

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



DESTIN WATER USERS INC.

CONNECTIONS



SPRING 2020



A MESSAGE FROM THE GENERAL MANAGER

We completed an aggressive work plan in 2019 with a budget of approximately \$25 million and we have another aggressive budget planned for 2020 of \$28.7 million. It took teamwork and coordination to complete our planned work in 2019 and we will need to continue those efforts to complete our 2020 work plan.

Our financial condition improved during this past year as we saw a 1.8 percent increase in water and sewer sales even though the gallons billed decreased. Therefore, we did not propose a rate increase for the 2020 budget. We also noticed in 2019 that the gallons billed increased during the fall and spring seasons when we typically see a decrease in sales indicating that we are becoming more of a year-round destination.

We secured funding from the State Revolving Fund and conventional financing to pay for additional capital improvements. Due to our strong financial position we were able to use cash on hand to pay for some smaller projects that had been scheduled for conventional financing. As a result, we've been able to invest the conventional financing dollars in a money market account and increase our interest income significantly this past year.

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Message from the GM continued

We continue to coordinate with contractors working on Highway 98 to help facilitate their work. Improvements were started or completed at the wastewater treatment plant to upgrade our operations and replace aging infrastructure. We also made numerous repairs and upgrades to our water, wastewater and lift station facilities. All of these projects were designed to improve our operational efficiency and prepare us for the future.

Staffing remains stable and we had three new hires during the past year to replace retiring employees. We created a cross training opportunity between Water Operations and our Field Crew Department and we made some adjustments in our 2020 Budgets to combat pressure from the rising minimum wage.

We increased our public recognition

through positive public relations this past year. We won the FSAWWA Water Distribution System Award and sent an Operators Challenge team to the Florida Water Resources Conference winning the state and going on to represent Florida and DWU at the national conference. We sponsored a float in the Destin Christmas parade; participated in a company service day; sponsored multiple plant tours for education groups and utilized Facebook to positively showcase DWU on the web.

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

As we look forward, 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 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 to serve our members that lie ahead.

LOCKWOOD WERNET
General Manager

2019 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.

Ultimately, 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 the Destin Water Users for the calendar year 2019. 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 2019.

JIM WOOD,
Secretary/Treasurer

CURRENT YEAR 2019 COMPARED TO PREVIOUS YEAR 2018

Based on Collections:

| | 2018 | 2019 | Increase/(Decrease) |
|----------------------------|--------------|--------------|----------------------------|
| Total Operating Income | \$16,327,823 | \$16,635,145 | \$307,322 |
| Total Operating Expenses | \$11,724,069 | \$11,841,061 | \$116,992 |
| Total Net Operating Income | \$4,603,754 | \$4,794,084 | \$190,330 |

CURRENT YEAR 2019 COMPARED TO 2019 BUDGET

| | Budget | 2019 | Increase/(Decrease) |
|----------------------------|---------------|--------------|----------------------------|
| Total Operating Income | \$16,884,178 | \$16,635,145 | \$(249,033) |
| Total Operating Expenses | \$22,095,637 | \$11,841,061 | \$(10,254,576) |
| Total Net Operating Income | \$(5,211,459) | \$4,794,084 | \$10,005,543 |

SELECTED KEY RATIOS

| | DWU | PEER GROUP AVERAGE |
|----------------------|------------|---------------------------|
| CURRENT RATIO | 10.96 | 1.36 |
| AVG COLLECTION DAYS | 25.55 days | 71 days |
| DEBT TO EQUITY RATIO | .483 | 1.614 |
| RETURN ON ASSETS | 4.26% | 2.8% |
| RETURN ON EQUITY | 6.32% | 7.31% |

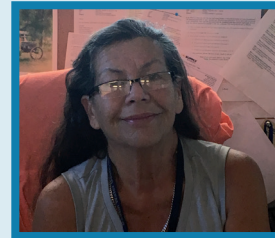
EMPLOYEES OF THE MONTH



DECEMBER 2019
Zach Hilton



JANUARY 2020
Chris Snyder



FEBRUARY 2020
Lena Hall



TOM WEIDENHAMER, PRESIDENT

Message from the PRESIDENT

It has been an honor and privilege to serve the members of Destin Water Users as President of the Board of Directors and I want to thank the Board for their hard work and dedication.

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. During meetings, the Board receives operations reports from staff, reviews financial records and makes policy decisions to ensure that the corporation is fiscally sound; that the infrastructure is strong and that we always provide excellent customer service. Additionally, all Directors serve on various committees to provide additional review and direction where needed. During this past year, two directors resigned their positions due to changes in their life circumstances. After their resignations, the Board decided to reduce the size of the Board from nine to seven members and at a special called meeting of the corporation, the vote was approved to make that change to the DWU By-Laws.

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

infrastructure and prepare us for the future.

We worked on the implementation of our advanced meter reading infrastructure (AMI) which allows all meters to be read from a central location and provides daily reports usage. We monitor high usage through AMI and we plan to add a customer portal which will give customers access to detailed information about their water usage.

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.

The Sanitary Sewer Evaluation Survey (SSES) has been ongoing to repair and replace our aging gravity sewer lines. We also began evaluation of sewer force mains and we are investigating options to evaluate our water lines.

We completed construction of a new water tower in the western portion of our system and we began work on replacing one of our coastal wells that has not been operating at optimum performance.

At the sewer treatment plant, we completed a project to add additional aeration to two of our oxidation ditches and we upgraded our sludge pumping station to improve our treatment process. We also replaced aging piping, and we approved plans to renovate our headworks to better remove trash and to control fluctuations in flow.

We also completed smaller projects working on sewer force mains; building new water lines to serve customers; renovating lift stations; making improvements at our water and sewer treatment plant to improve process operations; and completing various studies to evaluate and plan for our future.

All these projects are forward thinking projects that are preparing us for our future. They address concerns we see and fix them before they cause problems or interrupt service to you our members. They prove we are living up to the mission statement of DWU: "We live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way." We are here to serve you the members of DWU and to do our part to preserve this piece of paradise we call Destin.

Tom Weidenhamer



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

WANT YOUR MONTHLY BILL PAID AUTOMATICALLY?

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

PAY ONLINE



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.



**2019
EMPLOYEE
OF THE
YEAR**

The 2019 Employee of the Year is Logan Law. Logan is the Superintendent of our Wastewater Department. Logan has embraced the mission statement of DWU that “We live and work in a little piece of paradise, and DWU is intent on doing its part to keep that way” and he is living it out through our core values of Vision, Quality and Stewardship. Logan has proven

to be a conscientious and dedicated employee managing DWU’s wastewater operations. Since coming to DWU, he has continually researched new technologies looking for ways to improve operations while controlling costs. He was also instrumental in building, training and leading the DWU Operations Challenge Team to nationals this past year.

Congratulations Logan our 2019 Employee of the Year!

DESTIN WATER USERS BOARD OF DIRECTORS



Tom
WEIDENHAMER
President



Jim
FOREMAN



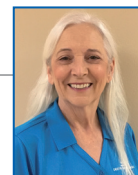
Ames
HUDSON



Jimmy
NEILSON
Vice-President



Jack
SCELSI



Sandy
TRAMMELL



Jim
WOOD
Secretary/Treasurer