	-	316	486	65	-	-	-	-	-
		Average Daily Flow (mgpd)*	0.513	0.651	0.514	0.556	-	-	-	-	-
	Golden Gate	New Connections	26	7	18	12	(7)	(323)	1	1	-
		Average Daily Flow (mgpd)*	1.289	1.185	1.328	1.209	1.204	1.105	1.025	0.863	1.113
	Lehigh Acres	New Connections	-	352	(31)	141	77	34	89	45	-
		Average Daily Flow (mgpd)*	2.198	2.256	1.871	1.602	1.764	1.674	2.044	1.429	1.446
	Consolidated (7)	New Connections	-	-	-	-	-	-	-	-	3
		Average Daily Flow (mgpd)*	-	-	-	-	-	-	-	-	0.018
	North Fort Myers (5)	New Connections	-	-	-	-	-	-	-	-	-
		Average Daily Flow (mgpd)*	-	-	-	-	-	-	2.097	1.963	1.867
	Poinciana (2)	New Connections	2663	3048	4347	661	-	-	-	-	-
		Average Daily Flow (mgpd)*	3.098	3.450	5.129	5.240	-	-	-	-	-
	Seven Springs (3)	New Connections	-	-	-	-	-	41	-	13	29
		Average Daily Flow (mgpd)*	-	-	-	-	-	1.345	1.670	1.750	1.891
	MacDill AFB	New Connections	-	-	-	-	-	-	-	-	-
		Average Daily Flow (mgpd)*	-	-	-	-	-	-	-	0.600	0.413
	Total	New Connections	2,689	3,723	4,820	879	70	(229)	90	59	61
		Average Daily Flow (mgpd)*	7.098	7.542	8.842	8.607	2.968	4.124	6.836	6.605	6.748

Notes: * mgpd = Million gallons per day

+ Wastewater treatment provided by Hillsborough County, Florida

++Wastewater treatment provided by City of New Port Richey (0.850 MGD)

+++Wastewater treatment provided by Pasco county, Florida

(1) The Citrus System was transitioned to Citrus County on February 15, 2007.

(2) The Poinciana System was transitioned to the Tohopekaliga Water Authority on April 30, 2007.

(3) The Aloha Gardens and Seven Springs service areas are combined for Financial reporting purposes and called the Pasco Utility Systms.

(4) The Consolidated System is compprised of thirteen small service areas.

(5) The North Fort Myers wastewater treatment is comprised of 2 treatment plants: Lk Fairways (0.145 MGD) & Del Prado (1.722 MGD)

(6) Flows reported for Lk Fairways only

(7) Flows reported for Linda Lakes WWTP only

Florida Governmental Utility Authority
Capital Asset Statistics by Function
Last Nine Fiscal Years

	Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water										
Carrollwood**	Number of customer accounts	1,209	-	-	-	-	-	-	-	-
	Water mains (miles)	13.5	-	-	-	-	-	-	-	-
	Water treatment plant capacity (mgpd)*	1.2000	-	-	-	-	-	-	-	-
Citrus	Number of customer accounts	10,321	11,433	12,975	-	-	-	-	-	-
	Water mains (miles)	414.0	448.0	448.0	-	-	-	-	-	-
	Water treatment plant capacity (mgpd)*	12.475	10.161	18.098	-	-	-	-	-	-
Consolidated	Number of customer accounts	-	-	-	-	-	-	2,358	2,378	5,466
	Water mains (miles)	-	-	-	-	-	-	24	24	36
	Water treatment plant capacity (mgpd)*	-	-	-	-	-	-	0.550	0.550	1.627
Golden Gate	Number of customer accounts	3,818	3,859	3,915	3,970	3,969	3,670	3,683	3,696	3,715
	Water mains (miles)	40	42	42	42	42	44	44	44	44
	Water treatment plant capacity (mgpd)*	1.724	1.724	2.079	2.099	2.099	2.099	2.099	2.099	2.099
Lehigh Acres	Number of customer accounts	11,883	12,333	12,312	12,579	12,704	12,760	12,820	12,866	12,597
	Water mains (miles)	165	169	169	195	195	196	196	196	196
	Water treatment plant capacity (mgpd)*	3.100	3.100	3.100	3.100	4.100	4.100	4.100	4.100	4.100
Lindrick	Number of customer accounts	-	-	-	-	-	-	2,766	2,825	2,818
	Water mains (miles)	-	-	-	-	-	-	-	-	-
	Water treatment plant capacity (mgpd)*	-	-	-	-	-	-	0.870	0.870	0.870
North Fort Myers	Number of customer accounts	-	-	-	-	-	-	1,839	1,849	1,849
	Water mains (miles)	-	-	-	-	-	-	24	24	24
	Water treatment plant capacity (mgpd)*	-	-	-	-	-	-	0.101	0.101	0.101
Poinciana	Number of customer accounts	16,438	20,268	23,544	-	-	-	-	-	-
	Water mains (miles)	230	240	240	-	-	-	-	-	-
	Water treatment plant capacity (mgpd)*	12.555	12.931	13.378	-	-	-	-	-	-
Pasco Systems	Number of customer accounts	-	-	-	-	-	15,196	15,004	15,240	15,686
	Water mains (miles)	-	-	-	-	-	144	144	144	144
	Water treatment plant capacity (mgpd)*++++	-	-	-	-	-	3.125	3.125	2.900	2.900
MacDill AFB	Number of customer accounts	-	-	-	-	-	-	1	1	1
	Water mains (miles)	-	-	-	-	-	-	-	94	94
	Water treatment plant capacity (mgpd)	-	-	-	-	-	-	-	5.000	5.000
Total	Number of customer accounts	43,669	47,893	52,746	16,549	16,673	31,626	38,471	38,855	42,132
	Water mains (miles)	862.5	899.0	899.0	237.0	237.0	384	432	526	538
	Water treatment plant capacity (mgpd)*	31.0540	27.9160	36.6550	5.1990	6.1990	9.324	10.845	15.620	16.697
Wastewater										
Carrollwood	Number of customer accounts	1,133	-	-	-	-	-	-	-	-
	Force mains (miles)	3	-	-	-	-	-	-	-	-
	Gravity sewer mains (miles)	11	-	-	-	-	-	-	-	-
	Wastewater treatment plant capacity (mgpd)*+	-	-	-	-	-	-	-	-	-
Citrus ***	Number of customer accounts	4,811	5,127	5,613	-	-	-	-	-	-
	Force mains (miles)	17	17	17	-	-	-	-	-	-
	Gravity sewer mains (miles)	111	111	111	-	-	-	-	-	-
	Wastewater treatment plant capacity (mgpd)*	0.795	0.975	0.975	-	-	-	-	-	-
Golden Gate	Number of customer accounts	2,594	2,601	2,619	2,631	2,624	2,305	2,306	2,306	2,349
	Force mains (miles)	12	14	14	14	14	14	14	14	14
	Gravity sewer mains (miles)	22	22	22	23	23	23	23	23	23
	Wastewater treatment plant capacity (mgpd)*	0.950	0.950	0.950	0.950	0.950	0.950	1.250	1.250	1.500
Lehigh Acres	Number of customer accounts	9,624	9,976	9,945	10,083	10,160	10,187	10,276	10,321	10,349
	Force mains (miles)	35	38	38	49	49	49	49	49	49
	Gravity sewer mains (miles)	85	85	85	103	103	103	103	103	103
	Wastewater treatment plant capacity (mgpd)*	2.100	2.100	2.100	2.500	2.500	2.300	2.300	2.300	3.500
Lindrick	Number of customer accounts	-	-	-	-	-	-	2,508	2,550	2,541
	Force mains (miles)	-	-	-	-	-	-	-	-	-
	Gravity sewer mains (miles)	-	-	-	-	-	-	26	26	26
	Wastewater treatment plant capacity (mgpd)*++	-	-	-	-	-	-	0.850	0.850	0.850
North Fort Myers	Number of customer accounts	-	-	-	-	-	-	11,650	11,736	11,782
	Force mains (miles)	-	-	-	-	-	-	-	-	-
	Gravity sewer mains (miles)	-	-	-	-	-	-	-	-	-
	Wastewater treatment plant capacity (mgpd)*+++	-	-	-	-	-	-	3.800	3.800	4.550
Poinciana ****	Number of customer accounts	15,682	18,729	23,076	-	-	-	-	-	-
	Force mains (miles)	38	38	38	-	-	-	-	-	-
	Gravity sewer mains (miles)	169	169	169	-	-	-	-	-	-
	Wastewater treatment plant capacity (mgpd)*	5.550	5.550	5.550	-	-	-	-	-	-
Consolidated	Number of customer accounts	-	-	-	-	-	-	-	-	3,037
	Force mains (miles)	-	-	-	-	-	-	-	-	-
	Gravity sewer mains (miles)	-	-	-	-	-	-	-	-	20
	Wastewater treatment plant capacity (mgpd)*	-	-	-	-	-	-	-	-	0.020
Pasco Systems	Number of customer accounts	-	-	-	-	-	14,555	14,402	14,580	15,000
	Force mains (miles)	-	-	-	-	-	-	-	-	-
	Gravity sewer mains (miles)	-	-	-	-	-	-	-	-	-
	Wastewater treatment plant capacity (mgpd)*	-	-	-	-	-	2.100	2.100	2.100	2.100
MacDill AFB	Number of customer accounts	-	-	-	-	-	-	1	1	1
	Force mains (miles)	-	-	-	-	-	-	-	10.830	10.830
	Gravity sewer mains (miles)	-	-	-	-	-	-	-	23.040	23.040
	Wastewater treatment plant capacity (mgpd)*	-	-	-	-	-	-	-	1.200	1.200
Total	Number of customer accounts	33,844	36,433	41,253	12,714	12,784	27,047	41,143	41,494	45,059
	Force mains (miles)	105	107	107	63	63	63	63	73.830	73.830
	Gravity sewer mains (miles)	398	387	387	126	126	126	152	175	195
	Wastewater treatment plant capacity (mgpd)*	9.3950	9.5750	9.5750	3.4500	3.4500	5.3500	10.3000	11.500	13.720

Note: * mgpd = Million gallons per day

** Carrollwood System was sold on March 31, 2004 to Hillsborough County, Florida

+ Wastewater treatment provided by Hillsborough County, Florida

++ Wastewater treatment provided by City of New Port Richey (0.850 MGD)

+++ (2) WWTP's Lk Fairways (0.30 MGD) & Del Prado (3.50 MGD)

++++ Combined system capacities (Seven Springs 2.04 MGD and Aloha Gardens 1.085 MGD)

*** Citrus System was transitioned to Citrus County on February 15, 2007

**** Poinciana System was transitioned to the Tohopekaliga Water Authority on April 30, 2007

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors,
Florida Governmental Utility Authority:

We have audited the basic financial statements of the Florida Governmental Utility Authority (the Authority) as of and for the year ended September 30, 2012, and have issued our report thereon dated March 11, 2013. 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.

Internal Control Over Financial Reporting

Management of Florida Governmental Utility Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida Governmental Utility Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

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opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of Florida Governmental Utility Authority in a separate letter dated March 11, 2013.

Pursuant to Chapter 119, Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards general accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Board of Directors, management, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Daytona Beach, Florida
March 11, 2013