

FINANCIAL STATEMENTS
Lake County Water Authority
Year Ended September 30, 2023
with Independent Auditor's Report

**LAKE COUNTY WATER AUTHORITY
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2023**

| | |
|-----------------------------------|-------------------------|
| Marty Proctor | Board Member-District 1 |
| Trampis Bonjorn, Vice-Chair | Board Member-District 2 |
| Kristan Zenishek | Board Member-District 3 |
| Robert “Butch” Hendrick, Chairman | Board Member-District 4 |
| Richard Donahue | Board Member-District 5 |
| Gary J. Cooney | Secretary-Treasurer |
| Bobby Bonilla | Executive Director |

LAKE COUNTY WATER AUTHORITY
SEPTEMBER 30, 2023

TABLE OF CONTENTS

| | <u>Page Number</u> |
|---|------------------------|
| INTRODUCTORY SECTION | |
| Title Page | |
| Principal Officials | |
| Table of Contents | |
| FINANCIAL SECTION | |
| Independent Auditor’s Report..... | 1 |
| Management’s Discussion and Analysis | 4 |
| Government-wide Financial Statements: | |
| Statement of Net Position | 9 |
| Statement of Activities..... | 10 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Fund | 11 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 12 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund | 13 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 14 |
| Notes to Financial Statements..... | 15 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund..... | 26 |
| Schedule of Contributions – Florida Retirement System | 27 |
| Schedule of Proportionate Share of the Net Pension Liability | 28 |
| ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | |
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 29 |

LAKE COUNTY WATER AUTHORITY
SEPTEMBER 30, 2023

ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)

| | |
|--------------------------------------|----|
| Management Letter | 31 |
| Independent Accountant's Report..... | 34 |



INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Lake County Water Authority
Tavares, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund (General Fund) of the Lake County Water Authority (the "Authority"), a component unit of Lake County, Florida, as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Authority, as of September 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Governing Board
Lake County Water Authority
Tavares, Florida

INDEPENDENT AUDITOR'S REPORT *(Continued)*

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Governing Board
Lake County Water Authority
Tavares, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 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 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 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 28, 2024

Management's Discussion and Analysis

As management of the Lake County 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. This discussion has been prepared by management and should be read in conjunction with the financial statements, which follow this section.

Financial Highlights

In 2022, the Florida Legislature passed House Bill 1105. The Board of Lake County Commissioners adopted Ordinances which made several changes to the organizational structure of the Authority namely changing it from an Independent Special District to a Dependent Special District of Lake County and creating a 5 member appointed Board.

The Authority's assets exceeded its liabilities at September 30, 2023 by \$ 42,274,312 (net position). Of this amount, \$ 17,417,536 (unrestricted net position) may be used to meet the organization's ongoing obligations to its customers and creditors.

The Authority's total net position increased \$ 1,750,178 as a result of current year operations.

Long-term liabilities are made up of net pension liability. The amount outstanding at September 30, 2023 is \$ 1,007,938 which is classified as long-term.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements. The Authority is also considered a discretely-presented component unit of Lake County and certain information is included in the County Annual Comprehensive Financial Report.

Government-Wide Financial Statements

The government-wide financial statements of the Authority provide a broad overview of the Authority's finances and report information about the Authority using accounting methods similar to those used by private sector companies.

The Statement of Net Position presents the Authority's assets and deferred outflows of resources less its liabilities and deferred inflows of resources at year end. The difference between these amounts is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is changing.

The Statement of Activities presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving

rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund, the General Fund, which is a governmental fund type.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. As a result of this difference in focus, a reconciliation is provided in the notes to the financial statements between the fund and government-wide statements.

The basic governmental fund financial statement can also be found on pages 11 and 13 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 15 of this report.

Government-Wide Financial Analysis

Our analysis of the government-wide financial statements of the Authority begins below. The Statement of Net Position and the Statement of Activities report the net position of the Authority and changes in them. Over time, increases or decreases in the Authority’s net position are one indicator of financial position. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations, and new or changed government legislation.

Lake County Water Authority Net Position

| | 2023 | 2022 |
|----------------------------|-----------------------------|-----------------------------|
| Current and other assets | \$ 19,180,405 | \$ 17,081,969 |
| Capital assets, net | 24,856,776 | 24,886,764 |
| Total assets | <u>44,037,181</u> | <u>41,968,733</u> |
| Deferred outflow | <u>234,824</u> | <u>359,697</u> |
| Current liabilities | 704,565 | 367,608 |
| Long-term liabilities | <u>1,007,938</u> | <u>1,318,811</u> |
| Total liabilities | <u>1,712,503</u> | <u>1,686,419</u> |
| Deferred inflows | <u>285,190</u> | <u>117,877</u> |
| Invested in capital assets | 24,856,776 | 24,886,764 |
| Unrestricted | <u>17,417,536</u> | <u>15,637,370</u> |
| Total net position | <u><u>\$ 42,274,312</u></u> | <u><u>\$ 40,524,134</u></u> |

Assets of the Authority consist primarily of cash of \$ 18,789,680 and capital assets, net of accumulated depreciation of \$ 24,856,776.

Current liabilities of \$ 704,565 consist primarily of accounts payable and other current liabilities.

Net position amounted to \$ 42,274,312 in fiscal year 2023. The major component of this category is the category "Invested in capital assets", which is the Authority's investment in its net capital assets (original cost less accumulated depreciation), totaling \$ 24,856,776.

While the statement of net position shows the change in financial position of net position, the statement of activities provides answers as to the nature and source of these changes.

Lake County Water Authority Statement of Activities

| | 2023 | 2022 |
|------------------------|---------------|---------------|
| Revenues | \$ 10,003,233 | \$ 8,600,013 |
| Expenses: | | |
| Current | 7,638,293 | 5,344,699 |
| Depreciation | 614,762 | 561,053 |
| Total expenses | 8,253,055 | 5,905,752 |
| Change in net position | 1,750,178 | 2,694,261 |
| Beginning net position | 40,524,134 | 37,829,873 |
| Ending net position | \$ 42,274,312 | \$ 40,524,134 |

Revenues consist primarily of ad valorem taxes, which were \$ 9,117,848 in 2023. Revenues also include reimbursements for Hurricane Ian from the Federal Emergency Management Agency (FEMA) of \$ 166,011. Other revenues include interest of \$ 696,739, charges for services of \$ 17,203, and miscellaneous revenue of \$ 5,432.

Current expenses consist of general operating expenses of \$ 5,732,148 and grants of \$ 817,702 for water quality, waterway improvement and education. Grants include \$ 265,400 for the City of Fruitland Park Stormwater Project at Mirror Lake, \$ 30,000 toward the City of Clermont Water Quality Project for Basin 12A discharge to Lake Winona, \$ 7,000 for the Florida Fish and Wildlife Conservation Commission (FWC) Lakes Dora/Beauclair Angler Creel Survey, and \$ 45,000 to Trout Lake Nature Center for ongoing operations and rebuilding the Center's boardwalk. Expenses also include \$ 1,088,443 in personal services, which include salaries, wages and related taxes, and fringe benefits paid to Authority personnel during fiscal year 2023.

Analysis of Lake County Water Authority General Fund

The Authority has one fund, the general fund, which is reported in the Fund Financial Statements. The focus of the general fund is to provide information on near-term inflows and outflows of cash and the balance available. The fund balance was \$ 18,475,840 at September 30, 2023 compared to \$ 16,763,835 at the end of the prior year. Assigned fund balance at September 30, 2023 of \$ 6,287,823 included \$ 2,734,447 in grants for water quality improvement, and \$ 1,056,502 for construction of the Hickory Point Recreational Park Boat Ramp and Accessory Docks project. The remaining fund balance of \$ 12,188,017 is classified as unassigned.

The following is a comparison of operations from 2023 to 2022 at the fund level:

| | <u>Year Ended Sept. 20, 2023</u> | <u>Year Ended Sept. 30, 2022</u> | <u>Variance Increase (Decrease)</u> |
|---|--------------------------------------|--------------------------------------|---|
| Revenues: | | | |
| Taxes | \$ 9,117,848 | \$ 8,313,838 | \$ 804,010 |
| Intergovernmental revenue | 166,011 | 32,538 | 133,473 |
| Charges for services | 17,203 | 17,329 | (126) |
| Investment and miscellaneous income | 738,565 | 238,570 | 499,995 |
| Total revenues | <u>10,039,627</u> | <u>8,602,275</u> | <u>1,437,352</u> |
| Expenditures: | | | |
| Personal services | 1,156,604 | 1,229,596 | (72,992) |
| Operating and grants | 6,549,850 | 4,135,383 | 2,414,467 |
| Capital outlay | 621,168 | 1,104,870 | (483,702) |
| Total expenditures | <u>8,327,622</u> | <u>6,469,849</u> | <u>1,857,773</u> |
| Excess of revenues over (under) expenditures | 1,712,005 | 2,132,426 | (420,421) |
| Fund balance beginning of year | 16,763,835 | 14,631,409 | 2,132,426 |
| Fund balance end of year | <u>\$ 18,475,840</u> | <u>\$ 16,763,835</u> | <u>\$ 1,712,005</u> |

Taxes increased in 2023 primarily due to increased property values. Intergovernmental revenue increased due to a FEMA reimbursement related to the 2022 hurricane, Ian. Miscellaneous income increased due to higher earnings on cash balances. Operating expenses increased primarily due to larger current year expenditures at the nutrient reduction facility for operation of the facility including chemical usage, and removal of alum residual.

General Fund Budgetary Highlights

Expenditures – Physical environment expenditures were below final budget by approximately \$ 11.3 million of which operating expenses were below budget by approximately \$ 5.9 million due lower than anticipated costs for contractual services and projects not completed.

Capital Assets

Capital Assets - As of September 30, 2023, the Authority had \$ 24,856,776 of net capital assets invested primarily in land and improvements, as reflected in the table below.

| | <u>2023</u> | <u>2022</u> |
|--------------------------|----------------------|----------------------|
| Land and improvements | \$ 19,732,052 | \$ 19,732,052 |
| Structures | 7,945,313 | 7,905,051 |
| Equipment | 3,949,470 | 3,819,979 |
| Infrastructure | 2,167,942 | 1,928,319 |
| Total capital assets | <u>33,794,777</u> | <u>33,385,401</u> |
| Accumulated depreciation | (8,938,001) | (8,498,637) |
| Net capital assets | <u>\$ 24,856,776</u> | <u>\$ 24,886,764</u> |

Capital assets consist of land and land improvements, a nutrient reduction facility, water control structures, buildings, vehicles and equipment used by the organization in its daily operations.

The Authority purchased approximately \$621,168 of infrastructure, equipment and structures. The infrastructure included paving the Hartwood Marsh road and replacement of a water line at Hickory Point Park. The equipment included an airboat with trailer, dump truck and a vehicle. Two stainless steel alum tanks were installed at the nutrient reduction facility.

Economic Factors and Next Year's Budget and Rates

1. The average unemployment rate for Lake County area is 3.3%. This is compared to the 2.8% for the state and 3.8% for the nation.
2. At September 30, 2023 inflation nationally, as indicated by the consumer price index, was 3.7 %.

All of these factors were considered in preparing the Authority budget for the 2023-2024 year. On September 26, 2023 the Lake County Board of County Commissioners approved Resolution 2023-126 for the Authority's Final Budget. The 2024 budget of \$ 36,248,573 includes a millage rate of 0.2940 which is above the rolled-back rate.

Requests for Information - This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Office of the Clerk of the Circuit Court and Comptroller, 315 West Main Street, Post Office Box 7800, Tavares, Florida, 32778, (352) 343-9808.

**LAKE COUNTY WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

| | Primary Government |
|---|-------------------------------|
| | Governmental Activities |
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$ 18,789,680 |
| Accounts receivable | 362,502 |
| Due from other governmental units | 28,223 |
| Total Current Assets | 19,180,405 |
| Noncurrent Assets: | |
| Capital assets | |
| Land and other nondepreciable assets | 17,124,765 |
| Depreciable capital assets, net of accumulated depreciation | 7,732,011 |
| Total Noncurrent Assets | 24,856,776 |
| TOTAL ASSETS | 44,037,181 |
| DEFERRED OUTFLOWS OF RESOURCES | 234,824 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable and other current liabilities | 678,771 |
| Accrued expenses | 19,989 |
| Deposits | 5,805 |
| Total Current Liabilities | 704,565 |
| Noncurrent Liabilities: | |
| Net pension liability | 1,007,938 |
| Total Noncurrent Liabilities | 1,007,938 |
| TOTAL LIABILITIES | 1,712,503 |
| DEFERRED INFLOWS OF RESOURCES | 285,190 |
| NET POSITION | |
| Net investment in capital assets | 24,856,776 |
| Unrestricted | 17,417,536 |
| TOTAL NET POSITION | \$ 42,274,312 |

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

**LAKE COUNTY WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | <u>Primary Government Governmental Activities</u> |
|----------------------------------|-------------------------|---------------------------------|---|---|
| | <u>Expenses</u> | <u>Charges For Services</u> | <u>Operating Grants and Contributions</u> | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,568,720 | \$ - | \$ 166,011 | \$ (1,402,709) |
| Physical environment | 6,347,147 | - | - | (6,347,147) |
| Culture and recreation | 239,536 | 17,203 | - | (222,333) |
| Education | 97,652 | - | - | (97,652) |
| Total governmental activities: | <u>8,253,055</u> | <u>17,203</u> | <u>166,011</u> | <u>(8,069,841)</u> |
| Total primary government | <u>\$ 8,253,055</u> | <u>\$ 17,203</u> | <u>\$ 166,011</u> | <u>(8,069,841)</u> |
| General revenues: | | | | |
| Property taxes | | | | \$ 9,117,848 |
| Unrestricted investment earnings | | | | 696,739 |
| Other miscellaneous | | | | 5,432 |
| Total general revenues | | | | <u>9,820,019</u> |
| Change in net position | | | | 1,750,178 |
| Net position - beginning | | | | 40,524,134 |
| Net position - ending | | | | <u>\$ 42,274,312</u> |

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

**LAKE COUNTY WATER AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023**

| | <u>General Fund</u> |
|--|---------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 18,789,680 |
| Accounts receivable | 362,502 |
| Due from other governmental units | 28,223 |
| TOTAL ASSETS | <u><u>\$ 19,180,405</u></u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable | \$ 678,771 |
| Accrued expenses | 19,989 |
| Deposits | 5,805 |
| TOTAL LIABILITIES | <u><u>704,565</u></u> |
| Fund balances: | |
| Assigned | 6,287,823 |
| Unassigned | 12,188,017 |
| TOTAL FUND BALANCES | <u><u>18,475,840</u></u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 19,180,405</u></u> |

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

**LAKE COUNTY WATER AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023**

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|---|----------------------|
| Fund balances - total governmental funds | \$ 18,475,840 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the amount of capital assets of \$33,794,777, net of accumulated depreciation of \$8,938,001. | 24,856,776 |
| Net pension liability and related deferred outflows and inflows are not due and payable in the current period and therefore are not reported in the funds. | <u>(1,058,304)</u> |
| Net position of governmental activities | <u>\$ 42,274,312</u> |

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

**LAKE COUNTY WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| | General Fund |
|---|-----------------|
| Revenues: | |
| Taxes | \$ 9,117,848 |
| Intergovernmental | 166,011 |
| Charges for services | 17,203 |
| Miscellaneous: | |
| Interest | 696,739 |
| Other | 41,826 |
| Total Revenues | 10,039,627 |
| Expenditures: | |
| Current: | |
| General Government | 1,558,171 |
| Physical Environment | 5,886,580 |
| Culture and Recreation | 164,051 |
| Education | 97,652 |
| Capital Outlay | 621,168 |
| Total Expenditures | 8,327,622 |
| Excess of Revenues Over (Under) Expenditures/Net Change in Fund Balances | 1,712,005 |
| Fund Balance at Beginning of Year | 16,763,835 |
| Fund Balance at End of Year | \$ 18,475,840 |

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

**LAKE COUNTY WATER AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 1,712,005 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$621,168 was more than depreciation of \$614,762. | 6,406 |
| The net effect of miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net position. | (36,394) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds including the increase in net pension liability and related deferred outflows and inflows of \$115,620, decrease in other post-employment benefits and related deferred outflows and inflows of \$104,575, and the decrease in compensated absence liability of \$79,206. | 68,161 |
| Changes in net position of governmental activities | \$ 1,750,178 |

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

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

1. Significant Accounting Policies:

- A. Reporting Entity - The Lake County Water Authority (f/k/a Oklawaha Basin Recreation and Water Conservation and Control Authority) was created by Chapter 29222, Laws of Florida, Special Acts of 1953, as amended, and was codified pursuant to Section 189.429, Florida Statutes, in Chapter 2005-314 Laws of Florida, as amended by Chapter 2017-218. Pursuant to HB 1105, Chapters 2005-314 and 2017-218 will be codified by Lake County, Florida; this was adopted by County Ordinance No. 2022-31, as amended by Ordinances 2022-37 and 38, which changed the Authority from an Independent Special District to a Dependent Special District that is now considered a component unit of Lake County, Florida. The Authority is comprised of a five member appointed Board with statutory authority to assess no more than .5 mills in ad valorem taxes.

The Authority is a special taxing district extending territorially throughout the present limits of Lake County, Florida; “for the purposes of controlling and conserving the freshwater resources of Lake County; fostering improvements to streams, lakes, and canals in the county; improving the fish and aquatic wildlife of the county by improving the streams, lakes, and canals in the county; and protecting the freshwater resources of Lake County through assisting local governments in treating of stormwater runoff.” The principal powers are those of a corporate body, including the power to do things necessary to accomplish this purpose as set forth in the Statutes, as amended.

- B. Measurement focus, basis of accounting, and financial statement presentation - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or grants that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for the governmental fund.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as received as they are levied and received in the same fiscal year. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All grants of the Authority were classified as operating for the statement of activities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become measurable and available. Revenues are considered to be available when

LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority generally considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority reports the general fund as its only major governmental fund. The general fund is the Authority's primary operating fund. This fund accounts for all financial resources of the general government.

C. Budget and Budgetary Accounting - The Authority followed the following procedures in establishing the budgetary data for fiscal year 2023, reflected in the financial statements:

- 1) The assessment date is January 1.
- 2) On approximately July 1, the county property appraiser certifies the tax roll.
- 3) The Board shall by resolution determine the total amount to be raised by taxation in such year upon the taxable property within the Authority and shall determine the millage rate required, not to exceed .5 mills. The director submits a proposed operating budget to the Authority's Board for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 4) A series of two public hearings are held between 65 and 100 days following the certification of the tax roll.
- 5) Prior to October 1, the budget is legally enacted through adoption by the Board and the Lake County Board of County Commissioners. All revisions of the budget require approval by the Board.
- 6) The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgetary comparisons presented in this report are on this budgetary basis.

The legal level of budgetary control is the major object level. The original budget is adopted before final audited beginning fund balance is available, resulting in differences between the beginning fund balance for the original and the final budget presentation in the governmental fund.

D. Assets, Liabilities, and Fund Equity

- 1) Deposits - State statute allows public deposits only at qualified public depositories that have deposited required collateral in the name of the Treasurer of the State of Florida under the Florida Security for Deposits Act. All deposits are entirely insured by the Federal Deposit Insurance Corporation or Florida's Multiple Financial Institution Collateral Pool.
- 2) *Investments* – Pursuant to Florida Statutes, the Authority is authorized to invest in:
The Local Government Surplus Funds Trust Fund, (commonly referred to as the SBA) administered by the Florida State Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s. 163.01.

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.

Direct obligations of the U.S. Treasury.

- 3) *Capital Assets* - Capital assets, which include land and improvements, structures, equipment, and infrastructure are reported in the applicable government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, structures and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

| | |
|-----------------------------|-------------|
| Land improvements | 20 years |
| Structures | 20-40 years |
| Vehicles/computer equipment | 5 years |
| Office equipment | 10 years |
| Heavy equipment | 10-20 years |
| Infrastructure | 20 years |

- 4) *Fund Balance and Net Position* –

Restrictions of fund balance represent amounts that are imposed by an external party to be held by the Authority. These restrictions can only be lifted with the consent of the external party.

Assignments of fund balance represent the Authority board’s intent to complete projects in the future with expenditures of funds under signed agreements or tentative management plans. These designations are not restricted by outside third parties.

Unassigned fund balance represents funds that are remaining after restrictions and assignments and that are accessible to the Authority for its operations. When determining the classification of fund balance, the Authority considers that restricted funds and assigned funds are used before using unassigned funds.

Net investment in capital assets represents that portion of net position that is associated with capital assets and is, therefore, not available for general operations.

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

E. Revenues and Expenditures -

Taxes - The key dates in the property tax cycle (latest date where appropriate) are as follows:

| | |
|--|-----------------|
| Assessment date | January 1 |
| Assessment roll validated | July 1 |
| Millage resolution approved | By September 30 |
| Beginning of fiscal year for which taxes have been levied | October 1 |
| Tax bills rendered and due | November 1 |
| Property Taxes Payable: | |
| Maximum discount | November 30 |
| Delinquent | April 1 |
| Tax certificates sold | May 31 |

For fiscal year 2023 the statutory maximum tax rate which may be assessed by the Authority for ad valorem millage is .5 mills.

F. Use of Estimates –

The management of the Authority has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Examples of major areas where estimates are used include the estimate of useful lives of capital assets, and the liability for pension benefits.

2. Cash and Cash Equivalents:

At September 30, 2023 the Authority had cash and cash equivalents of \$ 1,482,001 in checking and money market accounts, and \$ 17,307,679 in a savings account.

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

3. Capital Assets:

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

| | Balances - Oct. 1, 2022 | Increases | Decreases | Balances - Sept. 30, 2023 |
|---|------------------------------------|------------------|--------------------|--------------------------------------|
| Land | \$ 17,124,765 | \$ - | \$ - | \$ 17,124,765 |
| Construction work in progress | - | - | - | - |
| Total assets not being depreciated | 17,124,765 | - | - | 17,124,765 |
| Land Improvements | 2,607,287 | - | - | 2,607,287 |
| Structures | 7,905,051 | 160,000 | (119,738) | 7,945,313 |
| Equipment and vehicles | 1,329,401 | 154,421 | (71,914) | 1,411,908 |
| Heavy equipment | 2,490,578 | 67,124 | (20,140) | 2,537,562 |
| Infrastructure | 1,928,319 | 239,623 | - | 2,167,942 |
| Total assets being depreciated | 16,260,636 | 621,168 | (211,792) | 16,670,012 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (1,841,979) | (53,272) | - | (1,895,251) |
| Structures | (3,512,520) | (186,480) | 89,554 | (3,609,446) |
| Equipment and vehicles | (935,919) | (105,382) | 71,914 | (969,387) |
| Heavy equipment | (1,332,819) | (146,961) | 13,930 | (1,465,850) |
| Infrastructure | (875,400) | (122,667) | - | (998,067) |
| Total accumulated depreciation | (8,498,637) | (614,762) | 175,398 | (8,938,001) |
| Governmental activities, capital assets, net | \$ 24,886,764 | \$ 6,406 | \$ (36,394) | \$ 24,856,776 |

Depreciation expense was \$ 614,762. Of this amount, \$ 51,820 was general government; \$ 487,457 was physical environment; and \$ 75,485 was culture and recreation.

4. 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; and job-related illnesses or injuries to employees. Significant losses for liability and workers compensation are covered through participation in a local government non-assessable self-insurance pool. For these insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The Authority is self-insured for property damage with the exception of the nutrient reduction facility and office building.

The Authority's employee health care coverage is provided through insurance obtained through the Lake County Board of County Commissioners, which has a self-insured plan.

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

5. Florida Retirement System Pension Plan:

Plan Description: The Authority contributes to the Florida Retirement System, (FRS) a cost-sharing multiple-employer public employee retirement system (PERS) administered by the Florida Division of Retirement. The System offers a choice between a defined benefit plan (“Pension Plan”) and a defined contribution plan (“Investment Plan”). Employees also participated in the Retiree Health Insurance Subsidy (“HIS Plan”) which is a defined benefit plan. Florida Statutes Chapter 121 assigns the authority to administer the Plan to the Division of Retirement. The Florida Legislature establishes and amends benefit provisions and contribution levels.

The Pension Plan provides for vesting of benefits after 6 to 8 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 to 65 with 6 or 8 or more of years of service. Early retirement is available after 6 to 8 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit, where average compensation is computed based on an individual’s five to eight highest years of earnings. Benefits also include a disability and survivor’s benefits, as established by Florida Statutes.

Pension Plan members may participate in a Deferred Retirement Option Plan (DROP), after reaching eligibility for normal retirement or through the available deferral period for eligible members. This plan allows employees to defer receipt of retirement benefits while continuing employment with a System employer for up to ninety-six months. DROP benefits earn 1.3% interest compounded monthly for members until July 2023, when the interest rate was increased to 4.0%. The employer continues to contribute to the System on behalf of the employee.

The Investment plan provides for vesting after one year of creditable service. Under this plan, the employer makes contributions to a participant’s account and the participant directs where the contributions are invested among the plan’s investment funds. Upon termination, vested participants may receive amounts accumulated in their investment accounts.

The HIS Plan is established in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees in paying their health insurance costs. Current benefits are based on \$ 5 per year of service, ranging from \$ 30 - \$ 150 per month. To be eligible, retirees must provide proof of health insurance coverage, which may include Medicare.

Funding Policy: The Authority is required to contribute at an actuarially determined rate. The rate for regular members, senior management, and DROP participants from October 1, 2022 to June 30, 2023 was 11.91%, 31.57%, and 18.60% respectively, and from July 1, 2023 to September 30, 2023 was 13.57%, 34.52% and 21.13% respectively, of annual covered payroll, which includes the HIS Plan rate of 1.66% for October 1, 2022 through June 30, 2023, and 2.00% for July 1, 2023 to September 30, 2023. The contribution requirements of the Authority are established and may be amended by the Florida Legislature. The Authority’s contributions to the System for the years ending September 30, 2023, 2022 and 2021 were \$ 114,215, \$ 113,322,

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

and \$ 122,110 respectively, equal to the required contributions for each year. Employees were required to begin contributing 3% to the retirement system effective July 1, 2011; employees were not required to contribute prior to that date. Employee contributions for the years ending September 30, 2023, 2022 and 2021 were \$ 21,083, \$ 25,876, and \$ 28,440 respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – At September 30, 2023, the Authority reported a liability of \$ 709,333 and \$ 298,605 for its proportionate share of the Pension Plan and 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 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the Authority’s proportionate share for the Pension Plan was .001780149%, which was a decrease of .000688035% from its proportionate share measured as of June 30, 2022. At June 30, 2023, the proportionate share for the HIS Plan was .001880228%, which was a decrease of .000689886% from its proportionate share measured as of June 30, 2022.

For the year ended September 30, 2023, the Authority recognized pension expense of \$ 120,263 for the Pension Plan and \$ 98,238 for the HIS Plan.

The deferred outflows of resources and deferred inflows of resources related to the Pension Plan are as follows:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 66,600 | \$ - |
| Change of assumptions | 46,240 | - |
| Net Difference between projected and actual earnings on Pension Plan investments | 29,624 | - |
| Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions | 36,323 | 163,856 |
| Authority Pension Plan contributions subsequent to the measurement date | 30,206 | - |
| Total | <u>\$ 208,993</u> | <u>\$ 163,856</u> |

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

The deferred outflows of resources and deferred inflows of resources related to the HIS Plan are as follows:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 4,371 | \$ 701 |
| Change of assumptions | 7,850 | 25,875 |
| Net Difference between projected and actual earnings on HIS Plan investments | 154 | - |
| Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions | 8,330 | 94,758 |
| Authority HIS Plan contributions subsequent to the measurement date | 5,126 | - |
| Total | <u>\$ 25,831</u> | <u>\$ 121,334</u> |

The deferred outflows of resources related to the Pension Plan and HIS Plan, totaling \$ 30,206 and \$ 5,126, resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the new pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| <u>Fiscal Year Ending Sept. 30:</u> | <u>Pension Plan Amount</u> | <u>HIS Plan Amount</u> |
|---|--------------------------------|----------------------------|
| 2024 | 5,109 | (17,369) |
| 2025 | 2,198 | (19,144) |
| 2026 | (4,532) | (21,639) |
| 2027 | (10,386) | (19,522) |
| 2028 | 16,157 | (16,267) |
| Therafter | 6,385 | (6,688) |
| Total | <u>\$ 14,931</u> | <u>\$ (100,629)</u> |

Pension Plan Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

| | |
|-------------------------|--|
| Inflation | 2.40% |
| Salary increases | 3.25% average, including inflation |
| Investment Rate of turn | 6.70%, net of pension plan investment expense |
| Mortality | PUB – 2010 base table, projected generationally with Scale MP-2018 |

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

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 (as outlined in the Pension Plan’s Investment Policy) and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Annual Arithmetic Return |
|------------------------|-------------------|-----------------------------|
| Cash | 1.0 % | 2.9 % |
| Fixed Income | 19.8 | 4.5 |
| Global Equity | 54.0 | 8.7 |
| Real Estate (Property) | 10.3 | 7.6 |
| Private Equity | 11.1 | 11.9 |
| Strategic Investments | 3.8 | 6.3 |
| Total | 100% | |

Pension Plan Discount Rate - The discount rate used to measure the total pension liability was 6.7%. The Pension 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.

HIS Plan Actuarial Assumptions – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|--|
| Inflation | 2.40% |
| Salary increases | 3.25% average, including inflation |
| Municipal Bond rate | 3.65% |
| Mortality | PUB – 2010 base table, projected generationally with Scale MP-2018 |

HIS Plan Discount Rate – The discount rate used to measure the total pension liability was 3.65%. 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 FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

Sensitivity of the Authority’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the Authority’s proportionate share of the net pension liability calculated using the current discount rate and what it would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher:

| | 1% Decrease (5.7%) | Current Discount Rate (6.7%) | 1% Increase (7.7%) |
|---|-----------------------|------------------------------------|-----------------------|
| Pension Plan proportionate share of the net pension liability | \$ 1,211,685 | \$ 709,333 | \$ 289,055 |

| | 1% Decrease (2.65%) | Current Discount Rate (3.65%) | 1% Increase (4.65%) |
|---|------------------------|-------------------------------------|------------------------|
| HIS Plan proportionate share of the net pension liability | \$ 340,662 | \$ 298,605 | \$ 263,743 |

A summary of changes in the net pension liability follows:

| | Balances - Oct. 1, 2022 | Increases | Decreases | Balances - Sept. 30, 2023 |
|-----------------------|------------------------------------|------------------|---------------------|--------------------------------------|
| Net pension liability | 1,190,579 | - | (182,641) | 1,007,938 |
| Total | \$ 1,190,579 | \$ - | \$ (182,641) | \$ 1,007,938 |

The Florida Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Detailed information regarding the FRS and HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report for the year ended June 30, 2023.

That report can be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Education Section
P.O. Box 9000, Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1888

**LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS**

6. Other Matters

The Authority is allowed to expend up to 3.5 percent of its ad valorem revenues providing educational information or guidance to the public about all aspects of our water resources. The allowable amount was \$ 319,125. Actual expended was \$ 97,652.

**LAKE COUNTY WATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 8,745,768 | \$ 8,745,768 | \$ 9,117,848 | \$ 372,080 |
| Intergovernmental | - | - | 166,011 | 166,011 |
| Charges for services | - | - | 17,203 | 17,203 |
| Miscellaneous: | | | | |
| Interest | 42,000 | 42,000 | 696,739 | 654,739 |
| Other | - | - | 41,826 | 41,826 |
| Total Revenues | 8,787,768 | 8,787,768 | 10,039,627 | 1,251,859 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government - Financial and Administrative | | | | |
| Personal services | 600,271 | 556,057 | 535,428 | 20,629 |
| Operating expenses | 565,825 | 622,605 | 552,715 | 69,890 |
| Capital outlay | 17,000 | 49,001 | 9,808 | 39,193 |
| Grants and aid | 489,029 | 474,129 | 470,029 | 4,100 |
| Total General Government | 1,672,125 | 1,701,792 | 1,567,980 | 133,812 |
| Physical Environment - Conservation and Resource Management | | | | |
| Personal services | 898,152 | 913,152 | 616,711 | 296,441 |
| Operating expenses | 11,007,493 | 10,902,198 | 4,967,468 | 5,934,730 |
| Capital outlay | 2,470,000 | 2,644,247 | 513,590 | 2,130,657 |
| Grants and aids | 3,278,013 | 3,278,013 | 302,400 | 2,975,613 |
| Total Physical Environment | 17,653,658 | 17,737,610 | 6,400,169 | 11,337,441 |
| Culture and Recreation - Parks and Recreation | | | | |
| Personal services | - | 5,000 | 4,465 | 535 |
| Operating expenses | 99,840 | 160,740 | 159,586 | 1,154 |
| Capital outlay | 150,000 | 123,000 | 97,770 | 25,230 |
| Total Culture and Recreation | 249,840 | 288,740 | 261,821 | 26,919 |
| Education: | | | | |
| Operating expenses | 109,522 | 109,522 | 52,379 | 57,143 |
| Grants and aids | 71,500 | 60,833 | 45,273 | 15,560 |
| Total Education | 181,022 | 170,355 | 97,652 | 72,703 |
| Total Expenditures | 19,756,645 | 19,898,497 | 8,327,622 | 11,570,875 |
| Excess of Revenues Over (Under) Expenditures | (10,968,877) | (11,110,729) | 1,712,005 | 12,822,734 |
| Other Financing Sources (Uses) | | | | |
| Reserve for Contingencies | (2,679,400) | (5,653,106) | - | 5,653,106 |
| Total Other Financing Sources (Uses) | (2,679,400) | (5,653,106) | - | 5,653,106 |
| Net Change in Fund Balances | (13,648,277) | (16,763,835) | 1,712,005 | 18,475,840 |
| Fund Balance - Beginning of Year | 13,648,277 | 16,763,835 | 16,763,835 | - |
| Fund Balance - Ending of Year | \$ - | \$ - | \$ 18,475,840 | \$ 18,475,840 |

**LAKE COUNTY WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS**

Florida Retirement System (FRS) Defined Benefit Pension Plan

| Fiscal Year Ending 30-Sep | FRS Contractually Required Contribution | FRS Contributions in Relation to the Contractually Required Contribution | FRS Contribution Deficiency (Excess) | Authority's Covered Payroll | FRS Contributions as a Percentage of Covered Payroll |
|---------------------------------|--|---|---|-----------------------------------|---|
| 2023 | \$ 89,054 | \$ 89,054 | \$ - | \$ 598,976 | 14.87% |
| 2022 | \$ 106,178 | \$ 106,178 | \$ - | \$ 707,730 | 15.00% |
| 2021 | \$ 100,305 | \$ 100,305 | \$ - | \$ 805,747 | 12.45% |
| 2020 | \$ 81,536 | \$ 81,536 | \$ - | \$ 863,416 | 9.44% |
| 2019 | \$ 70,566 | \$ 70,566 | \$ - | \$ 876,654 | 8.05% |
| 2018 | \$ 64,674 | \$ 64,674 | \$ - | \$ 838,337 | 7.71% |
| 2017 | \$ 52,540 | \$ 52,540 | \$ - | \$ 721,495 | 7.28% |
| 2016 | \$ 62,878 | \$ 62,878 | \$ - | \$ 726,639 | 8.65% |
| 2015 | \$ 59,535 | \$ 59,535 | \$ - | \$ 634,221 | 9.39% |
| 2014 | \$ 51,265 | \$ 51,265 | \$ - | \$ 624,327 | 8.21% |

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

| Fiscal Year Ending 30-Sep | HIS Contractually Required Contribution | HIS Contributions in Relation to the Contractually Required Contribution | HIS Contribution Deficiency | Authority's Covered Payroll | HIS Contributions as a Percentage of Covered Payroll |
|---------------------------------|--|---|-----------------------------------|-----------------------------------|---|
| 2023 | \$ 13,827 | \$ 13,827 | \$ - | \$ 780,276 | 1.77% |
| 2022 | \$ 15,240 | \$ 15,240 | \$ - | \$ 917,853 | 1.66% |
| 2021 | \$ 16,816 | \$ 16,816 | \$ - | \$ 1,012,814 | 1.66% |
| 2020 | \$ 16,175 | \$ 16,175 | \$ - | \$ 974,110 | 1.66% |
| 2019 | \$ 16,625 | \$ 16,625 | \$ - | \$ 1,001,340 | 1.66% |
| 2018 | \$ 16,239 | \$ 16,239 | \$ - | \$ 978,106 | 1.66% |
| 2017 | \$ 13,757 | \$ 13,757 | \$ - | \$ 828,579 | 1.66% |
| 2016 | \$ 13,567 | \$ 13,567 | \$ - | \$ 817,119 | 1.66% |
| 2015 | \$ 9,068 | \$ 9,068 | \$ - | \$ 719,669 | 1.26% |
| 2014 | \$ 8,170 | \$ 8,170 | \$ - | \$ 708,580 | 1.15% |

Note: The Authority implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015 including a restatement of September 30, 2014.

**LAKE COUNTY WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Florida Retirement System (FRS) Defined Benefit Pension Plan

| Authority Fiscal Year Ending Sept 30 | Plan Sponsor Measurement Date June 30 | Authority's Proportion of FRS Net Pension Liability | Authority's Proportionate Share of FRS Net Pension Liability | Authority's Covered Payroll | Authority's Proportionate Share of FRS Net Pension Liability as a Percentage of Covered Payroll | FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|--|---|--|-----------------------------------|---|---|
| 2023 | 2023 | .001780149 | \$ 709,333 | \$ 586,695 | 120.90% | 82.38% |
| 2022 | 2022 | .002468184 | \$ 918,363 | \$ 707,130 | 129.87% | 82.89% |
| 2021 | 2021 | .002497478 | \$ 188,656 | \$ 800,736 | 23.56% | 96.40% |
| 2020 | 2020 | .002325911 | \$ 1,008,084 | \$ 877,776 | 114.85% | 78.85% |
| 2019 | 2019 | .002274908 | \$ 783,444 | \$ 866,057 | 88.42% | 82.61% |
| 2018 | 2018 | .002122027 | \$ 639,166 | \$ 790,491 | 80.86% | 84.26% |
| 2017 | 2017 | .002139665 | \$ 632,899 | \$ 755,579 | 83.76% | 83.89% |
| 2016 | 2016 | .002578403 | \$ 651,049 | \$ 726,639 | 89.60% | 84.88% |
| 2015 | 2015 | .002441872 | \$ 315,401 | \$ 634,221 | 49.73% | 92.00% |
| 2014 | 2014 | .002340419 | \$ 142,800 | \$ 624,327 | 22.87% | 96.09% |

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

| Authority Fiscal Year Ending Sept 30 | Plan Sponsor Measurement Date June 30 | Authority's Proportion of the HIS Net Pension Liability | Authority's Proportionate Share of the HIS Net Pension Liability | Authority's Covered Payroll | Authority's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll | HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|--|---|--|-----------------------------------|---|---|
| 2023 | 2023 | .001880228 | \$ 298,605 | \$ 744,900 | 40.09% | 4.12% |
| 2022 | 2022 | .002570114 | \$ 272,216 | \$ 936,624 | 29.06% | 4.81% |
| 2021 | 2021 | .002796157 | \$ 342,991 | \$ 989,902 | 34.65% | 3.56% |
| 2020 | 2020 | .002838259 | \$ 346,547 | \$ 985,084 | 35.18% | 3.00% |
| 2019 | 2019 | .003023680 | \$ 338,820 | \$ 1,011,243 | 33.46% | 2.63% |
| 2018 | 2018 | .002842715 | \$ 300,876 | \$ 928,575 | 32.40% | 2.15% |
| 2017 | 2017 | .002697326 | \$ 288,411 | \$ 859,772 | 33.55% | 1.64% |
| 2016 | 2016 | .002646906 | \$ 308,486 | \$ 817,119 | 37.75% | 0.97% |
| 2015 | 2015 | .002372120 | \$ 241,919 | \$ 719,669 | 33.62% | 0.50% |
| 2014 | 2014 | .002384907 | \$ 222,995 | \$ 708,580 | 31.47% | 0.99% |

Note: The Authority implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015 including a restatement of September 30, 2014.



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

To the Governing Board
Lake County Water Authority
Tavares, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lake County Water Authority (the “Authority”) as of and for the fiscal 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 March 28, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

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

To the Governing Board
Lake County Water Authority
Tavares, Florida

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the Authority in a separate management letter and Independent Accountant's Report dated March 28, 2024.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 28, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Governing Board
Lake County Water Authority
Tavares, Florida

We have audited the financial statements of the Lake County Water Authority (the "Authority") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 28, 2024.

Auditor's Responsibility

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 and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Accountant's 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, which are dated March 28, 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. In connection with the preceding audit, there were no findings or recommendations.

Official Title and Legal Authority

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

Financial Condition and Management

Section 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.

To the Governing Board
Lake County Water Authority
Tavares, Florida

Financial Condition and Management (Continued)

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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)6, *Rules of the Auditor General*, the Authority reported:

- a. The total number of Authority employees compensated in the last pay period of the district's fiscal year as 12.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 6.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$838,130.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$721,938.
- e. Each construction project with a total cost of at least \$65,000 approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as follows:

| | |
|--|----------|
| • SCADA and Control Equipment Installation | \$ 2,554 |
| • Phosphorus Monitoring Equipment Installation | \$ 4,812 |
| • Hickory Point Boat Ramp Construction | \$ - |
- 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 \$141,852.

To the Governing Board
Lake County Water Authority
Tavares, Florida

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

- a. The millage rate or rates imposed by the district as 0.3083.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as \$9,117,848.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as \$0.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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, the Governing Board, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 28, 2024



INDEPENDENT ACCOUNTANT'S REPORT

To the Governing Board
Lake County Water Authority
Tavares, Florida

We have examined the Lake County Water Authority (the "Authority") compliance with the requirements of Section 218.415, Florida Statute, 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 AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority is in accordance with those requirements, in all material respect. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

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

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
March 28, 2024