

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the business-type activities and the major fund of Withlacoochee Regional Water Supply Authority (the Authority) for the year ended September 30, 2022, and have issued our report thereon dated May 5, 2023. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, *Rules of the Auditor General*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Required Communication Letter to you, dated March 7, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. Consideration was given to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and it was determined that none of the contracts reviewed qualified under the standard. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended September 30, 2022.

Upcoming Standard:

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of depreciation expense is based on original judgments of useful lives and straight-line depreciation. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 5, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. The following issue came to our attention:

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Lecanto, Florida

■ **Permitted Pumpage Limits**

Through review of permitted pumpage limits, it was noted that the allowable permitted amount of water pumpage was exceeded for the fiscal year ending September 30, 2022. The Authority is in the process of increasing the permitted pumpage limits with the Department of Environmental Protection. The increase was not approved as of the time of issuance of this report.

Other Matters

We applied certain limited procedures to management discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on management discussion and analysis , which accompany the financial statements but are not RSI. Such information 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.

Restriction on Use

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



May 5, 2023
Ocala, Florida

2022

Withlacoochee Regional Water Supply
Authority

Financial Statements and
Independent Auditor's Report

September 30, 2022

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

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

SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and major fund, of the Withlacoochee Regional Water Supply Authority (the Authority), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund of the Authority, as of September 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

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

INDEPENDENT AUDITOR'S REPORT

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2023, 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 Authority's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Authority's 2021 financial statements, and our report dated April 11, 2022, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein, as of and for the year ended September 30, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.



May 5, 2023
Ocala, Florida

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
2021-2022 FISCAL YEAR ENDING FINANCIAL REPORT**

This management discussion and analysis of the Withlacoochee Regional Water Supply Authority's (WRWSA or the Authority) financial performance provides an overview of the financial activities for the fiscal year (FY) ended September 30, 2022, as compared to September 30, 2021. The purpose of this overview is to provide readers with a comprehensive picture of the WRWSA's financial condition and results of operations. This discussion and analysis should be read in conjunction with the audited financial statements and related footnotes, as details there are not necessarily repeated in this analysis.

FINANCIAL HIGHLIGHTS

- Net Position of the Authority increased by a net amount of \$109,392, or 62.1%.
- Operating account revenues were \$181,034 while operating account costs were \$156,388, leaving an operating account income of \$24,646. Project account revenues were \$275,617 while project account costs were \$207,572 leaving a project account gain of \$68,045. This gain was driven primarily by lower water resource project costs for the operating account.
- Revenues to the Authority consist of annual assessments of \$0.19 per capita, revenue from the Authority's water supply contract with Citrus County, and revenues from project cooperators. Member assessment revenues increased by \$4,934 over the previous year due to a 3% population growth. Member assessments totaled \$161,716. Revenues from the water supply contract with Citrus County totaled \$273,428. Of this amount, \$19,318 was allocated to the Operating (administrative) Account, with the remaining amount of \$254,110 allocated to the Project Account.
- Net Position continues to provide the resources necessary to fund projects and continue to meet the obligations of the Authority. Revenue from the sale of water supply to Citrus County provides a funding source for both local and regional water resource projects that strengthen the Authority's role as a regional water planning and supply agency and allow the Authority to positively influence water supply development and conservation efforts in the region. In addition, assessment revenue from member governments continues to assist the Authority in its regional activities and enables the Authority to represent its member governments in regional and statewide water management decision making.

PROGRAM HIGHLIGHTS

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

- Joint Funding of Water Supply and Conservation Projects with Member Local Governments
- Residential Irrigation System Evaluation Program

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
2021-2022 FISCAL YEAR ENDING FINANCIAL REPORT**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Statement of Net Position

As shown in the table below, there was an increase of 5.8%, or \$135,239, in Total Assets during FY 2021-2022. This amount is primarily the result of higher cash and cash equivalents.

Assets	FYE 2021	FYE 2022	% Change	\$ Change
Current and Other				
Assets	\$ 1,946,389	\$ 2,130,770	9.5%	\$ 184,381
Capital Assets	\$ 391,900	\$ 342,758	(12.5)%	\$ (49,142)
Total Assets	\$ 2,338,289	\$ 2,473,528	5.8%	\$ 135,239

The Authority's Total Liabilities increased by \$25,847, or 29.6%. As Accounts Payable, these amounts are relatively insignificant in that the Authority has no long-term debt.

Liabilities	FYE 2021	FYE 2022	% Change	\$ Change
Account A/P	\$ 87,338	\$ 113,185	29.6%	\$ 25,847
Total Liabilities	\$ 87,338	\$ 113,185	29.6%	\$ 25,847

Computing and reflecting net position is one way to illustrate the financial health and financial position of the Authority. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. The following table summarizes net position for the Authority for FYE 2021 and 2022 for comparison purposes:

Net Position	FYE 2021	FYE 2022	% Change	\$ Change
Investment in Capital				
Assets	\$ 391,900	\$ 342,758	(12.5)%	\$ (49,142)
Unrestricted Net				
Position	\$ 1,859,051	\$ 2,017,585	8.5%	\$ 158,534
Total Net Position	\$ 2,250,951	\$ 2,360,343	4.9%	\$ 109,392

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
2021-2022 FISCAL YEAR ENDING FINANCIAL REPORT**

The majority of the decrease from FYE 2021 to FYE 2022 in Capital Assets is attributable to the continued depreciation of the Authority’s CAB wellfield and treatment facilities. The Authority maintained its annual grant budget at \$140,000 per year to accommodate the applications in FY 2021-2022; of which 123,400 was utilized. This reduction in spending of the budgeted expenditures combined with the completion of the majority of the Phase 6 irrigation evaluations in the prior year resulted in lower expenditures for the water resource projects for FYE 2022 compared to FYE 2021.

Statement of Revenues, Expenses, and Changes in Net Position

Revenue for the Authority is categorized into unrestricted and restricted and is derived from three sources: (1) member government per capita assessments, (2) contractual payments made by Citrus County for water supply received from the Authority’s CAB facilities, and (3) project revenues from reimbursements for cooperatively funded projects. Member government assessments in FY 2021-2022 were received from Citrus, Hernando, Marion, and Sumter counties. These per capita assessments are approved each year. For FY 2021-2022, the Authority and its member governments approved \$0.19/per capita. All of this revenue is unrestricted and used for administration of the Authority.

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

The last source of revenue during FY 2021-2022 came from cooperatively funded projects, including the the Irrigation System Audit Water Conservation project. A comparison of revenues from FY 2020-2021 and FY 2021-2022 is provided in the following table:

Operating Revenue	FYE 2021	FYE 2022	% Change	\$ Change
Local Assessments (Per Capita)	\$ 156,782	\$ 161,716	3.1%	\$ 4,934
Citrus Wellfield Administrative Funds	\$ 25,238	\$ 19,318	(23.5)%	\$ (5,920)
Citrus Wellfield Water Resource Project Funds	\$ 210,024	\$ 254,110	21.0%	\$ 44,086
Project Revenue	\$ 65,872	\$ 21,507	(67.4)%	\$ (44,365)
Total Operating Revenue	\$ 457,916	\$ 456,651	(0.3)%	\$ (1,265)

**WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
2021-2022 FISCAL YEAR ENDING FINANCIAL REPORT**

Operating expenses for the Authority decreased by 7.5%. The following table provides a comparison of expenditures for FYE 2021 and 2022:

Operating Expenditures	FYE 2021	FYE 2022	% Change	\$ Change
Professional Services	\$ 138,550	\$ 140,580	1.5%	\$ 2,030
General and Administrative	\$ 14,225	\$ 15,808	11.1%	\$ 1,583
Water Resource Projects	\$ 191,410	\$ 158,430	(17.2%)	\$ (32,980)
Depreciation	\$ 49,142	\$ 49,142	0.0%	\$ -
Total Operating Expenditures	\$ 393,327	\$ 363,960	(7.5%)	\$ (29,367)

Non-operating revenues increased by 475.5% from the previous year. The increase was attributable to higher interest rates and a higher return on investment for funds with the State Board of Administration.

Non-Operating Revenues	FYE 2021	FYE 2022	% Change	\$ Change
Interest Income – General Fund	\$ 1,798	\$ 6,138	241.4%	\$ 4,340
Interest Income – Project Fund	\$ 1,104	\$ 10,563	856.8%	\$ 9,459
Total Non-Operating Revenues	\$ 2,902	\$ 16,701	475.5%	\$ 13,799

Request for Information

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

FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
 PROPRIETARY FUND
 SEPTEMBER 30, 2022,
 WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021
 WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
 LECANTO, FLORIDA**

	Business-Type Activities - Enterprise Fund			2021 Total
	2022			
	Operating Account	Project Account	Total	
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 838,252	\$ 1,255,217	\$ 2,093,469	\$ 1,883,965
Accounts Receivable - Local Governments	-	22,054	22,054	31,940
Accounts Receivable - SWFWMD	-	11,978	11,978	27,215
Prepaid Expense	3,269	-	3,269	3,269
Total Current Assets	841,521	1,289,249	2,130,770	1,946,389
Non-Current Assets				
Capital Assets:				
CAB Wellfield	-	4,898,959	4,898,959	4,898,959
Accumulated Depreciation	-	(4,556,201)	(4,556,201)	(4,507,059)
Total Non-Current Assets	-	342,758	342,758	391,900
Total Assets	841,521	1,632,007	2,473,528	2,338,289
Liabilities				
Accounts Payable	11,075	102,110	113,185	87,338
Total Liabilities	11,075	102,110	113,185	87,338
Net Position				
Investment in Capital Assets	-	342,758	342,758	391,900
Unrestricted	830,446	1,187,139	2,017,585	1,859,051
Total Net Position	\$ 830,446	\$ 1,529,897	\$ 2,360,343	\$ 2,250,951

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022,
WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA

	Business-Type Activities - Enterprise Fund			2021 Total
	2022			
	Operating Account	Project Account	Total	
Operating Revenues				
Member Assessments:				
Citrus County	\$ 28,383	\$ -	\$ 28,383	\$ 28,072
Hernando County	36,516	-	36,516	35,789
Marion County	69,946	-	69,946	68,480
Sumter County	26,871	-	26,871	24,441
Total Member Assessments	<u>161,716</u>	<u>-</u>	<u>161,716</u>	<u>156,782</u>
Project Revenues:				
Project Revenue - Local Governments - Irrigation Audit Revenue	-	6,730	6,730	21,616
Project Revenue - SWFWMD - Irrigation Audit Revenue	-	14,777	14,777	44,256
Total Project Revenues	<u>-</u>	<u>21,507</u>	<u>21,507</u>	<u>65,872</u>
Wellfield Revenues:				
CAB Wellfield Revenues	19,318	254,110	273,428	235,262
Total Wellfield Revenues	<u>19,318</u>	<u>254,110</u>	<u>273,428</u>	<u>235,262</u>
Total Operating Revenues	<u>181,034</u>	<u>275,617</u>	<u>456,651</u>	<u>457,916</u>
Operating Expenses				
Professional Services:				
Consulting Executive Director	86,700	-	86,700	84,200
Admin Assistance Services	38,625	-	38,625	37,500
Legal Services	3,055	-	3,055	4,900
Financial Consultation and Accounting Services	1,000	-	1,000	1,000
Audit Services	11,200	-	11,200	10,950
General and Administrative	15,808	-	15,808	14,225
Water Resource Projects	-	158,430	158,430	191,410
Depreciation	-	49,142	49,142	49,142
(Total Operating Expenses)	<u>(156,388)</u>	<u>(207,572)</u>	<u>(363,960)</u>	<u>(393,327)</u>
Operating Income	<u>24,646</u>	<u>68,045</u>	<u>92,691</u>	<u>64,589</u>
Non-Operating Revenue				
Investment Earnings	6,138	10,563	16,701	2,902
Total Non-Operating Revenue	<u>6,138</u>	<u>10,563</u>	<u>16,701</u>	<u>2,902</u>
Income (Loss) Before Transfers	<u>30,784</u>	<u>78,608</u>	<u>109,392</u>	<u>67,491</u>
Transfer in/(out)	28,525	(28,525)	-	-
Change in Net Position	<u>59,309</u>	<u>50,083</u>	<u>109,392</u>	<u>67,491</u>
Net Position, Beginning of Year	<u>771,137</u>	<u>1,479,814</u>	<u>2,250,951</u>	<u>2,183,460</u>
Net Position, End of Year	<u>\$ 830,446</u>	<u>\$ 1,529,897</u>	<u>\$ 2,360,343</u>	<u>\$ 2,250,951</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
SEPTEMBER 30, 2022,
WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021
WITHLACOOCHEE REGIONAL WATER SUPPLY AUTHORITY
LECANTO, FLORIDA

	Business-Type Activities - Enterprise Fund			
	2022			2021
	Operating	Project	Total	
	Account	Account		
Cash Flows from Operating Activities				
Cash Received from Member Assessments	\$ 161,716	\$ -	\$ 161,716	\$ 156,782
Cash Received from Wellfield Revenues	19,318	252,712	272,030	234,615
Cash Received from Project Revenues	-	48,028	48,028	44,760
Cash Paid to Contractors and Suppliers	(160,121)	(128,850)	(288,971)	(343,485)
Net Cash Provided by Operating Activities	20,913	171,890	192,803	92,672
Cash Flows from Investing Activities				
Interest Income	6,138	10,563	16,701	2,902
Net Cash Flows Provided by Investing Activities	6,138	10,563	16,701	2,902
Cash Flows from Non-Capital Financing Activities				
Transfers	28,525	(28,525)	-	-
Net Cash Flows Provided by (Used in) Non-Capital Financing Activities	28,525	(28,525)	-	-
Net Increase in Cash and Cash Equivalents	55,576	153,928	209,504	95,574
Cash and Cash Equivalents, Beginning of Year	782,676	1,101,289	1,883,965	1,788,391
Cash and Cash Equivalents, End of Year	\$ 838,252	\$ 1,255,217	\$ 2,093,469	\$ 1,883,965
<u>Reconciliation of Change in Net Position to Net Cash Provided by (Used in) Operating Activities</u>				
Operating Income (Loss)	\$ 24,646	\$ 68,045	\$ 92,691	\$ 64,589
Reconciling Adjustments:				
Depreciation	-	49,142	49,142	49,142
Decrease (Increase) in Accounts Receivable	-	25,123	25,123	(21,759)
Decrease (Increase) in Prepaid Expense	-	-	-	(195)
Increase (Decrease) in Accounts Payable	(3,733)	29,580	25,847	895
Net Cash Provided by (Used in) Operating Activities	\$ 20,913	\$ 171,890	\$ 192,803	\$ 92,672
<u>Supplemental Schedule of Non-Cash Investing and Financing Activities</u>				

There are no non-cash investing and financing activities for the years ended September 30, 2022 and 2021.

See accompanying notes.

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

Fund Structure and Basis of Accounting

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

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Classification of Revenues

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

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

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

Finance and Budgeting

The inter-local agreement creating the Authority, revised in 2014, provides that each of the county signatories to the agreement appropriate funds on a per capita basis to fund the operations of the Authority. The per capita appropriations (19¢ per person for 2022) are based upon the most current annual population estimates available at the time the budget is adopted. Per capita appropriations become effective after adoption by the Authority's Governing Board and approved by each of the respective Boards of County Commissioners.

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

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

Property Taxes

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

Cash and Cash Equivalents

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

Accounting Estimates

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

Capital Assets - Property and Equipment

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

During the 1992-1993 year, the Authority completed the Charles A. Black (CAB) Wellfield Water Supply Project. The project consists of construction of a wellfield to provide Citrus County, a member government, with bulk water supply on an all-requirements basis. The wellfield is owned by the Authority, with a reversionary interest to Citrus County.

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

As part of the agreement outlined above, Citrus County is required to maintain a renewal and replacement fund for the purpose of maintaining the facilities, the Authority provides approval for expenditures of those funds. The funding of this account is \$180,000 per year, with a minimum balance requirement of \$2,000,000 and a maximum of \$3,000,000. The fund balance in the account at Citrus County as of September 30, 2022, was \$2,036,485.

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

Historically, the wellfield has been depreciated on a straight-line basis over an estimated useful life of thirty years. Due to many repairs and replacements, the estimated useful life was re-evaluated for the 2020/2021 fiscal year. The Authority determined that a reasonable approach would be to depreciate the net book value as of September 30, 2020, over 10 years.

Revenue Recognition

■ **Member Assessments**

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

■ **Wellfield Revenues**

Revenues from wellfield operations were remitted on a rate per 1,000 gallons determined by contract. The revenues are allocated between administration and facilities, \$19,318 and \$254,110, respectively. Amounts recognized, but not received at year-end, if any, are also presented as accounts receivable from member governments in the accompanying statement of net position.

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

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

■ **Cooperative Match for Irrigation Audit Program**

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

Risk Assessment and Management

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

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

Note 2 - Deposits and Cash Equivalents

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

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

Deposits

As of September 30, 2022, all of the Authority's deposits are maintained in banks and financial institutions, which are covered by the *Florida Security for Public Deposits Act*, Chapter 280 of the Florida Statutes, which requires that each public depository must maintain eligible collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the Authority's name nor specify which collateral is held for the Authority's benefit. The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the Authority for any deposits not covered by depository insurance or collateral pledged by the depository as previously described. As of September 30, 2022, all of the Authority's deposits were insured. The Authority's carrying amount of deposits was \$12,169 and bank balance for September 30, 2022, was \$15,424.

The Authority invests excess operating cash with the SBA of Florida, Florida PRIME. The SBA investment pool invests primarily in commercial paper, repurchase agreements, bankers' acceptance notes, and U.S. Government obligations. Investments in the State Pool Florida PRIME were \$2,081,298 at September 30, 2022. Florida PRIME is administered by the SBA and managed by professional money managers. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating agencies, or securities of comparable quality. Florida PRIME is considered a stable value investment pool and carried at amortized cost. The account balances approximate fair value, and balances are available for immediate withdrawal. The weighted average maturity of Florida PRIME at September 30, 2022, is 21 days. The weighted average life of Florida PRIME at September 30, 2022, is 72 days. Florida PRIME has a Standard & Poor's rating of "AAAm". Neither fund was exposed to foreign currency risk during the year. Financial Statements for SBA can be found at sbafl.com.

Note 3 - Capital Assets - Property and Equipment

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Office Equipment	\$ 3,728	\$ -	\$ -	\$ 3,728
Wellfield - Citrus County	<u>4,895,231</u>	-	-	<u>4,895,231</u>
Total Capital Assets Being Depreciated	<u>4,898,959</u>	-	-	<u>4,898,959</u>
Accumulated Depreciation:				
Office Equipment	(3,444)	(190)	-	(3,634)
Wellfield - Citrus County	<u>(4,503,615)</u>	<u>(48,952)</u>	-	<u>(4,552,567)</u>
(Total Accumulated Depreciation)	<u>(4,507,059)</u>	<u>(49,142)</u>	-	<u>(4,556,201)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 391,900</u>	<u>\$ (49,142)</u>	<u>\$ -</u>	<u>\$ 342,758</u>

Depreciation expense is \$49,142 for the year ended September 30, 2022.

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

Note 4 - Commitments and Contingencies

Local Government Water Supply Funding Assistance Program

During 1999, the Authority moved to participate with local governments in providing funding assistance for water supply projects. The primary purpose of the project is to assist local governments in funding local water resource projects. The Authority agrees to pay, on a reimbursement basis, one-half of the project cost not to exceed \$50,000 per approved project. The Authority has a commitment to provide funding assistance for water conservation to the following members for the fiscal year-end September 30, 2022: Hernando County for \$48,750, Marion County for \$21,847, Sumter County for \$22,000, and Citrus County for \$44,250. During the fiscal year, the counties participated in the program with an expense incurred as of year-end of \$42,614 for Citrus County, \$43,454 for Hernando County, \$21,290 for Sumter County, and \$16,042 for Marion County.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the major fund of Withlacoochee Regional Water Supply Authority (the Authority) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 5, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



May 5, 2023
Ocala, Florida

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

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

We have examined the Withlacoochee Regional Water Supply Authority’s (the Authority) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2022, as required by Section 10.556 (10)(a), *Rules of the Auditor General*. Management is responsible for the Authority’s compliance with those requirements. Our responsibility is to express an opinion on the Authority’s compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

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



May 5, 2023
Ocala, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Withlacoochee Regional Water Supply Authority (the Authority) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 5, 2023.

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 dated May 5, 2023 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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

MANAGEMENT LETTER

Financial Condition and Management

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

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

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Authority's management reported the following information that is unaudited and, accordingly, we do not express an opinion or provide any assurance on this information reported:

- a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 0.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the Authority's fiscal year as 4.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$178,965.
- e. Noted no construction projects with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. Noted no budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported. Also noted no budget amendments under Section 189.016(6), Florida Statutes.

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

MANAGEMENT LETTER

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, the Authority reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the Authority as 19 cents per capita for all local governments making up the Authority.
- b. The total amount of special assessments collected by or on behalf of the Authority as \$161,716.
- c. The total amount of outstanding bonds issued by the Authority and the terms of such bonds as \$0.

Additional Matters

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

Purpose of this Letter

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



May 5, 2023
Ocala, Florida

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