We live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way.

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A MESSAGE FROM THE GENERAL MANAGER

We laid out an aggressive work program with a budget of nearly \$29 million in 2020. Understanding that it would take teamwork to accomplish this plan, we were moving forward coordinating with TEAM DWU and our partners when COVID hit.

We immediately began to work on how to continue operations while guaranteeing the safety of our workforce and our members. We spent hours in webinars, on conference calls, and reading trying to refine our plan of action. Then to complicate things, the closure of short-term rentals dropped revenue by thirty percent, and we adjusted financial plans and forecasts so we could continue serving our members. In the end we survived. We continued operations, we adjusted work schedules, we developed safety protocols, we revised spending and

income plans, we did our part to protect our work force and serve our members and we are continuing to do our part as we move forward in 2021.

Our financial condition is sound despite COVID. Total gallons billed decreased 2.4 percent from the previous year, and we ended up just 1.9 percent below our projected revenue forecast. The fourth quarter broke records that helped us finish strong. We believe that being a drive-in market along with the open for business posture helped to bring visitors to our area who were looking to get out and escape COVID isolation.

There was no rate increase in 2020 and the rate study planned for the year was postponed until 2021 because of COVID and our uncertain future.

We used cash on hand to pay for some projects and we invested some of the

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Message from the GM continued

excess cash planned for future projects to improve their earning potential. This aggressive fund management helped us stretch our dollars.

Work on the Highway 98 Widening ended, and we coordinated with the City and FDOT to design landscaping renovations to Highway 98. Improvements were started or completed at the wastewater treatment plant to upgrade our operations and replace aging infrastructure. We made repairs and upgrades to our water, wastewater, and lift station facilities to improve operational efficiency and prepare for the future.

We had employee turnover and we evaluated replacement of those positions at that time reducing our total staffing by one. We continued cross-training showing our support of employees seeking opportunities within DWU to pursue career advancement in our industry. We adjusted wages to combat

pressure from the rising minimum wage and to keep us competitive with other local utilities.

We worked to increase our public recognition through positive public relations winning the FSAWWA Water Distribution System Award and Tank of the Year from Tnemec for the underwater mural on Tower 5. Some opportunities to showcase DWU were cancelled due to COVID. We sponsored a float in the Destin Christmas parade, hosted the Destin Forward class tour, and used Facebook to showcase DWU on the web.

We were spared from disasters this past year, but we were prepared to assist to help with the recovery through FlaWARN and we participated in the FlaWARN coordination meetings.

As we look forward past COVID, our future is bright. We have good people willing and able to do what it takes to carry out

our mission. We are in a strong financial position and we have a plan to effectively and efficiently operate and maintain our assets, but most importantly, we are focused on our mission statement that we live and work in a little piece of paradise and DWU is intent on doing our part to keep it that way. We do this by focusing on our core values of Vision, Quality and Stewardship. Using these guiding principles keeps us focused on what is important while navigating through a changing and challenging landscape. We are thankful for the support the Board of Directors has provided us to conduct the business of the corporation and we look forward to the opportunities that lie ahead to serve our members.

LOCKWOOD WERNET
General Manager

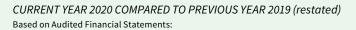
2020 Treasurer's Report

It is my pleasure and responsibility to present this year's Treasurer's Report for Destin Water Users (DWU). Each year, the staff assembles an annual operating budget that it deems necessary to perform and accomplish the operating requirements of DWU. The board of directors has the responsibility to review, discuss, and approve the annual budget. Throughout the budget period, the Board evaluates monthly the performance of DWU staff across three major categories: 1) the comparison to budgeted goals, 2), the comparison to previous year's performance, and 3) as a comparison to our peer group, which is defined

as similar utilities, of similar size, in our comparable region.

While financial management is the primary focus of the treasurer, the entire DWU Board shares accountability in making sure that the financial information for DWU is accurate, timely and properly presented to the Board. As the elected treasurer of your volunteer board of directors, it is my duty to report on the operating results of Destin Water Users for the calendar year 2020. I am pleased to report that Destin Water Users compares favorably in all reported categories and it is the opinion of this Board that DWU is in sound financial condition as of calendar year end 2020.

JIM WOOD, Secretary/Treasurer



 2019 (restated)
 2020
 Increase/(Decrease)

 Operating Revenue
 \$16,571,545
 \$16,577,602
 \$6,057

 Operating Expenses
 \$11,841,061
 \$12,254,583
 \$413,522

 Net Operating Income
 \$4,730,484
 \$4,323,019
 (\$407,465)

CURRENT YEAR 2020 COMPARED TO 2020 BUDGET

	<u>Budget</u>	<u>2020</u>	Increase/(Decrease)
Operating Revenue	\$16,719,011	\$16,577,602	\$(141,409)
Operating Expenses**	\$23,796,562	\$12,254,583	\$(11,541,979)
Net Operating Income	\$(7,077,551)	\$4,323,019	\$11,400,570

SELECTED KEY RATIOS

	<u>DWU</u>	PEER GROUP AVERAGE
CURRENT RATIO	8.63	1.36
AVG DAYS TO COLLECT	27.59 days	71.00 days
DEBT TO EQUITY RATIO	0.46	1.61
RETURN ON ASSETS	3.11%	2.80%
RETURN ON EQUITY	4.53%	7.31%

^{**} Budgeted Total Operating Expenses inclusive of Debt Service and R&R activity.

EMPLOYEES OF THE MONTH



Mark Jackson



DECEMBER 2020 JANUARY 2021 Coty Hutchinson Morgan Phillips



JANUARY 2021



FEBRUARY 2021 Autumn Lyfe, Terra Pruett, Jessica Law, Rachel Boyles & Chrystal Vickers



TOM WEIDENHAMER, PRESIDENT

I am honored to serve the members of Destin Water Users as President of the Board of Directors during this past year and I want to thank the Board for their hard work and dedication to serving the members of DWU especially considering the pandemic and the challenges that has created.

The Destin Water Users Board of Directors actively manages and provides guidance for the operation of the Corporation meeting monthly to conduct the business of the corporation. This past year, we learned how to meet virtually. During meetings, we receive operations reports, review the financial records, and make policy decisions to ensure that the corporation is fiscally sound; that the infrastructure is strong and that we always provide excellent customer service. All Directors are also appointed to serve on various committees to provide additional review and direction where needed.

The Board of Directors looks at the long-range view managing policies and procedures of the corporation and the general manager handles the daily operations.

During this past year, we worked on several projects to improve our infrastructure and

Message from the PRESIDENT

prepare us for the future, and I would like to highlight a few of those projects now.

We continued implementation of advanced meter reading infrastructure (AMI) that reads meters from a central location and provides daily reports on consumption and issues or concerns on individual meters. This past year we refined our data collection and notification process on the metrics we collected. We worked to resolve communication issues between our base station and customers' meters. We plan to add a customer portal so customers can access detailed information about their water usage later this year.

Cityworks is a GIS based program that links asset management, inventory, work orders, purchase orders and preventative maintenance making it easier to manage operations, track what is happening, and plan for future repairs and improvements. As we gather more information and history on our assets, the program helps us understand the cost of our operations and it helps us make better planning decisions; thereby, complying with the regulatory mandate requiring local utilities to have an asset management plan.

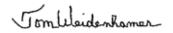
We have continued to work on evaluating and repairing our aging gravity sewer system. We plan to begin evaluation of sewer force mains and water lines soon. We completed construction of a new water tower in west Destin and started replacing one of our coastal wells that has been under performing. We upgraded our sludge pumping station to improve our treatment process, replaced aging piping, and began construction on a new Headworks to better remove trash and to control fluctuations

in flow at the plant. We began a project to separate our Supervisory Control and Data Acquisition (SCADA) network from our regular production network to improve performance and enhance security.

We completed several smaller projects working on sewer force mains, building new water lines, renovating lift stations. upgrading lift station communications systems, making improvements at our water and sewer treatment plant to improve process operations, and completing various studies and plans to evaluate and plan for our future.

The projects mentioned are forward thinking and prepare us for our future because your Board of Directors looks ahead and plans for tomorrow. These projects address concerns and fixes them before they cause problems or interrupt service. We completed this work during the uncertainty of a pandemic taking measured steps at the outbreak to ensure sustainability of the utility and ramping up to complete our work plan once we had a reasonable expectation of what our future

The mission statement of DWU is: "We live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way." We believe the Board of Directors actively lives up to our mission statement and the highlighted projects prove that we serve the members of DWU and do our part to preserve this piece of paradise we call Destin.





DESTIN WATER USERS, INC.

P.O. Box 308 Destin, FL 32540-0308

OFFICE HOURS

The DWU office is open Monday through Friday 7:30 a.m. – 4:30 p.m.

PHONE NUMBERS

Administrative Office – Bill Payment Questions and Concerns (850) 837-6146

Emergencies, Nights, Sundays and Holidays (850) 837-6551

PAYMENT OPTIONS

Running late? Pay your DWU bill over the phone! We accept American Express, MasterCard, Visa and Discover. Contact a Customer Service Representative for more information. You can also pay your bill online at www.dwuinc.com or dial 1-833-394-8398

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You can now sign up for autopay using a credit card or your checking account by visiting www.dwuinc.com

PAY ONLINE

www

Paying your DWU bill is easier than ever! Simply go online to dwuinc.com and click "Payment Options" at the top of the page. It will take you to the correct location and provide instructions on getting set up for this convenient payment method.



The Employee of the Year for 2020 is Richard Tidwell. We are recognizing Rich for his technical expertise, dedication, and hard work.

During COVID this past year, Rich was called on short notice several times to address time sensitive electrical issues which he accomplished with little to no assistance as a result of our halfstaffing plan. Rich was also called upon to use his plan review and field observation skills to assist with ongoing construction projects. His attitude was always positive, and his response was what else can I do. Rich's actions show that he is living the mission statement of DWU that we live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way. Congratulations Rich and thank you for doing your part to preserve our little piece of paradise.

DESTIN WATER USERS BOARD OF DIRECTORS

