

# 2020

Withlacoochee Regional Water Supply Authority

Financial Statements and  
Independent Auditor's Report

September 30, 2020

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**WITHLACOOCHEE REGIONAL  
WATER SUPPLY AUTHORITY  
LECANTO, FLORIDA**

**SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Withlacoochee Regional Water Supply Authority  
Lecanto, Florida

We have audited the accompanying financial statements of the business-type activities and the major fund of Withlacoochee Regional Water Supply Authority (the Authority) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Authority, as of September 30, 2020, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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To the Governing Board  
Withlacoochee Regional Water Supply Authority  
Lecanto, Florida

## INDEPENDENT AUDITOR'S REPORT

### **Emphasis of a Matter – COVID-19**

As more fully described in Note 5 to the financial statements, the Authority may be materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3 through 6, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

We have previously audited the Authority's 2019 financial statements, and our report dated February 24, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein, as of and for the year ended September 30, 2019, is consistent in all material respects, with the audited financial statements from which it has been derived.



March 1, 2021  
Ocala, Florida

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
2019-2020 FISCAL YEAR ENDING FINANCIAL REPORT**

This management discussion and analysis of the Withlacoochee Regional Water Supply Authority's (WRWSA or the Authority) financial performance provides an overview of the financial activities for the fiscal year (FY) ended September 30, 2020, as compared to September 30, 2019. The purpose of this overview is to provide readers with a comprehensive picture of the WRWSA's financial condition and results of operations. This discussion and analysis should be read in conjunction with the audited financial statements and related footnotes, as details there are not necessarily repeated in this analysis.

**FINANCIAL HIGHLIGHTS**

- Net Position of the Authority increased by a net amount of \$113,287, or 5.5%.
- Operating account revenues were \$175,649 while operating account costs were \$175,405, leaving an operating account income of \$244. Project account revenues were \$290,938 while project account costs were \$196,761, leaving a project account gain of \$94,177. This gain was driven primarily by lower project-related costs and no longer paying for a lobbyist during the year.
- Revenues to the Authority consist of annual assessments of \$0.19 per capita, revenue from the Authority's water supply contract with Citrus County, and revenues from project cooperators. Member assessment revenues increased just slightly by \$2,727 over the previous year due to minor population growth. Member assessments totaled \$153,931. Revenues from the water supply contract with Citrus County totaled \$244,638. Of this amount, \$21,718 was allocated to the Operating (administrative) Account, with the remaining amount of \$222,920 allocated to the Project Account.
- Net Position continues to provide the resources necessary to fund projects and continue to meet the obligations of the Authority. Revenue from the sale of water supply to Citrus County provides a funding source for both local and regional water resource projects that strengthen the Authority's role as a regional water planning and supply agency and allow the Authority to positively influence water supply development and conservation efforts in the region. In addition, assessment revenue from member governments continues to assist the Authority in its regional activities and enables the Authority to represent its member governments in regional and statewide water management decision making.

**PROGRAM HIGHLIGHTS**

During the fiscal year, the Authority continued to implement regional water supply planning, development, conservation, and member government support to ensure the long-term integrity of the region's water resources to the benefit of member governments. The Authority supported several special and on-going projects that increase the water supply capability of the region and are of unique benefit to the Authority members. Key projects include the following:

- Joint Funding of Water Conservation Projects with Member Local Governments;
- Residential Irrigation System Evaluation Program;
- Legislative and Governmental Affairs Tracking and Reporting.

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
2019-2020 FISCAL YEAR ENDING FINANCIAL REPORT**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet and Statement of Revenues, Expenses, and Change in Net Position provide information about the activities of the Authority and present a longer-term view of the Authority's finances. These statements include all assets and liabilities using the accrual basis of accounting. All current year revenues and expenses are considered regardless of when cash was received or disbursed. The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of an entity during a period. Accompanying footnotes provide further information related to amounts presented on the financial statements.

**Balance Sheet**

As shown in the table below, there was an increase of 4.1%, or \$88,909, in Total Assets during FY 2019-2020. This amount is primarily the result of higher cash and cash equivalents, and reduced depreciation of the physical assets.

<b>Assets</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>% Change</b>	<b>\$ Change</b>
Current and Other				
Assets	\$ 1,690,810	\$ 1,828,861	8.2%	\$ 138,051
Capital Assets	\$ 490,184	\$ 441,042	(10.0)%	\$ (49,142)
<b>Total Assets</b>	<b>\$ 2,180,994</b>	<b>\$ 2,269,903</b>	<b>4.1%</b>	<b>\$ 88,909</b>

The Authority's Total Liabilities decreased by \$24,378, or 22.0%. As Accounts Payable, these amounts are relatively insignificant in that the Authority has no long-term debt.

<b>Liabilities</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>% Change</b>	<b>\$ Change</b>
Account A/P	\$ 110,821	\$ 86,443	(22.0)%	\$ (24,378)
<b>Total Liabilities</b>	<b>\$ 110,821</b>	<b>\$ 86,443</b>	<b>(22.0)%</b>	<b>\$ (24,378)</b>

Computing and reflecting net position is one way to illustrate the financial health and financial position of the Authority. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. The following table summarizes net position for the Authority for FYE 2019 and 2020 for comparison purposes:

<b>Net Position</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>% Change</b>	<b>\$ Change</b>
Investment in Capital				
Assets	\$ 490,184	\$ 441,042	(10.0)%	\$ (49,142)
Unrestricted Net				
Position	\$ 1,579,989	\$ 1,742,418	10.3%	\$ 162,429
<b>Total Net Position</b>	<b>\$ 2,070,173</b>	<b>\$ 2,183,460</b>	<b>5.5%</b>	<b>\$ 113,287</b>

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
2019-2020 FISCAL YEAR ENDING FINANCIAL REPORT**

The majority of the decrease from FYE 2019 to FYE 2020 in Capital Assets is attributable to the continued depreciation of the Authority’s Charles A. Black (CAB) wellfield and treatment facilities. All of the assets were scheduled to be completely depreciated in the near future. Since the majority of the assets still have many years of remaining useful life, the depreciation has been extended over the next 10 years. The Authority increased its annual grant budget from \$130,000 to \$140,000 per year to accommodate additional applications in FY 2019-2020; however, many of the cooperators were unable to complete all of the proposed projects and programs due to COVID-19. This reduction in spending of the budgeted expenditures combined with the completion in FY 2018-2019 of the Regional Water Supply Plan resulted in lower expenditures for water resource projects for FYE 2020 compared to FYE 2019.

**Statement of Revenues, Expenses, and Changes in Net Position**

Revenue for the Authority is categorized into unrestricted and restricted and is derived from three sources: (1) member government per capita assessments, (2) contractual payments made by Citrus County for water supply received from the Authority’s CAB facilities, and (3) project revenues from reimbursements for cooperatively funded projects. Member government assessments in FY 2019-2020 were received from Citrus, Hernando, Marion, and Sumter counties. These per capita assessments are approved each year. For FY 2019-2020, the Authority and its member governments approved \$0.19/per capita. All of this revenue is unrestricted and used for administration of the Authority.

Revenues from the CAB facilities are established by contract between Citrus County and the Authority at a rate per 1,000 gallons pumped. The Authority allocates a portion of these revenues to its unrestricted account for administrative costs associated with the CAB facilities, and the remainder as restricted for water resource and supply development projects. This allocation of these CAB revenues into restricted and unrestricted accounts is an outcome of an inter-local Agreement between the Authority and the SWFWMD signed in 1987. Pursuant to this Agreement, the SWFWMD provided a grant to the Authority to construct the CAB facilities. As a part of this Agreement, the SWFWMD required the Authority to recoup the grant funds through the sale of water, and to utilize these funds for future water resource and supply development projects. Although this Agreement expired in 1999 and, therefore, the funds from the CAB wellfield are technically no longer required to be restricted and may be used for water supply projects as well as administration of the Authority, the Authority continues to track these funds separately. The purpose of the SWFWMD grant to the Authority was to enable the Authority to construct its initial water supply facility, generate revenues through the sale of water, and help make the Authority financially sound.

The last source of revenue during FY 2019-2020 came from cooperatively funded projects, including the Regional Water Supply Plan Update project and the Irrigation System Audit Water Conservation project. A comparison of revenues from FY 2018-19 and FY 2019-2020 is provided in the following table:

<b>Operating Revenue</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>% Change</b>	<b>\$ Change</b>
Local Assessments (Per Capita)	\$ 151,204	\$ 153,931	1.8%	\$ 2,727
Citrus Wellfield Administrative Funds	\$ 60,000	\$ 21,718	(63.8)%	\$ (38,282)
Citrus Wellfield Water Resource Project Funds	\$ 168,030	\$ 222,920	32.7%	\$ 54,890
Project Revenue	\$ 170,839	\$ 68,018	(60.2)%	\$ (102,821)
<b>Total Operating Revenue</b>	<b>\$ 550,073</b>	<b>\$ 466,587</b>	<b>(15.2)%</b>	<b>\$ (83,486)</b>

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
2019-2020 FISCAL YEAR ENDING FINANCIAL REPORT**

Operating expenses for the Authority decreased by 50.5% during FY 2018-19 over FY 2019-20. The following table provides a comparison of expenditures for FYE 2019 and 2020:

<b>Operating Expenditures</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>% Change</b>	<b>\$ Change</b>
Professional Services	\$ 190,460	\$ 159,666	(16.2)%	\$ (30,794)
General and Administrative	\$ 16,109	\$ 15,739	(2.3)%	\$ (370)
Water Resource Projects	\$ 382,362	\$ 147,619	(61.4)%	\$ (234,743)
Depreciation	\$ 163,365	\$ 49,142	(70.0)%	\$ (114,223)
<b>Total Operating Expenditures</b>	<b>\$ 752,296</b>	<b>\$ 372,166</b>	<b>(50.5)%</b>	<b>\$ (380,130)</b>

Non-operating revenues decreased by 54.9% from the previous year. The decrease was attributable to a lower return on investment for funds with the State Board of Administration.

<b>Non-Operating Revenues</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>% Change</b>	<b>\$ Change</b>
Interest Income – General Fund	\$ 14,522	\$ 12,422	(14.5)%	\$ (2,100)
Interest Income – Project Fund	\$ 27,266	\$ 6,444	(76.4)%	\$ (20,822)
<b>Total Non-Operating Revenues</b>	<b>\$ 41,788</b>	<b>\$ 18,866</b>	<b>(54.9)%</b>	<b>\$ (22,922)</b>

**Request for Information**

This financial report is designed to present users with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions concerning the information provided in this report, or need additional financial information, contact the Executive Director at 3600 W. Sovereign Path, Suite 228, Lecanto, Florida 34461. Additional information concerning the Authority can be found on our website [www.wrwsa.org](http://www.wrwsa.org).



## **FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 SEPTEMBER 30, 2020,  
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2019  
 WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY  
 LECANTO, FLORIDA**

	<b>Business-Type Activities - Enterprise Fund</b>			<b>2019 Total</b>
	<b>2020</b>			
	<b>Operating Account</b>	<b>Project Account</b>	<b>Total</b>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 761,958	\$ 1,026,433	\$ 1,788,391	\$ 1,621,220
Accounts Receivable - Local Governments	-	31,293	31,293	36,946
Accounts Receivable - SWFWMD	-	6,103	6,103	29,733
Prepaid Expense	3,074	-	3,074	2,911
<b>Total Current Assets</b>	<u>765,032</u>	<u>1,063,829</u>	<u>1,828,861</u>	<u>1,690,810</u>
<b>Non-Current Assets</b>				
Capital Assets:				
C.A.B. Wellfield	-	4,898,959	4,898,959	4,898,959
Accumulated Depreciation	-	(4,457,917)	(4,457,917)	(4,408,775)
<b>Total Non-Current Assets</b>	<u>-</u>	<u>441,042</u>	<u>441,042</u>	<u>490,184</u>
<b>Total Assets</b>	<u>765,032</u>	<u>1,504,871</u>	<u>2,269,903</u>	<u>2,180,994</u>
<b>Liabilities</b>				
Accounts Payable	11,107	75,336	86,443	110,821
<b>Total Liabilities</b>	<u>11,107</u>	<u>75,336</u>	<u>86,443</u>	<u>110,821</u>
<b>Net Position</b>				
Investment in Capital Assets	-	441,042	441,042	490,184
Unrestricted	753,925	988,493	1,742,418	1,579,989
<b>Total Net Position</b>	<u>\$ 753,925</u>	<u>\$ 1,429,535</u>	<u>\$ 2,183,460</u>	<u>\$ 2,070,173</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2020,**  
**WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2019**  
**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY**  
**LECANTO, FLORIDA**

	<b>Business-Type Activities - Enterprise Fund</b>			<b>2019 Total</b>
	<b>2020</b>			
	<b>Operating Account</b>	<b>Project Account</b>	<b>Total</b>	
<b>Operating Revenues</b>				
Member Assessments:				
Citrus County	\$ 27,687	\$ -	\$ 27,687	\$ 27,322
Hernando County	35,265	-	35,265	34,588
Marion County	67,241	-	67,241	66,361
Sumter County	23,738	-	23,738	22,933
Total Member Assessments	<u>153,931</u>	<u>-</u>	<u>153,931</u>	<u>151,204</u>
Project Revenues:				
Project Revenue - SWFWMD - Water Supply Plan	-	11,719	11,719	105,198
Project Revenue - Local Governments - Irrigation Audit Revenue	-	31,155	31,155	21,123
Project Revenue - SWFWMD - Irrigation Audit Revenue	-	25,144	25,144	44,518
Total Project Revenues	<u>-</u>	<u>68,018</u>	<u>68,018</u>	<u>170,839</u>
Wellfield Revenues:				
C.A.B. Wellfield Revenues	21,718	222,920	244,638	228,030
Total Wellfield Revenues	<u>21,718</u>	<u>222,920</u>	<u>244,638</u>	<u>228,030</u>
<b>Total Operating Revenues</b>	<u>175,649</u>	<u>290,938</u>	<u>466,587</u>	<u>550,073</u>
<b>Operating Expenses</b>				
Professional Services:				
Consulting Executive Director	103,500	-	103,500	80,000
Admin Assistance Services	36,719	-	36,719	37,500
Legal Services	7,312	-	7,312	18,985
Financial Consultation and Accounting Services	1,500	-	1,500	1,650
Lobbyist Fees	-	-	-	42,000
Audit Services	10,635	-	10,635	10,325
General and Administrative	15,739	-	15,739	16,109
Water Supply Plan	-	23,438	23,438	207,395
Water Resource Projects	-	124,181	124,181	174,967
Depreciation	-	49,142	49,142	163,365
<b>(Total Operating Expenses)</b>	<u>(175,405)</u>	<u>(196,761)</u>	<u>(372,166)</u>	<u>(752,296)</u>
<b>Operating Income (Loss)</b>	<u>244</u>	<u>94,177</u>	<u>94,421</u>	<u>(202,223)</u>
<b>Non-Operating Revenue</b>				
Transfer	21,904	(21,904)	-	-
Interest Income	12,422	6,444	18,866	41,788
<b>Total Non-Operating Revenue</b>	<u>34,326</u>	<u>(15,460)</u>	<u>18,866</u>	<u>41,788</u>
<b>Increase (Decrease) in Net Position</b>	34,570	78,717	113,287	(160,435)
<b>Net Position, Beginning of Year</b>	719,355	1,350,818	2,070,173	2,230,608
<b>Net Position, End of Year</b>	<u>\$ 753,925</u>	<u>\$ 1,429,535</u>	<u>\$ 2,183,460</u>	<u>\$ 2,070,173</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2020,**  
**WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2019**  
**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY**  
**LECANTO, FLORIDA**

	<b>Business-Type Activities - Enterprise Fund</b>			
	<b>2020</b>			<b>2019</b>
	<b>Operating</b>	<b>Project</b>	<b>Total</b>	
	<b>Account</b>	<b>Account</b>		
<b>Cash Flows from Operating Activities</b>				
Member Assessments Received	\$ 159,664	\$ -	\$ 159,664	\$ 145,471
Wellfield Revenues Received	21,718	229,056	250,774	257,576
Project Revenues	-	85,434	85,434	161,811
Cash Paid to Contractors and Suppliers	(178,295)	(169,272)	(347,567)	(595,241)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>3,087</b>	<b>145,218</b>	<b>148,305</b>	<b>(30,383)</b>
<b>Cash Flows from Investing Activities</b>				
Interest Income	12,422	6,444	18,866	41,788
<b>Net Cash Flows Provided by (Used in) Investing Activities</b>	<b>12,422</b>	<b>6,444</b>	<b>18,866</b>	<b>41,788</b>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Transfers	21,904	(21,904)	-	-
<b>Net Cash Flows Provided by (Used in) Non-Capital Financing Activities</b>	<b>21,904</b>	<b>(21,904)</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>37,413</b>	<b>129,758</b>	<b>167,171</b>	<b>11,405</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>724,545</b>	<b>896,675</b>	<b>1,621,220</b>	<b>1,609,815</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 761,958</b>	<b>\$ 1,026,433</b>	<b>\$ 1,788,391</b>	<b>\$ 1,621,220</b>
<b>Reconciliation of Change in Net Position to Net Cash Provided by (Used in) Operating Activities</b>				
Operating Income (Loss)	\$ 244	\$ 94,177	\$ 94,421	\$ (202,223)
Reconciling Adjustments:				
Depreciation	-	49,142	49,142	163,365
Decrease (Increase) in Accounts Receivable	5,733	23,552	29,285	14,785
Decrease (Increase) in Prepaid Expense	(163)	-	(163)	(223)
Increase (Decrease) in Accounts Payable	(2,727)	(21,653)	(24,380)	(6,087)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 3,087</b>	<b>\$ 145,218</b>	<b>\$ 148,305</b>	<b>\$ (30,383)</b>
<b>Supplemental Schedule of Non-Cash Investing and Financing Activities</b>				

There are no non-cash investing and financing activities for the years ended September 30, 2020 and 2019.

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS**  
**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY**  
**LECANTO, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

Withlacoochee Regional Water Supply Authority (the Authority) is an independent special district serving the central Florida area. The Authority was organized in 1977 by an inter-local agreement between Citrus, Hernando, Levy, Marion, and Sumter Counties as provided by Florida State Law, Chapters 373.1962, and 163.01, Florida Statutes. The Authority amended the inter-local agreement in 1984 to release Levy County from membership. The remaining four counties and various municipalities from the region currently make up the Authority's Governing Board. The primary purpose of the Authority, as defined in the inter-local agreement, is to assist its members in the management of water resources and to provide dependable water supplies on a regional basis.

The Authority is not considered to be a component unit of any other entity, nor are there any component units for which the Authority exercises control or oversight.

**Fund Structure and Basis of Accounting**

The accounting policies of the Authority conform to generally accepted accounting policies for governmental entities and follows standards established by the Governmental Accounting Standards Board (GASB). All activities of the Authority are accounted for in a single major enterprise fund, which uses the accrual basis of accounting. The enterprise fund is composed of an unrestricted operating account for general and administrative functions of the fund and a project account to account for various project activities of the fund.

**Comparative Financial Statements**

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

**Classification of Revenues**

The Authority classifies its revenues as operating or non-operating according to the following criteria:

- **Operating Revenues**—include activities that have the characteristics of exchange transactions, such as member assessments.
  
- **Non-Operating Revenues**—include activities that have the characteristics of non-exchange transactions, such as interest income.

**Finance and Budgeting**

The inter-local agreement creating the Authority, revised in 2014, provides that each of the county signatories to the agreement appropriate funds on a per capita basis to fund the operations of the Authority. The per capita appropriations (19¢ per person for 2020) are based upon the most current annual population estimates available at the time the budget is adopted. Per capita appropriations become effective after adoption by the Authority's Governing Board and approved by each of the respective Boards of County Commissioners.

**NOTES TO FINANCIAL STATEMENTS**  
**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY**  
**LECANTO, FLORIDA**

The Authority prepares an annual budget each year and forwards copies to the member counties by June 1. The member counties may then take action in either approving or disapproving the proposed budget and provide for the necessary per capita appropriation. The budget may be amended by the Authority's Governing Board as necessary to conduct the financial affairs of the Authority. The Authority does not use encumbrance accounting. All appropriations lapse at year-end.

**Property Taxes**

Chapter 373.713(2)(a), Florida Statutes, provides that the Authority may levy ad valorem taxes, not to exceed one-half mill, upon approval of the electors residing in each county or municipality within the Authority's territory. The Authority has not levied any ad valorem taxes since its creation.

**Cash and Cash Equivalents**

Cash and Cash Equivalents consist of a bank checking account and an investment in the State Board of Administration of Florida, Local Government Pooled Investment Account, more fully described in Note 2.

**Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Capital Assets - Property and Equipment**

Office equipment is recorded at historical cost with depreciation computed using the straight-line method over estimated useful lives of five to ten years. Repairs and maintenance are expensed as incurred.

During the 1992-1993 year, the Authority completed the Charles A. Black (CAB) Wellfield Water Supply Project. The project consists of construction of a wellfield to provide Citrus County, a member government, with bulk water supply on an all-requirements basis. The wellfield is owned by the Authority, with a reversionary interest to Citrus County. The Authority and Citrus County entered into a new purchase agreement in 2017, which calls for the County to pay a per thousand gallon charge to the Authority for water received from the CAB Facilities. Citrus County is responsible for the operations and maintenance of the facility, as well as funding a replacement reserve account.

Historically, the wellfield has been depreciated on a straight-line basis over an estimated useful life of thirty years. Due to many repairs and replacements, the estimated useful life was re-evaluated for the 2019/2020 fiscal year. The Authority determined that a reasonable approach would be to depreciate the net book value as of September 30, 2019, over 10 years. This change decreased the depreciation expense from \$163,365 to \$49,142 per year, prospectively.

**Revenue Recognition**

■ **Member Assessments**

Revenues from member assessments are generally recognized ratably over the fiscal year of the Authority for which the assessments were budgeted. Amounts recognized, but not received at year-end, if any, are presented as accounts receivable from local governments in the accompanying statement of net position.

**NOTES TO FINANCIAL STATEMENTS**  
**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY**  
**LECANTO, FLORIDA**

■ **Wellfield Revenues**

Revenues from wellfield operations were remitted on a rate per 1,000 gallon determined by contract. The revenues are allocated - \$60,000 for the administration and \$168,030 for facilities. Amounts recognized, but not received at year-end, if any, are also presented as accounts receivable from member governments in the accompanying statement of net position.

■ **South West Florida Water Management District (SWFWMD) Cooperative Funding Initiative Revenues**

Revenues from SWFWMD are generally recognized based on contract reimbursement rate of 50% of expense incurred for the Regional Irrigation System Audit Program. Amounts recognized, but not received at year-end, if any, are presented as accounts receivable from SWFWMD in the accompanying statement of net position.

■ **Cooperative Match for Irrigation Audit Program**

Revenues from members for cooperative match are generally recognized as a flat amount per audit in the respective member counties. Amounts recognized, but not received at year-end, if any, are presented as accounts receivable from local governments in the accompanying statement of net position.

**Risk Assessment and Management**

The Authority is exposed to the normal risks associated with governmental entities, including property loss, general liability, and fiduciary breach. The Authority manages these risks through coverages maintained by its members, contractors, and liability insurance.

Due to the contracted nature of the Authority employees, it was determined that GASB Statement No. 75 did not apply.

**Note 2 - Deposits and Cash Equivalents**

The Authority has not adopted a formal investment policy, rather it has elected to follow the investment guidelines of Florida Statutes.

**Deposits**

As of September 30, 2020, all of the Authority's deposits are maintained in banks and financial institutions, which are covered by the *Florida Security for Public Deposits Act*, Chapter 280 of the Florida Statutes, which requires that each public depository must maintain eligible collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the Authority's name nor specify which collateral is held for the Authority's benefit. The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the Authority for any deposits not covered by depository insurance or collateral pledged by the depository as previously described. As of September 30, 2020, all of the Authority's deposits were insured. The Authority's carrying amount of deposits and bank balance for September 30, 2020, was \$30,195.

**NOTES TO FINANCIAL STATEMENTS**  
**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY**  
**LECANTO, FLORIDA**

The Authority invests excess operating cash with the State Board of Administration (SBA) of Florida, Florida PRIME. The SBA investment pool invests primarily in commercial paper, repurchase agreements, bankers' acceptance notes, and U.S. Government obligations. Investments in the State Pool Florida PRIME were \$1,758,196 at September 30, 2020. Florida PRIME is administered by the Florida State Board of Administration (SBA) and managed by professional money managers. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating agencies, or securities of comparable quality. Florida PRIME is considered a stable value investment pool and carried at amortized cost. The account balances approximate fair value, and balances are available for immediate withdrawal. The weighted average maturity of Florida PRIME at September 30, 2020, is 48 days. The weighted average life (WAL) of Florida PRIME at September 30, 2020, is 63 days. Florida PRIME has a Standard & Poor's rating of "AAAm". Neither fund was exposed to foreign currency risk during the year. Financial Statements for SBA can be found at sbaf.com.

**Note 3 - Capital Assets - Property and Equipment**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Capital Assets Being Depreciated</b>				
Office Equipment	\$ 3,728	\$ -	\$ -	\$ 3,728
Wellfield - Citrus County	<u>4,895,231</u>	-	-	<u>4,895,231</u>
Total Assets Being Depreciated	<u>4,898,959</u>	-	-	<u>4,898,959</u>
Accumulated Depreciation:				
Office Equipment	(3,064)	(190)	-	(3,254)
Wellfield - Citrus County	<u>(4,405,711)</u>	<u>(48,952)</u>	-	<u>(4,454,663)</u>
(Total Accumulated Depreciation)	<u>(4,408,775)</u>	<u>(49,142)</u>	-	<u>(4,457,917)</u>
<b>Total Capital Assets Being Depreciated</b>	<u>\$ 490,184</u>	<u>\$ (49,142)</u>	<u>\$ -</u>	<u>\$ 441,042</u>

Depreciation expense is \$49,142 for the year ended September 30, 2020.

**Note 4 - Wellfield Cost Recovery**

Effective October 1, 2016, the contract between the Authority and Citrus County Board of County Commissioners was renegotiated to change the terms from a fixed annual amount to a volumetric rate based model designed to approximate the annual charges of the original contract. The rate as described in the agreement will be \$0.1335 per thousand gallons with a minimum payment established at \$224,000 per year. A cost of living adjustment is allowed based on the annual adjustment that the county applies to its customers' rate, not to exceed 3%. The contract term is 10 years with four additional renewals of 10 years each.

In addition, Citrus County is required to maintain a renewal and replacement fund for the purpose of maintaining the facilities. The Authority provides approval for expenditures of those funds and maintains ownership of the repaired/replaced assets. The amount transferred will be in the amount of \$180,000 per year, with a minimum balance requirement of \$2,000,000 and a maximum of \$3,000,000. The fund balance in the account at the County as of September 30, 2020, was \$1,852,752. The balance dipped below the minimum due to large generator repairs required in the 2018/2019 fiscal year.



**NOTES TO FINANCIAL STATEMENTS**  
**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY**  
**LECANTO, FLORIDA**

**Note 5 - Commitments and Contingencies**

**Local Government Water Supply Funding Assistance Program**

During 1999, the Authority moved to participate with local governments in providing funding assistance for water supply projects. The primary purpose of the project is to assist local governments in funding local water resource projects. The Authority agrees to pay, on a reimbursement basis, one-half of the project cost not to exceed \$50,000 per approved project. The Authority has a commitment to provide funding assistance for water conservation to the following members for the fiscal year-end September 30, 2020: Hernando County for \$48,350, Marion County for \$33,095, Crystal River for \$9,090, and Citrus County for \$45,998. During the fiscal year, the counties participated in the program with an expense incurred as of year-end of \$41,155 for Citrus County, \$25,157 for Hernando County, \$201 for Crystal River, and \$3,066 for Marion County.

**COVID-19**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining of people who may have been exposed to the virus. After close monitoring and responses and guidance from federal, state, and local governments, in an effort to mitigate the spread of COVID-19, effective in late March 2020, many facilities were modified to meet the state requirements. The Authority continued many operations and continues to monitor developments, including government requirements and recommendations at the national, state, and local level to evaluate the possibility of ongoing continued restrictions.

At this point, the Authority cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on its results of operations, financial position, and cash flows.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE  
COMPTROLLER GENERAL OF THE UNITED STATES, AND  
THE *RULES OF THE AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**INDEPENDENT AUDITOR'S 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 Governing Board  
Withlacoochee Regional Water Supply Authority  
Lecanto, Florida

We have audited, in accordance with the 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, the financial statements of the business-type activities and the major fund of Withlacoochee Regional Water Supply Authority (the Authority) as of and for the year ended September 30, 2020, and have issued our report thereon dated March 1, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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To the Governing Board  
Withlacoochee Regional Water Supply Authority  
Lecanto, Florida

**INDEPENDENT AUDITOR'S 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***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statement. However, providing an 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 1, 2021  
Ocala, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

To the Governing Board  
Withlacoochee Regional Water Supply Authority  
Lecanto, Florida

We have examined the Withlacoochee Regional Water Supply Authority’s (the Authority) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2020, as required by Section 10.556 (10)(a), *Rules of the Auditor General*. Management is responsible for the Authority’s compliance with those requirements. Our responsibility is to express an opinion on the Authority’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority’s compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2020.

This report is intended solely for the information and use of the Florida Auditor General, the Governing Board of the Authority, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 1, 2021  
Ocala, Florida

## MANAGEMENT LETTER

To the Governing Board  
Withlacoochee Regional Water Supply Authority  
Lecanto, Florida

### Report on the Financial Statements

We have audited the financial statements of the Withlacoochee Regional Water Supply Authority (the Authority) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 1, 2021.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with the American Institute of Certified Public Accountant's *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in that report dated March 1, 2021, if any, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority established for the Authority and a discussion of component units can be found in Note 1 of the financial statements, dated March 1, 2021.

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To the Governing Board  
Withlacoochee Regional Water Supply Authority  
Lecanto, Florida

## MANAGEMENT LETTER

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of Directors, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



March 1, 2021  
Ocala, Florida