



**Peace River
Manasota**

Regional Water Supply Authority

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30,**

2023

LAKWOOD RANCH, FL

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
LAKEWOOD RANCH, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2023

Prepared by:

Department of Finance & Budget
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, 2023

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Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY

Hon. Joe Tiseo
Charlotte County

Hon. Elton A. Langford
DeSoto County

Hon. George Kruse
Manatee County

Hon. Mike Moran
Sarasota County

Mike Coates, P.G., Executive Director

February 9, 2024

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 Annual Comprehensive Financial Report for the year ended September 30, 2023. 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, 2023.

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.

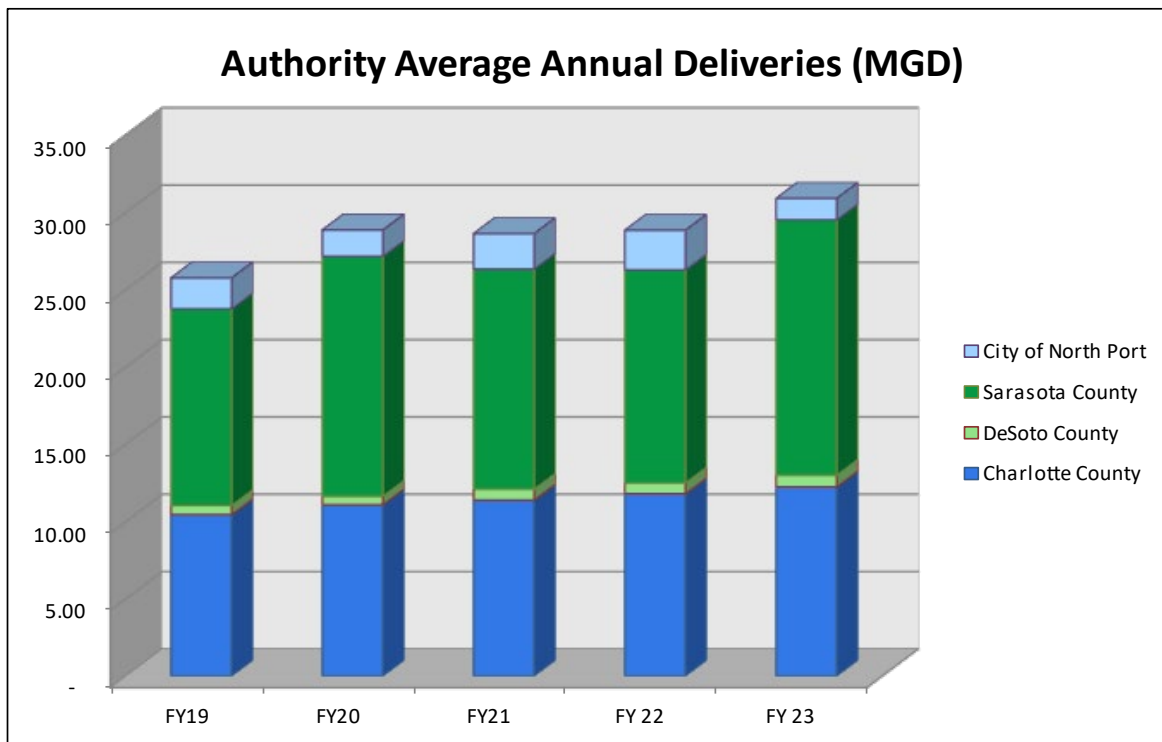
The Authority currently maintains a network of approximately 80 miles of transmission pipelines for delivery of treated drinking water to its member governments and customers. The Authority also has interconnects with other water systems: City of North Port Utilities and the City of Punta Gorda utilities. 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 additional supply sources and 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 2038. 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 2.26% over the next 20 years. The projected annual demand increase is generally 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 25% thru 2050. This positive trend is also reflected in the Authority’s actual average MGD to our customers. The Authority has seen a 5% average annual growth in delivered quantities over the last five years and expects the steady growth of the region to continue into the future.



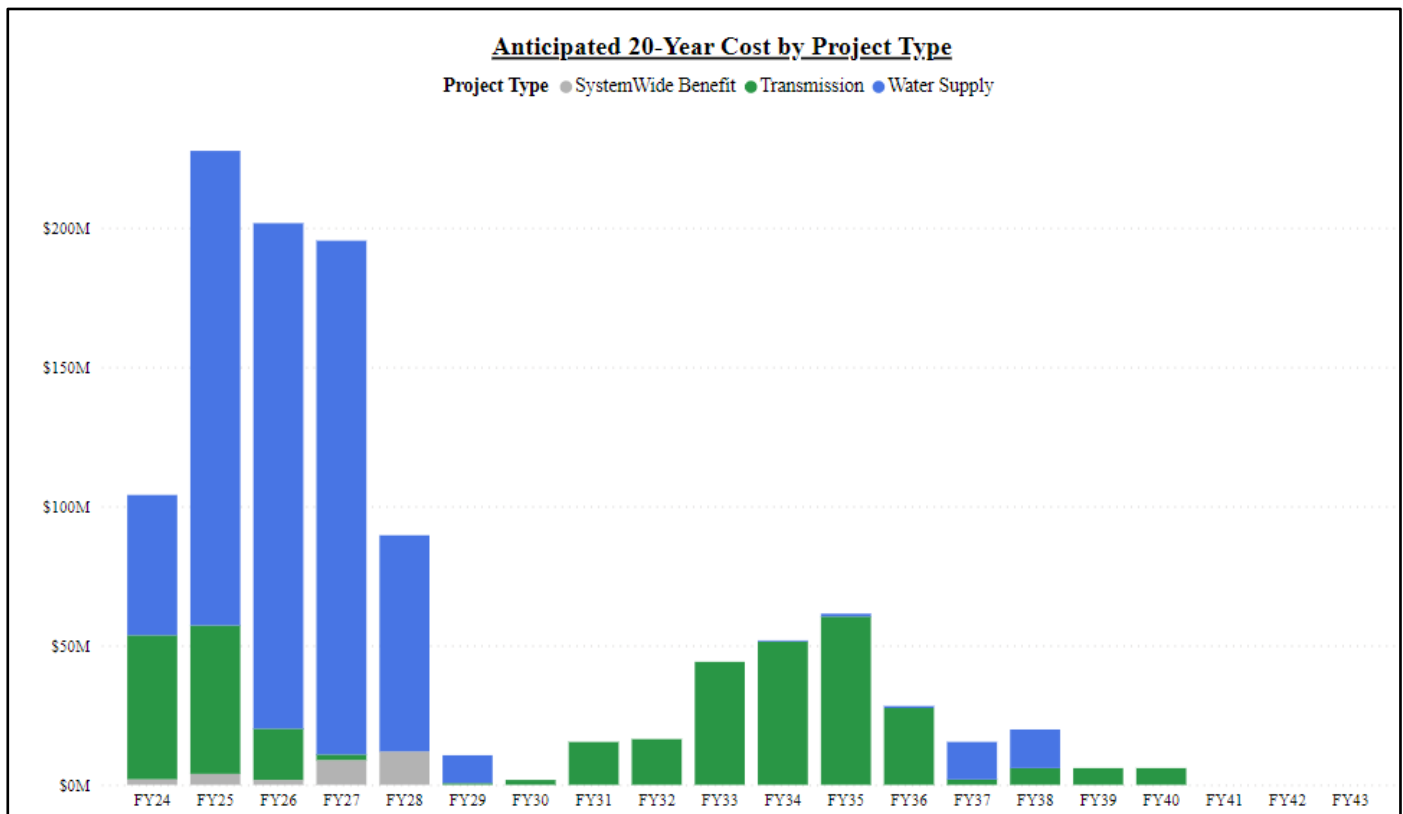
Long Term Planning and Major Initiatives

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.

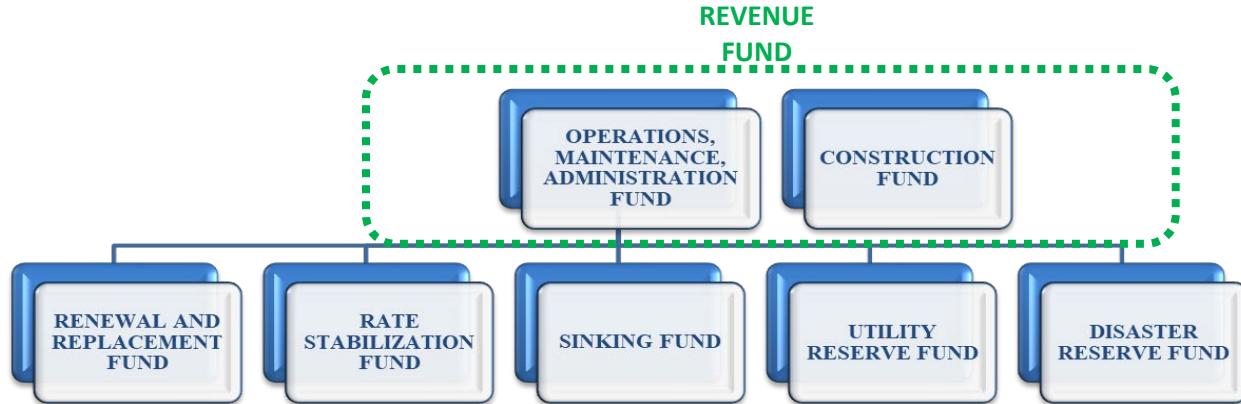
As part of the Strategic Plan implementation, the Authority has completed several large master plans and studies including Water Quality Master Plan, Integrated Regional Water Master Plan 2020, Peace River Facility Site Master Plan, as well as collaborating with member and non-member governments on emergency planning and future water needs. In 2019, the Authority completed the collaborative effort to establish regional emergency SOP’s and has since initiated design for further expansion of the Peace River Facility reservoir and water treatment 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 2023. The 5 year CIP plan reflects infrastructure investment of roughly \$818 million comprised of \$125 million of water transmission projects, \$664 million of water supply projects and \$29 million of common benefit projects. The 20 year CNA program, which includes the 5 year CIP plan, reflects potential infrastructure investments of \$1.096 billion comprised of \$363 million of water transmission projects, \$704 million of water supply projects and \$29 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 9 billion gallons of additional storage capacity and 25 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 annual comprehensive financial report for the fiscal year ended September 30, 2022. This is the fifth 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 annual comprehensive financial report 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 annual comprehensive 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,



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**

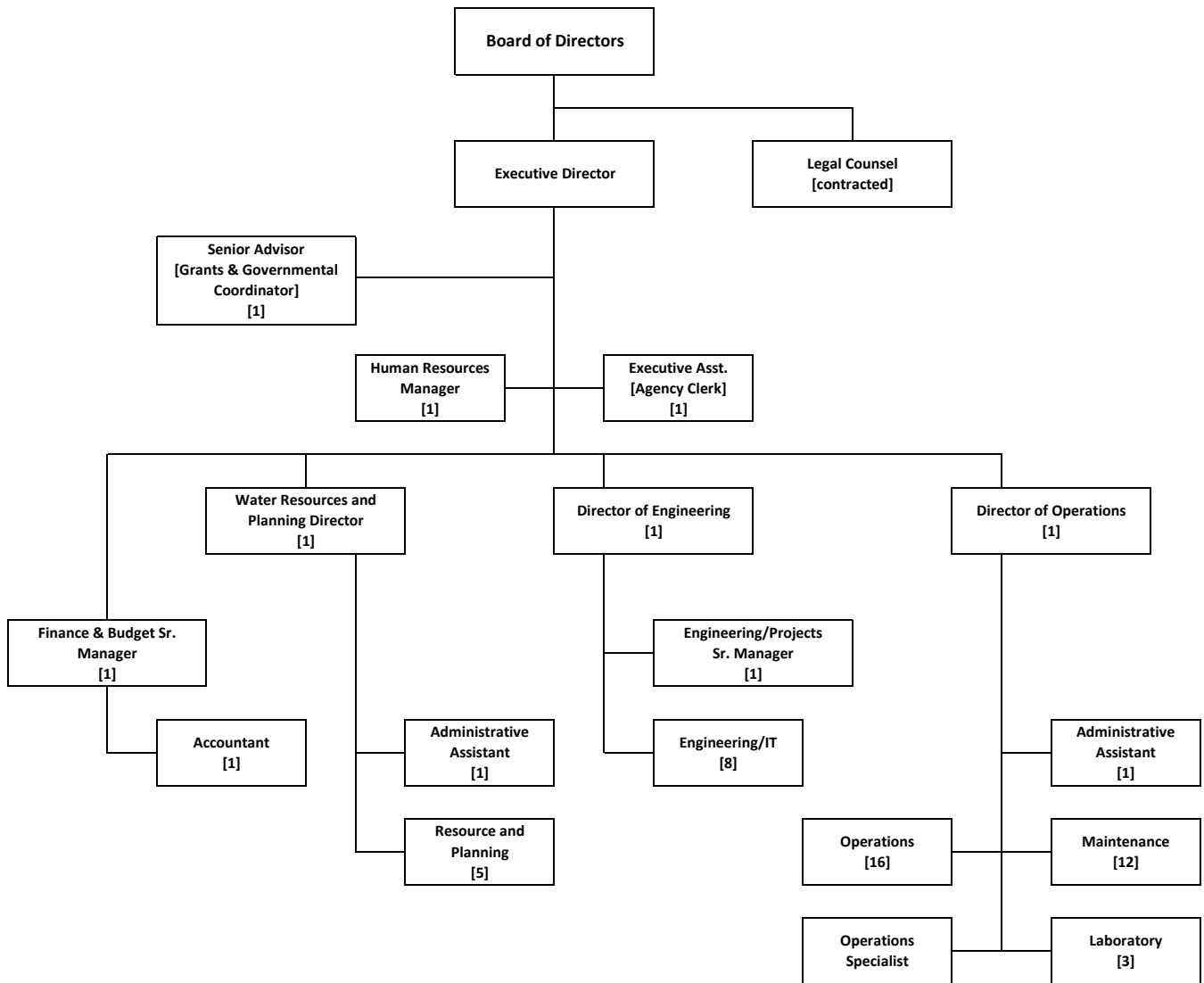
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

Peace River Manasota Regional Water Supply Authority
Organizational Chart
[October 2023]



Total FTE: 57

Peace River Manasota Regional Water Supply Authority

Board of Directors Fiscal Year 2023



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



Bill Truex, Vice Chair
Charlotte County
Commissioner
www.charlottefl.com



George Kruse
Manatee County
Commissioner
www.mymanatee.org



Mike Moran
Sarasota County
Commissioner
www.scgov.net

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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 financial position of the Authority as of September 30, 2023, 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.

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 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

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purvisgray.com

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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

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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 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 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.

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

INDEPENDENT AUDITOR'S REPORT

Supplementary 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024, 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 9, 2024
Sarasota, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2023

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, 2023. 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 \$144,355,856 (net position). Of this amount, \$20,228,171 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 increased by \$10,823,837 during the year. Capital grants and contributions were \$14,800,670 (net of capital disbursements). The loss before capital contributions was \$3,976,833. This compares to a loss before capital contributions in the prior year of \$3,368,267.
- At the close of the current fiscal year, the Authority's enterprise fund reported combined cash balances of \$28,527,139, an increase of \$1,821,455 in comparison with the prior year. Approximately 48.26% of this amount (\$13,768,204) is available for spending at the government's discretion (unrestricted cash).
- The Authority's total outstanding long-term debt increased by \$12,208,000.
- During 2023, the Authority's total revenues were \$56,001,243, which is an increase of \$15,561,799 or 38.48% from 2022, which is primarily attributed to increases in capital grants and contributions.
- The Authority's operating and nonoperating expenses increased by \$5,074,545, or 12.6% from 2022 to 2023 from increases in the cost of sales and services that were partially offset by decreases to studies and master plans and administration expenses.

Overview of the Financial Statements

This section of the Authority's annual comprehensive financial report presents a discussion and analysis of the financial position of the Authority as of September 30, 2023 and 2022, as well as an overview of the financial activities during the fiscal year ended September 30, 2023, with 2022 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, 2023**

- 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

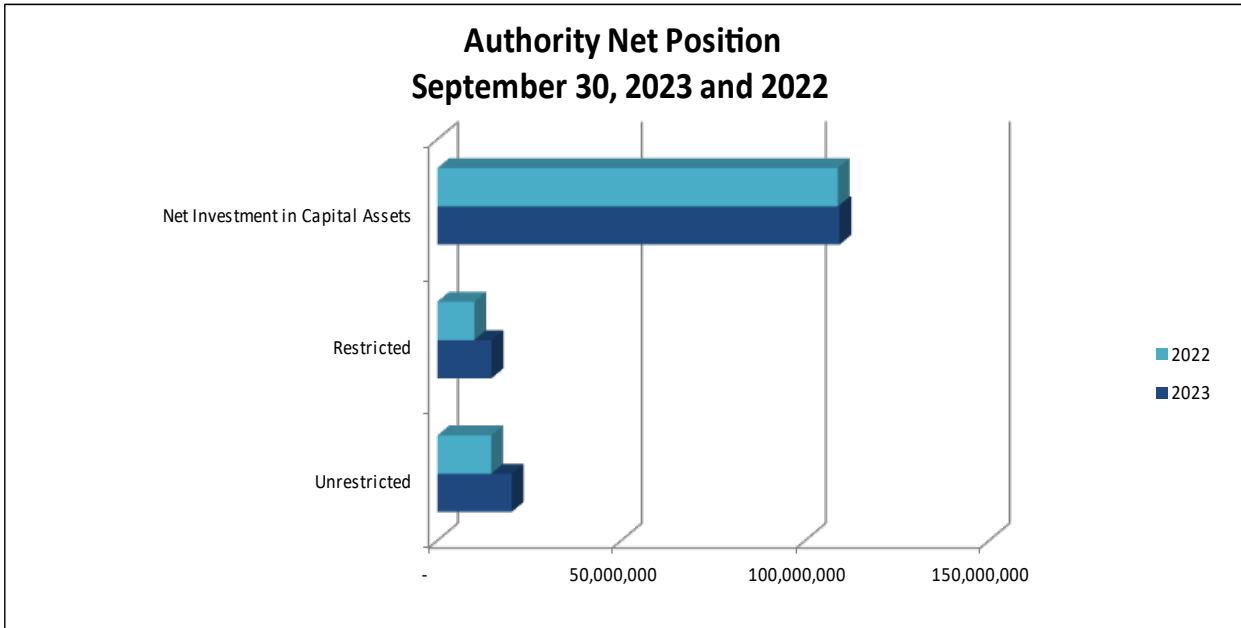
Shown below is a comparative statement of net position presented in summary form for 2023 and 2022. This statement shows the assets (current and noncurrent), deferred outflows, liabilities (current and noncurrent), deferred inflows, and net position (assets and deferred outflows minus liabilities and 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 on September 30, 2023 and 2022. Following is the summarized statement of net position for 2023 and 2022:

	<u>Net Position</u>	
	Business-type Activities	
	<u>2023</u>	<u>2022</u>
Current assets	\$ 29,380,676	\$ 23,077,379
Capital assets (Net)	263,452,218	243,456,464
Noncurrent assets (Other)	14,776,712	10,130,082
Total assets	<u>307,609,606</u>	<u>276,663,925</u>
Deferred outflows	<u>3,216,743</u>	<u>3,332,738</u>
Current liabilities	19,570,681	11,460,476
Noncurrent liabilities	146,659,525	134,671,254
Total liabilities	<u>166,230,206</u>	<u>146,131,730</u>
Deferred inflows	<u>240,287</u>	<u>332,914</u>
Net position		
Net investment in capital assets	109,371,250	108,850,622
Restricted	14,756,435	10,040,158
Unrestricted	20,228,171	14,641,239
Total net position	<u>\$ 144,355,856</u>	<u>\$ 133,532,019</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2023**

Over time, the changes in net position provide an indication of the overall financial condition of the Authority. On September 30, 2023, net position was \$144,355,856, and for the year, there was an increase in net position of \$10,823,837. A substantial portion of the Authority's net position on September 30, 2023, (75.8%) 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 (10.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position (14.0%) is unrestricted.

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

Following is a summarized statement of changes in net position for 2023 and 2022. 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:

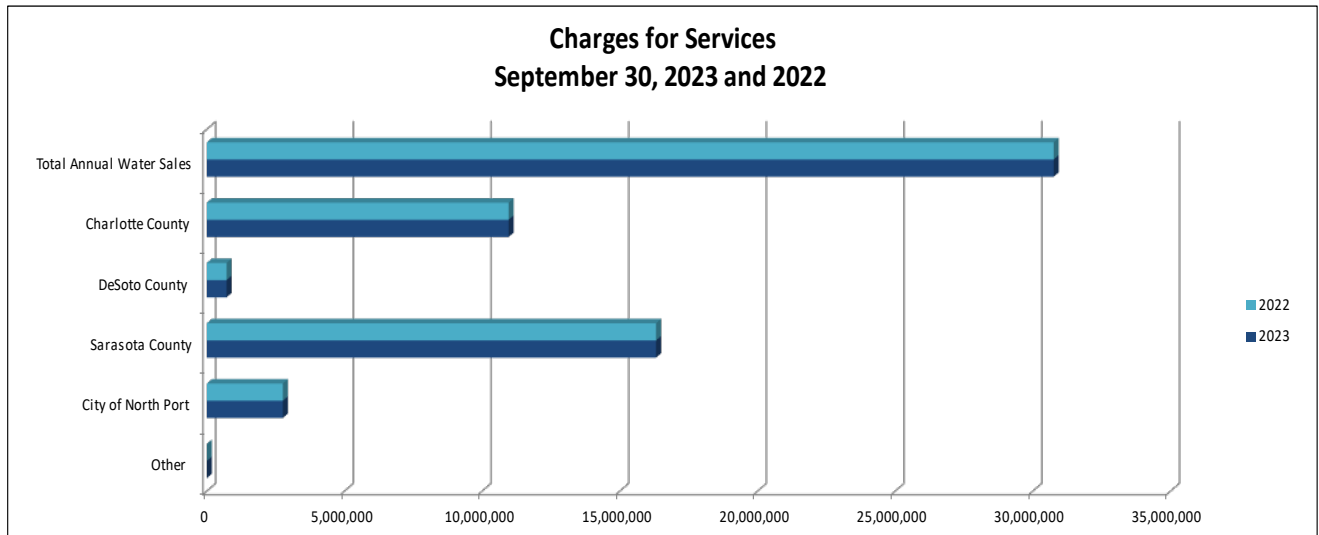
**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2023**

Change in Net Position

	Business-type Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 32,821,176	\$ 30,753,356
Operating grants and contributions	4,907,485	5,411,442
Capital grants and contributions (net)	14,800,670	3,187,381
General revenues:		
Other	3,471,912	569,796
Total revenues	56,001,243	39,921,975
Expenses:		
Water Supply and Delivery	(45,177,406)	(40,102,861)
Change in net position	10,823,837	(180,886)
Net position - beginning of year	133,532,019	133,712,905
Net position - end of year	\$ 144,355,856	\$ 133,532,019

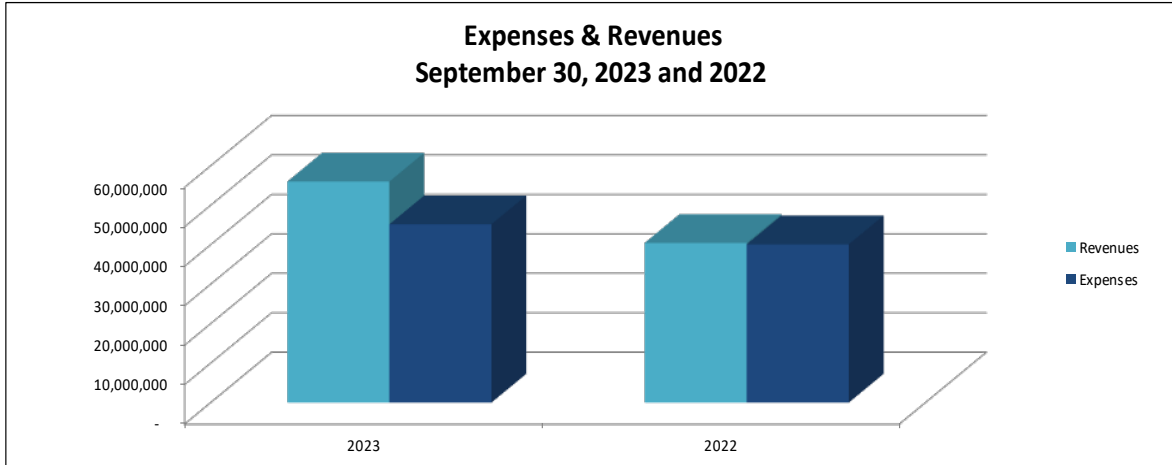
Charges for services increased by \$2,067,820 (6.72%) and operating grants and contributions decreased by \$503,957 (9.31%) from 2022 to 2023 as budgeted. Capital grants and contributions (net) in 2023, which included capital grants from SWFWMD and FDEP toward the Peace River Reservoir No. 3 Preliminary Engineering, Phase 2B and Phase 3C Pipelines and Project Prairie as well as capital contributions for System Wide Benefit Projects from Authority customers and members, increased by \$11,613,289 from 2022 to 2023.

As illustrated below, the total water sales billed to our customers was \$32,821,176 in 2023 as compared to \$30,753,356 in 2022.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2023**

Total expenses increased by \$5,074,545 or 12.65% from 2022 to 2023 as illustrated below:



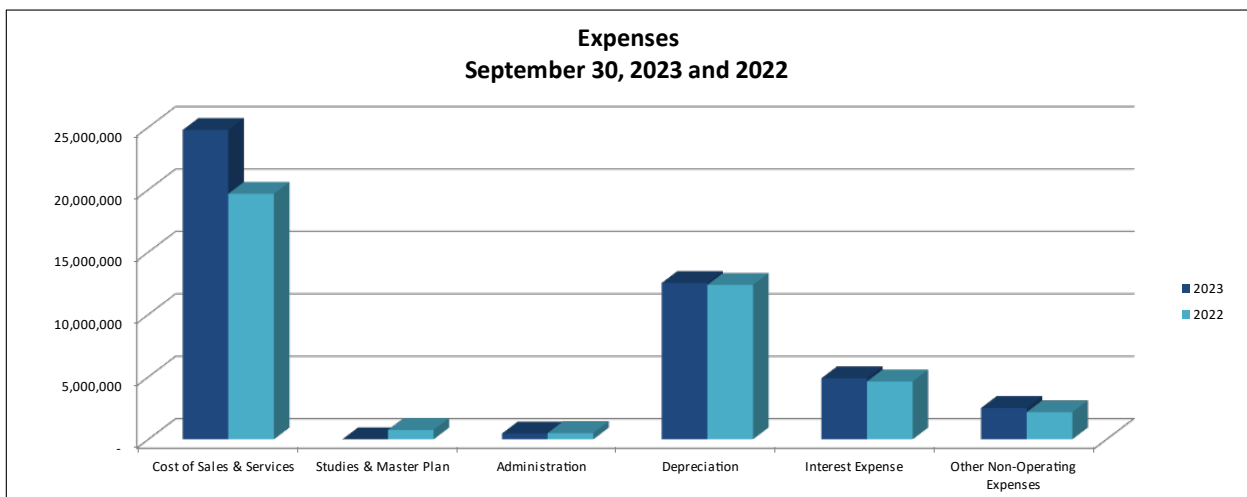
The increases were due to the following:

- a) Cost of Sales & Service increased by \$5,111,307. Cost increases to utilities, water treatment chemical and Hurricane Ian expenses were slightly offset by decreases in professional services and maintenance.
- b) Interest expense increased by \$255,623.
- c) Bond Issuance expenses increased by \$165,695.
- d) Depreciation expenses increased by \$159,058.

These increases in expenses were partially offset by the following decreases in expenses:

- a) Studies & Master Plan expenses decreased by \$755,117.
- b) Administration expenses decreased by \$36,895.

The graph below compares the expenses to the revenues.



**MANAGEMENT’S DISCUSSION AND ANALYSIS
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SEPTEMBER 30, 2023**

Capital Assets

The Authority’s investment in capital assets as of September 30, 2023, totaled \$263,452,218 (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)

	Business-type Activites	
	2023	2022
Land and Easements	\$ 4,643,310	\$ 2,604,359
Buildings and improvements, water treatment plant, supply, and transmission systems	224,018,229	230,689,392
Leasehold improvements, furniture and equipment	648,759	888,341
Construction in progress	34,141,920	9,274,372
Total	\$ 263,452,218	\$ 243,456,464

The book value of capital assets increased by \$19.996 million during 2023. Additions were \$32.5 million and depreciation was \$12.5 million. Additions during 2023 included the following:

- Renewal and replacement projects - \$5,442,726
- Vehicles, machinery, and equipment - \$172,402
- Construction in progress - \$24,867,548
- Land and Easements - \$2,038,951

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, 2023, totaled \$133,078,000. These bonds are secured by the Net Revenues pledged in the Master Water Supply Contract.

<u>Business-type Activities</u>	2023	2022
Revenue bonds	\$ 133,078,000	\$ 120,870,000

Long-term debt increased by \$12,208,000 including \$5,015,000 during the year from scheduled principal payments and \$17,223,000 from draws on the Authority’s Capital Project Line of Credit.

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, 2023**

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,				
	2019	2020	2021	2022	2023
Gross Revenues					
Water Sales	\$ 31,125,103	\$ 31,941,419	\$ 32,901,494	\$ 34,753,356	\$ 36,821,176
Renewal & Replacement Revenue					
Interest	675,603	341,225	32,949	222,396	1,231,898
Federal Subsidy Interest (2010B Bond Issue) ⁽¹⁾	-	-			
Gross Revenue Transfer (RSF)	-	-			
Other ⁽²⁾	131,499	652,183	2,001,015	347,400	2,240,014
Total Gross Revenues	\$ 31,932,205	\$ 32,934,827	\$ 34,935,458	\$ 35,323,152	\$ 40,293,087
Operation and Maintenance Expenses					
Cost of Sales and Services	\$ 16,415,682	\$ 16,882,050	\$ 17,667,201	\$ 19,667,119	\$ 24,778,426
Administration	743,901	466,511	502,566	503,228	466,333
Total Operation and Maintenance Expenses	\$ 17,159,583	\$ 17,348,561	\$ 18,169,767	\$ 20,170,347	\$ 25,244,759
Net Revenues Available for Debt Service	\$ 14,772,622	\$ 15,586,266	\$ 16,765,691	\$ 15,152,805	\$ 15,048,328
Outstanding Bonds Debt Service					
Principal	2,685,000	2,790,000	2,640,000	4,615,000	4,815,000
Interest ⁽¹⁾	6,279,751	6,234,312	5,487,719	5,517,450	5,314,850
Total Outstanding Bonds Debt Service ⁽³⁾	\$ 8,964,751	\$ 9,024,312	\$ 8,127,719	\$ 10,132,450	\$ 10,129,850
Debt Service Coverage (1.15x required)	<u>1.65</u>	<u>1.73</u>	<u>2.06</u>	<u>1.50</u>	<u>1.49</u>
Revenues Available After Senior Lien Debt Service	5,807,871	6,561,954	8,637,972	5,020,355	4,918,478
Subordinate Indebtedness Debt Service					
Principal	115,000	180,000	190,000	195,000	200,000
Interest ⁽¹⁾	42,585	63,374	57,322	76,052	452,651
Total Subordinate Indebtedness Debt Service ⁽³⁾	\$ 157,585	\$ 243,374	\$ 247,322	\$ 271,052	\$ 652,651
Total Debt Service	\$ 9,122,336	\$ 9,267,686	\$ 8,375,041	\$ 10,403,502	\$ 10,782,501
Revenues Available After Total Debt Service	\$ 5,650,286	\$ 6,318,580	\$ 8,390,650	\$ 4,749,303	\$ 4,265,827
Total Debt Service Coverage (1.15x required)	<u>1.62</u>	<u>1.68</u>	<u>2.00</u>	<u>1.46</u>	<u>1.40</u>
Capital Cost Reimb Chg (Char Co Pmt)	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	-	-
Total County Payments	\$ 2,772,338	\$ 2,772,338	\$ 2,772,338	\$ 796,000	\$ 796,000
County Debt Service Coverage (1.00x req)	<u>2.04</u>	<u>2.28</u>	<u>3.03</u>	<u>5.97</u>	<u>5.36</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

(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, 2023**

Economic Factors and 2024 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 FY2024 budget of \$141.5 million (\$39.6 million or 39% budget increase from FY 2023) on August 2, 2023.

The FY 2023 to FY 2024 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 \$0.09/1000 gallon increase in the water use rate (consisting of variable costs).
- Projected grants are expected to increase by \$46.8 million to \$51.82 million

Expenditures

- \$2 million of increased operations and maintenance expenses, the majority of which are associated with increased treatment chemical costs, utilities, insurance and maintenance. The Authority also budgeted for minor increases in personnel costs and general administration.
- Renewal & Replacement costs increased slightly to \$4.25 million to support infrastructure reliability and insure the long-term viability of assets.
- Capital project expenditures increased by \$37 million which reflects the continued work on the PR³ Final Design and CMAR services, Brackish RO Facility Preliminary Design, the commencement of the Phase 2B Pipeline and Phase 3C Pipeline (both being delivered via Progressive Design Build), as well as two 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, 2023

Assets

Current Assets:	
Cash	\$ 2,968,393
External Investment Pools	10,799,811
Accounts Receivable	4,661,160
Grant Funds Receivable	9,458,991
Lease Receivable - Current	69,647
Inventory	1,372,209
Prepaid Expenses	50,465
Total Current Assets	<u>29,380,676</u>
Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents	4,622,563
External Investment Pools	10,136,372
Total Restricted Assets	<u>14,758,935</u>
Lease Receivable - Long-Term	<u>17,777</u>
Capital Assets:	
Land and Easements	4,643,310
Buildings and Improvement, Water Treatment Plant, Supply, and Transmission Systems	415,452,706
Leasehold Improvements, Furniture, and Equipment	6,805,236
Construction in Progress	34,141,920
(Less Accumulated Depreciation)	<u>(197,590,954)</u>
Total Capital Assets, Net	<u>263,452,218</u>
Total Non-Current Assets	<u>278,228,930</u>
Total Assets	<u><u>307,609,606</u></u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	1,686,749
Pension Related	1,529,994
Total Deferred Outflows of Resources	<u>3,216,743</u>
Total Assets and Deferred Outflows of Resources	<u><u>310,826,349</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	3,696,444
Contracts Payable	9,215,866
Retainage Payable	296,106
Accrued Expenses	1,114,765
Security Deposits	2,500
Current Portion - Revenue Bonds Payable	5,230,000
Current Portion - Retirement System Net Liability (HIS)	15,000
Total Current Liabilities	<u>19,570,681</u>
Non-Current Liabilities:	
Revenue Bonds Payable	141,025,745
Retirement System Net Liability (FRS & HIS)	5,633,780
Total Non-Current Liabilities	<u>146,659,525</u>
Total Liabilities	<u><u>166,230,206</u></u>
Deferred Inflows of Resources	
Pension Related	152,863
Leases	87,424
Total Deferred Inflows of Resources	<u>240,287</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>166,470,493</u></u>
Net Position	
Net Investment in Capital Assets	109,371,250
Restricted for:	
Capital Outlay, Grants, Etc.	8,756,058
Renewal and Replacement	2,684,806
Operations Reserve	2,084,377
Rate Stabilization	1,231,194
Unrestricted	20,228,171
Total Net Position	<u><u>\$ 144,355,856</u></u>

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, 2023

Operating Revenues	
Member Dues	\$ 432,485
Water Sales	36,821,176
Planning Assessment	475,000
Other	2,240,014
Total Operating Revenues	<u>39,968,675</u>
Operating Expenses	
Cost of Sales and Services	24,778,426
Administration	466,333
Depreciation	12,525,873
Total Operating Expenses	<u>37,770,632</u>
Operating Income	<u>2,198,043</u>
Non-Operating Revenues (Expenses)	
Investment Earnings	1,231,898
County Payments	(796,000)
Other Customer Payments	(1,519,868)
Interest Expense	(4,893,909)
Bond Issuance Costs	(196,997)
Total Non-Operating Revenues (Expenses)	<u>(6,174,876)</u>
(Loss) Before Capital Contributions	<u>(3,976,833)</u>
Capital Contributions	
Capital Grants	12,605,075
Capital Contributions	2,195,595
Total Capital Contributions	<u>14,800,670</u>
Change in Net Position	10,823,837
Total Net Position, Beginning of Year	<u>133,532,019</u>
Total Net Position, End of Year	<u><u>\$ 144,355,856</u></u>

See accompanying notes.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 36,136,686
Payments to Suppliers	(18,483,250)
County Payments	(796,000)
Other Customer Payments	(1,519,868)
Payment to Employees	(4,132,669)
Other Income	240,014
Net Cash Provided by Operating Activities	<u>11,444,913</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(24,299,285)
Acquisition of Long-Term Debt	17,223,000
Principal Payments on Long-Term Debt	(5,015,000)
Interest Payments on Long-Term Debt	(5,849,125)
Construction Grants/Customer Capital Contributions	7,282,051
Debt Issuance Cost	(196,997)
Net Cash (Used in) Capital and Related Financing Activities	<u>(10,855,356)</u>
Cash Flows from Investing Activities	
Earnings Received	1,231,898
Net Cash Provided by Investing Activities	<u>1,231,898</u>
Net Increase in Cash and Cash Equivalents	1,821,455
Cash and Cash Equivalents, Beginning of Year	<u>26,705,684</u>
Cash and Cash Equivalents, End of Year	<u>\$ 28,527,139</u>
<u>Composition of Cash and Cash Equivalents, End of Year</u>	
Cash	\$ 2,968,393
External Investment Pools	10,799,811
Cash and Cash Equivalents, Restricted	4,622,563
External Investment Pools, Restricted	10,136,372
Total Composition of Cash and Cash Equivalents, End of Year	<u>\$ 28,527,139</u>

See accompanying notes.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities

Operating Income	\$	2,198,043
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation Expense		12,525,873
County Payments		(796,000)
Other Customer Payments		(1,519,868)
Retirement System Adjustments		1,055,102
(Increase) Decrease in Assets:		
Accounts Receivable		(1,591,975)
Inventory		(111,703)
Prepaid Expenses		26,478
Increase (Decrease) in Liabilities:		
Accounts Payable		1,469,742
Accrued Expenses		189,221
Unearned Revenue		(2,000,000)
Net Cash Provided by Operating Activities	\$	<u>11,444,913</u>

Schedule of Non-Cash Transactions

Bond-Related Amortization

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

See accompanying notes.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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, 2023

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, 2023**

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 of allocation percentages for the debt associated with additional water supply acquisitions and/or expansions and pipelines for each respective customer as well as contributions to the System Wide Benefit CIP Projects.

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 2023, the per 1,000 gallon charge was \$1.00.

For the fiscal year ended September 30, 2023, total water sales of \$36,821,176 were allocated between Water Sales (\$32,821,176) and a Repair and Replacement Charge (\$4,000,000). Gross water sales to each of its customers were as follows:

Charlotte	\$	10,669,112
DeSoto		791,564
Sarasota		19,219,267
Manatee		-
North Port		<u>2,141,233</u>
Total	\$	<u>32,821,176</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).

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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. Leases receivables are reported at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. There are no estimated uncollectible amounts at September 30, 2023.

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 assets that applies to future periods 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time and includes amounts related to net pension liability and amounts related to leases.

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 Years | 5-20 Years |
| ■ Right to use leased 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.

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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, 2023. Based on that valuation, the Authority's total OPEB liability is measured at \$83,143. 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, 2023, 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, 2023, the carrying amount of the Authority's deposits was \$7,590,956 and the bank balance was \$8,462,841.

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, 2023:

Investment Pool	Operating	Restricted	Amortized Cost
SBA Florida PRIME	\$ 10,799,811	\$ 10,136,372	\$ 20,936,183

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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 are approximate fair value, and balances are available for immediate withdrawal. The weighted average maturity of Florida PRIME at September 30, 2023 is 36 days. The weighted average life (WAL) of Florida PRIME at September 30, 2023, is 76 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.

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- 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, 2023, consists primarily of amounts due from customers for water sales, in the amount of \$4,661,160.

Grants receivable as of year-end include amounts due from Southwest Florida Water Management District in the amount of \$7,307,725 and from the Florida Department of Environmental Protection in the amount of \$2,151,266 for capital grants.

Lease receivable totaling \$87,424 at September 30, 2023 includes the present value of lease payments expected to be received during the lease term, in which the Authority leases out a portion of their administration building.

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

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Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-type Activities				
Capital Assets Not Being				
Depreciated:				
Land and Easements	\$ 2,604,359	2,038,951		\$ 4,643,310
Construction in Progress	9,274,372	29,344,551	(4,477,003)	34,141,920
Total Capital Assets Not Being Depreciated	11,878,731	31,383,502	(4,477,003)	38,785,230
Capital Assets Being Depreciated:				
Buildings and Improvements, Water Treatment Plant, Supply, and Transmission Systems				
	410,009,980	5,442,726		415,452,706
Leasehold Improvements, Furniture, and Equipment				
	6,709,768	172,402	(76,934)	6,805,236
Total Capital Assets Being Depreciated	416,719,748	5,615,128	(76,934)	422,257,942
Less Accumulated Depreciation:				
Buildings and Improvements, Water Treatment Plant, Supply, and Transmission Systems				
	(179,320,588)	(12,113,889)		(191,434,477)
Leasehold Improvements, Furniture, and Equipment				
	(5,821,427)	(411,984)	76,934	(6,156,477)
Total Accumulated Depreciation	(185,142,015)	(12,525,873)	76,934	(197,590,954)
Total Capital Assets Being Depreciated, Net	231,577,733	(6,910,745)	-	224,666,988
Total Business-type Activities Capital Assets, Net	\$ 243,456,464	\$ 24,472,757	\$ (4,477,003)	\$ 263,452,218

Depreciation expense in the amount of \$12,525,873 was reported as a separate line item in the statement of revenues, expenses, and changes in net position.

Construction Commitments

The following is a summary of major construction contract commitments remaining as of September 30, 2023:

Project	Contract Amount	Completed To- date	Balance Committed
Project Name			
TLC Diversified Construction	\$ 1,196,000	\$ 580,460	\$ 615,540
Gamey Construction Progressive DB GMP1	3,545,450	2,969,357.64	576,092
Gamey Construction Progressive DB GMP2	49,933,270	5,935,874.86	43,997,395
Woodruff & Sons Progressive DB	5,067,145	4,009,309.23	1,057,836
	\$ 59,741,865	\$ 13,495,002	\$ 46,246,863

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Note 5 - Long-term Debt

Long-term debt activity for the year ended September 30, 2023, 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 2014B Revenue Bonds	\$ 55,915,000	\$ -	\$ -	\$ 55,915,000	\$ -
Series 2015 Revenue Bonds	12,825,000	-	(1,885,000)	10,940,000	1,980,000
Series 2020 Revenue Bonds	48,310,000	-	(2,930,000)	45,380,000	3,040,000
Direct Borrowings:					
2019 Bank Note	1,320,000	-	(200,000)	1,120,000	210,000
Series 2019 Credit Note	2,500,000	-	-	2,500,000	-
2022 Revolving Capital Line of Credit	-	17,223,000	-	17,223,000	-
Bonds and Notes Payable	120,870,000	17,223,000	(5,015,000)	133,078,000	5,230,000
Bond-Related Amounts:					
Unamortized Premiums	14,273,136	-	(1,095,391)	13,177,745	-
Total Bonds and Notes Payable	135,143,136	17,223,000	(6,110,391)	146,255,745	5,230,000
Net Pension Liability:					
Net Pension Liability - FRS	3,495,546	538,197	-	4,033,743	-
Net Pension Liability - HIS	1,048,672	566,365	-	1,615,037	15,000
Total Net Pension Liability	4,544,218	1,104,562	-	5,648,780	15,000
Total Long-Term Debt	\$ 139,687,354	\$ 18,327,562	\$ (6,110,391)	\$ 151,904,525	\$ 5,245,000

The 2014 and 2015 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 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, 2023 is \$5,276,116. 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.

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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, 2023, is \$1,168,387. 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, 2023, unamortized losses were \$1,482,706 (2014B Bonds) and \$28,235 (2015 Bonds). Amortization of \$123,559 (2014B Bonds) and \$6,274 (2015 Bonds) were charged to interest expense in 2023. 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).

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, 2023, is \$6,733,242. 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, 2023, unamortized loss was \$175,808. Amortization of \$10,342 was charged to interest expense in 2023. 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 semi-annually on April 1 and October 1.

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On September 28, 2022, the 2019 \$5,000,000 Non-Revolver Line of Credit was restated and amended to \$10,000,000 with the same terms and provisions, with the exception of the interest rate index being BSBY in lieu of LIBOR. As of September 30, 2023, the Authority has drawn a total of \$3,500,000 on the line of credit with a current outstanding amount of \$2,500,000 and the amount of unused line of credit is \$6,500,000.

Series 2022 Credit Bond – Direct Borrowing

On October 7, 2022, the Authority closed on a \$100,000,000 Revolving Line of Credit (Series 2022 Credit Bond) with a three year term. The Line of Credit will be used to provide funding for 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 BSBY plus twenty-four basis points with the interest payments being due semi-annually on April 1 and October 1. As of September 30, 2023, the Authority has drawn a total of \$17,223,000 on the line of credit with a current outstanding amount of \$17,223,000 and the amount of unused line of credit is \$82,777,000.

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 2023:

<u>Pledged 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	\$ 178,512,284	\$ 10,782,501	\$ 15,048,328	140%

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

<u>Year Ending September 30,</u>	<u>Bonds</u>		<u>Notes from Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	5,020,000	5,103,400	210,000	37,654	10,371,054
2025	5,235,000	4,882,800	19,938,000	30,594	30,086,394
2026	5,505,000	4,621,050	225,000	23,366	10,374,416
2027	5,775,000	4,345,800	230,000	15,801	10,366,601
2028	6,070,000	4,057,050	240,000	8,069	10,375,119
2029-2033	36,675,000	15,344,550	-	-	52,019,550
2034-2038	35,670,000	6,222,550	-	-	41,892,550
2039-2040	12,285,000	741,600	-	-	13,026,600
Total	\$ 112,235,000	\$ 45,318,800	\$ 20,843,000	\$ 115,485	\$ 178,512,284

Total interest costs on the above bonds incurred during 2023 were \$5,811,879. No interest costs were capitalized in 2023.

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Note 6 -Restricted Assets and Net Position

Restricted assets represent moneys that have been set aside as a result of bond covenants or contractual agreements. Interest earnings are added to the balances and authorized expenditures are deducted from restricted assets.

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, 2023:

	Restricted Assets	Restricted Net Position
Capital Outlay, Grants, etc.	\$ 8,756,057	\$ 8,756,057
Renewal and Replacement	2,684,806	2,684,806
Operations Reserve	2,084,378	2,084,378
Rate Stabilization Account	1,231,194	1,231,194
Debt Sinking Fund	-	-
Other	2,500	-
Total	\$ 14,758,935	\$ 14,756,435

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:

	Allocated General Fund	Allocated Project Savings
Charlotte County	\$ -	\$ -
DeSoto County	-	-
Sarasota County	-	1,809,255
City of North Port	-	-
Total	\$ -	\$ 1,809,255

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.

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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. An 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, 2023, the Authority reported a payable of \$44,481 for the outstanding amount of contributions to the Plan, required for the fiscal year ended September 30, 2023.

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 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 96 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:

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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 2022-23 fiscal year were as follows:

Class	Year Ended June 30, 2023		Year Ended June 30, 2024	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer	Employee	Employer
FRS, Regular	3.00	10.19	3.00	11.51
FRS, Senior Management Services	3.00	29.85	3.00	32.46
DROP – Applicable to Members from All of the Above Classes	0.00	16.94	0.00	19.13
Investment Plan, Regular	0.00	6.30	0.00	8.30
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 \$489,450 for the fiscal year ended September 30, 2023. 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, 2023, the Authority reported a liability of \$4,033,743 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial

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valuation as of July 1, 2023. The Authority’s proportionate share of the net pension liability was based on the Authority’s 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Authority’s proportion was 0.01012312018%, which was an increase of 0.00072852064% from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Authority recognized pension expense of \$974,086 related to the Plan. At September 30, 2023, 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	\$ 115,535	\$ 0
Difference Between Expected and Actual Experience	378,734	0
Changes in Assumptions	262,953	0
Changes in Proportion and Difference between Authority Contributions and Proportionate Share of Contributions	168,460	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>426,625</u>	<u>0</u>
Total	<u>\$ 1,352,307</u>	<u>\$ 0</u>

The deferred outflows of resources related to pensions, totaling \$115,535, 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:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 246,811
2025	88,400
2026	761,293
2027	110,538
2028	<u>29,730</u>
Total	<u>\$ 1,236,772</u>

Actuarial Assumptions. The total pension liability in the July 1, 2023, 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	6.70%
Long-term Expected Rate of Return, Net of Investment Expense	6.70%
Municipal Bond Index	N/A

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
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SEPTEMBER 30, 2023

generationally with Scale MP-2018 details in July 1, 2023 valuation report.

The actuarial assumptions used in the July 1, 2023 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%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			

Assumed Inflation – Mean	2.4%	1.4%
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Discount Rate. The discount rate used to measure the total pension liability was 6.70%. 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 6.70% in the July 1, 2022 valuation.

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 6.70%, 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 (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

FRS – Authority:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 6,890,454	\$ 4,033,743	\$ 1,643,762

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.

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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. Through the period June 30, 2023, 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 was \$30 and the maximum payment was \$150 per month, pursuant to Section 112.363, Florida Statutes. Effective July 1, 2023, the HIS multiplier increased to \$7.50 for each year of credited service, \$30 minimum payment, and \$45 maximum payment per month. 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, 2023 and 2022, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. As of July 1, 2023, the HIS contribution rate increased to 2%. 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 \$68,821 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2023, the Authority reported a net pension liability of \$1,615,037 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Authority's proportionate share of the net pension liability was based on the Authority's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Authority's proportionate share was 0.0101694041%, which was an increase of 0.0002684233% from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Authority recognized pension expense of \$639,288 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	\$ 17,585	\$ 0
Difference Between Expected and Actual Experience	23,643	3,791
Changes of Assumptions	42,459	139,948
Changes in Proportion and Difference between Authority Contributions and Proportionate Share of Contributions	93,166	9,124
Net Difference between Projected and Actual Earnings on Pension Plan Investments	834	0
Total	<u>\$ 177,687</u>	<u>\$ 152,863</u>

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The deferred outflows of resources related to pensions, totaling \$17,585, 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</u> <u>Ending</u>	<u>Amount</u>
2024	\$ 16,171
2025	16,583
2026	3,790
2027	(19,594)
2028	(10,065)
Thereafter	<u>354</u>
Total	<u>\$ 7,239</u>

Actuarial Assumptions. The total pension liability in the July 1, 2023 actuarial valuation rolled forward to the measurement date of June 30, 2023, 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	3.54%
Long-term Expected Rate of Return, Net of Investment Expense	N/A
Municipal Bond Index	3.54%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018; details in July 1, 2023 valuation report.

The actuarial assumptions that determined the total pension liability as of June, 30, 2023 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 3.54%. 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 3.54%, 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Authority's Proportionate Share of the Net Pension Liability	\$ 1,842,505	\$ 1,615,037	\$ 1,426,481

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 2022-23 fiscal year were as follows:

Class	Year Ended June 30, 2023 Percent of Gross Compensation		Year Ended June 30, 2024 Percent of Gross Compensation	
	Employee	Employer	Employee	Employer
FRS, Regular Class	3.00	6.30	3.00	8.30
FRS, Senior Management Service Class	3.00	7.67	3.00	9.67

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

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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, 2023, 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 \$76,694 for the fiscal year ended September 30, 2023. The Authority's Investment Plan pension expense totaled \$76,694 for the fiscal year ended September 30, 2023.

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:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
FRS	\$ 4,033,743	\$ 1,352,307	\$ -	\$ 974,086
HIS	1,615,037	177,687	152,863	639,288
Total	\$ 5,648,780	\$ 1,529,994	\$ 152,863	\$ 1,613,374

Note 8 - Leases

The Authority is a lessor for a noncancellable lease of a portion of the administration building. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements. The lease commenced in January of 2020 and is for a five-year period. The Authority recognized \$67,347 in lease revenue and \$4,173 in interest revenue during the current fiscal year related to this lease. As of September 30, 2023, the Authority's receivable for lease payments is \$87,424 and the balance of the deferred inflow of resources is \$87,424.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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Key estimates and judgements include how the Authority determines (1) the discount rate it used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease.

The Authority monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 9 - Subscription Based Information Technology Arrangements

The Authority implemented Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), in fiscal year 2023. The Authority currently has no material software arrangements that meet the Authority's threshold per annum and require recognition under GASBS No. 96.

The Authority has committed to SBITAs involving payroll/time keeping and permit compliance, with no payments related to these agreements occurring prior to September 30, 2023.

Note 10 - 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.

Due to Hurricane Ian, the Authority currently has an outstanding insurance claim for the damages sustained during the storm as well as an accepted request for public assistance through FEMA. At this time, the total amount of claims is estimated at \$2,700,000 and as of September 30, 2023 the Authority has received \$1,117,668 in reimbursements from the insurance and FEMA claims. Although storm damage was sustained, the Authority was able to continually provide water to the customers throughout the event and continues to operate under normal conditions.

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%
2022	0.009394599%	3,495,546	3,629,767	96.30%	82.89%
2023	0.010123120%	4,033,743	4,078,954	98.89%	82.38%

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%
2022	0.990097880%	1,048,672	3,629,767	28.89%	4.81%
2023	0.010169404%	1,615,037	4,022,994	40.15%	4.12%

See accompanying notes.

**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%
2022	408,845	(408,845)	-	3,621,109	11.29%
2023	489,450	(489,450)	-	4,078,954	12.00%

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%
2022	60,003	(60,003)	-	3,621,109	1.66%
2023	68,821	(68,821)	-	4,022,994	1.71%

See accompanying notes.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

Note I - Changes in Benefit Terms and Assumptions – 2023

Changes in Benefit Terms from the year ended June 30, 2022 to June 30, 2023:

■ **FRS**—No significant changes.

■ **HIS**—No significant changes.

Changes in Assumptions from the year ended June 30, 2022 to June 30, 2023:

■ **FRS**—No significant changes.

■ **HIS**—No significant changes.

Note II - Changes in Benefit Terms and Assumptions – 2022

Changes in Benefit Terms from the year ended June 30, 2021 to June 30, 2022:

■ **FRS**—No significant changes.

■ **HIS**—No significant changes.

Changes in Assumptions from the year ended June 30, 2021 to June 30, 2022:

■ **FRS**— The long-term expected rate of return was decreased from 6.80% to 6.70% and the active member mortality assumption was updated

■ **HIS**—The municipal rate used to determine total pension liability increased from 2.16% to 3.54%.

Note III - 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%.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

Note IV - 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 V - 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 VI - 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%.

PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

Note VII - 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position										
Net Investment in Capital Assets	109,371,250	108,850,622	108,894,598	105,577,779	97,126,276	99,249,484	105,836,765	112,351,825	118,384,875	120,279,428
Restricted	14,756,435	10,040,158	8,064,092	9,833,916	12,442,351	21,782,830	20,136,402	19,361,213	19,738,780	19,751,759
Unrestricted	20,228,171	14,641,239	16,754,215	19,894,771	15,578,057	8,047,922	9,335,832	7,875,473	6,540,101	8,109,723
Total Net Position	144,355,856	133,532,019	133,712,905	135,306,466	125,146,684	129,080,236	135,308,999	139,588,511	144,663,757	148,140,910

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Member Dues	432,485	409,134	386,508	371,160	389,200	355,300	336,499	309,500	309,000	277,600
Water Sales	36,821,176	34,753,356	32,901,494	31,941,419	31,125,103	30,467,231	30,390,798	30,110,490	29,474,921	29,135,301
Planning Assessment	475,000	624,999	625,000	325,000	100,000	60,000	60,000	50,000	50,000	50,000
Renewal & Replacement	-	-	-	-	-	-	-	-	-	1,200,000
Other	2,240,014	347,400	2,001,015	652,183	131,499	37,354	27,018	21,993	27,131	19,137
Total Operating Revenues	39,968,675	36,134,889	35,914,017	33,289,762	31,745,802	30,919,885	30,814,315	30,491,983	29,861,052	30,682,038
Operating Expenses										
Cost of Sales & Services	24,778,426	19,667,119	17,667,201	16,882,050	16,415,682	15,002,110	14,200,760	13,574,250	13,493,354	13,819,834
Studies & Master Plan	-	755,117	-	124,531	307,294	18,112	5,259	20,790	59,296	316,460
Administration	466,333	503,228	502,565	466,511	743,901	683,723	627,038	602,466	588,400	489,972
Depreciation	12,525,873	12,366,815	12,305,355	12,686,624	12,495,084	12,573,146	12,156,431	11,878,125	11,595,914	11,687,372
Total Operating Expenses	37,770,632	33,292,279	30,475,122	30,159,719	29,961,961	28,277,091	26,989,489	26,075,631	25,716,964	26,313,638
Operating Income	2,198,043	2,842,610	5,438,895	3,130,043	1,783,841	2,642,794	3,824,826	4,416,352	4,144,088	4,368,400
Nonoperating Revenues (Expenses)										
Grants - Studies & Master Plans	-	377,309	727,805	-	153,648	9,056	-	-	14,183	158,201
Investment Earnings	1,231,898	222,396	32,949	341,225	675,603	1,231,898	264,130	156,744	119,460	54,662
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)
County Payments	(796,000)	(796,000)	(796,000)	(796,000)	(796,000)	(796,000)	(796,000)	(796,000)	(750,000)	(750,000)
Other Customer Payments	(1,519,868)	(1,344,994)	(1,345,125)	(1,345,321)	(1,345,634)	(1,345,291)	(1,331,317)	(1,474,954)	(1,243,187)	(1,243,187)
Interest Expense	(4,893,909)	(4,638,286)	(4,816,996)	(6,278,223)	(6,347,370)	(6,406,851)	(6,504,533)	(6,598,330)	(7,232,175)	(8,291,931)
Bond Issuance Costs	(196,997)	(31,302)	(425,513)	(51,630)	(49,940)	(6,406,851)	-	(4,801)	(838,506)	-
Federal Direct Payments	-	-	34,152	584,835	582,352	579,868	578,006	578,626	576,565	576,143
Taxes	-	-	-	-	-	-	-	-	-	(224,975)
Total Nonoperating Revenues	(6,174,876)	(6,210,877)	(8,560,285)	(9,516,671)	(9,098,899)	(8,698,877)	(9,776,130)	(9,966,635)	(11,556,985)	(11,692,644)
(Loss) Before Capital Contributions	(3,976,833)	(3,368,267)	(3,121,390)	(6,386,627)	(7,315,057)	(6,056,083)	(5,951,304)	(5,550,283)	(7,412,897)	(7,324,244)
Capital Contributions										
Capital Grants	12,605,075	2,704,850	527,828	8,900,721	3,381,505	6,118,70	1,671,793	-	1,250,000	1,000,000
Capital Refunds - Customers	-	(517,469)	-	-	-	-	-	(24,964)	-	(2,081,569)
Capital Payments - Customers	2,195,595	1,000,000	1,000,000	7,645,686	-	-	-	500,000	4,393,635	-
Contribution from General Fund	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	14,800,670	3,187,381	1,527,828	16,546,407	3,381,505	6,118,70	1,671,793	475,036	5,643,635	(1,081,569)
Change in Net Position	10,823,837	(180,886)	(1,593,561)	10,159,781	(3,933,552)	(5,444,213)	(4,279,511)	(5,075,247)	(1,769,262)	(8,405,813)
Total Net Position, Beginning of Year:										
As Originally Reported	133,532,019	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
Adjustments due to GASB Changes	-	-	-	-	-	-	-	-	(1,707,890)	(1,353,520)
As Adjusted	133,532,019	133,712,905	135,306,466	125,146,684	129,080,236	135,308,999	139,588,511	144,663,758	146,433,020	156,546,723
Total Net Position, End of Year	144,355,856	133,532,019	133,712,905	135,306,466	125,146,684	129,080,236	135,308,999	139,588,511	144,663,758	148,140,910

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
2023	\$ 8,756,057	\$ 2,684,806	\$ 1,231,194	\$ -	\$ 2,084,377	\$ 14,756,435
2022	\$ 3,274,345	\$ 2,799,215	\$ 2,128,101	\$ -	\$ 1,838,498	\$ 10,040,158
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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Charlotte County	12.24	11.79	11.39	11.08	10.45	10.46	11.28	10.39	10.43	10.40
DeSoto County	0.74	0.69	0.69	0.54	0.59	0.61	0.91	0.67	0.72	0.82
Sarasota County	16.52	13.78	14.24	15.52	12.72	12.47	12.99	13.52	12.85	12.51
City of North Port	1.39	2.57	2.30	1.71	2.00	0.94	1.17	1.36	1.58	1.49
	30.90	28.84	28.62	28.85	25.75	24.48	26.34	25.93	25.57	25.21

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Charlotte County	\$ 12,525,019	\$ 12,814,119	\$ 12,849,855	\$ 12,298,409	\$ 12,135,535	\$ 12,023,423	\$ 11,923,405	\$ 11,683,694	\$ 11,742,717	\$ 11,316,097
DeSoto County	869,374	793,783	707,891	644,396	657,885	657,533	727,914	657,623	681,263	702,732
Sarasota County	20,955,290	18,052,514	16,288,782	16,173,521	15,426,735	15,194,277	15,146,130	15,137,268	14,460,202	14,532,553
City of North Port	2,471,492	3,092,939	3,054,966	2,805,976	2,905,347	2,591,998	2,593,349	2,631,905	2,590,739	2,583,918
Other	-	-	-	19,117	-	-	-	-	-	-
	\$ 36,821,176	\$ 34,753,356	\$ 32,901,494	\$ 31,941,419	\$ 31,125,501	\$ 30,467,231	\$ 30,390,798	\$ 30,110,490	\$ 29,474,921	\$ 29,135,301

Peace River Manasota Regional Water Supply Authority
 Schedule of Long Term Debt by Issuance, Net of Unamortized Premiums and Discounts
 Last 10 Fiscal Years

FY	2005A	2005B	2008 BAN	2010A	2010B	2014A	2014B	2015	2019	2020	Line of Credit	Total
2023							61,191,116	12,108,386	1,120,000	52,113,242	19,723,000	146,255,745
2022							61,630,793	14,253,028	1,320,000	55,439,315	2,500,000	135,143,136
2021	-	-	-	-	-	-	62,070,469	16,312,669	1,515,000	58,650,388	2,500,000	141,048,527
2020	-	-	-	12,933,167	29,555,000	21,615,000	62,510,145	18,282,311	1,705,000	1,885,000	3,500,000	150,100,623
2019	-	-	-	12,921,000	29,555,000	22,780,000	62,949,822	20,166,952	-	-	-	150,257,774
2018	-	-	-	12,908,833	29,555,000	23,915,000	63,389,498	21,976,594	-	-	-	151,744,925
2017	-	-	-	12,896,667	29,555,000	25,020,000	63,829,174	23,716,235	-	-	-	155,017,076
2016	-	-	-	12,884,500	29,555,000	26,100,000	64,268,851	25,380,876	-	-	-	158,189,227
2015	-	-	-	12,872,333	29,555,000	27,155,000	64,708,527	26,980,518	-	-	-	161,271,378
2014	90,708,311	28,476,867	-	12,860,167	29,555,000	-	-	-	-	-	-	161,600,345
2013	91,588,453	29,937,478	-	12,848,000	29,555,000	-	-	-	-	-	-	163,928,931

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross Revenues										
Water Sales	\$ 29,135,301	\$ 29,474,921	\$ 30,110,490	\$ 30,390,798	\$ 30,467,231	\$ 31,125,103	\$ 31,941,419	\$ 32,901,494	\$ 34,753,356	\$ 36,821,176
Renewal & Replacement Revenue	1,200,000									
Interest	54,662	119,460	156,744	264,130	447,348	675,603	341,225	32,949	222,396	1,231,898
Federal Subsidy Interest (2010B Bond Issue) ⁽¹⁾	576,143	576,565	578,626	578,006	579,868	-	-	-	-	-
Gross Revenue Transfer (RSF)	-	-	-	-	-	-	-	-	-	-
Other ⁽²⁾	19,137	27,131	21,993	27,018	37,354	131,499	652,183	2,001,015	347,400	2,240,014
Total Gross Revenues	\$ 30,985,243	\$ 30,198,077	\$ 30,867,853	\$ 31,259,952	\$ 31,531,801	\$ 31,932,205	\$ 32,934,827	\$ 34,935,458	\$ 35,323,152	\$ 40,293,087
Operation and Maintenance Expenses										
Cost of Sales and Services	\$ 13,819,834	\$ 14,331,860	\$ 13,574,250	\$ 14,200,760	\$ 15,002,110	\$ 16,415,682	\$ 16,882,050	\$ 17,667,201	\$ 19,667,119	\$ 24,778,426
Administration	489,972	568,400	602,466	627,038	683,723	743,901	466,511	502,566	503,228	466,333
Total Operation and Maintenance Expenses	\$ 14,309,806	\$ 14,900,260	\$ 14,176,716	\$ 14,827,798	\$ 15,685,833	\$ 17,159,583	\$ 17,348,561	\$ 18,169,767	\$ 20,170,347	\$ 25,244,759
Net Revenues Available for Debt Service	\$ 16,675,437	\$ 15,297,817	\$ 16,691,137	\$ 16,432,154	\$ 15,845,968	\$ 14,772,622	\$ 15,586,266	\$ 16,765,691	\$ 15,152,805	\$ 15,048,328
Outstanding Bonds Debt Service										
Principal	2,140,000	2,005,000	2,395,000	2,485,000	2,585,000	2,685,000	2,790,000	2,640,000	4,615,000	4,815,000
Interest ⁽¹⁾	8,307,585	7,232,175	6,598,330	6,504,533	6,406,851	6,279,751	6,234,312	5,487,719	5,517,450	5,314,850
Total Debt Service⁽³⁾	\$ 10,447,585	\$ 9,237,175	\$ 8,993,330	\$ 8,989,533	\$ 8,991,851	\$ 8,964,751	\$ 9,024,312	\$ 8,127,719	\$ 10,132,450	\$ 10,129,850
Debt Service Coverage (1.15x required)	1.60	1.66	1.86	1.83	1.76	1.65	1.73	2.06	1.50	1.49
Revenues Available After Senior Lien Debt Service	6,227,852	6,060,642	7,697,807	7,442,621	6,854,117	5,807,871	6,561,954	8,637,972	5,020,355	4,918,478
Subordinate Indebtedness Debt Service										
Principal						115,000	180,000	190,000	195,000	200,000
Interest ⁽¹⁾						42,585	63,374	57,322	76,052	452,651
Total Subordinate Indebtedness Debt Service⁽³⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,585	\$ 243,374	\$ 247,322	\$ 271,052	\$ 652,651
Total Debt Service	\$ 10,447,585	\$ 9,237,175	\$ 8,993,330	\$ 8,989,533	\$ 8,991,851	\$ 9,122,336	\$ 9,267,686	\$ 8,375,041	\$ 10,403,502	\$ 10,782,501
Revenues Available After Total Debt Service	\$ 6,227,852	\$ 6,060,642	\$ 7,697,807	\$ 7,442,621	\$ 6,854,117	\$ 5,650,286	\$ 6,318,580	\$ 8,390,650	\$ 4,749,303	\$ 4,265,827
Total Debt Service Coverage (1.15x required)	1.60	1.66	1.86	1.83	1.76	1.62	1.68	2.00	1.46	1.40
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	-	-
DeSoto County Payment	750,000	750,000	796,000	796,000	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	-	-
Total County Payments	2,726,338	2,726,338	2,772,338	2,772,338	2,772,338	2,772,338	2,772,338	2,772,338	796,000	796,000
County Debt Service Coverage (1.00x req)	2.28	2.22	2.78	2.68	2.47	2.04	2.28	3.03	5.97	5.36

(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 (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)
2023	80	51	21	6	2	6.5
2022	80	51	21	6	2	6.5
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

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)
2023	34.7	41.65	48.6
2022	34.7	41.65	48.6
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

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
2023	204,126	N/A	N/A	3.80%
2022	196,742	\$ 53,227	5,676	3.00%
2021	190,570	\$ 51,677	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%

DeSoto County				
FY	County Population¹	Per Capita Personal Income²	Single Family Building Permits³	Unemployment Rate⁴
2023	34,974	N/A	N/A	3.50%
2022	34,748	\$ 32,893	252	2.60%
2021	34,031	\$ 32,873	123	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%

Manatee County				
FY	County Population¹	Per Capita Personal Income²	Single Family Building Permits³	Unemployment Rate⁴
2023	439,566	N/A	N/A	3.40%
2022	421,768	\$ 59,691	8,457	2.60%
2021	411,209	\$ 59,152	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%

Sarasota County				
FY	County Population¹	Per Capita Personal Income²	Single Family Building Permits³	Unemployment Rate⁴
2023	464,223	N/A	N/A	3.30%
2022	452,378	\$ 84,035	7,323	2.50%
2021	441,508	\$ 78,815	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%

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 THE 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 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 basic financial statements of Peace River Manasota Regional Water Supply Authority (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated February 9, 2024.

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

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 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*.

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 9, 2024
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 Peace River Manasota Regional Water Supply Authority's (the Authority's) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. 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 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, 2023.

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 9, 2024
Sarasota, Florida

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Peace River Manasota Regional Water Supply Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

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Water Supply Authority
Lakewood Ranch, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing any opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



February 9, 2024
Sarasota, Florida

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Award Amount	Contract/ Grant Number	Expenditures
U. S. DEPARTMENT OF TREASURY				
Passed Through Florida Department of Environmental Protection: <i>Coronavirus State and Local Fiscal Recovery</i>	21.027	\$ 7,250,000	FRP001	<u>\$ 4,586,045</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</i>	97.036	\$ 100,069	711544	100,069
<i>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</i>	97.036	\$ 9,905	715055	9,905
Total U.S. Department of Homeland Security				<u>109,974</u>
Total Expenditures of Federal Awards				<u>\$ 4,696,019</u>

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Note 1 - Basis of Presentation

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards (the schedule) of Peace River Manasota Regional Water Supply Authority (the Authority) have been designed to conform with generally accepted accounting principles, including reporting and compliance requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule is presented on the accrual basis of accounting.

Note 2 - Reporting Entity

The Authority's reporting entity is defined in Note 1 to the Authority's basic financial statements for the year ended September 30, 2023. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in this schedule.

Note 3 - Contingencies

Grant monies received and disbursed by the Authority are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to the disallowance of expenditures. Based upon prior experience, the Authority does not believe that such disallowances, if any, would have a material effect on the financial position of the Authority.

Note 4 - Indirect Costs

The Authority did not elect to use the 10% de minimis cost rate in 2023 as covered in 2 CFR 200.414.

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023**

Financial Statements

Type of Auditor’s Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs and Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Auditor’s Report Issued on Compliance for Major Programs and Projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)?	No

Identification of Major Federal Programs/State Projects:

Federal Programs:

- U.S. Department of Treasury:
 - Coronavirus State and Local Fiscal Recovery (Assistance Listing 21.027)

Dollar Threshold Used to Distinguish Between Type A and Type B:

Federal Programs: \$750,000

Auditee qualified as a low-risk auditee pursuant to the Uniform Guidance? No

Findings and Questioned Costs for Major Federal Programs Required to be Reported Under Section .516(a) of the Uniform Guidance

The audit disclosed no findings which are required to be reported under Section .516(a) of the Uniform Guidance.

Prior Audit Findings

There were no prior year audit findings.

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, 2023, and have issued our report thereon dated February 9, 2024.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; 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 9, 2024, 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 an inter-local agreement dated February 26, 1982. There are no component units.

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Lakewood Ranch, 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 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 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 52.
- 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 \$4,222,134.
- 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:

Kiewit Water Facilities Florida

\$ 89,310

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: the Authority's original budget totaled \$78,327,527 and was amended by the total amount of \$23,627,562, for final budgeted expenditures of \$101,955,089.

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

MANAGEMENT LETTER

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 Florida House of Representatives, the Florida Auditor General, federal and other 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 9, 2024
Sarasota, Florida

