

BIG BEND WATER AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**BIG BEND WATER AUTHORITY
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SEPTEMBER 30, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Big Bend Water Authority:

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Big Bend Water 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.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of September 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As discussed in Note (6) to the financial statements, the Authority has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses of the Authority. The amounts by which this departure would impact the liabilities, net position, and expenses of the Authority has not been determined.

Responsibilities of Management for the Financial Statements

The Authority's 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.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS and GAS 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 GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information 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.


Management has omitted the schedule of changes in the Authority's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. Our opinion on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*, 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. Such information has been subjected to the auditing procedures applied in the audits 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 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 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.

A handwritten signature in cursive script that reads "James Moore & Co., P.L." The signature is written in dark ink and is positioned to the right of the main body of text.

Gainesville, Florida
June 21, 2024

**BIG BEND WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

As management of the Big Bend Water Authority (the 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. Please read it in conjunction with the financial statements which follow.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,588,582 (net position). Of this amount, \$796,593 represents unrestricted net position that may be used to meet the Authority's ongoing obligations.
- The Authority's total net position increased by \$2,019,887 during the year. Capital grants and contributions were \$2,013,914. Operating income was \$83,778 in 2023, compared to \$318,176 in the prior year.
- The Authority's total outstanding long-term debt increased by \$857,241.
- During 2023, the Authority's total revenues were \$3,748,674, which is an increase of \$1,919,434 or 104.9% from 2022. The increase is primarily attributed to increases in capital grants and contributions.
- The Authority's operating and nonoperating expenses increased by \$304,470 or 21.4% from 2022 to 2023 due to increases in personnel costs and repairs and maintenance.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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's Discussion and Analysis—for State and Local Governments*, as amended. All of the Authority's activities are considered to be business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services. The Authority has no governmental activities.

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 are enterprise fund statements comprised of the following:

- Statement of Net Position—includes all the Authority's assets, liabilities and deferred outflows/inflows using the accrual basis of accounting.
- Statement of Revenues, Expenses, and Changes in Net Position—This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year.
- Statement of Cash Flows—The Statement of Cash Flows reports cash receipts and cash payments and classifies the Authority's cash transactions in four categories: operating, noncapital financing, capital and related financing, or investing activities.

BIG BEND WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

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

In addition, the annual report includes required supplementary information related to pensions as required by GASB.

FINANCIAL ANALYSIS OF THE AUTHORITY

Our analysis of the Authority begins with a measure of the Authority's financial position or financial health by reporting its assets and deferred outflows of resources and liabilities and deferred inflows of resources and the difference between them, referred to as "net position". Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors should also be considered in evaluating the Authority's financial health.

Following is a summarized statement of net position as of September 30, 2023 and 2022:

	Net Position	
	2023	2022
Non-capital assets	\$ 2,184,359	\$ 1,671,433
Capital assets	16,895,411	13,994,734
Total assets	19,079,770	15,666,167
Deferred outflows of resources	94,057	130,279
Current liabilities	1,220,143	750,295
Long-term liabilities	5,304,268	4,411,155
Total liabilities	6,524,411	5,161,450
Deferred inflows of resources	60,834	66,301
Net position:		
Net investment in capital assets	11,589,288	9,906,455
Restricted	202,701	177,178
Unrestricted	796,593	485,062
Total net position	\$ 12,588,582	\$ 10,568,695

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 \$12,588,582, and increase of \$2,019,887 over prior year. A substantial portion of the Authority's net position on September 30, 2023 (92.1%) reflects its 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 (1.6%) represents resources that are subject to external restriction on how they may be used. The remaining balance of net position (6.3%) is unrestricted.

BIG BEND WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Following is a summarized statement of changes in net position for the year ended September 30, 2023 and 2022:

	Changes in Net Position	
	2023	2022
Operating revenues and expenses:		
Operating revenues	\$ 1,720,768	\$ 1,664,090
Operating expenses	(1,636,990)	(1,345,914)
Net operating income	83,778	318,176
Nonoperating revenues (expenses)		
Investment earnings	13,992	4,045
Loss on disposal of capital assets	(215)	-
Interest expense	(91,582)	(78,403)
Net nonoperating expenses	(77,805)	(74,358)
Income before capital contributions	5,973	243,818
Capital grants and contributions	2,013,914	161,105
Change in net position	2,019,887	404,923
Beginning net position	10,568,695	10,163,772
Ending net position	\$ 12,588,582	\$ 10,568,695

In 2023, operating revenues increased by \$56,678 over the prior fiscal year while operating expenses increased \$291,076, resulting in a decrease in net operating income of 73.7% from the prior year. The increase in expenses was primarily due to increases in personnel costs, repairs and maintenance and supplies, and depreciation expense.

There was \$2,013,914 of capital grants during 2023, compared to \$161,105 in 2022. The primary project funded with capital grants in the current year was the septic to sewer conversion program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Net capital assets increased by \$2,900,677 during 2023, primarily due to infrastructure improvements. Additions were \$3,398,104 and depreciation was \$497,212. Major additions during 2023 included the following:

▪ Sugar Hill Estates Tracts 2 & 3	\$ 234,284
▪ Water Pipeline Additions	66,503
▪ Wastewater Pipeline Additions	402,076
▪ Wastewater Treatment Plant Expansion	454,630
▪ Septic to Sewer Conversion Program	2,199,342

**BIG BEND WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)**

The following is a summary of capital assets owned by the Authority as of September 30, 2023 and 2022:

Capital Assets (Net of Depreciation)

	2023	2022
Land	\$ 613,299	\$ 379,015
Vehicles	58,102	80,944
Water plant and structure	4,242,161	4,400,272
Water pipeline	857,230	885,470
Wastewater plant and structure	97,012	108,486
Wastewater pipeline	6,046,711	5,835,967
Office equipment	5,372	7,211
Machinery and equipment	66,315	42,132
Construction in progress	4,909,209	2,255,237
Total capital assets, net	\$ 16,895,411	\$ 13,994,734

More information about the Authority's capital assets can be found in Note 3 to the financial statements.

Debt Administration

The Authority borrowed an additional \$1,006,436 to fund the purchase of Sugar Hill Estates Tracts 2 and 3 and to fund the wastewater treatment plant expansion project. The total amount outstanding on the wastewater treatment expansion plant loan was \$1,712,693 as of September 30, 2023, of which \$1,174,173 is expected to be forgiven and recorded as grant revenue when the first repayment is due. The Authority reduced existing debt by \$169,375 as a result of its normal term payments. More information about the Authority's debt can be found in Note 4 to the financial statements.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Authority's financial position or results of operations.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Authority at Post Office Box 670, Steinhatchee, Florida 32359.

**BIG BEND WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 972,535
Restricted assets:	
Cash and cash equivalents	105,339
Investments	116,879
Accounts receivable, net	268,750
Due from other governments	633,800
Inventory	82,811
Prepaid items	4,245
Total current assets	2,184,359
Noncurrent assets:	
Capital assets:	
Non-depreciable	5,522,508
Depreciable, net	11,372,903
Total noncurrent assets	16,895,411
Total assets	\$ 19,079,770

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	\$ 94,057
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LIABILITIES

Current liabilities:	
Accounts payable	\$ 929,308
Customer deposits	111,696
Unearned revenue	159,622
Current portion of compensated absences	17,424
Payable from restricted assets:	
Accrued interest payable	19,517
Current maturities on long-term debt	1,309,616
Total current liabilities	2,547,183
Noncurrent liabilities:	
Notes and Bonds payable	3,627,538
Compensated absences	5,872
Net pension liability	343,818
Total noncurrent liabilities	3,977,228
Total liabilities	\$ 6,524,411

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	\$ 60,834
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NET POSITION

Net investment in capital assets	\$ 11,589,288
Restricted for debt service	202,701
Unrestricted	796,593
Total net position	\$ 12,588,582

The accompanying notes to financial statements are an integral part of this statement.

BIG BEND WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Operating revenues	
Water and wastewater revenues	\$ 1,451,455
Other operating revenues	269,313
Total operating revenues	<u>1,720,768</u>
Operating expenses	
Operating and management services	575,822
Other operating expenses	563,956
Depreciation and amortization	497,212
Total operating expenses	<u>1,636,990</u>
Operating income (loss)	<u>83,778</u>
Nonoperating revenues (expenses)	
Investment income	13,992
Gain (loss) on disposal of capital assets	(215)
Interest expense	(91,582)
Total nonoperating revenues (expenses)	<u>(77,805)</u>
Income (loss) before capital contributions	<u>5,973</u>
Capital contributions	
Capital grants	2,013,914
Change in net position	<u>2,019,887</u>
Net position, beginning of year	10,568,695
Net position, end of year	<u><u>\$ 12,588,582</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**BIG BEND WATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Cash flows from operating activities	
Cash received from customers	\$ 1,724,725
Cash payments to employees	(500,829)
Cash payments to suppliers	(972,077)
Net cash provided by (used in) operating activities	<u>251,819</u>
Cash flows from capital and related financing activities	
Proceeds from issuance of bonds and loans	1,006,436
Principal paid on notes and bonds payable	(157,561)
Interest paid on notes and bonds payable	(94,379)
Payments to acquire and construct plant property	(2,520,554)
Capital grants received	1,576,868
Net cash provided by (used in) capital and related financing activities	<u>(189,190)</u>
Cash flows from investing activities	
Interest received	13,375
Net cash provided by (used in) investing activities	<u>13,375</u>
Net change in cash and cash equivalents	<u>76,004</u>
Cash and cash equivalents, beginning of year	1,001,870
Cash and cash equivalents, end of year	<u>\$ 1,077,874</u>
Reconciliation of operating income (loss) to net cash provided by operating activities	
Cash flows from operating activities	
Operating income (loss)	\$ 83,778
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	497,212
Changes in assets and liabilities	
Accounts receivable	(13,622)
Inventory and prepaid expenses	14,363
Accounts payable and accrued expenses	(422,484)
Customer deposits payable	1,950
Unearned revenue	15,629
Compensated absences	8,366
Net pension liability	66,627
Total adjustments	<u>168,041</u>
Net cash provided by (used in) operating activities	<u>\$ 251,819</u>
Cash and cash equivalents classified as:	
Unrestricted	\$ 972,535
Restricted	105,339
Total cash and cash equivalents	<u>\$ 1,077,874</u>
Supplemental schedule of noncash investing, capital, and financing activities	
Capital assets acquired through accounts payable	<u>\$ 877,550</u>

The accompanying notes to financial statements are an integral part of this statement.

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:**

The accounting policies of the Big Bend Water Authority (the Authority) conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant policies.

(a) **Reporting entity**—The Authority is a multi-county special unit of government created through an interlocal agreement between the Boards of County Commissioners of Dixie and Taylor Counties, dated September 6, 2007. It is an independent special district created pursuant to the authority provided in Chapter 163, Part 1, Florida Statutes.

The Authority uses the criteria established in GASB Statement No. 14, as amended, to define the reporting entity and identify component units. Component units are entities for which the Authority is considered to be financially accountable or entities that would be misleading to exclude. There are no other entities that qualify for inclusion as a component unit within the Authority's reporting entity.

(b) **Basis of presentation**—The financial transactions of the Authority are reported as a proprietary fund type - Enterprise Fund. Enterprise Funds are used to account for activities in a manner similar to private-sector business enterprises. The Authority's operating revenues result from exchange transactions. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

(c) **Measurement focus and basis of accounting**—The Authority utilizes the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

(d) **Cash and cash equivalents**—The Authority's cash consists of legally authorized demand deposits. The institutions in which such deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, the total bank balances on deposit at September 30, 2023 are insured or collateralized pursuant to Chapter 280, Florida Statutes. For purposes of the statement of cash flows, the Authority considers only highly liquid investments with original maturities of less than three months to be cash equivalents.

(e) **Investments**—Investments consisted of certificates of deposit in qualified public depositories with original maturities of more than three months. Such investments are stated at cost plus accrued interest, which approximates fair value.

(f) **Accounts receivable**—The Authority's accounts receivable are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable are net of a \$66,405 allowance.

(g) **Inventory**—The Authority's inventory consists of meters, pipes and other supplies used for water and sewer main installations. Inventory is valued at cost, based on the first-in, first-out method.

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Capital assets**—Capital assets are recorded at cost less accumulated depreciation, except contributed assets which are recorded at acquisition value on the date of contribution. Expenditures of \$1,000 or more are capitalized. Depreciation, on a straight-line basis, is charged over estimated useful lives ranging from 3 to 40 years.

(i) **Compensated absences**—The Authority's policy is to allow limited vesting of employee vacation pay. Employees may not vest accumulated sick leave. A liability for compensated absences is accrued when incurred in the Authority's financial statements.

(j) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (5).

In addition to liabilities, the statement of financial 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is deferred inflows of resources related to pensions, as discussed further in Note (5).

(k) **Impact fees**—The Authority has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(l) **Net position flow assumption**—Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Authority's policy to consider restricted net position to have been used before unrestricted net position is applied.

(m) **Revenue recognition**—Operating revenue consists primarily of charges for services, which are billed to customers for water and wastewater. Billings are included in revenue as meters are read each month. Unbilled revenues are accrued based on estimated consumption of the most recent billing. Unearned revenue represents advance collections from customers.

(n) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(2) **Deposits and Investments:**

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Authority's deposits at year end are considered insured for custodial credit risk purposes.

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(3) Capital Assets:

Changes in the Authority's capital assets for the year ended September 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Capital assets not being depreciated:				
Land	\$ 379,015	\$ 234,284	\$ -	\$ 613,299
Construction in progress	2,255,237	2,653,972	-	4,909,209
Total assets not being depreciated	<u>2,634,252</u>	<u>2,888,256</u>	<u>-</u>	<u>5,522,508</u>
Capital assets being depreciated:				
Vehicles	216,604	-	-	216,604
Water plant and structure	6,455,507	-	-	6,455,507
Pipeline	2,356,620	66,503	-	2,423,123
Waste water pipeline	7,336,874	402,076	-	7,738,950
Waste water plant and structure	253,053	-	-	253,053
Office equipment	42,924	1,269	(10,468)	33,725
Machinery and equipment	139,176	40,000	(19,341)	159,835
Total assets being depreciated	<u>16,800,758</u>	<u>509,848</u>	<u>(29,809)</u>	<u>17,280,797</u>
Less: accumulated depreciation				
Vehicles	(135,660)	(22,842)	-	(158,502)
Water plant and structure	(2,055,235)	(158,111)	-	(2,213,346)
Pipeline	(1,471,150)	(94,743)	-	(1,565,893)
Waste water pipeline	(1,500,907)	(191,332)	-	(1,692,239)
Waste water plant and structure	(144,567)	(11,474)	-	(156,041)
Office equipment	(35,713)	(2,893)	10,253	(28,353)
Machinery and equipment	(97,044)	(15,817)	19,341	(93,520)
Total accumulated depreciation	<u>(5,440,276)</u>	<u>(497,212)</u>	<u>29,594</u>	<u>(5,907,894)</u>
Total capital assets being depreciated, net	<u>11,360,482</u>	<u>12,636</u>	<u>(215)</u>	<u>11,372,903</u>
Capital assets, net	<u>\$ 13,994,734</u>	<u>\$ 2,900,892</u>	<u>\$ (215)</u>	<u>\$ 16,895,411</u>

Depreciation expense for 2023 was \$497,212.

(4) Long-Term Liabilities:

The following is a summary of changes in long-term liabilities for the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 3,273,279	\$ 1,006,436	\$ 145,561	\$ 4,134,154	\$ 1,296,616
Bonds payable	815,000	-	12,000	803,000	13,000
Compensated absences	14,930	20,179	11,813	23,296	17,424
Total	<u>\$ 4,103,209</u>	<u>\$ 1,026,615</u>	<u>\$ 169,374</u>	<u>\$ 4,960,450</u>	<u>\$ 1,327,040</u>

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(4) **Long-Term Liabilities:** (Continued)

Long-term debt at September 30, 2023, is comprised of the following:

Notes Payable

Note Payable to finance water system improvements. Payable in semi-annual installments of \$24,999 on October and April 15, including interest from 2.64% to 3.52%. Payable from the pledged revenues, after satisfaction of any senior obligation. There is no debt senior to this obligation.	\$ 494,900
Note Payable to finance water system improvements. Payable in semi-annual installments of \$29,281 on November and May 15, including interest at 2.67%. Payable from the pledged revenues, after satisfaction of any senior obligation. The preceding loan is senior to this obligation.	576,603
Note Payable to finance wastewater system improvements. Payable in semi-annual installments of \$27,409 on December and June 15, including interest from 1.56% to 2.09%. Payable from the pledged revenues, after satisfaction of any senior obligation. The preceding loans are senior to this obligation.	764,561
Note Payable to Finance wastewater system improvements. Payable in semi-annual installments of \$14,809 September and March 15, with no interest. Payable from the pledged revenues, after satisfaction of any senior obligation. The preceding loans are senior to this obligation.	1,712,693
Note Payable to finance water distribution project. Payable in semiannual installments of \$12,126 on August and February 15, including interest at 1.51%. Payable from pledged revenues, after satisfaction of any senior obligation. The preceding loans are senior to this obligation.	207,420
Note Payable to finance the Sugar Hill Estates property purchase agreement (Tract 1), the first principal payment due on March 17, 2022. Monthly installments of \$1,140, including interest at 6.00%, until final maturity on March 17, 2032.	90,883
Note Payable to finance the Sugar Hill Estates property purchase agreement (Tracts 2 & 3), the first principal payment due on November 15, 2022. Monthly installments of \$1,845, including interest at 6.00%, until final maturity on October 15, 2037.	210,194
Note Payable to finance wastewater treatment plant expansion. Payable in semi-annual installments of \$2,136 on February and August 15; interest rate will be finalized upon completion of project. Payable from the pledged revenues, after satisfaction of any senior obligation. The preceding loans are senior to this obligation.	76,900
	4,134,154
Total notes payable	4,134,154
Bonds Payable	
\$875,000 Water and Sewer Bonds (2013 Series). Due in installments of \$4,000 to \$42,000, from September 1, 2015 through September 1, 2052; interest at 2.375%; to finance a sewer line extension.	803,000
	803,000
Total notes and bonds payable	\$ 4,937,154

**BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(4) **Long-Term Liabilities:** (Continued)

Aggregate maturities of notes and bonds payable are as follows:

	Principal	Interest	Total
2024	1,309,616	\$ 83,423	\$ 1,393,039
2025	209,115	79,093	288,208
2026	214,667	74,206	288,873
2027	220,377	69,140	289,517
2028	226,251	63,887	290,138
2029-2033	1,192,965	234,479	1,427,444
2034-2038	810,874	107,120	917,994
2039-2043	396,480	53,547	450,027
2044-2048	194,809	32,301	227,110
2049-2052	162,000	9,738	171,738
Total	<u>\$ 4,937,154</u>	<u>\$ 806,934</u>	<u>\$ 5,744,088</u>

(5) **Pension Plan:**

Plan Description and Administration

The Authority participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all of the Authority's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Authority are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(5) **Pension Plan:** (Continued)

Benefits Provided and Employees Covered

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. 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. Members of both Plans 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. 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 plan and/or class to which the member belonged when the service credit was earned.

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

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(5) **Pension Plan:** (Continued)

Contributions

The Authority participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2023	After June 30, 2023
Regular Class	11.91%	13.57%
Senior Management	31.57%	34.52%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30 2023, and 2.00% thereafter, which are included in the above rates.

For the plan year ended June 30, 2023, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 26,173
Entity Contributions – HIS	5,262
Employee Contributions – FRS	9,509

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2023, the Authority reported a liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 216,792
HIS	127,026
Total	\$ 343,818

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 that date. The Authority's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2023 and June 30, 2022, the Authority's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2023	2022
FRS	0.000544063%	0.000585894%
HIS	0.000799843%	0.000849221%

For the year ended June 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 49,609
HIS	51,342
Total	\$ 100,951

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(5) **Pension Plan:** (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,355	\$ -	\$ 1,860	\$ (298)
Changes of assumptions	14,132	-	3,339	(11,007)
Net difference between projected and actual investment earnings	9,054	-	66	-
Change in proportionate share	14,932	(19,583)	20,107	(29,946)
Contributions subsequent to measurement date	8,393	-	1,819	-
Total	\$ 66,866	\$ (19,583)	\$ 27,191	\$ (41,251)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Authority contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2024	\$ 5,614	\$ 1,990	\$ 7,604
2025	(2,725)	(8,343)	(11,068)
2026	34,907	(3,516)	31,391
2027	797	(3,423)	(2,626)
2028	297	(2,234)	(1,937)
Thereafter	-	(353)	(353)
	\$ 38,890	\$ (15,879)	\$ 23,011

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(5) **Pension Plan:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate, which 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. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.54%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2023, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Expected Rate of Return
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equities	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
Total	100.0%	

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(5) **Pension Plan:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Authority calculated using the current discount rates, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 370,325	\$ 216,792	\$ 88,343
HIS	3.65%	144,917	127,026	112,196

(6) **Other Post-Employment Benefits (OPEB):**

The Authority provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The Authority has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(7) **Risk Management:**

The Authority is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of employees. To manage its risks, the Authority maintains several insurance policies and participates in the Preferred Government Insurance Trust (the "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for member districts. The Authority pays an annual premium to the Trust for its coverage. The premiums are designed to fund the liability risks assumed by the Trust and are based on certain actual exposures of each member.

(8) **Related Party Transactions:**

Supplies were purchased from an entity owned by a board member. The amount was approximately \$20,744 for the year ended September 30, 2023.

Various residents and businesses have received sewer hook ups related to the septic tank elimination project funded through grants.

BIG BEND WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(9) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Authority’s financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.
- (c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

BIG BEND WATER AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)									
Proportion of the net pension liability	0.000544063%	0.000585894%	0.000599654%	0.000541599%	0.000502347%	0.000673450%	0.000393842%	0.000357216%	0.000354628%
Proportionate share of the net pension liability	216,792	218,000	45,297	234,737	173,001	202,847	116,536	90,197	45,805
Covered payroll	316,958	309,548	312,617	311,541	271,670	489,368	176,744	156,654	142,434
Proportionate share of the net pension liability as a percentage of covered payroll	68.40%	70.43%	14.49%	75.35%	63.68%	41.45%	65.93%	57.58%	32.16%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)									
Proportion of the net pension liability	0.000799843%	0.000849221%	0.000882858%	0.000897449%	0.000812138%	0.001497967%	0.000554498%	0.000507456%	0.000469510%
Proportionate share of the net pension liability	127,026	89,946	108,296	109,577	90,870	158,547	59,290	59,142	47,883
Covered payroll	316,958	309,548	312,617	311,541	271,670	489,368	176,744	156,654	142,434
Proportionate share of the net pension liability as a percentage of covered payroll	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.55%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Note 2: 2018 amounts include make-up contributions, resulting in unusually large covered payroll and contribution amounts.

**BIG BEND WATER AUTHORITY
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	For the Fiscal Year Ended September 30.								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)									
Contractually required contribution	\$ 28,477	\$ 24,547	\$ 23,782	\$ 17,995	\$ 15,576	\$ 19,193	\$ 11,034	\$ 9,001	\$ 8,812
Contributions in relation to the contractually required contribution	(28,477)	(24,547)	(23,782)	(17,995)	(15,576)	(19,193)	(11,034)	(9,001)	(8,812)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 333,532	\$ 302,835	\$ 317,082	\$ 311,541	\$ 271,670	\$ 489,368	\$ 176,744	\$ 156,654	\$ 142,434
Contributions as a percentage of covered payroll	8.54%	8.11%	7.50%	5.78%	5.73%	3.92%	6.24%	5.75%	6.19%
Health Insurance Subsidy Program (HIS)									
Contractually required contribution	\$ 5,846	\$ 5,027	\$ 5,264	\$ 5,172	\$ 4,510	\$ 8,124	\$ 3,265	\$ 2,656	\$ 2,036
Contributions in relation to the contractually required contribution	(5,846)	(5,027)	(5,264)	(5,172)	(4,510)	(8,124)	(3,265)	(2,656)	(2,036)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 333,532	\$ 302,835	\$ 317,082	\$ 311,541	\$ 271,670	\$ 489,368	\$ 176,744	\$ 156,654	\$ 142,434
Contributions as a percentage of covered payroll	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

Note 2: 2018 amounts include make-up contributions, resulting in unusually large covered payroll and contribution amounts.

**BIG BEND WATER AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<u>Federal/State Grantor/Pass Through Grantor/Program Title</u>	<u>ALN Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
FEDERAL AGENCY			
Department of the Treasury			
Passed through Florida Department of Environmental Protection COVID-19 - Coronavirus Local Fiscal Recovery Fund	21.027	WG029	\$ 1,994,148
Total Department of the Treasury			<u>1,994,148</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,994,148</u>

Notes:

1) Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes federal financial assistance activity of the Big Bend Water Authority (Authority) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

2) Subrecipients:

The Authority provided no federal awards to subrecipients during the year ended September 30, 2023.

**BIG BEND WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X none reported

Auditee qualified as a low-risk auditee? _____ yes X no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major Federal programs:

<u>Assistance Listing Number</u>	<u>Program Name</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

- A. Financial Statement Findings:** None
- B. Federal Award Findings and Questioned Costs:** None.
- C. Summary Schedule of Prior Audit Findings:** N/A
- D. Corrective Action Plan:** Not applicable as there are no current year findings.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors,
Big Bend Water Authority:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Big Bend Water Authority (the Authority)'s compliance with the types of compliance requirements identified 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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material, if there is a 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 GAAS, *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 noncompliance, whether due to fraud or error, and design and evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered 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.

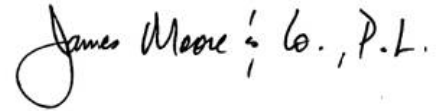
Report on Internal Control over Compliance

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, noncompliance with a type of compliance requirement of a federal program or state project 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 noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 an 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Gainesville, Florida
June 21, 2024

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

To the Board of Directors,
Big Bend Water Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Big Bend Water 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 June 21, 2024.

As discussed in Note (6) to the financial statements, the Authority has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in business-type activities. The effects of this departure from accounting principles generally accepted in the United States of America on the business-type activities has not been determined.

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 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.

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, noncompliance 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 noncompliance 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.

James Moore & Co., P.L.

Gainesville, Florida
June 21, 2024

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,
Big Bend Water Authority:

Report on the Financial Statements

We have audited the basic financial statements of the Big Bend Water Authority (the Authority), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 21, 2024.

As discussed in Note (6) to the financial statements, the Authority has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in business-type activities. The effects of this departure from accounting principles generally accepted in the United States of America on the business-type activities has not been determined.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA 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 June 21, 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 annual financial audit report. The following summarizes the status of both second preceding year and prior year findings and recommendations:

2022-001 Utility Utilization, 2021-001 Utility Utilization – Corrective action taken.

2022-002 Utility Billing – Corrective action taken.

2022-003 Grant Activity – Corrective action taken.

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 Big Bend Water Authority was established by special act by the Florida Legislature. There are no component units related to the Authority.

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

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

Specific Special District Information

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the following unaudited data:

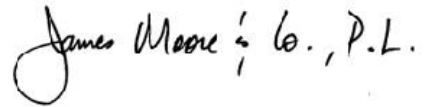
- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 9 employees.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 1 independent contractor.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$474,434.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$65,673.
- 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: Septic to Sewer Project for \$2,200,692.
- 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 district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: there were no amendments between the original and final total district expenditure budget.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
June 21, 2024

INDEPENDENT ACCOUNTANTS' REPORT

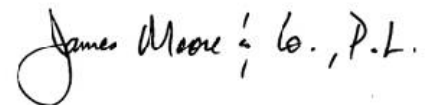
To the Board of Directors,
Big Bend Water Authority:

We have examined the Big Bend Water Authority's (the Authority) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2023. The Authority's management is responsible for the Authority's compliance with the Statute. Our responsibility is to obtain reasonable assurance by evaluating the Authority's compliance with the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance by evaluating the Authority's compliance with the Statute, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Authority's compliance with the Statute. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Authority was not in compliance with the Statute, in all material respects, 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 of the Authority, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.



Gainesville, Florida
June 21, 2024