

Peace River Manasota

Regional Water Supply Authority

Annual Comprehensive Financial Report

Fiscal Year Ended September, 30 2021



PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
LAKEWOOD RANCH, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2021

Prepared by:

Department of Finance & Administration
Ann Lee, MBA, CGFO
Finance & Budget Senior Manager

Peace River Manasota Regional Water Supply Authority
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended September 30, 2021

TABLE OF CONTENTS

Introductory Section	7
Letter of Transmittal	9
GFOA Certificate of Achievement	16
Organizational Chart	17
Board of Directors.....	18
Financial Section	19
Independent Auditors Report	21
Management’s Discussion & Analysis	23
Financial Statements	31
Statement of Net Position	33
Statement of Revenue, Expenses & Changes in Fund Balances.....	34
Statement of Cash Flows	35
Notes to the Financial Statements	37
Required Supplementary Information.....	59
Schedule of Net Pension Liability	61
Schedule of Contributions.....	62
Notes to Required Supplementary Information	63
Statistical Section	65
Financial Trends.....	67
Net Position.....	67
Revenues, Expenses & Changes in Net Position	68
Restricted Assets.....	69
Revenue Capacity	70
Water Sales (Average Millions of Gallons Per Day).....	70
Water Sales by Customer.....	71

Peace River Manasota Regional Water Supply Authority
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

TABLE OF CONTENTS (Continued)

Debt Capacity.....	72
Long Term Debt by Issuance.....	72
Debt Coverage	73
Operating Information.....	74
Operating Indicators	74
Contracted Delivery Amounts	75
Demographic and Economic Information.....	76
Demographic and Economic Statistics	76
Other Reports.....	77
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audi of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79
Independent Accountants’ Report on Compliance with Florida Statute Section 218.415 – Investment of Public Funds	81
Management Letter	82

INTRODUCTORY SECTION

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY

Hon. Bill Truex
Charlotte County

Hon. Elton A. Langford
DeSoto County

Hon. George Kruse
Manatee County

Hon. Alan Maio
Sarasota County

Mike Coates, P.G., Executive Director

February 21, 2022

The Honorable Board of Directors
Peace River Manasota Regional Water Supply Authority
9415 Town Center Parkway
Lakewood Ranch, FL 34202

We are pleased to present the Comprehensive Annual Financial Report for the year ended September 30, 2021. The financial statements are audited in conformity with Chapter 166.241(1), Florida Statutes, and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Authority policy requires that an independent certified public accounting firm, approved by the Board, audit the financial statements on an annual basis. The Authority auditors, Purvis Gray, have issued an unmodified (or clean) opinion on the Agency's financial statements for fiscal year ended September 30, 2021.

Management's Discussion and Analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Government Profile

The Peace River Manasota Regional Water Supply Authority (Authority) is a regional water supply authority that provides wholesale drinking water to its member counties and the City of North Port supporting the region's public health, safety, economy and quality of life.

The Authority is an independent special district created and existing pursuant to Chapter 373, Florida Statutes, and Chapter 163, Florida Statutes by an interlocal agreement executed between Charlotte, DeSoto, Manatee and Sarasota Counties. The interlocal agreement was most recently amended in 2005 (Second Amended Interlocal Agreement Creating the Peace River Manasota Regional Water Supply Authority; October 5, 2005).

The boundaries of the Authority consist of all of DeSoto, Manatee and Sarasota Counties and those parts of Charlotte County which are under the jurisdiction of the Southwest Florida Water Management District, a region of roughly 1,000,000 residents. The Board of Directors of the Authority consists of one representative of Charlotte County, DeSoto County, Manatee County and Sarasota County that is a commissioner on the board of county commissioners for each respective county. Each representative is appointed by and serves at the pleasure of their respective Board of County Commissioners. The Authority Board of Director's officers consist of a chair and vice chair. The Board of Directors is vested with all the powers of the Authority.

The Authority owns and operates the Peace River Facility located in southwest DeSoto County. The Peace River Facility is a 51 MGD (million gallons per day) surface water treatment facility utilizing the Peace River as a water source. Water is withdrawn from the Peace River in accordance with a withdrawal schedule established by the Southwest Florida Water Management District in a water use permit issued to the Authority to protect the downstream estuary and Charlotte harbor. The Authority owns and operates an off- stream reservoir system with 6.5 billion gallons of storage capacity and an Aquifer Storage and Recovery (ASR) system consisting of 21 ASR wells.

The Authority currently maintains a network of approximately 80 miles of transmission pipelines for delivery of treated drinking water to its member governments and customers. The Authority also has interconnects with other water systems: City of North Port Utilities and the City of Punta Gorda utilities. These interconnects are available to supply water in case of natural disaster, equipment maintenance or failure, resource stress or unforeseen or unplanned increase in water demand.

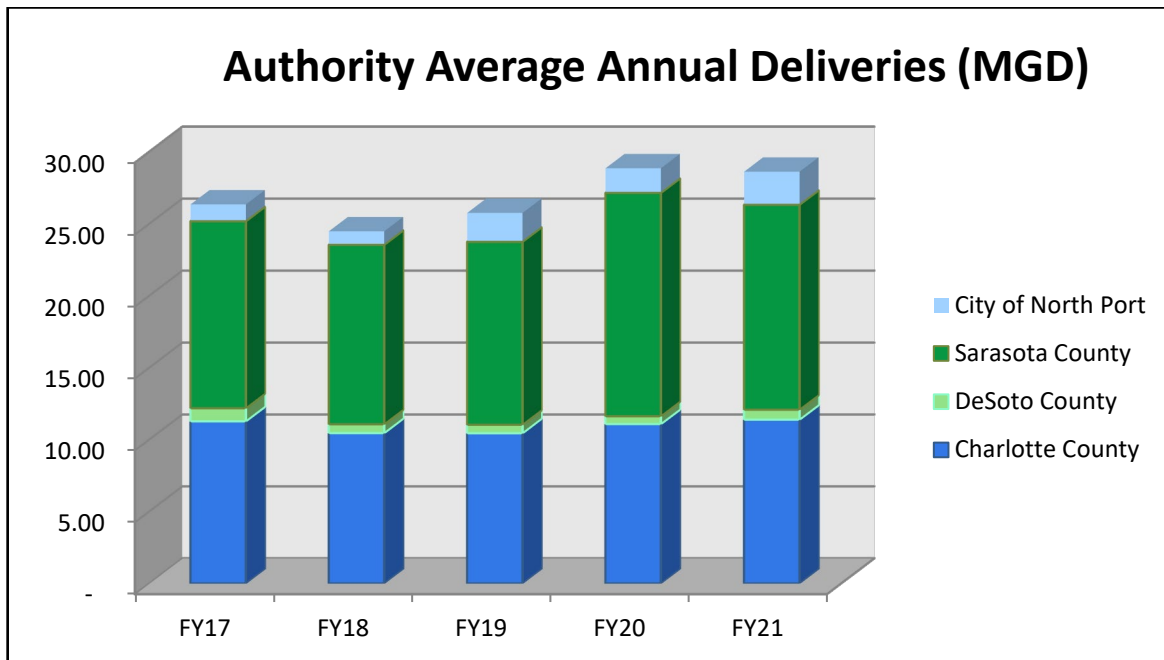
The Authority's 5-year Capital Improvement Program (CIP) and 20-year Capital Needs Assessment (CNA) identifies construction of 72 miles of additional interconnecting pipelines to support regional reliability, provide supplies to meet growing needs, share resources to the benefit of all residents in the four- county service area, and ensure that public water supply is provided in an environmentally sustainable manner.

Local Economy and Demand Trends

The information presented in the financial statements is best understood when it is considered from the broader perspective of the environment in which the Authority functions. The Authority provides water to its member counties (Charlotte, DeSoto & Sarasota Counties) and a contract customer, the City of North Port. Manatee County is also a member, but they do not currently receive water from the Authority. Demand projections indicate that Manatee County will require water from the Authority commencing in 2037. An estimated 500,000 people receive water from the Authority through their local providers every day.

According to customer demand projections, the potable water needs of the Authority’s customers in the region are expected to grow at an annual average rate of 1.5% over the next 20 years. The projected annual demand increase is consistent with the population projections from the Bureau of Economics and Business Research (BEBR) at the University of Florida which reflect a growth rate for Charlotte, DeSoto, Manatee and Sarasota Counties of 30% thru 2045 (1.22% annually for 2020-2045). This positive trend is also reflected in the Authority’s actual average MGD to our customers. The Authority has seen a 2% average annual growth in delivered quantities over the last five years and expects the steady growth of the region to continue into the future.

As a wholesale water utility, the Authority has remained largely unaffected by the economic impacts of the COVID-19 pandemic. There have not been any material changes to budgeted revenues or expenses for both prior or upcoming fiscal years and policies have been implemented to ensure the safety and welfare of the Authority staff and public.



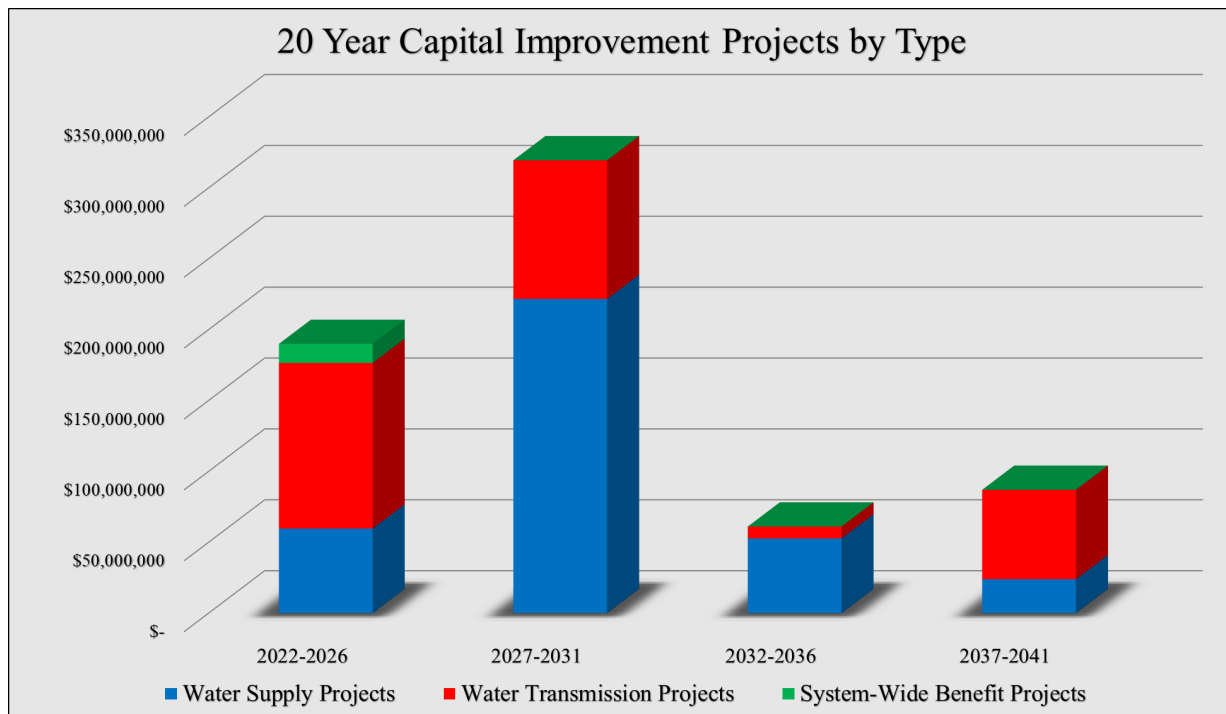
Long Term Planning and Major Initiatives

Pursuant to Section 373.713, Florida Statutes, the Authority shall design, construct, operate and maintain facilities in locations and at the times necessary to ensure that an adequate water supply will be available to all citizens within the Authority. By statute, the Authority is to maximize the economic development of the water in such a manner as will give priority to reducing adverse environmental effects.

In February 2021, as part of the Authority's statutory mandate, the Authority Board of Directors formally adopted the revised Strategic Plan as well as an updated vision statement which states that *"Through cooperation and collaboration the Authority and its Customers shall create, maintain and expand a sustainable, interconnected regional water supply system."* The updated Strategic Plan includes four core values: Cooperation and Collaboration, Resiliency, Financial Stability and Leadership and Water Advocacy as well as specific goals and objectives associated with each core value.

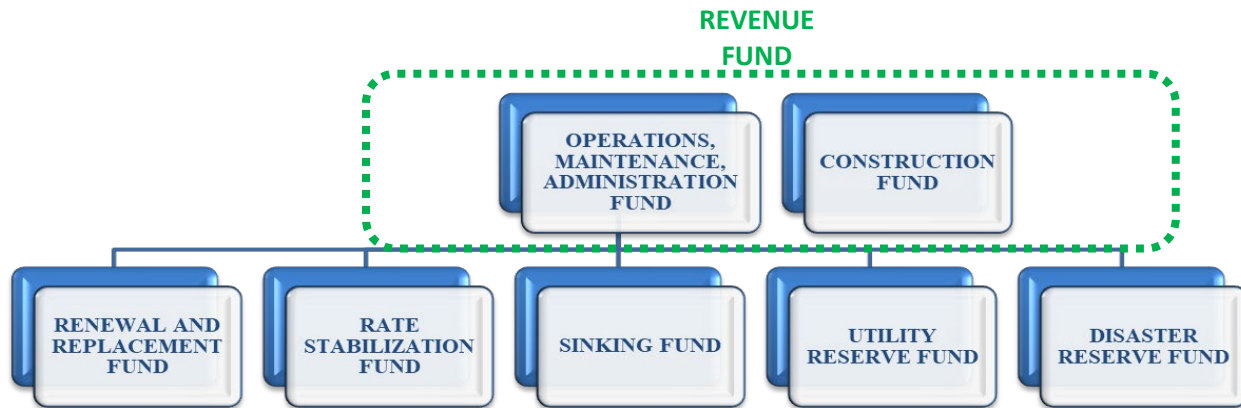
As part of the Strategic Plan implementation, the Authority has completed several large master plans and studies including Water Quality Master Plan, Integrated Regional Water Master Plan 2020, Peace River Facility Site Master Plan, as well as collaborating with member and non-member governments on emergency planning and future water needs. In 2019, the Authority completed the collaborative effort to establish regional emergency SOP's and has continued the planning of further expansion of the Peace River Facility and Reservoir systems to ensure future water demands are met in a sustainable and environmentally responsible manner.

As part of the Authority's long term planning initiatives, a comprehensive 5 year Capital Improvement Program (CIP) as well as a 20 year Capital Needs Assessment (CNA) is created and updated annually. The CIP and CNA plans were most recently updated and approved by the Authority Board in June 2021. The 5 year CIP plan reflects infrastructure investment of roughly \$189.9 million comprised of \$116.9 million of water transmission projects, \$60 million of water supply projects and \$13 million of common benefit projects. The 20 year CNA program, which includes the 5 year CIP plan, reflects potential infrastructure investments of \$657 million comprised of \$286 million of water transmission projects, \$358 million of water supply projects and \$13 million of common benefit projects. Should all of the current projects come to fruition; the Authority will have completed 72 miles of additional pipeline to interconnect the region as well as adding 10 billion gallons of additional storage capacity and 23 million gallons per day of expanded treatment capacity. Additional information regarding the Authority's long term planning may be found on the Authority website.



Fund Structure Overview

The Authority consists of one Enterprise Fund that for accounting purposes is broken into additional funds and accounts.



Revenue Fund:

The Revenue Fund is the initial depository for all Authority revenues. The 'Revenue Fund' is divided into Operations, Maintenance & Administration Fund and Construction Fund.

Operations, Maintenance & Administration Fund:

The Operations, Maintenance & Administration Fund is the initial depository of all revenue, excluding construction and is used to pay for all operating and administrative costs of the Authority. The Operation, Maintenance and Administration Fund includes an Operating Reserve Fund.

Renewal & Replacement Fund:

The Renewal and Replacement Fund is used for repairs and replacement of the water facilities as the need arises and as approved annually by the Board through the budget.

Sinking Fund:

The Sinking Fund holds all Authority funds restricted to payment of debt. Funds are transferred into the Sinking Fund as approved by Board through the budget for debt payment.

Utility Reserve Fund:

The Utility Reserve Fund is maintained at a balance sufficient to meet requirements and policy as established by the Board. Moneys in the Utility Reserve Fund may be applied for any lawful purpose relating to the Authority by action of the Board.

Disaster Recovery Reserve Fund:

The Disaster Reserve Fund is maintained at a balance sufficient to meet requirements and policy as established by the Board. Moneys in the Disaster Reserve Fund may be used to ensure the recovery and continued operations of the Authority during natural disasters or by action of the Board.

Construction Fund:

The Construction Fund is used to pay costs of various capital projects as designated and approved by the Board through the budget or specific Board action.

Relevant Financial Policies

The Authority has adopted a comprehensive set of financial policies and continually monitors and assesses them to insure they continue to be relevant and adequate for both current and future needs. These policies are intended as a guide to the financial stewardship of the Authority and guide decisions affecting budgets and financial matters.

Operation, Maintenance and Administration Fund Policy:

Moneys in the Revenue Account shall first be used each month to deposit in the General Fund [aka Operation, Maintenance and Administration Fund] such sums as are necessary to pay operations and maintenance costs for the ensuing month; provided the Authority may transfer moneys from the Revenue Account at any time to pay operating and maintenance costs to the extent there is a deficiency in the Operation, Maintenance and Administration Fund for such purpose. Amounts in the Operation, Maintenance and Administration Fund shall be paid out from time to time by the Authority for operating and maintenance costs. The Authority establishes a policy to fund an operating reserve within the Operation, Maintenance and Administration Fund in an amount which shall be equal to the monthly average of operating and maintenance costs for the preceding fiscal year as provided in the Authority's preceding budget. Moneys in the operating reserve shall be used to pay operating and maintenance costs to the extent other moneys in the Operation, Maintenance and Administration Fund are not available for such purposes.

Utility Reserve Fund Policy:

The Authority establishes a policy to maintain an uncommitted Utility Reserve Fund with a minimum balance equivalent to 180 days of the total operations and maintenance expenditures in the Authority's annual budget. Utility Reserve Fund is the residual classification for the Enterprise Fund and represents fund balance that has not been restricted, committed or assigned to specific purposes within the Enterprise Fund.

Rate Stabilization Fund Policy:

The Authority establishes a policy to maintain Rate Stabilization account that can be used to mitigate water rate increase in the Authority's annual budget. The Authority Board of Directors may transfer into the Rate Stabilization Reserve such moneys which are on deposit in the Utility Reserve Fund as it deems appropriate. It is the goal of the Authority to maintain a balance at the end of each fiscal year of \$1 million in the Rate Stabilization account.

Renewal and Replacement Fund Policy:

The Authority's bond documents establish a Renewal and Replacement Reserve Fund requirement on the date of calculation, an amount of money equal to (1) five percent of the Gross Revenues for the preceding fiscal year or (2) such greater or lesser amount as may be certified by the consulting engineers in an amount appropriate. The Authority establishes a policy to maintain a minimum balance in the Replacement and Renewal Reserve Fund of \$2 million dollars unless either of the above conditions requires a greater minimum amount be maintained in the fund.

Renewal and Replacement charges are established by the Authority for the exclusive purpose of funding renewals and replacements of water supply facilities. The charges are established to satisfy the requirements of the Authority's obligations and shall be set forth in the annual budget approved by the Authority board of directors. Renewal and Replacement costs are the capital expenditures set forth in the annual budget approved by the Authority board of directors for the ordinary renewal, replacement, upgrade and betterment of water supply facilities. Renewal and Replacement costs do not include capital expenditures associated with the expansion or addition of water treatment, storage, pumping or transmission capacity.

Disaster Recovery Reserve Fund Policy:

The Authority's service area lies within a coastal zone highly susceptible to hurricane and storm damage. The purpose of the Disaster Recovery Reserve is to ensure funds for the recovery and continued operation during disaster situations such as hurricanes and other weather-related events (as well as other environmental or other natural disasters that cause disruptions of service). It is the goal of the Authority to maintain a balance at the end of each fiscal year of \$1 million in the Disaster Recovery Reserve.

Debt Service Coverage Policy:

For each fiscal year, the Authority covenanted in Bond resolutions to fix, establish, maintain and collect such rates, fees and charges, and revise them from time to time, whenever necessary, so as to always provide in each fiscal year net revenues equal to (1) at least 115% of the annual debt service becoming due in such fiscal year; and (2) at least 100% of any (a) amounts required by the terms of the Bond resolutions to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such fiscal year, and (b) any payments required to be made to Charlotte County and DeSoto County pursuant to the Master Water Supply Contract due in such fiscal year.

The Authority establishes a policy to budget for debt service coverage of 150% to assure compliance with bond covenants and maintain the highest possible credit ratings that can be achieved without compromising the mission of the Authority and meeting all contractual obligations. Debt service coverage is budgeted based on each customer's respective debt obligation. Funds budgeted for debt service coverage for each customer is to be maintained on behalf of that customer.

Capital Asset Policy:

The Finance and Budget Senior Manager is responsible for establishing the policies and procedures necessary to provide adequate internal control over capital assets and all policies and procedures shall be approved by the Executive Director. All capital assets acquired by the Authority shall be titled to the Authority and recorded in the capital assets records system. At a minimum, the capital assets records system shall contain the applicable information required by regulatory bodies. (Reference: Florida Statutes, Chapter 274.02; Rules of the Auditor General, Chapter 10.450). An annual physical inventory of all movable equipment shall be taken under the direction of the finance department and reconciled to the capital asset records and general ledger control accounts in accordance with Florida Statutes, Chapter 274.02 and Rules of the Auditor General, Chapter 10.480).

Investment Policy:

The objectives of the Authority's investment policy are safety, liquidity and return on investment. The primary objective is safety, i.e., the minimization of risk and the preservation and protection of investment principal. The second objective is to maintain sufficient liquidity at all times to meet all cash requirements that can reasonably be anticipated. The third objective is to maximize investment return, but only within the constraints of the first two objectives. The investment policy also establishes allowable investments, investment providers, and investment concentrations in furtherance of these objectives.

Budgets, Rates and Charges

The Authority's Master Water Supply Contract, bond documents and financial policies establish the conditions and charges related to water sales. The budget includes all anticipated revenue sources and expenditures including capital, operating, planning and administrative costs of the Authority for its projects and activities and is annually approved by the Authority Board of Directors during a public hearing.

The Water Rate is annually established by Resolution of the Authority for the sale of water and is comprised of a Base Rate and Water Use Charge. The Base Rate is comprised of the debt and fixed costs of the Authority while the Water Use Charge is comprised of the variable costs associated with power, treatment chemicals and residual hauling. Through sound financial practices and conservative budgeting, the Authority has been able to maintain a stable water use charge for more than five years. Additional information regarding the Authority budgets, rates and charges may be found on the Authority website.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Peace River Manasota Regional Water Supply Authority for its comprehensive annual financial report for the fiscal year ended September 30, 2020. This is the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting 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 for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire Authority staff. We would also like to thank the Board for their unfailing leadership and support for maintaining the highest standards of professionalism in the management of the Authority's finances.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ann Lee".

Ann Lee, MBA, CGFO
Finance and Budget Senior Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Peace River Manasota
Regional Water Supply Authority
Florida**

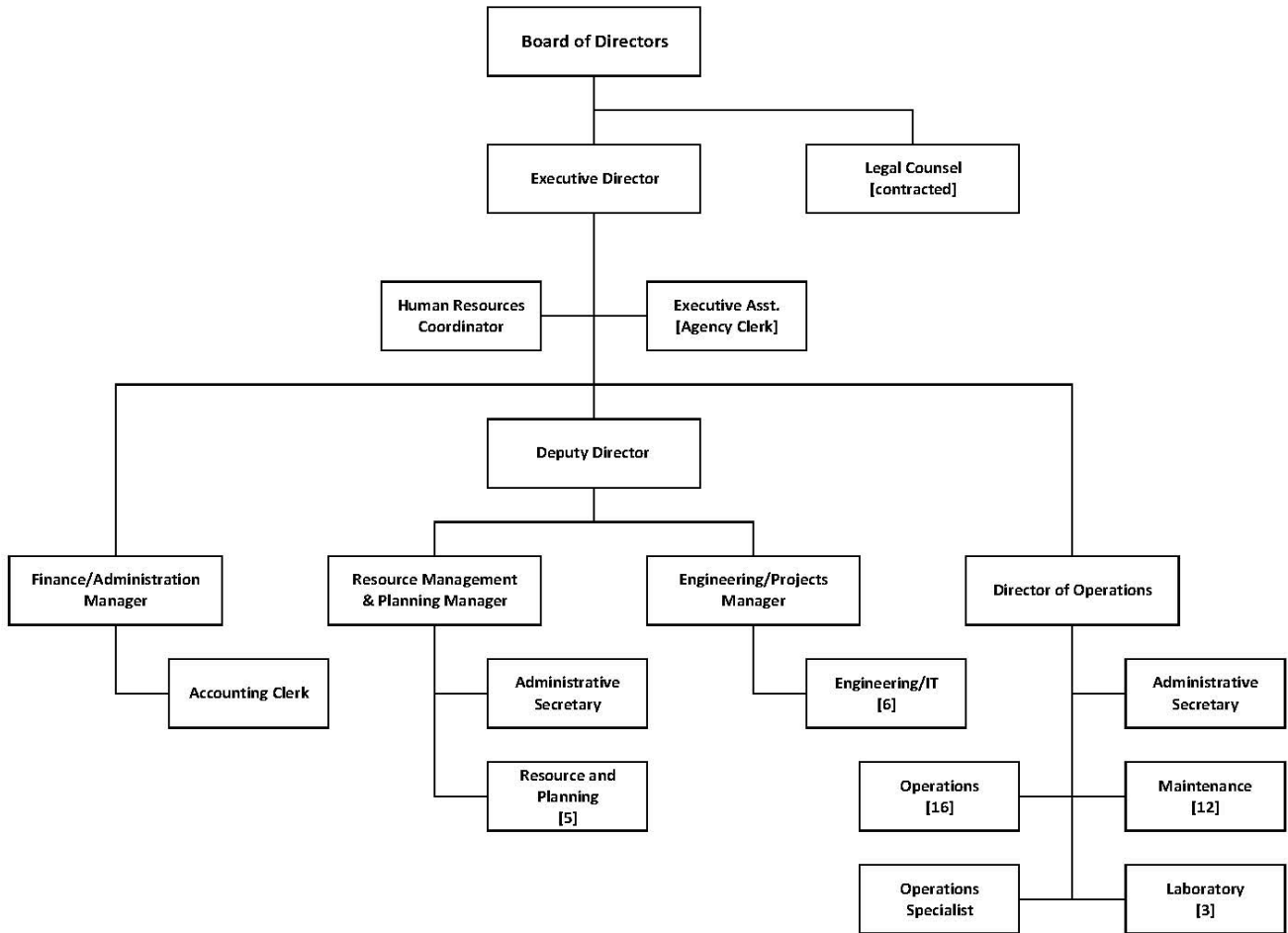
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

Peace River Manasota Regional Water Supply Authority
Organizational Chart
 [October 2021]



Total FTE: 54

Peace River Manasota Regional Water Supply Authority

Board of Directors



Alan Maio, Chair
Sarasota County
Commissioner
www.scgov.net



Elton Langford, Vice Chair
DeSoto County
Commissioner
www.desotobocc.com



Bill Truex
Charlotte County
Commissioner
www.charlottefl.com



George Kruse
Manatee County
Commissioner
www.mymanatee.org

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Peace River Manasota Regional Water Supply Authority (the Authority), as of and for the year ended September 30, 2021, 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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, Florida

INDEPENDENT AUDITOR'S REPORT

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents (collectively, the required supplementary information) 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022, 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 Authority'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.



February 21, 2022
Sarasota, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021

As management of Peace River Manasota Regional Water Supply Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2021. Readers should consider the information presented here in conjunction with the rest of the basic financial statements as well as the additional information furnished in the letter of transmittal, which can be found on pages 9-15 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$133,712,905 (net position). Of this amount, \$16,754,215 represents unrestricted net position that may be used to meet the Authority's ongoing obligations to members and creditors.
- The Authority's total net position decreased by \$1,593,561 during the year. Capital grants and contributions were \$1,527,829 (net of capital disbursements). The loss before capital contributions was \$3,121,389. This compares to a loss before capital contributions in the prior year of \$6,386,625.
- At the close of the current fiscal year, the Authority's enterprise fund reported combined cash balances of \$24,908,656, a decrease of \$2,013,767 in comparison with the prior year. Approximately 67.6% of this amount (\$16,842,063) is available for spending at the government's discretion (unrestricted cash).
- The Authority's total outstanding long-term debt decreased by \$9,052,096.
- During 2021, the Authority's total revenues were \$38,236,752, which is a decrease of \$12,525,478 or 25% from 2020, which is primarily attributed to a decrease in capital grants and contributions.
- The Authority's expenses decreased by \$772,133, or 1.90% from 2020 to 2021 as increases in the cost of sales and services were more than offset by decreases to depreciation and studies and master plan expenses.

Overview of the Financial Statements

This section of the Authority's comprehensive annual financial report presents a discussion and analysis of the financial position of the Authority as of September 30, 2021 and 2020, as well as an overview of the financial activities during the fiscal year ended September 30, 2021, with 2020 fiscal year data presented for comparative purposes. This discussion should be read in conjunction with the financial statements and related notes.

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, as amended. The Authority is considered a single purpose entity engaged only in business-type activities, and is required to present only fund financial statements. The fund financial statements are enterprise fund statements and consist of the following:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021**

- a) Statement of Net Position
- b) Statement of Revenues, Expenses, and Changes in Fund Net Position
- c) Statement of Cash Flows

Following the fund financial statements are notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Statement of Net Position

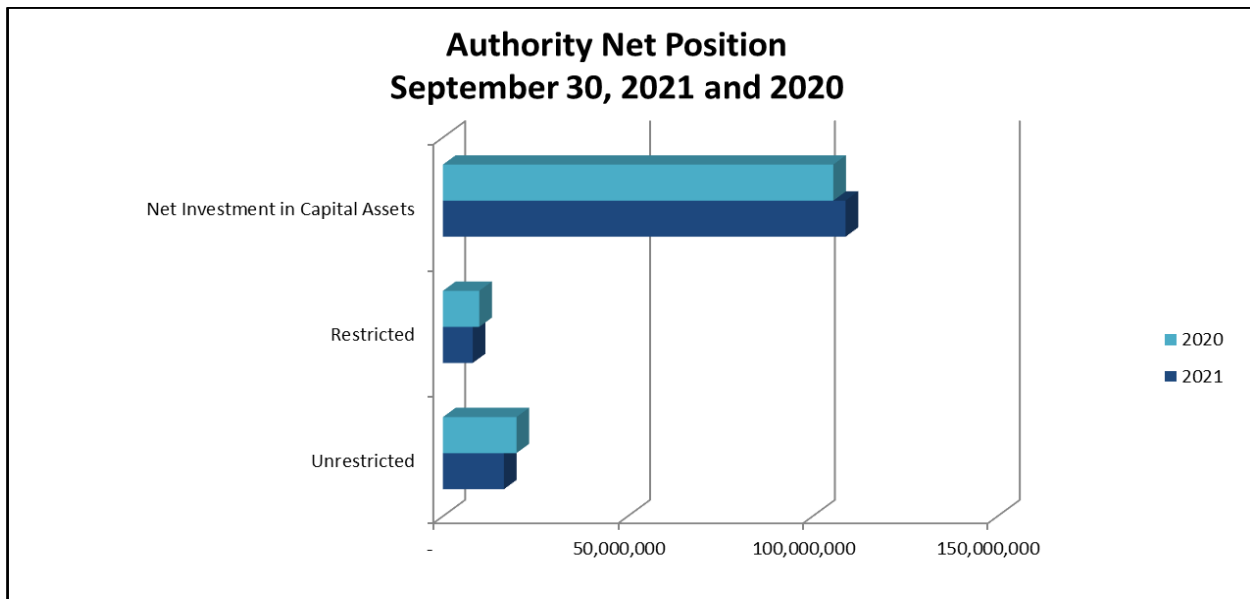
Shown below is a comparative statement of net position presented in summary form for 2021 and 2020. This statement shows the assets (current and noncurrent), deferred outflows, liabilities (current and noncurrent), deferred inflows, and net position (assets and deferred outflows minus liabilities and deferred inflows) as of the end of the fiscal year.

The statement of net position is prepared using the accrual basis of accounting, where revenues are recognized when the service is provided and expenses are recognized when goods are received or services are performed, regardless of when cash is exchanged. The purpose of the statement of net position is to present the reader of the financial statements with fiscal snapshots of the Authority at September 30, 2021 and 2020. Following is the summarized statement of net position for 2021 and 2020:

	<u>Net Position</u>	
	<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 22,683,959	\$ 27,580,198
Capital assets (Net)	248,121,663	255,828,973
Noncurrent assets (Other)	<u>8,066,592</u>	<u>9,836,416</u>
Total assets	<u>278,872,214</u>	<u>293,245,588</u>
Deferred outflows	<u>3,304,434</u>	<u>3,345,606</u>
Current liabilities	7,872,581	9,575,404
Noncurrent liabilities	<u>138,144,851</u>	<u>151,606,966</u>
Total liabilities	<u>146,017,432</u>	<u>161,182,370</u>
Deferred inflows	<u>2,446,311</u>	<u>102,357</u>
Net position		
Net investment in capital assets	108,894,598	105,577,779
Restricted	8,064,092	9,833,916
Unrestricted	<u>16,754,215</u>	<u>19,894,771</u>
Total net position	<u>\$ 133,712,905</u>	<u>\$ 135,306,466</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021**

Over time, the changes in net position provide an indication of the overall financial condition of the Authority. At September 30, 2021, net position was \$133,712,905, and for the year, there was a decrease in net position of \$1,593,561. A substantial portion of the Authority's net position at September 30, 2021, (81.4%) reflects its net investment in capital assets. This net position is not available for future spending.



Although the Authority's investment in its capital assets is net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position (12.6%) is unrestricted.

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

Following is a summarized statement of changes in net position for 2021 and 2020. This statement is similar to the statement of revenues, expenses, and changes in fund net position in the fund financial statements, and prepared using the same accrual basis of accounting. This statement shows the revenues and expenses of the Authority for the years, in summarized form:

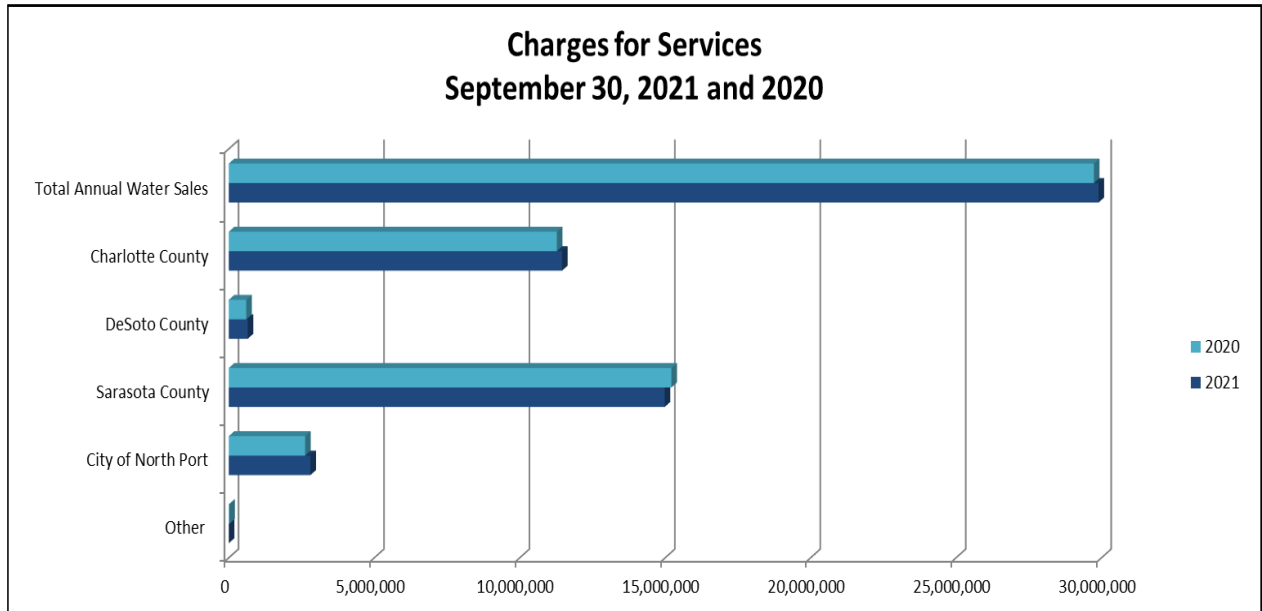
**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021**

Change in Net Position

	Business-type Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 29,901,494	\$ 29,741,419
Operating grants and contributions	4,773,465	3,480,995
Capital grants and contributions (net)	1,527,828	16,546,407
General revenues:		
Other	2,033,966	993,408
Total revenues	38,236,751	50,762,229
Expenses:		
Water Supply and Delivery	(39,830,312)	(40,602,447)
Change in net position	(1,593,561)	10,159,782
Net position – beginning of year:	135,306,466	125,146,684
Net position – end of year	\$ 133,712,905	\$ 135,306,466

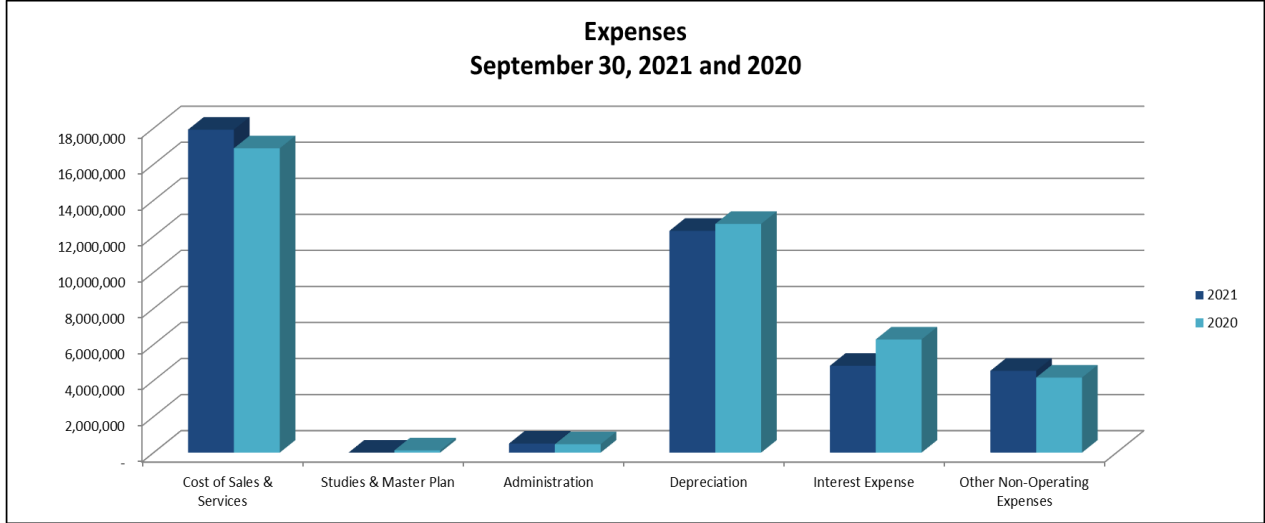
Charges for services increased by \$160,075 (.54%) and operating grants and contributions increased by \$1,292,470 (37.13%) from 2020 to 2021 as budgeted. Capital grants and contributions (net) in 2021, which included capital grants from SWFWMD toward the Phase 1 Interconnect pipeline project and the Phase 3B Pipeline as well as capital contributions for System Wide Benefit Projects from Authority customers and members, decreased by \$15,018,578 from 2020 to 2021.

As illustrated below, the total water sales billed to our customers was \$29,901,494 in 2021 as compared to \$29,741,419 in 2020.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021**

Total expenses decreased by \$772,133 or 1.90% from 2020 to 2021 as illustrated below:



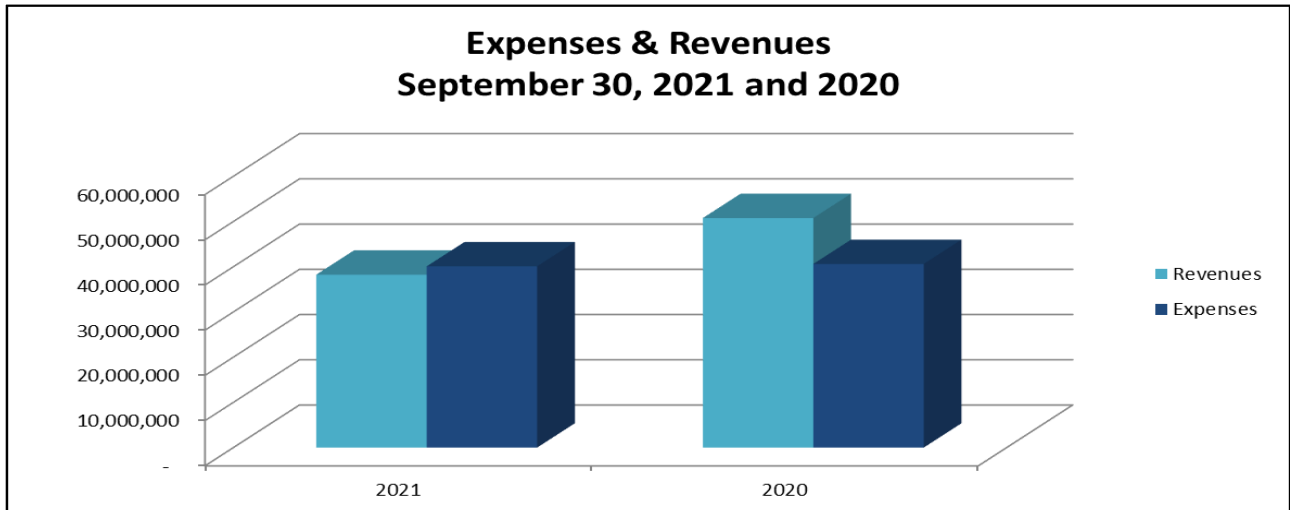
The increases were due to the following:

- a) Cost of Sales & Service increased by \$785,151. Decreases in general repairs and maintenance, legislative liaison, and land management, were more than offset by the cost increases to reservoir repairs & maintenance, utilities, environmental and hydrogeological services.
- b) Administration costs increased by \$36,054.

These increases in expenses were more than offset by the following decreases in expenses:

- a) Studies & Master Plan expenses decreased by \$124,531.
- b) Depreciation expense decreased by \$381,270.
- c) Interest expense decreased by \$1,461,227.

The graph below compares the expenses to the revenues.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021**

Capital Assets

The Authority's investment in capital assets as of September 30, 2021, totaled \$248,121,664 (net of accumulated depreciation). This investment in capital assets includes land and easements, structures, leasehold improvements, furniture and equipment, and construction in progress.

Capital Assets (Net of Depreciation)

	<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>
Land and easements	\$ 2,604,359	\$ 2,604,359
Buildings and improvements, water treatment plant, supply, and transmission systems	240,577,418	219,437,829
Leasehold improvements, furniture, and equipment	1,174,006	1,403,834
Construction in progress	<u>3,765,881</u>	<u>32,382,951</u>
Total	<u>\$ 248,121,664</u>	<u>\$ 255,828,973</u>

The book value of capital assets decreased by \$7.707 million during 2021. Additions were \$35.623 million and depreciation was \$12.3 million. Additions during 2021 included the following:

- Major capital projects, such as pipelines - \$31,289,131
- Renewal and replacement projects - \$1,678,699
- Vehicles, machinery, and equipment - \$247,287
- Construction in progress - \$2,407,824

Additional information on the Authority's capital assets can be found in Note 4 of this report.

Long-term Debt

The Authority's bonded debt outstanding as of September 30, 2021, totaled \$125,680,000. These bonds are secured by the Net Revenues pledged in the Master Water Supply Contract.

<u>Business-type Activities</u>	<u>2021</u>	<u>2020</u>
Revenue bonds	<u>\$ 125,680,000</u>	<u>\$ 141,765,000</u>

Long-term debt decreased by \$16,085,000 during the year from scheduled principal payments of \$1,900,000 and a line of credit payment of \$1,000,000 as well as considerable savings from the refunding efforts of the 2010A, 2010B & 2014A Bonds (Series 2020 Refunding Revenue Bonds).

Under the Authority's budgetary process, rates are established to provide adequate coverage for existing and planned additional debt. This is demonstrated by the Authority's debt coverage and county debt service coverage ratios, which are both indicators of the Authority's financial strength. As indicated by the following table, the Authority consistently maintains coverage ratios well above the requirements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021**

Moody's, S&P and Fitch have assigned ratings of "Aa3" (stable outlook), "AA" (stable outlook) and "AA-" (stable outlook) respectively, to the 2020 Bonds. These ratings by all three major rating agencies reflect the Authority's ample long-term water supply and favorable financial condition dictated by policy. Additional information on the Authority's long-term debt can be found in Note 5 of this report.

	Fiscal Year Ended September 30,				
	2017	2018	2019	2020	2021
Gross Revenues					
Water Sales	\$ 30,390,798	\$ 30,467,231	\$ 31,125,103	\$ 31,941,419	\$ 32,901,494
Renewal & Replacement Revenue					
Interest	264,130	447,348	675,603	341,225	32,949
Federal Subsidy Interest (2010B Bond Issue) ⁽¹⁾	-	-	-	-	-
Gross Revenue Transfer (RSF)	-	-	-	-	-
Other ⁽²⁾	27,018	37,354	131,499	652,183	2,001,015
Total Gross Revenues	\$ 30,681,946	\$ 30,951,933	\$ 31,932,205	\$ 32,934,827	\$ 34,935,458
Operation and Maintenance Expenses					
Cost of Sales and Services	\$ 14,200,760	\$ 15,002,110	\$ 16,415,682	\$ 16,882,050	\$ 17,667,201
Administration	627,038	683,723	743,901	466,511	502,566
Total Operation and Maintenance Expenses	\$ 14,827,798	\$ 15,685,833	\$ 17,159,583	\$ 17,348,561	\$ 18,169,767
Net Revenues Available for Debt Service	\$ 15,854,148	\$ 15,266,100	\$ 14,772,622	\$ 15,586,266	\$ 16,765,691
Outstanding Bonds Debt Service					
Principal	2,485,000	2,585,000	2,685,000	2,790,000	2,640,000
Interest ⁽¹⁾	5,926,527	5,826,983	6,279,751	6,234,312	5,487,719
Total Outstanding Bonds Debt Service ⁽³⁾	\$ 8,411,527	\$ 8,411,983	\$ 8,964,751	\$ 9,024,312	\$ 8,127,719
Debt Service Coverage (1.15x required)	<u>1.88</u>	<u>1.81</u>	<u>1.65</u>	<u>1.73</u>	<u>2.06</u>
Revenues Available After Senior Lien Debt Service	7,442,621	6,854,117	5,807,871	6,561,954	8,637,972
Subordinate Indebtedness Debt Service					
Principal	-	-	115,000	180,000	190,000
Interest ⁽¹⁾	-	-	42,585	63,374	57,322
Total Subordinate Indebtedness Debt Service ⁽³⁾	\$ -	\$ -	\$ 157,585	\$ 243,374	\$ 247,322
Total Debt Service	\$ 8,411,527	\$ 8,411,983	\$ 9,122,336	\$ 9,267,686	\$ 8,375,041
Revenues Available After Total Debt Service	\$ 7,442,621	\$ 6,854,117	\$ 5,650,286	\$ 6,318,580	\$ 8,390,650
Total Debt Service Coverage (1.15x required)	<u>1.88</u>	<u>1.81</u>	<u>1.62</u>	<u>1.68</u>	<u>2.00</u>
Capital Cost Reimb Chg (Char Co Pmt)	1,971,557	1,971,557	1,971,557	1,971,557	1,971,557
DeSoto County Payment	796,000	796,000	796,000	796,000	796,000
Due Charlotte Co. for North Port Reserve Allocation	4,781	4,781	4,781	4,781	4,781
Total County Payments	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338
County Debt Service Coverage (1.00x req)	<u>2.68</u>	<u>2.47</u>	<u>2.04</u>	<u>2.28</u>	<u>3.03</u>

(1)Gross Revenues include Federal Direct Payments in the Fiscal Year ended September 30, 2015 only. Due to the implementation of amendments to the Bond Resolution effective as of December 29, 2014, Federal Direct Payments are excluded from Gross Revenues in fiscal years ended September 30, 2016 through and including 2021 and instead are netted against the

(2) SWFWMD/EPA funds are not applicable to debt service coverage.

(3) Principal/Interest due on October 1 was paid on September 30 of prior fiscal year reflecting conservative presentation when compared to the provisions of the Bond Resolution.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2021**

Economic Factors and 2022 Budget and Rates

The Authority considers many factors when developing the annual budget and in establishing the years water rates. The Authority is obligated to create the budget in a manner which meets the contractual obligations found in the Master Water Supply Contract, customer demand projections, which are submitted annually, regional population growth, anticipated environmental conditions, insure efficient and effective operations, continual investment in infrastructure and the maintenance of bond ratings and financial policies as well as maintain reasonable water rates both presently and into the future.

The Authority has a thorough budgetary review process that consists of multiple meetings with our member and customer government staffs, presentations and discussions with our member and customer government Boards and City Council as well as in-depth discussions with the Authority Board of Directors. The Authority Board of Directors formally adopted the FY2022 budget of \$54.689 million (\$3.4 million or 6.67% budget decrease from FY 2021) on August 4, 2021.

The FY 2021 to FY 2022 budgetary changes correlate to the following:

Revenues:

- Increases in utility and treatment chemical costs along with model projections by the Authority's rate consultants facilitated a \$0.03/1000 gallon increase in the water use rate (consisting of variable costs).
- Projected grants remained largely unchanged from FY2021

Expenditures

- \$1 million of increased operations and maintenance expenses, the majority of which are associated with increased personnel (including two additional full-time employees) and health insurance costs (5% increase). The Authority also budgeted for increases in utility, treatment chemical costs and commercial insurance.
- Renewal & Replacement costs increased by \$1 million based upon the R&R Sufficiency Study that was conducted in FY20.
- Capital project expenditures decreased by \$1.1 million which reflects the completion of the prior years' pipeline projects and the commencement of the PR³ Preliminary Design as well as three System Wide Benefit Projects.

Requests for Information

This financial report is designed to provide a general overview of the Peace River Manasota Regional Water Supply 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 Authority at, 9415 Town Center Parkway, Lakewood Ranch, Florida 34202.

FINANCIAL STATEMENTS

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Assets

Current Assets:

Cash	\$ 4,651,117
External Investment Pools	12,190,946
Accounts Receivable	4,490,492
Grant Funds Receivable	431,259
Inventory	891,046
Prepaid Expenses	29,099
Total Current Assets	22,683,959

Non-Current Assets:

Restricted:

Cash and Cash Equivalents	651,451
External Investment Pools	7,415,141
Total Restricted Assets	8,066,592

Capital Assets:

Land and Easements	2,604,359
Buildings and Improvement, Water Treatment Plant, Supply, and Transmission Systems	407,985,858
Leasehold Improvements, Furniture, and Equipment	6,540,765
Construction in Progress	3,765,881
(Less Accumulated Depreciation)	(172,775,200)
Total Capital Assets, Net	248,121,663

Total Non-Current Assets

256,188,255

Total Assets

278,872,214

Deferred Outflows of Resources

Deferred Charge on Refunding	1,967,099
Pension Related	1,337,335

3,304,434

Total Deferred Outflows of Resources

Total Assets and Deferred Outflows of Resources

282,176,648

Liabilities

Current Liabilities:

Accounts Payable	2,076,603
Contracts Payable	18,943
Retainage Payable	126,694
Accrued Expenses	831,641
Security Deposits	2,500
Current Portion - Revenue Bonds Payable	4,810,000
Current Portion - Retirement System Net Liability (HIS)	6,200

Total Current Liabilities

7,872,581

Non-Current Liabilities:

Revenue Bonds Payable	136,238,527
Retirement System Net Liability (FRS & HIS)	1,906,324

Total Non-Current Liabilities

138,144,851

Total Liabilities

146,017,432

Deferred Inflows of Resources

Pension Related	2,446,311
-----------------	-----------

2,446,311

Total Deferred Inflows of Resources

Total Liabilities and Deferred Inflows of Resources

148,463,743

Net Position

Net Investment in Capital Assets	108,894,598
Restricted	8,064,092
Unrestricted	16,754,215

Total Net Position

\$ 133,712,905

See accompanying notes.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Operating Revenues	
Member Dues	\$ 386,508
Water Sales	32,901,494
Special Assessment	625,000
Other	2,001,015
Total Operating Revenues	<u>35,914,017</u>
Operating Expenses	
Cost of Sales and Services	17,667,201
Administration	502,565
Depreciation	12,305,355
Total Operating Expenses	<u>30,475,121</u>
Operating Income	<u>5,438,896</u>
Non-Operating Revenues (Expenses)	
Operating Grants	727,805
Investment Earnings	32,949
Oversize Facility Payments	(1,971,557)
County Payments	(796,000)
Other Customer Payments	(1,345,125)
Interest Expense	(4,816,996)
Bond Issuance Costs	(425,513)
Federal Direct Payments	34,152
Total Non-Operating Revenues (Expenses)	<u>(8,560,285)</u>
(Loss) Before Capital Contributions	<u>(3,121,389)</u>
Capital Contributions	
Capital Grants	527,828
Capital Contributions	1,000,000
Total Capital Contributions	<u>1,527,828</u>
Change in Net Position	(1,593,561)
Total Net Position, Beginning of Year	<u>135,306,466</u>
Total Net Position, End of Year	<u>\$ 133,712,905</u>

See accompanying notes.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 33,854,767
Grants - Studies & Master Plans	340,196
Payments to Suppliers	(14,492,553)
County Payments	(796,000)
Other Customer Payments	(1,345,125)
Payment to Employees	(3,695,679)
Other Income	2,001,015
Net Cash Provided by Operating Activities	<u>15,866,621</u>
 Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(6,503,419)
Principal Payments on Long-Term Debt	(3,830,000)
Oversize Facility Payment	(1,971,557)
Interest Payments on Long-Term Debt	(5,595,320)
Construction Grants/Customer Capital Contributions	6,450,337
Cash Contributed to Refunding	(6,364,744)
Debt Issuance Cost	(425,513)
Federal Direct Payments	326,879
Net Cash (Used in) Capital and Related Financing Activities	<u>(17,913,337)</u>
 Cash Flows from Investing Activities	
Earnings Received	32,949
Net Cash Provided by Investing Activities	<u>32,949</u>
 Net (Decrease) in Cash and Cash Equivalents	(2,013,767)
 Cash and Cash Equivalents, Beginning of Year	<u>26,922,422</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 24,908,655</u>
 <u>Composition of Cash and Cash Equivalents, End of Year</u>	
Cash	\$ 4,651,117
External Investment Pools	12,190,946
Cash and Cash Equivalents, Restricted	651,451
External Investment Pools, Restricted	7,415,141
Total Composition of Cash and Cash Equivalents, End of Year	<u>\$ 24,908,655</u>

See accompanying notes.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities

Operating Income	\$ 5,438,896
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	12,305,355
Grants - Studies & Master Plans	340,196
County Payments	(796,000)
Other Customer Payments	(1,345,125)
Retirement System Adjustments	(244,234)
(Increase) Decrease in Assets:	
Accounts Receivable	(58,235)
Inventory	(149,380)
Prepaid Expenses	32,283
Increase (Decrease) in Liabilities:	
Accounts Payable	250,860
Accrued Expenses	92,005
Net Cash Provided by Operating Activities	<u><u>\$ 15,866,621</u></u>

Schedule of Non-Cash Transactions

Cash Contributed to Bonds Refundings

New Debt - At Par	\$ 52,055,000
New Debt - Premiums	7,921,462
(Transfer to Refunding Escrow)	(64,486,892)
Total	<u><u>\$ (4,510,430)</u></u>

Bond-Related Amortization

Bond Premiums	\$ 1,095,391
Deferred Charges on Refunding	140,175

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Peace River Manasota Regional Water Supply Authority (the Authority) was established on February 26, 1982, by an interlocal agreement between the counties of Charlotte, DeSoto, Manatee, and Sarasota. The agreement was amended on February 1, 1984, May 21, 1991, and October 5, 2005.

The Authority was created and operates pursuant to the provisions of Chapters 373.713 and 163.01, Florida Statutes. The purpose of the Authority is to operate and maintain the Peace River Regional Water Treatment Facility and to ensure future water supply through the development of new surface water resources for member Counties and municipal purposes.

The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement Numbers 14 and 61, regarding the financial reporting entity and component units. Based on the criteria established in those standards, the Authority is a primary government with no component units.

Basis of Presentation

These financial statements are prepared in accordance with U.S. generally accepted accounting principles for governmental entities, as determined by the GASB. Under these standards, the Authority is a single purpose entity engaged in only business-type activities. The following comprise the basic financial statements of the Authority:

- Proprietary (Enterprise) Fund Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Statement of Cash Flows
- Notes to Financial Statements

Governmental reporting includes a requirement for a management's discussion and analysis of the basic financial statements, and it requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net Investment in Capital Assets**—consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets (net of deferred charges on refunding and less any unspent debt proceeds).
- **Restricted Net Position**—consists of those assets that have external constraints placed upon their uses, which are imposed by donors, creditors (such as through debt covenants), or through laws, regulations, constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.
- **Unrestricted Net Position**—consists of net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. The statement of revenues, expenses, and changes in fund net position is presented by major revenue source. The statement of cash flows is presented using the direct method.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Measurement Focus/Basis of Accounting

These proprietary fund financial statements are reported using the *economic resources measurement focus* and *the accrual basis of accounting*. Revenues are recorded when earned and measurable and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Cost-reimbursable grants and contributions are recorded in the period in which the related expenditures are incurred.

The Authority reports the following fund type:

- **Proprietary Fund Type – Enterprise Fund**—A single Enterprise Fund is used to account for all of the operations of the Authority. Enterprise funds may generally be used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are required to be used for activities: (a) that are financed with debt secured solely by a pledge of the net revenues from fees and charges of the activity; (b) if laws and regulations require that the activity’s costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or (c) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the Authority are charges to customers for water sales and services, member dues, and other assessments related to operations of the Authority. Operating expenses include the cost of sales and services, studies and master plans, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budgets

The Authority follows these procedures in establishing its annual budget:

- The Executive Director submits to the Authority a tentative operating budget no later than May 15 for the fiscal year commencing the following October. The budget contains proposed expenditures and the means of financing them.
- After review, the Authority adopts the final budget during a public hearing, no later than August 15 for the ensuing fiscal year.
- The annual budget is adopted on a basis consistent with generally accepted accounting principles, except that debt principal and capital expenditures are budgeted in the year paid/incurred, and depreciation and amortization are not budgeted. In addition, the budget may include certain transfers between restricted and unrestricted accounts.

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

Funding Sources

Funding is provided by capital and operating grants, from voluntary dues from the member Counties, and from irrevocable commitments from customers to pay for water sales.

Water Sales

The primary source of funding the Authority's operations is from water sales to its member counties and the City of North Port (who is a customer, not a member). The Authority does not currently provide any water to Manatee County, so charges to it consist solely of the member fees and customer planning assessments each year. The Authority modified the water use permit in February 2019 for an additional 50 years and is currently permitted to withdraw a maximum amount from the Peace River of 258 million gallons per day (MGD) and provides for the delivery of treated water to meet an annual average demand of 80 MGD.

The Authority's water rate consists of two components; the Base Rate Charge and Water Use Charge. The Base Rate Charge is further broken into a Debt Service Component and a Fixed Operations and Maintenance Component. The Debt Service Component of the Base Rate Charge consists of costs from the 1991 acquisition and allocation percentages for the debt associated with additional water supply acquisitions and/or expansions and pipelines for each respective customer.

The Fixed Operations and Maintenance Component of the Base Rate Charge is calculated as a unitary rate based on each customer's contractual water allocation and consists of: fixed costs associated with CIP, Renewal and Replacement and Resource/Supply projects, Fund Disbursements associated with the prior fiscal year's debt service coverage payments, contributions to the Renewal and Replacement fund, and contingencies. The Fixed Operation and Maintenance Component also includes inter-governmental payments, such as DeSoto County's Payment.

The second component of the Authority's water rate is the Water Use Charge, which reflects actual metered water usage. This charge is derived from the Variable Operations and Maintenance Expenses related to the Peace River Facility cost center. For fiscal year 2021, the per 1,000 gallon charge was \$0.79.

For the fiscal year ended September 30, 2021, total water sales of \$32,901,494 were allocated between Water Sales (\$29,901,494) and a Repair and Replacement Charge (\$3,000,000). Gross water sales to each of its customers were as follows:

Charlotte	\$11,457,924
DeSoto	649,534
Sarasota	14,986,764
Manatee	-
North Port	<u>2,807,272</u>
Total	<u>\$ 29,901,494</u>

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority generally considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Authority's definition of cash equivalents includes investments with the Local Government Surplus Trust Fund administered by the State Board of Administration (Florida PRIME).

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Receivables

Accounts and grant funds receivable are reported at their gross value, and where appropriate are reduced by the estimated portion that is expected to be uncollectible. There are no estimated uncollectible amounts at September 30, 2021.

Inventory

Inventory of chemicals and supplies is stated at cost. Cost is determined by the first-in, first-out method.

Bond Issue Costs/Prepaid Bond Insurance

Bond issuance costs (except for any prepaid bond insurance) are recorded as expenses in the period incurred. Prepaid bond insurance is recorded as an asset and amortized over the debt term.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Charge on Refunding

In the case of an advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is termed a refunding loss. Refunding losses are recorded as deferred outflows in the statement of net position and amortized over the remaining term of the *refunded* debt or the term of the new *refunding* debt, whichever is shorter.

Capital Assets

Assets with an estimated useful life of longer than one year are capitalized if greater than \$1,000 (machinery, equipment, and leasehold improvements), \$5,000 (buildings, building improvements, and infrastructure), or \$25,000 (renewal and replacement projects). Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred.

Capital assets are depreciated on a straight-line basis over the estimated lives of the related assets, as follows:

- | | |
|---|-------------|
| ■ Buildings and Improvements, Water Treatment Plant, Supply, and Transmission Systems | 10-40 Years |
| ■ Leasehold Improvements, Furniture, and Equipment | 5-20 Years |
| ■ Vehicles | 5 Years |
| ■ Computers and Software | 3 Years |

Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the life of the bonds using the straight-line method. Bond discounts/premiums are recorded as a reduction/addition to the bond payable balance.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Compensated Absences

The Authority accrues vacation and sick pay benefits and the related costs in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Employees are paid for accrued vacation time upon separation, and there are limits on the maximum amount of vacation hours that may be carried over from one calendar year to the next. Employees in good standing, with ten or more years of continuous and creditable service at separation, are entitled to one-half of accrued sick leave up to a maximum of 520 hours.

Net Pension Liability

The Authority participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by Florida Division of Retirement. Employers participating in cost-sharing multiple-employer defined benefit pension plans are required to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans.

Postemployment Benefits Other than Pensions

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* requires that employers report the total OPEB liability and related deferred inflows/outflows on their statement of net position. In connection with the standard, the Authority contacted its Actuary to perform a valuation for September 30, 2021. Based on that valuation, the Authority's total OPEB liability is measured at \$46,168. The Authority does not offer an explicit post-employment benefit and the calculated amount only represents an implicit rate subsidy. Management has determined that its effect is immaterial to the financial statements taken as a whole and has not recorded a liability or disclosed any further information.

Note 2 - Deposits and Investments

Deposits

The Authority's policy allows deposits to be held in demand deposits, savings accounts, certificates of deposit, and money market accounts. At September 30, 2021, the Authority maintained deposits in demand deposit accounts. Deposits whose values exceeded the limits of federal depository insurance were entirely insured or collateralized pursuant to Chapter 280 of the Florida Statutes.

At September 30, 2021, the carrying amount of the Authority's deposits was \$5,302,318 and the bank balance was \$5,302,738.

In addition to cash deposits, the Authority maintains \$250 of petty cash on hand for minor employee expense reimbursements.

Investments

The Authority holds assets that are defined as investments. The Authority's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79.

The Authority holds investments in qualified external investment pools that measure all of its investments at amortized cost. The following investments are recorded at amortized cost at September 30, 2021:

Investment Pool	Operating	Restricted	Amortized Cost
SBA Florida PRIME	\$ 12,190,946	\$ 7,415,141	\$ 19,606,087

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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. The account balances approximate fair value, and balances are available for immediate withdrawal. The weighted average maturity of Florida PRIME at September 30, 2021 is 49 days. The weighted average life (WAL) of Florida PRIME at September 30, 2021, is 64 days. Florida PRIME has a Standard & Poor's rating of "AAAm". Neither fund was exposed to foreign currency risk during the year.

Authorized Investments

The Authority has adopted an investment policy consistent with Florida Statutes 218.415, which authorizes the following investments:

- a. Local Government Surplus Funds Trust Fund, the State of Florida Investment Pool administered by the State Board of Administration (F.S. 218.405).
- b. United States Government Securities, which are negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government.
- c. Securities of United States Government Agencies that issue bonds, debentures, notes, callables, or other evidence of indebtedness issued or guaranteed by United States agencies, provided such obligations are backed by the full faith and credit of the United States Government (include FHA, FFB, and GNMA).
- d. Securities of Federal Instruments (United States Government sponsored agencies) that issue bonds, debentures, notes, callables, or other evidence of indebtedness issued or guaranteed by United States Government agencies which are not full faith and credit agencies are limited to the FFCB, FHLB, FNMA, FHLMC, and SLMA.
- e. Nonnegotiable interest-bearing time certificates of deposit or savings accounts in banks organized under the laws of the United States, doing business and situated in the State of Florida, provided that, any such deposits are secured by the *Florida Security for Public Deposits Act*, Chapter 280, *Florida Statutes*.
- f. Repurchase Agreements (for purchase and subsequent sale) for any of the investments authorized above in Items b. and c.
- g. State and/or local government taxable and tax-exempt debt, general obligation and/or revenue bonds rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt. Banker's Acceptances issued by a domestic bank, or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System which have an unsecured, uninsured and unguaranteed obligation rating of at least "Prime-1" and "A" by Moody's Investors Service and "A-1" and "A" by Standard & Poor's and ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

- h. Commercial paper rated, at the time of purchase, must have the minimum rating listed of two of the following three nationally recognized rating agencies; “PRIME-1” by Moody’s, “A-1” by Standard & Poor’s (prime commercial paper), and “F-1” by Fitch.
- i. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolio consists only of domestic securities that are rated “Aam” or “Aam-G” or better by Standard & Poor’s or the equivalent by another rating agency.
- j. Intergovernmental Investment Pools that are authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Section 163.01, Florida Statutes.

In addition, the investment policy states that the Authority will not directly invest any funds in derivative investment products. This includes, but is not limited to, collateralized mortgage obligations (CMO), interest-only (IO) and principal-only (PO) forwards, futures, currency and interest rate swaps, options floaters/inverse floaters, and caps/floors/collars.

Risk Disclosures

The Authority’s investment policy limits credit and custodial risk by limiting the amount of investments, which are not direct U.S. Government Obligations or in the Local Government Surplus Trust Fund, and having a qualification process for broker/dealers. In addition, the policy requires independent third-party custodians, when applicable.

Interest rate risk is controlled by limiting the maximum length of obligations purchased. Unless matched up to a specific cash flow, the Authority will not directly invest in securities maturing more than two years from the date of purchase.

Note 3 - Receivables

Accounts receivable at September 30, 2021, consists primarily of amounts due from customers for water sales, in the amount of \$4,490,492.

Grants receivable as of year-end include amounts due from Southwest Florida Water Management District in the amount of \$431,259 for capital and operating grants.

All amounts are considered collectible. There is no allowance for uncollectible accounts.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land and Easements	\$ 2,604,359	-	-	\$ 2,604,359
Construction in Progress	32,382,952	2,407,824	(31,024,895)	3,765,881
Total Capital Assets Not Being Depreciated	34,987,311	2,407,824	(31,024,895)	6,370,240
Capital Assets Being Depreciated:				
Buildings and Improvements, Water Treatment Plant, Supply, and Transmission Systems	375,067,762	32,967,830	(49,733)	407,985,858
Leasehold Improvements, Furniture, and Equipment	6,422,717	247,287	(129,239)	6,540,765
Total Capital Assets Being Depreciated	381,490,479	33,215,116	(178,972)	414,526,624
Less Accumulated Depreciation:				
Buildings and Improvements, Water Treatment Plant, Supply, and Transmission Systems	(155,629,933)	(11,828,240)	49,733	(167,408,440)
Leasehold Improvements, Furniture, and Equipment	(5,018,883)	(477,115)	129,239	(5,366,759)
Total Accumulated Depreciation	(160,648,816)	(12,305,355)	178,972	(172,775,200)
Total Capital Assets Being Depreciated, Net	220,841,663	20,909,762	-	241,751,424
Total Business-type Activities				
Capital Assets, Net	\$ 255,828,973	\$ 23,317,586	\$ (31,024,895)	\$ 248,121,664

Depreciation expense in the amount of \$12,305,355 was reported as a separate line item in the statement of revenues, expenses, and changes in net position.

Construction Commitments

Project	Contract Amount	Completed To- date	Balance Committed
Project Name			
Black & Veatch <i>Construction Services</i>	\$ 143,348	\$ 49,357	\$ 93,991
Poole & Kent <i>Construction</i>	3,534,507	943,849	2,590,658
	\$ 3,677,855	\$ 993,206	\$ 2,684,649

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 5 - Long-term Debt

Long-term debt activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term Debt:					
Bonds Payable:					
Series 2010A Revenue Bonds	\$ 13,140,000	\$ 0	\$ (13,140,000)	\$ 0	\$ 0
Series 2010B Revenue Bonds	29,555,000	0	(29,555,000)	0	0
Series 2014A Revenue Bonds	21,615,000	0	(21,615,000)	0	0
Series 2014B Revenue Bonds	55,915,000	0	0	55,915,000	0
Series 2015 Revenue Bonds	16,335,000	0	(1,710,000)	14,625,000	1,800,000
Series 2020 Revenue Bonds	0	52,055,000	(930,000)	51,125,000	2,815,000
Direct Borrowings:					
2019 Bank Note	1,705,000	0	(190,000)	1,515,000	195,000
Series 2019 Credit Note	3,500,000	0	(1,000,000)	2,500,000	0
Bonds and Notes Payable	141,765,000	52,055,000	(68,140,000)	125,680,000	4,810,000
Bond-Related Amounts:					
Unamortized Premiums	8,542,456	7,921,462	(1,095,391)	15,368,527	0
Unamortized Discounts	(206,833)	0	206,833	0	0
Total Bonds and Notes Payable	150,100,623	59,976,462	(888,558)	141,048,527	4,810,000
Net Pension Liability:					
Net Pension Liability – FRS	3,441,980	0	(2,758,253)	683,727	0
Net Pension Liability – HIS	1,166,563	62,234	0	1,228,797	6,200
Total Net Pension Liability	4,608,543	62,234	(2,758,253)	1,912,524	6,200
Total Long-term Debt	\$ 154,709,166	\$ 60,038,696	\$ (71,786,811)	\$ 142,961,051	\$ 4,816,200

The 2010A and B Bonds

On November 2, 2010, the Authority issued \$13,140,000 Utility System Revenue Bonds, Series 2010A (the 2010A Bonds), and \$29,555,000 Utility System Revenue Bonds Series 2010B (the 2010B Bonds). The 2010A Bonds were issued to provide funds, together with other legally available monies of the Authority, for the principal purpose of refunding the Authority's outstanding \$30,000,000 Utility System Revenue Bond Anticipation Note (the 2010 Note). The 2010 Note had been issued by the Authority on January 20, 2010, and had refunded prior interim financing in the same principal amount from 2008.

The 2010A Bonds were issued at a discount of \$328,500, as term bonds maturing on October 1, 2037, but subject to mandatory redemption in specified lots beginning on October 1, 2036. The stated interest rate on the term bonds is 4.50%. The unamortized discount at September 30, 2020, is \$206,833, as shown above. No principal payments are due until October 1, 2036, but interest is due semi-annually each October 1 and April 1. The final maturity is October 1, 2037. Early redemption is not permitted.

The proceeds of the 2010B Bonds were issued to provide funds for financing a portion of the costs of certain capital improvements including Phases 2 and 3A of the Regional Integrated Loop System (RILS) project, fund capitalized interest, and pay issuance costs. A portion of the 2010B Bonds are designated by the Authority as Build America Bonds, authorized by the *American Recovery and Reinvestment Act of 2009*. As such, the Authority expects to receive Federal Direct Payments from the U.S. Treasury in an amount equal to approximately 30% of each interest payment on the 2010B Bonds. The 2010B Bonds were issued without premium or discount, as term bonds maturing on October 1, 2040, but subject to mandatory redemption in specified lots beginning on October 1, 2037. The stated interest rate on the term bonds is 6.402%. No principal payments are due until October 1, 2037, but interest is due semi-annually each

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

October 1 and April 1. The final maturity is October 1, 2040. Early redemption is not permitted. The 2010A & B Bonds were defeased on October 22, 2020 pursuant to the 2020 Bonds detailed below.

The 2014 and 2015 Bonds

On October 6, 2014, the Authority issued \$27,390,000 Utility System Refunding Revenue Bonds, Series 2014A (the 2014A Bonds). On December 29, 2014, the Authority issued \$56,065,000 Utility System Refunding Revenue Bonds Series 2014B (the 2014B Bonds). On July 7, 2015, the Authority issued \$23,910,000 Utility System Refunding Revenue Bonds Series 2015 (the 2015 Bonds).

The 2014A Bonds were issued without premium or discount, as term bonds maturing on October 1, 2027, but subject to mandatory redemption in specified lots beginning on October 1, 2015. The stated interest rate on the term bonds is 2.54%. Principal payments are due each October 1, and interest is due semi-annually each October 1 and April 1. The final maturity is October 1, 2027. Early redemption is permitted, subject to certain conditions. The 2014A Bonds were defeased on October 22, 2020 pursuant to the 2020 Bonds detailed below.

The 2014B Bonds were issued at a premium of \$8,903,446, as serial bonds, with stated interest rates of 5.00% (except for \$150,000 at 2.00% which was due and payable on October 1, 2015). The unamortized premium at September 30, 2021 is \$6,155,469. Principal payments are due each October 1, beginning October 1, 2028 (except for \$150,000 at 2.00% which was due and payable on October 1, 2015), and interest is due semi-annually each October 1 and April 1.

The 2014B Bonds (along with the now defeased 2014A Bonds – see 2020 Bonds below) were issued to provide funds, together with other legally available monies of the Authority, for the principal purpose of refinancing the Authority's outstanding 2005A Bonds in the par amount of \$88,415,000. The 2015 Bonds were issued to provide funds, together with other legally available monies of the Authority, for the principal purpose of refinancing the Authority's outstanding 2005B Bonds in the par amount of \$27,845,000.

The final maturity is October 1, 2035. The 2014B Bonds may be redeemed in whole or in part at any time on or after October 1, 2024, without penalty.

The 2015 Bonds were issued at a premium of \$3,310,428, as serial bonds, with stated interest rates of 5.00%. The unamortized premium at September 30, 2021, is \$1,687,669. Principal payments are due each

October 1, and interest is due semi-annually each October 1 and April 1. The final maturity is October 1, 2028. The 2015 Bonds may be redeemed in whole or in part at any time on or after October 1, 2024, without penalty.

At September 30, 2021, unamortized losses were \$1,729,823 (2014B Bonds) and \$40,784 (2015 Bonds). Amortization of \$123,559 (2014B Bonds) and \$6,274 (2015 Bonds) were charged to interest expense in 2021. These losses are being amortized over the remaining debt term using the straight-line method.

The 2020 Bonds

On October 22, 2020, the Authority issued \$52,055,000 Utility System Refunding Revenue Bonds, Series 2020 (the 2020 Bonds).

The 2020 Bonds were issued to provide funds, together with other legally available monies of the Authority, for the principal purpose of refinancing the Authority's outstanding 2010A, 2010B and 2014A Bonds in the par amount of \$52,055,000 and were refunded for a savings of over \$24 million (\$13 million in present value savings).

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

The 2020 Bonds were issued at a premium of \$7,921,462, as serial bonds, with stated interest rates of 3.00% to 5.00% (except for a \$1,130,000 term bond at 2.00% which is due and payable on October 1, 2035). The unamortized premium at September 30, 2021, is \$7,525,389. Principal payments are due each October 1, and interest is due semi-annually each October 1 and April 1. The final maturity is October 1, 2040. The 2020 Bonds maturing on or before October 1, 2030 are not subject to optional redemption prior to maturity. The 2020 Bonds maturing on or after October 1, 2031 are redeemable prior to their stated maturity dates on or after October 1, 2030, without penalty.

At September 30, 2021, unamortized loss was \$196,492. Amortization of \$10,342 was charged to interest expense in 2021. This loss is being amortized over the remaining debt term using the straight-line method.

The 2019 Note – Direct Borrowing

On February 13, 2019, the Authority issued \$2,000,000 Utility System Subordinate Taxable Revenue Note, Series 2019 (the 2019 Note). The 2019 Note was issued to provide funds, together with other legally available monies of the Authority, for the principal purpose of purchasing the Authority’s Administration Office located in Lakewood Ranch, Florida.

The 2019 Note was issued without premium or discount, as term bonds maturing on October 1, 2028, but subject to mandatory redemption in specified lots beginning on October 1, 2019. The stated interest rate on the term bonds is 3.362%. Principal payments are due each October 1, and interest is due semi-annually each October 1 and April 1. The final maturity is October 1, 2028.

Series 2019 Credit Note – Direct Borrowing

On October 1, 2019, the Authority closed on a \$5,000,000 Non-Revolving Line of Credit (Series 2019 Credit Note) with a three year term. The Line of Credit will be used to provide funding for the Authority’s System-wide Benefit Projects (a subset of the Authority’s Capital Improvement Projects). The interest rate on the Line of Credit is variable and will be calculated at a rate of 79% of LIBOR plus thirty-six basis points with the interest payments being due on a semi-annual on April 1 and October 1. As of September 30, 2021, the Authority has drawn \$2,500,000 on the line of credit and the amount of unused line of credit is \$2,500,000.

Other Provisions

Principal and interest on the above bonds are payable from and secured by a lien upon and pledge of the Net Revenues (see below) plus the balances in certain funds and accounts as defined in the bond resolutions. The lien and pledge on each series of bonds is on parity with the others.

Bond covenants require the Authority to set rates so as always to provide, in each fiscal year, Net Revenues equal to: (1) at least 115% of the Annual Debt Service becoming due in such fiscal year; and (2) at least 100% of any required County Payments, as defined in the bond resolutions. Net Revenues are defined in the bond resolutions as Gross Revenues less Operating and Maintenance Costs. Gross Revenues are operating revenues (excluding member dues) plus investment earnings, Federal Direct Payments, and certain transfers from the Rate Stabilization Account. Operating and Maintenance Costs are operating expenses excluding depreciation, studies, and master plans. Following are the required disclosures for 2021:

<u>Pledge Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Net Revenues	10/01/40	\$ 183,041,897	\$ 9,568,061	\$ 16,765,692	206%

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The following is a schedule of future gross debt service requirements (excluding federal direct payments) of the Authority's outstanding bonds payable:

Year Ending September 30,	Bonds		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2022	\$ 4,615,000	\$ 5,517,450	\$ 195,000	\$ 50,934	\$ 10,378,384
2023	4,815,000	5,314,850	200,000	44,378	10,374,228
2024	5,020,000	5,103,400	210,000	37,654	10,371,054
2025	5,235,000	4,882,800	215,000	30,594	10,363,394
2026	5,505,000	4,621,050	225,000	23,366	10,374,416
2027-2031	32,790,000	18,674,150	470,000	23,870	51,958,020
2032-2036	39,375,000	9,661,750	-	-	49,036,750
2037-2040	24,310,000	2,375,650	-	-	26,685,650
Total	\$ 121,665,000	\$ 56,151,100	\$ 1,515,000	\$ 210,797	\$ 179,541,897

Total interest costs on the above bonds incurred during 2021 were \$5,595,320, and federal direct payments on the 2010B Bonds were \$34,152. No interest costs were capitalized in 2021.

Note 6 -Restricted Assets and Net Position

Net position is restricted when restricted assets are funded from operating revenues. Only portions of debt related to the proceeds that have been spent to acquire capital assets are included in the calculation of the net investment in capital assets. Following are the balances in restricted assets and restricted net position at September 30, 2021:

	Restricted Assets	Restricted Net Position
Capital Outlay, Grants, etc.	\$ 1,646,628	\$ 1,646,628
Renewal and Replacement	2,557,075	2,557,075
Operations Reserve	1,750,253	1,750,253
Rate Stabilization Account	2,110,136	2,110,136
Debt Sinking Fund	-	-
Other	2,500	-
Total	\$ 8,066,592	\$ 8,064,092

The tenant security deposit of \$2,500 accounts for the variance between Restricted Assets and Restricted Net Position above.

Within the assets restricted for capital outlay, grants, etc. above, certain amounts have been attributed to specific customers to be used toward future projects or as general fund disbursements as follows:

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

	Allocated General Fund	Allocated Project Savings
Charlotte County	\$ 63,157	\$ -
DeSoto County	3,438.00	-
Sarasota County	865,593	1,094,521
City of North Port	450,874	-
Total	\$ 1,383,062	\$ 1,094,521

Note 7 -Retirement Plan

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. A annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

Payables to the Pension Plan. At September 30, 2021, the Authority reported a payable of \$0 for the outstanding amount of contributions to the Plan, required for the fiscal year ended September 30, 2021.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the Authority are as follows:

- *Regular Class*—Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)*—Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
<i>Regular Class Members Initially Enrolled Before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the Authority's 2020-21 fiscal year were as follows:

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

<u>Class</u>	<u>Year Ended June 30, 2021</u>		<u>Year Ended June 30, 2022</u>	
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular	3.00	8.28	3.00	9.10
FRS, Senior Management Services	3.00	25.57	3.00	27.29
DROP – Applicable to Members from All of the Above Classes	0.00	15.32	0.00	16.68
Investment Plan, Regular	0.00	3.44	0.00	4.19
FRS, Reemployment Retiree	(1)	(1)	(1)	(1)

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The Authority's contributions (employer only) to the Plan totaled \$364,597 for the fiscal year ended September 30, 2021. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2021, the Authority reported a liability of \$683,727 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Authority's proportionate share of the net pension liability was based on the Authority's 2020-21 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the Authority's proportion was .0090513544%, which was an increase of .0011098161 from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the Authority recognized pension expense of \$62,928 related to the Plan. At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 105,112	\$ 0
Difference Between Expected and Actual Experience	117,192	0
Changes in Assumptions	467,840	0
Changes in Proportion and Difference between Authority Contributions and Proportionate Share of Contributions	364,344	9,153
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	2,385,351
Total	<u>\$ 1,054,488</u>	<u>\$ 2,394,504</u>

The deferred outflows of resources related to pensions, totaling \$105,112, resulting from Authority contributions subsequent to the measurement date but prior to the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2021	\$ (243,172)
2022	(287,272)
2023	(409,541)
2024	(551,631)
2025	46,488
Total	<u>\$ (1,445,128)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the individual entry age cost method, and the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	6.80%
Long-term Expected Rate of Return, Net of Investment Expense	6.80%
Municipal Bond Index	N/A

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	<u>100.0%</u>			

Assumed Inflation – Mean	2.4%	1.2%
--------------------------	------	------

Discount Rate. The discount rate used to measure the total pension liability was 6.80%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 6.80% in the July 1, 2020 valuation.

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

FRS – Authority:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Authority's Proportionate Share of the Net Pension Liability	\$ 3,057,673	\$ 683,727	\$ (1,300,625)

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2021 and 2020, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and all preceding years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Authority's contributions to the HIS Plan totaled \$59,227 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2021, the Authority reported a net pension liability of \$1,228,797 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Authority's proportionate share of the net pension liability was based on the Authority's 2020-21 fiscal year contributions relative to the total

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

2020-21 fiscal year contributions of all participating members. At June 30, 2021, the Authority's proportionate share was 0.0100174983%, which was an increase of .0004632107 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the Authority recognized pension expense of \$116,662 related to the HIS Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions after Measurement Date	\$ 15,566	\$ 0
Difference Between Expected and Actual Experience	41,119	515
Changes of Assumptions	96,556	50,630
Changes in Proportion and Difference between Authority Contributions and Proportionate Share of Contributions	128,325	662
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,281	0
Total	<u>\$ 282,847</u>	<u>\$ 51,806</u>

The deferred outflows of resources related to pensions, totaling \$15,566, resulting from Authority contributions to the HIS Plan subsequent to the measurement date but prior to the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2022	\$ 54,001
2023	37,978
2024	42,734
2025	43,065
2026	30,354
Thereafter	7,342
Total	<u>\$ 215,474</u>

Actuarial Assumptions. The total pension liability in the July 1, 2020 actuarial valuation rolled forward to the measurement date of June 30, 2021, was determined using the individual entry age cost method, and the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% Average, Including Inflation
Discount Rate	2.16%
Long-term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	2.16%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018; details in July 1, 2020 valuation report.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The actuarial assumptions that determined the total pension liability as of June, 30, 2021 were based on the results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Authority's Proportionate Share of the Net Pension Liability	\$ 1,420,608	\$ 1,228,797	\$ 1,071,650

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

FRS – Defined Contribution Pension Plan

The Authority contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts during the 2019-20 fiscal year were as follows:

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

<u>Class</u>	<u>Year Ended June 30, 2020</u>		<u>Year Ended June 30, 2021</u>	
	<u>Percent of Gross Compensation</u>		<u>Percent of Gross Compensation</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
FRS, Regular Class	3.00	3.30	3.00	3.30
FRS, Senior Management Service Class	3.00	4.67	3.00	4.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's contributions to the Investment Plan totaled \$43,921 for the fiscal year ended September 30, 2021. The Authority's Investment Plan pension expense totaled \$43,920 for the fiscal year ended September 30, 2021.

FRS – Summary of Defined Benefit Pension Plans

The aggregate amount of net pension liability, and the related deferred outflows of resources, deferred inflows of resources, and pension expense for the Authority's defined benefit pension plans are summarized below:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
FRS	\$ 683,727	\$ 1,054,488	\$ 2,394,504	\$ (301,669)
HIS	1,228,797	282,847	51,807	57,435
Total	<u>\$ 1,912,524</u>	<u>\$ 1,337,335</u>	<u>\$ 2,446,311</u>	<u>\$ (244,234)</u>

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 8 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and there have been no settlements or claims in excess of coverage for the past three years.

Note 9 - COVID-19 Pandemic

As a wholesale water utility, the Authority has remained largely unaffected by the economic impacts of the COVID-19 pandemic. There have not been any material changes to budgeted revenues or expenses for both prior or upcoming fiscal years and policies have been implemented to ensure the safety and welfare of the Authority staff and public.

REQUIRED SUPPLEMENTARY INFORMATION

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
LAST 10 FISCAL YEARS**

FLORIDA RETIREMENT SYSTEM PENSION PLAN

Year Ended June 30,	Authority's Proportion of the FRS Net Pension Plan	Authority's Proportion Share of the FRS Net Pension Plan Liability	Authority's Covered Payroll (FYE June 30)	Authority's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.007989257%	\$ 487,462	\$ 2,390,715	20.39%	96.09%
2015	0.008389114%	1,083,567	2,460,331	44.04%	92.00%
2016	0.734946400%	1,855,745	2,466,289	75.24%	84.88%
2017	0.007389965%	2,185,902	2,647,640	82.56%	83.89%
2018	0.007500678%	2,259,243	2,830,735	79.81%	84.26%
2019	0.007577275%	2,609,508	3,084,084	84.61%	82.61%
2020	0.007941538%	3,441,980	3,225,152	106.72%	78.85%
2021	0.905135440%	683,727	3,546,415	19.28%	96.40%

HEALTH INSURANCE SUBSIDY PENSION PLAN

Year Ended June 30,	Authority's Proportion of the HIS Net Pension Plan	Authority's Proportion Share of the HIS Net Pension Liability	Authority's Covered Payroll (FYE June 30)	Authority's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.008048456%	\$ 752,550	\$ 2,304,992	32.65%	0.99%
2015	0.008028182%	818,748	2,460,331	33.28%	0.50%
2016	0.007989135%	931,101	2,466,289	37.75%	0.97%
2017	0.008312632%	888,825	2,647,640	33.57%	1.64%
2018	0.008666849%	917,309	2,830,735	32.41%	2.15%
2019	0.009221584%	1,031,803	3,084,084	33.46%	2.63%
2020	0.009554288%	1,166,563	3,225,152	36.17%	3.00%
2021	0.100174980%	1,228,797	3,546,415	34.65%	3.56%

Note:

Additional information will be provided annually until ten years' data is presented.

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SCHEDULE OF AUTHORITY CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PENSION PLANS
LAST 10 FISCAL YEARS**

FLORIDA RETIREMENT SYSTEM PENSION PLAN

Year Ended September 30,	Contractually Required Contribution	FRS Contribution in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	Authority's Covered Payroll (FYE September 30)	FRS Contributions as a Percentage of Covered Payroll
2014	\$ 219,705	\$ (219,705)	\$ -	\$ 2,411,837	9.11%
2015	201,785	(201,785)	-	2,458,752	8.21%
2016	188,652	(188,652)	-	2,600,710	7.25%
2017	196,023	(196,023)	-	2,702,982	7.25%
2018	216,626	(216,626)	-	2,849,798	7.60%
2019	242,124	(242,124)	-	3,171,685	7.63%
2020	284,132	(284,132)	-	3,395,122	8.37%
2021	364,598	(364,598)	-	3,581,432	10.18%

HEALTH INSURANCE SUBSIDY PENSION PLAN

Year Ended September 30,	Contractually Required Contribution	HIS Contribution in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	Authority's Covered Payroll (FYE September 30)	HIS Contributions as a Percentage of Covered Payroll
2014	\$ 34,372	\$ (34,372)	\$ -	\$ 2,411,837	1.43%
2015	32,819	(32,819)	-	2,458,752	1.33%
2016	43,099	(43,099)	-	2,600,710	1.66%
2017	44,994	(44,994)	-	2,702,982	1.66%
2018	47,317	(47,317)	-	2,849,798	1.66%
2019	52,661	(52,661)	-	3,171,685	1.66%
2020	56,425	(56,425)	-	3,395,122	1.66%
2021	59,277	(59,277)	-	3,581,432	1.66%

Note:

Additional information will be provided annually until ten years' data is presented.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

Note I - Changes in Benefit Terms and Assumptions – 2021

Changes in Benefit Terms from the year ended June 30, 2020 to June 30, 2021:

- **FRS**—No significant changes.
- **HIS**—No significant changes.

Changes in Assumptions from the year ended June 30, 2020 to June 30, 2021:

- **FRS**—No significant changes
- **HIS**—The municipal rate used to determine total pension liability decreased from 2.21% to 2.16%.

Note II - Changes in Benefit Terms and Assumptions – 2020

Changes in Benefit Terms from the year ended June 30, 2019 to June 30, 2020:

- **FRS**—No significant changes.
- **HIS**—No significant changes.

Changes in Assumptions from the year ended June 30, 2019 to June 30, 2020:

- **FRS**—The long-term expected rate of return was decreased from 6.90% to 6.80% and the active member mortality assumption was updated.
- **HIS**—The municipal rate used to determine total pension liability decreased from 3.50% to 2.21%.

Note III - Changes in Benefit Terms and Assumptions – 2019

Changes in Benefit Terms from the year ended June 30, 2018 to June 30, 2019:

- **FRS**—No significant changes.
- **HIS**—No significant changes.

Changes in Assumptions from the year ended June 30, 2018 to June 30, 2019:

- **FRS**—The long-term expected rate of return was decreased from 7.00% to 6.90% and the active member mortality assumption was updated.
- **HIS**—The municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.

Note IV - Changes in Benefit Terms and Assumptions – 2018

Changes in Benefit Terms from the year ended June 30, 2017 to June 30, 2018:

- **FRS**—No significant changes.
- **HIS**—No significant changes.

Changes in Assumptions from the year ended June 30, 2017 to June 30, 2018:

- **FRS**—The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.
- **HIS**—The municipal rate used to determine total pension liability increased from 3.58% to 3.87%.

Note V - Changes in Benefit Terms and Assumptions – 2017

Changes in Benefit Terms from the year ended June 30, 2016 to June 30, 2017:

- **FRS**—No significant changes.
- **HIS**—No significant changes.

Changes in Assumptions from the year ended June 30, 2016 to June 30, 2017:

- **FRS**—The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member mortality assumption was updated.
- **HIS**—The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

STATISTICAL SECTION

(unaudited)

This part of the Authority's annual comprehensive 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 Authority's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	67-69
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance has changed over time.</i>	
Revenue Capacity	70-71
<i>These schedules contain information to help the reader assess the Authority's revenue sources</i>	
Debt Capacity	72-73
<i>These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.</i>	
Operating Information	74-75
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provided services and the activities.</i>	
Demographic and Economic Information	76
<i>These tables offer demographic and economic indicators to help the reader understand the environment in which the Authority's financial activities take place.</i>	

Peace River Mansota Regional Water Supply Authority
 Net Position by Component
 Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Position										
Net Investment in Capital Assets	108,894,598	105,577,779	97,126,276	99,249,484	105,836,765	112,351,825	118,384,875	120,279,428	123,200,105	130,941,881
Restricted	8,064,092	9,833,916	12,442,351	21,782,830	20,136,402	19,361,213	19,738,780	19,751,759	26,529,102	17,444,686
Unrestricted	16,754,215	19,894,771	15,578,057	8,047,922	9,335,832	7,875,473	6,540,101	8,109,723	8,171,036	14,251,094
Total Net Position	133,712,905	135,306,466	125,146,684	129,080,236	135,308,999	139,588,511	144,663,757	148,140,910	157,900,243	162,637,661

Peace River Mansota Regional Water Supply Authority
Schedule of Revenues, Expenses & Changes in Fund Net Position
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenues										
Member Dues	386,508	371,160	389,200	355,300	336,499	309,500	309,000	277,600	278,300	280,999
Water Sales	32,901,494	31,941,419	31,125,103	30,467,231	30,390,798	30,110,490	29,474,921	29,135,301	28,065,437	26,645,698
Special Assessment	625,000	325,000	100,000	60,000	60,000	50,000	50,000	50,000	50,000	100,000
Renewal & Replacement	-	-	-	-	-	-	-	1,200,000	1,200,000	1,300,000
Other	2,001,015	652,183	131,499	37,354	27,018	21,993	27,131	19,137	30,419	37,035
Total Operating Revenues	35,914,017	33,289,762	31,745,802	30,919,885	30,814,315	30,491,983	29,861,052	30,682,038	29,624,156	28,363,732
Operating Expenses										
Cost of Sales & Services	17,667,201	16,882,050	16,415,682	15,002,110	14,200,760	13,574,250	13,493,354	13,819,834	13,077,440	12,945,545
Studies & Master Plan	-	124,531	307,294	18,112	5,259	20,790	59,296	316,460	108,306	1,093,178
Administration	502,565	466,511	743,901	683,723	627,038	602,466	568,400	489,972	511,692	363,085
Depreciation	12,305,355	12,686,624	12,495,084	12,573,146	12,156,431	11,878,125	11,595,914	11,687,372	11,464,530	10,562,683
Total Operating Expenses	30,475,122	30,159,719	29,961,961	28,277,091	26,989,489	26,075,631	25,716,964	26,313,638	25,161,968	24,964,491
Operating Income	5,438,895	3,130,043	1,783,841	2,642,794	3,824,826	4,416,352	4,144,088	4,368,400	4,462,188	3,399,241
Nonoperating Revenues (Expenses)										
Grants - Studies & Master Plans	727,805	-	153,648	9,056	-	-	14,183	158,201	62,940	664,266
Investment Earnings	32,949	341,225	675,603	32,949	284,130	156,744	119,460	54,662	104,066	218,700
Oversize Facility Payments	(1,971,557)	(1,971,557)	(1,971,557)	(1,971,557)	(1,971,557)	(1,971,557)	(1,971,557)	(1,971,557)	(1,971,557)	(1,971,557)
County Payments	(796,000)	(796,000)	(796,000)	(796,000)	(796,000)	(796,000)	(750,000)	(750,000)	(750,000)	(750,000)
Other Customer Payments	(1,345,125)	(1,345,321)	(1,345,634)	(1,345,291)	(1,346,176)	(1,331,317)	(1,474,954)	(1,243,187)	-	-
Interest Expense	(4,816,996)	(6,278,223)	(6,347,370)	(6,406,851)	(6,504,533)	(6,598,330)	(7,232,175)	(8,291,931)	(8,454,925)	(7,857,220)
Bond Issuance Costs	(425,513)	(51,630)	(49,940)	-	(4,801)	(4,801)	(838,506)	-	-	-
Federal Direct Payments	34,152	584,835	582,352	579,868	578,006	578,626	576,565	576,143	633,431	425,725
Taxes	-	-	-	-	-	(224,975)	-	(224,975)	-	-
Total Nonoperating Revenues	(8,560,285)	(9,516,671)	(9,098,899)	(9,897,826)	(9,776,130)	(9,966,635)	(11,556,985)	(11,692,644)	(10,376,045)	(9,270,086)
(Loss) Before Capital Contributions	(3,121,390)	(6,386,627)	(7,315,057)	(7,255,032)	(5,951,304)	(5,550,283)	(7,412,897)	(7,324,244)	(5,913,857)	(5,870,845)
Capital Contributions										
Capital Grants	527,828	8,900,721	3,381,505	611,870	1,671,793	-	1,250,000	1,000,000	1,176,439	11,597,995
Capital Refunds - Customers	-	-	-	-	-	(24,964)	-	(2,081,569)	-	-
Capital Payments - Customers	1,000,000	7,645,686	-	-	-	500,000	4,393,635	-	-	1,114,265
Contribution from General Fund	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	1,527,828	16,546,407	3,381,505	611,870	1,671,793	475,036	5,643,635	(1,081,569)	1,176,439	12,712,260
Change in Net Position	(1,593,561)	10,159,781	(3,933,552)	(6,643,162)	(4,279,511)	(5,075,247)	(1,769,262)	(8,405,813)	(4,737,418)	6,841,415
Total Net Position, Beginning of Year:										
As Originally Reported	135,306,466	125,146,684	129,080,236	135,308,999	139,588,511	144,663,758	148,140,910	157,900,243	162,637,661	155,796,246
Adjustments due to GASB Changes	-	-	-	-	-	-	(1,707,890)	(1,353,520)	-	-
As Adjusted	135,306,466	125,146,684	129,080,236	135,308,999	139,588,511	144,663,758	146,433,020	156,546,723	162,637,661	155,796,246
Total Net Position, End of Year	133,712,905	135,306,466	125,146,684	129,080,236	135,308,999	139,588,511	144,663,758	148,140,910	157,900,243	162,637,661

**Peace River Manasota Regional Water Supply Authority
Schedule of Restricted Assets
Last 10 Fiscal Years**

Fiscal Year	Construction Funds	Renewal & Replacement Funds	Rate Stabilization Funds	Debt Sinking Fund	Operations Reserve	Total
2021	\$ 1,646,628	\$ 2,557,075	\$ 2,110,136	\$ -	\$ 1,750,253	\$ 8,064,092
2020	\$ 1,405,527	\$ 2,784,231	\$ 2,106,855	\$ 1,855,637	\$ 1,681,667	\$ 9,833,916
2019	\$ 5,019,752	\$ 2,525,907	\$ 2,082,159	\$ -	\$ 1,626,200	\$ 11,254,018
2018	\$ 6,578,286	\$ 2,522,356	\$ 2,030,336	\$ -	\$ 9,450,602	\$ 20,581,580
2017	\$ 6,138,790	\$ 2,801,982	\$ 1,992,134	\$ -	\$ 8,317,430	\$ 19,250,336
2016	\$ 6,761,100	\$ 2,571,228	\$ 1,970,729	\$ -	\$ 8,237,024	\$ 19,540,081
2015	\$ 7,775,197	\$ 2,993,127	\$ 1,960,080	\$ -	\$ 8,177,886	\$ 20,906,290
2014	\$ 9,954,977	\$ 2,230,910	\$ 1,951,554	\$ -	\$ 8,140,581	\$ 22,278,022
2013	\$ 12,770,944	\$ 3,618,214	\$ 2,051,274	\$ -	\$ 8,113,416	\$ 26,553,848
2012	\$ 11,105,788	\$ 3,692,354	\$ 1,446,087	\$ -	\$ 1,809,293	\$ 18,053,522

Peace River Mansota Regional Water Supply Authority
 Water Sales by Customer (Average Millions of Gallons per Day)
 Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Charlotte County	11.39	11.08	10.45	10.46	11.28	10.39	10.43	10.40	9.99	9.99
DeSoto County	0.69	0.54	0.59	0.61	0.91	0.67	0.72	0.82	0.62	0.57
Sarasota County	14.24	15.52	12.72	12.47	12.99	13.52	12.85	12.51	12.07	11.27
City of North Port	2.30	1.71	2.00	0.94	1.17	1.36	1.58	1.49	1.79	1.64
	28.62	28.85	25.75	24.48	26.34	25.93	25.57	25.21	24.47	23.47

Peace River Mansota Regional Water Supply Authority
Water Sales by Customer
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Charlotte County	\$ 12,849,855	\$ 12,298,409	\$ 12,135,535	\$ 12,023,423	\$ 11,923,405	\$ 11,683,694	\$ 11,742,717	\$ 11,316,097	\$ 10,966,389	\$ 11,083,342
DeSoto County	707,891	644,396	657,885	657,533	727,914	657,623	681,263	702,732	636,211	606,779
Sarasota County	16,288,782	16,173,521	15,426,735	15,194,277	15,146,130	15,137,268	14,460,202	14,532,553	13,983,911	12,917,253
City of North Port	3,054,966	2,805,976	2,905,347	2,591,998	2,593,349	2,631,905	2,590,739	2,583,918	2,478,926	2,038,324
Other	-	19,117	-	-	-	-	-	-	-	-
	\$ 32,901,494	\$ 31,941,419	\$ 31,125,501	\$ 30,467,231	\$ 30,390,798	\$ 30,110,490	\$ 29,474,921	\$ 29,135,301	\$ 28,065,437	\$ 26,645,698

Peace River Manasota Regional Water Supply Authority
 Schedule of Long Term Debt by Issuance
 Last 10 Fiscal Years

FY	2005A	2005B	2008 BAN	2010A	2010B	2014A	2014B	2015	2019	2020	Line of Credit	Total
2021	-	-	-	-	-	-	55,915,000	14,625,000	1,515,000	51,125,000	2,500,000	125,680,000
2020	-	-	-	13,140,000	29,555,000	21,615,000	55,915,000	16,335,000	1,705,000	-	3,500,000	141,765,000
2019	-	-	-	13,140,000	29,555,000	22,780,000	55,915,000	17,960,000	1,885,000	-	-	141,235,000
2018	-	-	-	13,140,000	29,555,000	23,915,000	55,915,000	19,510,000	-	-	-	142,035,000
2017	-	-	-	13,140,000	29,555,000	25,020,000	55,915,000	20,990,000	-	-	-	144,620,000
2016	-	-	-	13,140,000	29,555,000	26,100,000	55,915,000	22,395,000	-	-	-	147,105,000
2015	-	-	-	13,140,000	29,555,000	27,155,000	55,915,000	23,735,000	-	-	-	149,500,000
2014	88,415,000	27,845,000	-	13,140,000	29,555,000	-	-	-	-	-	-	158,955,000
2013	89,175,000	29,225,000	-	13,140,000	29,555,000	-	-	-	-	-	-	161,095,000
2012	89,910,000	30,550,000	-	13,140,000	29,555,000	-	-	-	-	-	-	163,155,000

Peace River Manasota Regional Water Supply Authority
Debt Service Coverage
Last 10 Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross Revenues										
Water Sales	\$ 27,945,698	\$ 29,265,437	\$ 29,135,301	\$ 29,474,921	\$ 30,110,490	\$ 30,390,798	\$ 30,467,231	\$ 31,125,103	\$ 31,941,419	\$ 32,901,494
Renewal & Replacement Revenue			1,200,000							
Interest	2,187,700	104,066	54,662	119,460	156,744	264,130	447,348	675,603	341,225	32,949
Federal Subsidy Interest (2010B Bond Issue) ⁽¹⁾	662,239	633,431	576,143	576,565	578,626	578,006	579,868	-	-	-
Gross Revenue Transfer (RSF)	280,000	-	-	-	-	-	-	-	-	-
Other ⁽²⁾	37,035	30,419	19,137	27,131	21,993	27,018	37,354	131,499	652,183	2,001,015
Total Gross Revenues	\$ 29,143,672	\$ 30,033,353	\$ 30,985,243	\$ 30,198,077	\$ 30,867,853	\$ 31,259,952	\$ 31,531,801	\$ 31,932,205	\$ 32,934,827	\$ 34,935,458
Operation and Maintenance Expenses										
Cost of Sales and Services	\$ 11,815,035	\$ 13,077,440	\$ 13,819,834	\$ 14,331,860	\$ 13,574,250	\$ 14,200,760	\$ 15,002,110	\$ 16,415,682	\$ 16,882,050	\$ 17,667,201
Administration	1,493,595	511,692	489,972	568,400	602,466	627,038	683,723	743,901	466,511	502,566
Total Operation and Maintenance Expenses	\$ 13,308,630	\$ 13,589,132	\$ 14,309,806	\$ 14,900,260	\$ 14,176,716	\$ 14,827,798	\$ 15,685,833	\$ 17,159,583	\$ 17,348,561	\$ 18,169,767
Net Revenues Available for Debt Service	\$ 15,835,042	\$ 16,444,221	\$ 16,675,437	\$ 15,297,817	\$ 16,691,137	\$ 16,432,154	\$ 15,845,968	\$ 14,772,622	\$ 15,586,266	\$ 16,765,691
Outstanding Bonds Debt Service										
Principal	1,985,000	2,060,000	2,140,000	2,005,000	2,395,000	2,485,000	2,585,000	2,685,000	2,790,000	2,640,000
Interest ⁽¹⁾	8,464,422	8,389,985	8,307,585	7,232,175	6,598,330	6,504,533	6,406,851	6,279,751	6,234,312	5,487,719
Total Debt Service⁽³⁾	\$ 10,449,422	\$ 10,449,985	\$ 10,447,585	\$ 9,237,175	\$ 8,993,330	\$ 8,989,533	\$ 8,991,851	\$ 8,964,751	\$ 9,024,312	\$ 8,127,719
Debt Service Coverage (1.15x required)	1.52	1.57	1.60	1.66	1.86	1.83	1.76	1.65	1.73	2.06
Revenues Available After Senior Lien Debt Service	5,385,620	5,994,236	6,227,852	6,060,642	7,697,807	7,442,621	6,854,117	5,807,871	6,561,954	8,637,972
Subordinate Indebtedness Debt Service										
Principal								115,000	180,000	190,000
Interest ⁽¹⁾								42,585	63,374	57,322
Total Subordinate Indebtedness Debt Service⁽³⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,585	\$ 243,374	\$ 247,322
Total Debt Service	\$ 10,449,422	\$ 10,449,985	\$ 10,447,585	\$ 9,237,175	\$ 8,993,330	\$ 8,989,533	\$ 8,991,851	\$ 9,122,336	\$ 9,267,686	\$ 8,375,041
Revenues Available After Total Debt Service	\$ 5,385,620	\$ 5,994,236	\$ 6,227,852	\$ 6,060,642	\$ 7,697,807	\$ 7,442,621	\$ 6,854,117	\$ 5,650,286	\$ 6,318,580	\$ 8,390,650
Total Debt Service Coverage (1.15x required)	1.52	1.57	1.60	1.66	1.86	1.83	1.76	1.62	1.68	2.00
Capital Cost Reimb Chg (Char Co Pmt)	1,971,557	1,971,557	1,971,557	1,971,557	1,971,557	1,971,557	1,971,557	1,971,557	1,971,557	1,971,557
DeSoto County Payment	750,000	750,000	750,000	750,000	796,000	796,000	796,000	796,000	796,000	796,000
Due Charlotte Co. for North Port Reserve Allocation	4,781	4,781	4,781	4,781	4,781	4,781	4,781	4,781	4,781	4,781
Total County Payments	\$ 2,726,338	\$ 2,726,338	\$ 2,726,338	\$ 2,726,338	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338
County Debt Service Coverage (1.00x req)	1.98	2.20	2.28	2.22	2.78	2.68	2.47	2.04	2.28	3.03

(1) Gross Revenues include Federal Direct Payments in the Fiscal Year ended September 30, 2015 only. Due to the implementation of amendments to the Bond Resolution effective as of December 29, 2014, Federal Direct Payments are excluded from Gross Revenues in fiscal years ended September 30, 2016 through and including 2021 and instead are netted against the amount of interest payable on Federal Direct Bonds.

(2) SWFWMD/EPA funds are not applicable to debt service coverage.

(3) Principal/Interest due on October 1 was paid on September 30 of prior fiscal year reflecting conservative presentation when compared to the provisions of the Bond Resolution.

Peace River Manasota Regional Water Supply Authority
Operating Indicators
Last 10 Fiscal Years

FY	Miles of Transmission Pipelines	Facility Treatment Capacity (MGD)	Number of ASR Wells	ASR Well Capacity (Billion Gallons)	Number of Water Supply Reservoirs	Water Supply Reservoir Capacity (Billion Gallons)
2021	80	51	21	6	2	6.5
2020	67	51	21	6	2	6.5
2019	67	51	21	6	2	6.5
2018	67	51	21	6	2	6.5
2017	67	51	21	6	2	6.5
2016	67	51	21	6	2	6.5
2015	67	48	21	6	2	6.5
2014	67	48	21	6	2	6.5
2013	67	48	21	6	2	6.5
2012	60	48	21	6	2	6.5

**Peace River Manasota Regional Water Supply Authority
 Schedule of Contracted Delivery Amounts
 Last 10 Fiscal Years**

FY	Annual Average Contracted Delivery (MGD)	Peak Monthly (MGD)	Max Day Flow (MGD)
2021	34.7	41.65	48.6
2020	34.7	41.65	48.6
2019	34.7	41.65	48.6
2018	34.7	41.65	48.6
2017	34.7	41.65	48.6
2016	37.7	41.65	48.6
2015	32.7	38.1	45.8
2014	32.7	38.1	45.8
2013	32.7	38.1	45.8
2012	32.7	38.1	45.8

Peace River Mansota Regional Water Supply Authority
Demographic and Economic Statistics
Last 10 Fiscal Years

Charlotte County				
FY	County Population¹	Per Capita Personal Income²	Single Family Building Permits³	Unemployment Rate⁴
2021	190,570	N/A	2,683	4.90%
2020	187,904	\$ 45,606	2,381	5.50%
2019	181,770	\$ 42,793	1,414	3.50%
2018	180,071	\$ 41,564	1,578	4.10%
2017	178,465	\$ 40,557	1,251	4.60%
2016	173,115	\$ 38,473	657	5.20%
2015	167,141	\$ 37,745	947	5.90%
2014	164,467	\$ 36,768	610	6.00%
2013	163,679	\$ 34,772	549	7.00%
2012	163,357	\$ 34,095	327	9.10%

DeSoto County				
FY	County Population¹	Per Capita Personal Income²	Single Family Building Permits³	Unemployment Rate⁴
2021	34,031	N/A	N/A	3.80%
2020	37,082	\$ 27,863	102	3.70%
2019	36,065	\$ 26,128	127	3.40%
2018	35,520	\$ 23,610	71	4.30%
2017	35,621	\$ 24,040	79	4.40%
2016	35,141	\$ 23,603	71	5.30%
2015	34,777	\$ 23,759	118	5.80%
2014	34,426	\$ 22,667	112	7.10%
2013	34,367	\$ 21,244	117	8.20%
2012	34,408	\$ 21,729	99	9.90%

Manatee County				
FY	County Population¹	Per Capita Personal Income²	Single Family Building Permits³	Unemployment Rate⁴
2021	411,209	N/A	5,436	4.50%
2020	398,503	\$ 52,395	4,280	5.20%
2019	387,414	\$ 48,618	2,374	3.00%
2018	377,826	\$ 47,378	2,689	3.60%
2017	368,782	\$ 45,880	2,917	3.30%
2016	356,133	\$ 44,800	2,957	4.70%
2015	341,405	\$ 43,800	2,586	5.10%
2014	337,546	\$ 46,700	2,318	6.10%
2013	333,687	\$ 40,500	2,284	7.20%
2012	330,862	\$ 37,200	1,588	9.00%

Sarasota County				
FY	County Population¹	Per Capita Personal Income²	Single Family Building Permits³	Unemployment Rate⁴
2021	441,508	N/A	4,954	4.40%
2020	438,816	\$ 70,884	4,153	5.20%
2019	426,275	\$ 66,878	2,457	2.80%
2018	417,442	\$ 64,868	2,264	3.50%
2017	407,260	\$ 61,523	3,072	3.80%
2016	399,538	\$ 59,598	2,857	4.50%
2015	392,090	\$ 58,427	2,406	5.10%
2014	387,140	\$ 55,139	1,856	5.80%
2013	385,292	\$ 50,208	1,495	7.00%
2012	383,664	\$ 49,445	1,067	8.40%

N/A = Data not available at the time of publication

- Sources:
- (1) Bureau of Economic and Business Research
 - (2) Florida Office of Economic & Demographic Research
 - (3) State of the Cities Data Systems (SOCDS)
 - (4) U.S. Bureau of Labor Statistics

OTHER REPORTS

**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**

Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, Florida

We have audited, 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, the basic financial statements of the Peace River Manasota Regional Water Supply Authority (the Authority) as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2022.

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 opinion 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 entity’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.

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 statements. 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*.

Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, 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**

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.



February 21, 2022
Sarasota, Florida

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

Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, Florida

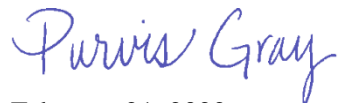
We have examined the Peace River Manasota Regional Water Supply Authority's (the Authority) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2021. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express 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, 2021.

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



February 21, 2022
Sarasota, Florida

MANAGEMENT LETTER

Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, Florida

Report on the Financial Statements

We have audited the financial statements of Peace River Manasota Regional Water Supply Authority (the Authority), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 21, 2022.

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; 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 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 Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 21, 2022, 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 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 Authority was created by inter-local agreement dated February 26, 1982. There are no component units.

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 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland

purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, Florida

MANAGEMENT LETTER

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.

Specific Information

The specific information below has 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 it. As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Authority reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 50.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$3,662,650.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

RVG Triple 72" Culvert Pipe Rehabilitation Project	\$ 135,049
ASR Well S-6 Downhole Investigation & Wellhead Refurbishment	\$ 98,280
ASR Well S-7 Downhole Investigation & Wellhead Refurbishment	\$ 98,280
ASR Well S-8 Downhole Investigation & Wellhead Refurbishment	\$ 97,955

- f. No budget amendments for the fiscal year ended September 30, 2021.

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.

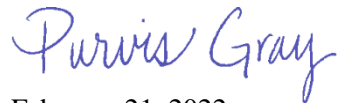
Board of Directors
Peace River Manasota Regional
Water Supply Authority
Lakewood Ranch, Florida

MANAGEMENT LETTER

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, granting agencies and pass-through entities including the Southwest Florida Water Management District, the Authority's Board of Directors and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



February 21, 2022
Sarasota, Florida

