

**ENGLEWOOD WATER DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2023 AND 2022**

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ENGLEWOOD WATER DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

Page

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows.....	13 and 14
Statements of Fiduciary Net Position – Employees' Pension Plan	15
Statements of Changes in Fiduciary Net Position – Employees' Pension Plan	16
Notes to Financial Statements	17-47

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	48
Schedule of the District's Proportionate Share of the Net Pension Liability – FRS	49
Schedule of the District's Contributions – FRS	50
Schedule of the District's Proportionate Share of the Net Pension Liability – HIS.....	51
Schedule of the District's Contributions – HIS.....	52
Schedule of Changes in Net Pension Liability and Related Ratios – Employees' Pension Plan.....	53
Schedule of the District's Contributions – Employees' Pension Plan	54
Schedule of The District's Pension Investment Returns – Employees' Pension Plan	55

SUPPLEMENTARY INFORMATION

Schedule of Operating Expenses by Department	56
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OTHER INFORMATION

Schedule of Monthly Water and Wastewater Rates.....	57 and 58
Schedule of Insurance Coverage	59

ENGLEWOOD WATER DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS (CONTINUED)

Page

OTHER INDEPENDENT AUDITOR'S REPORTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60 and 61
Independent Auditor's Management Letter.....	62-64
Schedule of Findings and Responses	65
Schedule of Prior Year Findings	66
Independent Accountant's Report – Investment Compliance	67

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Englewood Water District
Englewood, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the Englewood Water District (the "District") as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the District as of September 30, 2023 and 2022, and the changes in financial position and, where applicable, cash flows thereof for the years 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 District 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 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 District'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.

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 District'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 District'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 (on pages 4 through 10), the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability – FRS, Schedule of the District's Contributions – FRS, Schedule of the District's Proportionate Share of the Net Pension Liability – HIS, Schedule of the District's Contributions – HIS, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Pension Investment Returns (on pages 48 through 55) 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information noted as the Schedule of Operating Expenses by Department as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

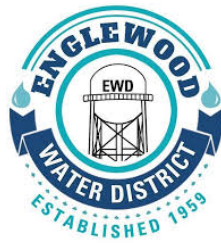
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bradenton, Florida
March 8, 2024

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Management's Discussion and Analysis (MD&A) offers readers of the Englewood Water District's (the "District") financial statements an overview of the financial activities for the fiscal year ended on September 30, 2023. Please read it in conjunction with the financial statements with its accompanying notes.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources on September 30, 2023 by \$110.6 million (net position), a \$3.6 million increase from the previous fiscal year. Of this amount, \$19.9 million (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors. The remaining \$90.7 million was invested in capital assets, net of related debt.
- The District's net capital assets increased by \$2.2 million, or 2.4% from the previous year.
- Long-term debt decreased by approximately \$2.4 million from fiscal year 2022 due to required debt service payments.
- The District is reporting a net pension liability of \$6.1 million as of September 30, 2023.
- Operating revenues for 2023 were \$20.3 million, compared with operating revenue of \$18.8 million in 2022, an 8.3% increase. Excluding depreciation, operating expenses increased \$3.7 million or 26% from fiscal year 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District is a special district engaged in business-type activities. All transactions related to its activities are recorded in a single enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent is that of providing goods and services (including depreciation), on a continuing basis, and to be financed or recovered primarily through user charges.

The financial statements presented in this report are required and consist of: (1) Management's Discussion and Analysis (MD&A); (2) Basic Financial Statements; (3) Notes to the Financial Statements; (4) Required Supplementary Information; and (5) Other Supplementary Information. These topics are further explained as follows:

- MD&A - This section relates mostly to the changes in the District's finances and explains the Basic Financial Statements. The MD&A is on pages 4 through 10.

- Basic Financial Statements, pages 11 through 16.
 - The Statement of Net Position presents information on all of the District's assets, deferred outflow of resource, liabilities, and deferred inflow of resources, with the difference between assets plus deferred outflow of resources and liabilities and deferred inflow of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.
 - The Statement of Revenues, Expenses, and Changes in Net Position presents information about the amounts of revenues, expenses, and resulting change in net position for the year.
 - The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operating, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of earnings events, when obligations arise, or depreciation of capital assets.
- The Notes to the Financial Statements provide information that is essential to a full understanding of the data provided in the basic financial statements. These notes provide information such as: (1) Summary of significant accounting policies; (2) Cash and cash equivalents and investments; (3) Restricted assets; (4) Connection fees and assessments receivable; (5) Capital assets; (6) Long-term debt; (7) Interest rate swaps; (8) Defined benefit pension plan; (9) Retirement plan; (10) Implicit post-employment health insurance subsidy; (11) Risk management; (12) Commitments and contingencies; and (13) Related party transaction. The Notes to the Financial Statements are on pages 17 through 47.
- The Required Supplementary Information is not a part of the basic financial statements, but is required to be presented in accordance with generally accepted accounting standards. The Required Supplementary Information presents information on the District's funding progress for its Other Post-Employment Benefits and required pension information.
- The Other Supplementary Information presents statistical information that may be useful when considering the financial statements taken as a whole.

These statements are presented in conformance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, and therefore, are presented on a net position basis. The use of the net position presentation (including Net Investment in Capital Assets, Restricted and Unrestricted Net Position) alleviates the pre-Statement No. 34 use of contributed capital and retained earnings. Additionally, the operating statement, the "Statement of Revenues, Expenses, and Changes in Net Position," uses a clean surplus approach which results in contributions being reflected on the face of this statement in arriving at the change in net position.

The following table reflects the condensed Summary of Net Position compared to the prior two years:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 28,806,721	\$ 28,685,451	\$ 27,389,712
Capital assets	92,410,945	90,237,022	89,451,389
Total assets	121,217,666	118,922,473	116,841,101
Deferred outflows of resources	3,168,749	3,781,335	1,110,289
Current liabilities	3,622,706	3,756,364	3,599,295
Long-term liabilities outstanding	8,147,607	9,537,788	7,360,490
Total liabilities	11,770,313	13,294,152	10,959,785
Deferred inflows of resources	2,021,749	2,394,225	3,913,291
Net position			
Net investment in capital assets	90,675,836	86,094,208	83,028,657
Restricted for:			
Renewal and replacement	28,466	57,203	83,472
Unrestricted	19,890,051	20,864,020	19,966,185
Total net position	\$ 110,594,353	\$ 107,015,431	\$ 103,078,314

For more detailed information see the Statement of Net Position (page 11).

NORMAL IMPACTS

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation:

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net position presentation.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in net invested in capital assets and an increase in related net debt which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital - which will: (a) reduce current assets and increase capital assets, and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt - which will: (a) reduce current assets, and (b) reduce long-term debt and reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and net investment in capital assets.

CURRENT YEAR IMPACTS (see page 6 Table 1)

Net position for 2023 increased by \$3.6 million, or 3.3% from fiscal year 2022. Capital assets include capital assets in service, construction in progress and accumulated depreciation. Capital assets in service increased \$2.8 million, or 1.6%. Construction in progress increased by \$3.9 million. Accumulated depreciation increased by \$4.5 million, due to depreciation expense. This all resulted in the net increase in capital assets of \$2.2 million.

The noncurrent liabilities decreased by \$1.4 million, or 14.6% over the fiscal year 2022. This is mostly due to a decrease in Notes Payable. No additional debt was issued in 2023.

PREVIOUS YEAR IMPACTS

Net position for 2022 increased by \$3.9 million, or 3.8% from fiscal year 2021. Capital assets include capital assets in service, construction in progress and accumulated depreciation. Capital assets in service decreased \$5.2 million, or 3.1%. Construction in progress increased by \$123 thousand. Accumulated depreciation increased by \$4.5 million, due to depreciation expense. This all resulted in the net increase in capital assets of \$786 thousand.

The noncurrent liabilities increased by \$2.2 million, or 29.6% over the fiscal year 2021. This is mostly due to an increase in the Net Pension Liability. No additional debt was issued in 2022.

SUMMARY OF CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous two fiscal years:

	2023	2022	2021
Operating revenues	\$ 20,313,592	\$ 18,757,650	\$ 17,702,937
Nonoperating revenues (expenses)	1,956,994	(583,559)	472,506
Total revenue	<u>22,270,586</u>	<u>18,174,091</u>	<u>18,175,443</u>
Salaries	9,116,328	8,066,740	6,302,147
Utilities	1,402,942	1,321,672	1,019,700
Contractual services	5,020,042	2,505,448	2,255,242
Repair and maintenance	2,149,175	2,126,106	1,886,167
Depreciation	4,601,523	4,507,136	4,520,220
Total operating expenses	<u>22,290,010</u>	<u>18,527,102</u>	<u>15,983,476</u>
Interest expense	115,197	213,973	345,424
Total expenses	<u>22,405,207</u>	<u>18,741,075</u>	<u>16,328,900</u>
Income (loss) before capital contributions	<u>(134,621)</u>	<u>(566,984)</u>	<u>1,846,543</u>
Capital contributions	<u>3,713,543</u>	<u>4,504,101</u>	<u>2,391,962</u>
Change in net position	<u>3,578,922</u>	<u>3,937,117</u>	<u>4,238,505</u>
Beginning net position	107,015,431	103,078,314	98,839,809
Ending net position	<u>\$ 110,594,353</u>	<u>\$ 107,015,431</u>	<u>\$ 103,078,314</u>

NORMAL IMPACTS

There are five basic impacts on revenues and expenses as reflected below:

Revenues:

Economic Condition - which can reflect a declining, stable, or growing economic environment and has a substantial impact on revenues as well as public spending habits for building permits, user fees, and volumes of consumption.

Increase/Decrease in Approved Rates - the Board of Supervisors has the authority to impose and periodically increase/decrease water and wastewater rates.

Market Impacts on Investment Income - Englewood Water District's investment portfolio is managed using short-term investments and the market condition may cause investment income to fluctuate.

Expenses:

Introduction of New Programs - individual programs may be added or deleted to meet changing community needs such as increasing the capacity in the wastewater treatment plant to accommodate new connections to the wastewater system.

Inflation - while overall inflation appears to be reasonably modest, Englewood Water District is a major consumer of certain commodities such as purchased power. Some functions may experience unusual commodity specific increases.

CURRENT YEAR IMPACTS (see page 7 Table 2)

Revenue:

Water revenues increased \$888 thousand, or 10.2% from fiscal year 2022 to 2023. Wastewater revenues increased \$735 thousand, or 7.5% from 2022 to 2023. Total operating revenue includes water, wastewater, and other revenues and increased \$1.6 million, or 8.3% from fiscal year 2022 to 2023. The increase in revenues is partially attributable to an increase of 5.0% in both usage and base rates at the beginning of fiscal year 2023. The increase in revenues is also due to unusually high usage of water immediately following Hurricane Ian. Much of this increase in usage was then adjusted in fiscal year 2024.

The District's investment earnings increased \$1.4 million from fiscal year 2022 to 2023. This is attributable to the investment market and an increase in interest rates. Assessment interest decreased \$14 thousand, or 19.2%. This is a result of the reduction in receivables due to payoffs.

Capital contributions decreased \$791 thousand from fiscal year 2022 to 2023. There were more capital fees received in fiscal year 2023, but less noncash assets received from developers during the year.

Expenses:

Total operating expenses including depreciation for 2023 were \$22.3 million, a 20.3% increase from fiscal year 2022. Depreciation expense accounted for \$4.6 million of operating expenses. Excluding depreciation, operating expenses were \$17.7 million, an increase of \$3.7 million or 26.3% from fiscal year 2022 to 2023.

Total expenses including depreciation and interest were \$22.4 million, an increase from fiscal year 2022 to 2023 of \$3.7 million or 19.6%. The increase in expenses was mainly due to Hurricane Ian.

PRIOR YEAR IMPACTS

Revenue:

Water revenues increased \$600 thousand, or 7.4% from fiscal year 2021 to 2022. Wastewater revenues increased \$387 thousand, or 4.1% from 2021 to 2022. The increase in water and wastewater revenues are attributable to an increase of 5.0% in both usage and base rates at the beginning of fiscal year 2022. Total operating revenue includes water, wastewater, and other revenues and increased \$1.1 million, or 6.0% from fiscal year 2021 to 2022.

The District's investment income shows a net loss of \$693 thousand in fiscal year 2022 due to the net decrease in fair market value of investments. This is attributable to the investment market at the time. Assessment interest decreased \$27 thousand, or 26.8%. This is a result of the reduction in receivables due to payoffs.

Capital contributions increased \$2.1 million from fiscal year 2021 to 2022. This is due to capital fees received from developers during the year.

Expenses:

Total operating expenses including depreciation for 2022 were \$18.5 million, a 15.9% increase from fiscal year 2021. Depreciation expense accounted for \$4.5 million of operating expenses. Excluding depreciation, operating expenses were \$14.0 million, an increase of \$2.6 million or 22.3% from fiscal year 2021 to 2022. Total expenses including depreciation and interest were \$18.7 million, an increase from fiscal year 2021 to 2022 of \$2.4 million or 14.8%. Retirement expense increased by \$937 thousand due to the FRS adjustment of Net Pension Liability returning to normal. In fiscal year 2021 there was an unusual decrease in the Net Pension Liability due to an FRS investment. This caused retirement expense to be lower in fiscal year 2021 and is back to a more normal amount in fiscal year 2022. Utilities increased by 30% from 2021 to 2022 due to the market conditions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of September 30, 2023, Englewood Water District's Water and Wastewater Systems had \$92.4 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$2.2 million, or 2.4% from the end of fiscal year 2022. As of September 30, 2022, Englewood Water District's Water and Wastewater Systems had \$90.2 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase \$786 thousand, or .9% from the end of fiscal year 2021.

	Capital Assets <i>(net of depreciation)</i>		
	2023	2022	2021
Land	\$ 4,867,034	\$ 4,867,034	\$ 4,867,034
Construction in progress	5,193,959	1,321,415	1,198,278
Buildings and plants	28,193,859	28,186,059	28,336,177
Well fields and raw water lines	2,173,195	2,318,669	2,465,232
Water distribution network	11,369,109	11,608,589	11,401,250
Water reclamation facility	39,740,081	41,412,328	41,042,351
Equipment	873,708	522,928	141,067
Total	\$ 92,410,945	\$ 90,237,022	\$ 89,451,389

For more detailed information, see Note 5 to the financial statements.

LONG-TERM LIABILITIES

As of September 30, 2023, Englewood Water District had \$9.9 million in long-term liabilities outstanding.

Outstanding Long-Term Liabilities

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Compensated absences	\$ 878,944	\$ 644,293	\$ 714,843
Total OPEB liability	1,143,168	1,497,934	1,125,458
Derivative instruments	(2,134)	41,898	282,127
Revenue bonds and notes	1,470,918	2,892,150	4,231,920
Promissory notes	330,407	1,332,771	2,292,625
Net pension liability	6,125,495	5,552,339	1,013,141
Total	<u>\$ 9,946,798</u>	<u>\$ 11,961,385</u>	<u>\$ 9,660,114</u>

To the best of management's knowledge, Englewood Water District is in compliance with the covenants of its bonds and notes agreements.

For more detailed information, see Note 6 to the financial statements.

ECONOMIC FACTORS

Englewood Water District's water ERCs served have grown from 22,930 to 23,353 for fiscal year 2022 to 2023; wastewater ERCs have grown from 19,987 to 20,330.

The Board of Supervisors of Englewood Water District approved an increase in base and usage rates of 5.0% for fiscal year 2023.

FINANCIAL CONTACT

Englewood Water District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Englewood Water District's finances and to demonstrate accountability. If you have questions about the report or need additional financial information, contact:

Lisa Hawkins
201 Selma Avenue
Englewood, Florida 34223
(941) 460-1022

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ENGLEWOOD WATER DISTRICT

**STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022**

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,375,338	\$ 3,316,997
Accounts receivable, net	2,399,961	2,150,956
Inventory	1,925,363	1,559,955
Prepays	9,195	14,431
Total current assets	7,709,857	7,042,339
Noncurrent assets		
Restricted investments	28,466	57,203
Investments	19,728,360	19,909,957
Connection fees and assessments receivable	1,223,577	1,434,533
Net pension asset	116,461	241,419
Derivative instruments - rate swap	2,134	-
Capital assets		
Non-depreciable	10,060,993	6,188,449
Depreciable, net of accumulated depreciation	82,349,952	84,048,573
Total noncurrent assets	113,509,943	111,880,134
Total assets	121,219,800	118,922,473
DEFERRED OUTFLOW OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	-	41,898
Deferred charge on refunding of debt	66,216	82,107
Deferred amount on OPEB	126,776	119,771
Deferred amount on pensions	2,975,757	3,537,559
Total deferred outflows of resources	3,168,749	3,781,335
LIABILITIES		
Current liabilities		
Accounts payable	1,348,301	638,114
Accrued liabilities	444,614	637,450
Total current liabilities	1,792,915	1,275,564
Current liabilities payable from restricted assets		
Accrued interest	28,466	57,203
Current portion of bonds and notes payable	1,801,325	2,423,597
Total current liabilities payable from restricted assets	1,829,791	2,480,800
Noncurrent liabilities		
Compensated absences	878,944	644,293
Total OPEB liability	1,143,168	1,497,934
Derivative instruments - rate swap	-	41,898
Bonds and notes payable, net	-	1,801,324
Net pension liability	6,125,495	5,552,339
Total noncurrent liabilities	8,147,607	9,537,788
Total liabilities	11,770,313	13,294,152
DEFERRED INFLOW OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	2,134	-
Deferred amount on pensions	2,021,749	2,394,225
Total deferred inflows of resources	2,023,883	2,394,225
NET POSITION		
Net investment in capital assets	90,675,836	86,094,208
Restricted for:		
Debt service	28,466	57,203
Unrestricted	19,890,051	20,864,020
Total net position	\$ 110,594,353	\$ 107,015,431

The accompanying notes are an integral part of these financial statements.

ENGLEWOOD WATER DISTRICT

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating revenues		
Water services	\$ 9,554,004	\$ 8,666,060
Waste treatment	10,496,773	9,761,825
Miscellaneous	262,815	329,765
Total operating revenues	<u>20,313,592</u>	<u>18,757,650</u>
Operating expenses		
Water treatment plants	4,222,622	3,590,914
Water distribution	2,755,089	2,263,204
Waste treatment	4,104,958	3,515,092
Waste collection	6,814,490	4,841,302
Laboratory	301,400	260,857
General and administrative	4,091,451	4,055,733
Total operating expenses	<u>22,290,010</u>	<u>18,527,102</u>
Operating income (loss)	<u>(1,976,418)</u>	<u>230,548</u>
Nonoperating revenues (expenses)		
Investment income (loss)	726,463	(693,149)
Special assessment interest	60,715	75,150
Interest expense	(115,197)	(213,973)
Other revenues	5,800	-
Gain on disposal of capital assets	1,164,016	34,440
Total nonoperating revenues (expenses), net	<u>1,841,797</u>	<u>(797,532)</u>
Loss before contributions	(134,621)	(566,984)
Capital contributions		
Cash	2,684,090	1,642,581
Noncash	1,029,453	2,861,520
Total contributions	<u>3,713,543</u>	<u>4,504,101</u>
Change in net position	3,578,922	3,937,117
Total net position, beginning of year	<u>107,015,431</u>	<u>103,078,314</u>
Total net position, end of year	<u>\$ 110,594,353</u>	<u>\$ 107,015,431</u>

The accompanying notes are an integral part of these financial statements.

ENGLEWOOD WATER DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 20,064,587	\$ 18,493,906
Payments to suppliers for goods and services	(8,222,144)	(6,060,320)
Payments to employees	(8,548,844)	(7,949,969)
Net cash provided by operating activities	<u>3,293,599</u>	<u>4,483,617</u>
Cash flows from non-capital financing activities		
Other receipts	5,800	-
Net cash provided by non-capital financing activities	<u>5,800</u>	<u>-</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(5,766,844)	(2,431,249)
Proceeds from the sale of capital assets	1,184,867	34,440
Capital contributions	2,684,090	1,642,581
Collection of special assessment principal and interest	271,671	350,284
Principal payments on bonds and notes payable	(2,423,596)	(2,299,624)
Interest paid on long-term borrowings	(128,043)	(220,536)
Net cash used in capital and related financing activities	<u>(4,177,855)</u>	<u>(2,924,104)</u>
Cash flows from investing activities		
Purchases of investments	(6,150,136)	(11,420,839)
Proceeds from sale of investments	6,590,460	4,982,587
Interest income on investments	496,473	313,932
Net cash provided by (used in) investing activities	<u>936,797</u>	<u>(6,124,320)</u>
Net change in cash and cash equivalents	58,341	(4,564,807)
Cash and cash equivalents		
Beginning	<u>3,316,997</u>	<u>7,881,804</u>
Ending	<u>\$ 3,375,338</u>	<u>\$ 3,316,997</u>

(Continued)

ENGLEWOOD WATER DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (1,976,418)	\$ 230,548
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	4,601,523	4,507,136
Noncash OPEB and pension expense	525,669	303,498
Changes in assets and liabilities		
Net (increase) decrease in:		
Accounts receivable	(249,005)	(263,744)
Inventory	(365,408)	(275,639)
Other assets	5,236	(6,997)
Net increase (decrease) in:		
Accounts payable	710,187	175,543
Accrued liabilities and compensated absences	41,815	(186,728)
Net cash provided by operating activities	\$ 3,293,599	\$ 4,483,617
Noncash investing, capital, and financing activities		
Noncash capital contributions	\$ 1,029,453	\$ 2,861,520
Net unrealized gain (loss)	229,990	(1,007,081)
	\$ 1,259,443	\$ 1,854,439

The accompanying notes are an integral part of these financial statements.

ENGLEWOOD WATER DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION
EMPLOYEES' PENSION PLAN
SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 14,330	\$ 52,143
Investments at fair value		
Mutual funds	212,236	186,874
Equity funds	527,714	433,098
Other	29,316	23,422
Total investments	<u>769,266</u>	<u>643,394</u>
Total assets	<u>783,596</u>	<u>695,537</u>
Fiduciary net position		
Restricted for pension benefits	<u>\$ 783,596</u>	<u>\$ 695,537</u>

The accompanying notes are an integral part of these financial statements.

ENGLEWOOD WATER DISTRICT

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEES' PENSION PLAN
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
Additions		
Contributions		
Employer	\$ 80,400	\$ 67,889
Total contributions	80,400	67,889
Investment income		
Interest and dividends	19,093	15,991
Net appreciation (depreciation) in fair value of investments	75,408	(131,728)
Less: investment expense	(7,523)	(8,660)
Net investment income	86,978	(124,397)
Total additions	167,378	(56,508)
Deductions		
Pension benefits	79,319	72,703
Total deductions	79,319	72,703
Change in net position	88,059	(129,211)
Net position, beginning of year	695,537	824,748
Net position, end of year	\$ 783,596	\$ 695,537

The accompanying notes are an integral part of these financial statements.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Englewood Water District (the "District") is an independent special district of the state of Florida. The District was established by act of the Florida Legislature in 1959 and recreated and reenacted pursuant to Chapter 2004-439, *Laws of Florida*, on June 17, 2004. The District operates under an elected Board of Supervisors form of government and provides water and reuse services and waste treatment services in portions of Sarasota and Charlotte Counties.

Significant Accounting Policies

The following is a summary of the more significant accounting policies used in the preparation of these financial statements:

Reporting Entity

All significant activities on which the District exercises oversight responsibility have been included in the District's financial statements. The criteria regarding manifestation of oversight include designation of management, budgetary authority, responsibility for debt, control over properties, and scope of services.

Governmental Accounting Standards Board Number 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, as amended, requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The Englewood Water District Employees' Pension Plan (the "Pension Plan") is a defined benefit pension plan administered by a Plan Administrator who is the Finance Director of the District. The Pension Plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

Fund Accounting

The District uses enterprise fund accounting to report its activities.

Enterprise funds are used to account for operations: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where it is decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus

The District is accounted for on an "economic resources" measurement focus. Accordingly, all assets, deferred outflows, liabilities and deferred inflows are included on the Statement of Net Position, and the reported fund equity (total reported assets and deferred outflows less total reported liabilities and deferred inflows) provides an indication of the economic net worth of the District. The operating statement reports increases (revenues) and decreases (expenses) in total economic net worth.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District is accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Budget

On September 1, 2022 and September 1, 2021, the Board of Supervisors adopted the annual operating budgets for fiscal years 2023 and 2022, respectively, for the District. These budgets cover the period October 1, 2022 through September 30, 2023, and October 1, 2021 through September 30, 2022, respectively, and include the estimated operating expenses for these periods and the means of financing them. Appropriations lapse at year-end. The legal level of control is the fund level. There were no supplemental appropriations during the year.

Cash and Investments

The District reports its investments at fair value in accordance with GASB Statement Number 72, *Fair Value Measurement and Application*. Fair valuations are based on quoted market prices.

The District considers highly liquid investments, including those held as restricted assets, with original maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

As of September 30, 2023 and 2022, all receivables shown represent valid claims against debtors. By legislative authority, all receivables become liens on property, thus no reserve has been established. No bad debts were charged to operations for the years ended September 30, 2023 and 2022.

The District bills for services on a monthly cycle basis and accrues for services rendered but unbilled based on estimated usage from the latest billing to the end of the year.

Inventory

Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are stated on the basis of cost, which includes ancillary charges necessary for asset acquisition. The threshold for capitalization is \$5,000. Assets contributed to the District are recorded at their acquisition value. Depreciation is computed by the straight-line method over estimated service lives.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District capitalizes major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to expenses as incurred. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and plants	7-25
Well fields and raw water lines	10-50
Water distribution network	10-45
Wastewater treatment plant	10-45
Equipment	3-10

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset.

Level 1 – Valuation is based on quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is based on model-based techniques that use significant inputs and assumptions not observable in the market. These unobservable inputs and assumptions reflect estimates of inputs and assumptions that market participants would use in pricing the assets and liabilities. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques. At September 30, 2023, the District held no such assets.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, The Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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) until then. The District reports deferred outflows for the deferred charges on refunded debt and interest rate swaps, as well as changes in actuarial assumptions, the net difference between projected and actual earnings on Health Insurance Subsidy Program investments, changes in the proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan (FRS), the Retiree Health Insurance Subsidy Program (HIS), and OPEB. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow on interest rate swaps results from the difference in the interest rates paid and received. This amount is deferred and fair value is adjusted over the term of the interest rate swap agreement. The amounts relating to the FRS, the HIS, and OPEB will be recognized as increases in pension and OPEB expense, as applicable, in future years.

In addition to liabilities, the Statement of Financial Position reports 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. A deferred inflow on interest rate swaps results from the difference in the interest rates received and paid. This amount is deferred and fair value is adjusted over the term of the interest rate swap agreement. The deferred inflows of resources reported also represents the difference between expected and actual economic experience, the net difference between projected and actual earnings on FRS Pension investments, and changes in the proportion and differences between the District's contributions and proportionate share of contributions relating to the FRS and the HIS. These amounts will be recognized as reductions in pension expense in future years.

Pensions

In the government-wide statements of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the FRS defined benefit plan and the HIS and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District's annual leave policy provides for the accumulation of annual leave with such leave being fully vested when earned. The liability for said accumulation has been accrued using current pay rates.

Unamortized Discounts

Discounts related to long-term debt are amortized over the life of the debt using the effective interest method. Long-term debt is shown net of unamortized discounts.

Net Position

Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with nonliquid, capital assets net of accumulated depreciation and net of outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized discounts, premiums, or deferred refunding losses.

Restricted assets are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory or bond covenant) limitations on their use. When both restricted and unrestricted, resources are available, restricted resources will be used first for incurred expenses, and then unrestricted as needed.

Unrestricted assets consist of all other net position not included in the previous categories.

Operating Revenues and Expenses

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses represent revenue and expense items that are not incurred from the normal user activity of the District. This classification includes revenue received from capital grants and contributions, interest earned on bank accounts and investments, interest received from special assessments, interest paid on debt service, and the gain or loss on the sale or disposal of District property.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Contributions

Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position when earned. Capital contributions include connection fees and developer contributed utility systems.

Management 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 may affect the reported amounts of certain assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, Florida Security for Public Deposits Act, provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk for its deposits.

At September 30, 2023, the District's deposits, except deposits held with the brokerage firm, were made in accordance with Chapter 280. Therefore, the District is not exposed to custodial credit risk at September 30, 2023 for these deposits.

Deposits with the brokerage firm totaling \$545,654 and \$77,278 at September 30, 2023 and 2022, respectively, were insured by the FDIC. Amounts in excess of FDIC limits are also included in Chapter 280 of the Florida Statutes.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments

In accordance with the Florida Statute 218.415(16) and its investment policy, the District may invest in:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in S.163.01.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories as defined in S. 280.02.
- d. Direct obligations of the United States Treasury.
- e. Federal agencies and instrumentalities.
- f. Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.
- g. Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- h. Other investments authorized by resolution of the District.

As of September 30, 2023 and 2022, the District had the following investments and maturities (dollars in thousands):

September 30, 2023		Investment Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	Between 1 - 2	Between 2 - 3	More Than 3	% of Portfolio
Certificates of deposit	\$ 2,350,067	\$ 820,687	\$ 1,529,380	\$ -	\$ -	12%
Corporate bonds	6,998,629	2,703,890	4,294,739	-	-	35%
Federal instrumentalities:						
Government backed bonds	10,408,130	7,646,570	2,761,560	-	-	53%
Total investments	\$ 19,756,826	\$ 11,171,147	\$ 8,585,679	\$ -	\$ -	

September 30, 2022		Investment Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	Between 1 - 2	Between 2 - 3	More Than 3	% of Portfolio
Certificates of deposit	\$ 2,476,600	\$ 884,329	\$ 806,721	\$ 785,550	\$ -	12%
Corporate bonds	8,521,265	3,685,385	2,188,536	1,553,864	1,093,480	43%
Federal instrumentalities:						
Government backed bonds	8,975,295	1,920,961	5,505,822	488,898	1,059,614	45%
FNMA	-	-	-	-	-	0%
Total federal instrumentalities	8,975,295	1,920,961	5,505,822	488,898	1,059,614	45%
Total investments	\$ 19,973,160	\$ 6,490,675	\$ 8,501,079	\$ 2,828,312	\$ 2,153,094	

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Certificates of deposit and federal instrumentalities are valued using third-party pricing services and are deemed to be Level 2.

Credit Ratings	2023		2022	
	S&P	Moody's	S&P	Moody's
Certificates of deposit	N/A	N/A	N/A	N/A
Corporate bonds	N/A	N/A	N/A	N/A
Federal instrumentalities:				
Government backed bonds	AAA	AAA	AAA	AAA
FNMA	N/A	N/A	AAA	AAA

Interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits its investment in federal instrumentalities and nonnegotiable certificates of deposit to maturities of up to five years.

Credit risk. The District does not have a credit risk policy for its investment in federal instrumentalities. Its credit risk policy for its investment in nonnegotiable certificates of deposit requires that they be insured under the provisions of FDIC. No individual certificate of deposit exceeds \$250,000.

Custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of credit risk. A maximum of 40% may be invested in individual federal instrumentalities. At September 30, 2023 and 2022, there were no investments in any one issuer that represented 5% or more of total investments.

All investments are held by RBC Wealth Management, counterparty to the transaction, in the District's name.

NOTE 3. RESTRICTED ASSETS

Assets were restricted for the following purposes at September 30, 2023 and 2022:

	2023	2022
Debt service	\$ 28,466	\$ 57,203
	<u>\$ 28,466</u>	<u>\$ 57,203</u>

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4. CONNECTION FEES AND ASSESSMENTS RECEIVABLE

The District has entered into notes receivable with customers that allow the customer to pay impact and tap fees, and sewer assessments over 15 to 18 years. These agreements, which aggregated \$1,133,894 and \$1,332,833 at September 30, 2023 and 2022, respectively, are placed on the tax rolls and include interest at 5.00% to 6.24%. This District also has Hardship agreements with some qualifying customers. These agreements aggregated \$89,683 and \$101,699 at September 30, 2023 and 2022, respectively, and earn no interest.

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,867,034	\$ -	\$ -	\$ 4,867,034
Construction in progress	1,321,415	4,442,194	(569,650)	5,193,959
Total	6,188,449	4,442,194	(569,650)	10,060,993
Capital assets, being depreciated:				
Buildings and plants	41,218,477	1,027,963	(48,691)	42,197,749
Well fields and raw water lines	6,642,148	-	-	6,642,148
Water distribution network	27,808,525	468,916	-	28,277,441
Wastewater treatment plant	89,063,404	638,461	(1,199)	89,700,666
Equipment	7,646,399	788,413	(97,840)	8,336,972
Total	172,378,953	2,923,753	(147,730)	175,154,976
Less accumulated depreciation for:				
Buildings and plants	(13,032,418)	(1,016,288)	44,816	(14,003,890)
Well fields and raw water lines	(4,323,479)	(145,474)	-	(4,468,953)
Water distribution network	(16,199,936)	(708,396)	-	(16,908,332)
Wastewater treatment plant	(47,651,076)	(2,310,600)	1,091	(49,960,585)
Equipment	(7,123,471)	(420,765)	80,972	(7,463,264)
Total	(88,330,380)	(4,601,523)	126,879	(92,805,024)
Total capital assets, being depreciated, net	84,048,573	(1,677,770)	(20,851)	82,349,952
Total capital assets, net	\$ 90,237,022	\$ 2,764,424	\$ (590,501)	\$ 92,410,945

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the year ended September 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,867,034	\$ -	\$ -	\$ 4,867,034
Construction in progress	1,198,278	1,869,513	(1,746,376)	1,321,415
Total	<u>6,065,312</u>	<u>1,869,513</u>	<u>(1,746,376)</u>	<u>6,188,449</u>
Capital assets, being depreciated:				
Buildings and plants	40,389,362	829,115	-	41,218,477
Well fields and raw water lines	6,642,148	-	-	6,642,148
Water distribution network	26,889,805	918,720	-	27,808,525
Wastewater treatment plant	86,431,139	2,632,265	-	89,063,404
Equipment	6,867,390	789,532	(10,523)	7,646,399
Total	<u>167,219,844</u>	<u>5,169,632</u>	<u>(10,523)</u>	<u>172,378,953</u>
Less accumulated depreciation for:				
Buildings and plants	(12,053,185)	(979,233)	-	(13,032,418)
Well fields and raw water lines	(4,176,916)	(146,563)	-	(4,323,479)
Water distribution network	(15,488,555)	(711,381)	-	(16,199,936)
Wastewater treatment plant	(45,388,788)	(2,262,288)	-	(47,651,076)
Equipment	(6,726,323)	(407,671)	10,523	(7,123,471)
Total	<u>(83,833,767)</u>	<u>(4,507,136)</u>	<u>10,523</u>	<u>(88,330,380)</u>
Total capital assets, being depreciated, net	<u>83,386,077</u>	<u>662,496</u>	<u>-</u>	<u>84,048,573</u>
Total capital assets, net	<u>\$ 89,451,389</u>	<u>\$ 2,532,009</u>	<u>\$ (1,746,376)</u>	<u>\$ 90,237,022</u>

Depreciation expense for the years ended September 30, 2023 and 2022 was \$4,601,523 and \$4,507,136, respectively.

Asset transfers may occur between asset categories. Such transfers are included in the increases/decreases columns and the related accumulated depreciation for the asset transfer is reported in the decrease column in the summary of changes in capital assets above.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Bonds and notes payable consisted of the following at September 30, 2023 and 2022:

Description	2023	2022
Revenue Bonds		
Series 2008 Utility System Refunding Revenue Bonds for \$9,996,440 (refinancing 1998 Utility System Refunding Revenue Bonds) with a pay-fixed interest rate at 3.73% (see Note 7), collateralized by a lien upon and pledge of the "Pledged Funds" as described in the Bond Resolution; matures in October 2023.	\$ 1,470,918	\$ 2,892,150
Promissory Notes		
Series 2003A Promissory Note for \$8,350,000 (refinancing V-2 and V-3 Projects) with a pay-fixed interest rate at 4.27% (see Note 7), collateralized by special assessments and non ad-valorem revenues as described in the bond resolution; matures in December 2023.	155,107	759,066
Series 2004A Promissory Note for \$5,550,000 (refinancing VA, VB, and 1996D Projects) with a pay-fixed interest rate at 4.30% (see Note 7), collateralized by special assessments and non ad-valorem revenues as described in the bond resolution; matures in January 2024.	175,300	573,705
Total bonds and notes payable	<u>\$ 1,801,325</u>	<u>\$ 4,224,921</u>

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Annual Maturities

The principal and interest requirements to maturity for all outstanding bonds and notes as of September 30, 2023 are as follows:

Year Ending	Revenue Bonds and Notes			Promissory Notes		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,470,918	\$ 27,852	\$ 1,498,770	\$ 330,407	\$ 3,429	\$ 333,836
	<u>\$ 1,470,918</u>	<u>\$ 27,852</u>	<u>\$ 1,498,770</u>	<u>\$ 330,407</u>	<u>\$ 3,429</u>	<u>\$ 333,836</u>

Year Ending	Totals		
	Principal	Interest	Total
2024	\$ 1,801,325	\$ 31,281	\$ 1,832,606
	<u>\$ 1,801,325</u>	<u>\$ 31,281</u>	<u>\$ 1,832,606</u>

Debt service requirements for the variable rate debt with pay-fixed swap agreements are based on the pay-fixed amortization schedule.

Covenants

The bond and note agreements include various covenants, including rate and liquidity covenants. The District must maintain rate coverage of at least 110% of the annual debt service payable. The District must also maintain \$7,500,000 in unencumbered and unrestricted cash, cash equivalents, and investments. Management believes it has complied with the covenants of the District's bond and note agreements.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in long-term debt for the years ended September 30, 2023 and 2022 (dollars in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
September 30, 2023					
Revenue bonds and notes	\$ 2,892,150	\$ -	\$ (1,421,232)	\$ 1,470,918	\$ 1,470,918
Promissory notes	1,332,771	-	(1,002,364)	330,407	330,407
Net bonds and notes payable	4,224,921	-	(2,423,596)	1,801,325	1,801,325
Compensated absences	644,293	550,615	(315,964)	878,944	-
Derivative instruments (asset)	41,898	-	(44,032)	(2,134)	-
Total long-term debt	\$ 4,911,112	\$ 550,615	\$ (2,783,592)	\$ 2,678,135	\$ 1,801,325
September 30, 2022					
Revenue bonds and notes	\$ 4,231,920	\$ -	\$ (1,339,770)	\$ 2,892,150	\$ 1,421,232
Promissory notes	2,292,625	-	(959,854)	1,332,771	1,002,365
Net bonds and notes payable	6,524,545	-	(2,299,624)	4,224,921	2,423,597
Compensated absences	714,843	418,111	(488,661)	644,293	-
Derivative instruments	282,127	-	(240,229)	41,898	-
Total long-term debt	\$ 7,521,515	\$ 418,111	\$ (3,028,514)	\$ 4,911,112	\$ 2,423,597

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTEREST RATE SWAPS

In order to protect against the potential of rising interest rates, the District has entered into pay-fixed, receive-variable interest rate swap agreements. The intention of the swaps is to effectively change the District's variable interest rate on the associated loans to effective fixed rates as indicated in the tables below.

The terms, including the fair values and credit rating of the counterparty of the outstanding swaps as of September 30, 2023 and 2022, are listed in the following tables. The loans and their associated swap agreements were issued at the same time and mature on the same dates. The notional value of the swaps declines as the associated loan balance declines.

Fiscal Year 2023						
<u>Original Notional Amounts</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value at September 30, 2023</u>	<u>Swap Termination</u>	<u>Counterparty Credit Rating</u>
\$ 8,350,000	12/15/2003	4.27%	64% of SOFR + .89%	\$ 28	12/15/2023	A-/A
5,550,000	1/15/2004	4.30%	64% of SOFR + .89%	35	1/15/2024	A-/A
9,996,440	10/1/2008	3.73%	63.7% of SOFR + .70%	2,071	10/1/2023	A-/A
<u>\$ 23,896,440</u>				<u>\$ 2,134</u>		

Fiscal Year 2022						
<u>Original Notional Amounts</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value at September 30, 2022</u>	<u>Swap Termination</u>	<u>Counterparty Credit Rating</u>
\$ 8,350,000	12/15/2003	4.27%	64% of LIBOR + .89%	\$ (3,891)	12/15/2023	A-/A
5,550,000	1/15/2004	4.30%	64% of LIBOR + .89%	(3,289)	1/15/2024	A-/A
9,996,440	10/1/2008	3.73%	63.7% of LIBOR + .70%	(34,718)	10/1/2023	A-/A
<u>\$ 23,896,440</u>				<u>\$ (41,898)</u>		

Each of the swap agreements has been determined to be an effective hedge. As such, the change in fair value is reported as a deferred inflow or outflow on the Statement of Net Position. The combined fair values of the swap agreements outstanding at September 30, 2023 and 2022, increased in value by \$44,032 in 2023 and decreased in value by \$240,229 in 2022, respectively.

Interest rate risk – the District is exposed to interest rate risk on its pay-fixed receive-variable interest rate swaps. When SOFR decreases, the District received a lower payout from the swaps, and its net payments on the swaps increase.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTEREST RATE SWAPS (CONTINUED)

The swaps are associated with the following obligations at September 30, 2023:

Title	Original Amount	Balance at September 30, 2023	Maturity Date
Promissory Note, Series 2003A (V-2 and V-3 Projects)	\$ 8,350,000	\$ 155,107	12/15/2023
Promissory Note, Series 2004A (V-1 Project)	5,550,000	175,300	1/15/2024
Utility System Revenue Bond, Series 2008	9,996,440	1,470,918	10/1/2023
Total	\$ 23,896,440	\$ 1,801,325	

Because the variable interest rates have remained lower than the fixed rates, the swaps had negative fair values at September 30, 2023. The negative fair values may be countered by reductions in total interest payments required under the variable rate bonds, creating lower synthetic interest rates. Because the coupons on the District's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair value of swaps is estimated using a pricing service and the values are provided to the District by the counterparty financial institution known to be high volume participants in this market and are deemed to be Level 2.

As of September 30, 2023, the District was not exposed to credit risk because the swaps had a negative fair value. The District or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swaps have a negative value, the District would be liable to the counterparty for a payment equal to the swaps' fair value.

As of September 30, 2023, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

September 30, 2024	Variable Rate Promissory Notes			Interest Rate Swaps	Total
	Principal	Interest	Total	Interest	
	\$ 1,801,325	\$ 31,281	\$ 1,832,606	\$ 34,153	\$ 1,866,759

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS

The Employees' Pension Plan

Plan Administration

On February 1, 1999, the District implemented a defined benefit pension plan (the Englewood Water District Employees' Pension Plan) covering substantially all the District's regular employees, except for the District Administrator. The District, in accordance with the District's enabling act and state statutes, established the single-employer plan. Effective March 31, 2003, the District closed the Plan. The District remains obligated to fund the closed Plan for eligible inactive members. The net pension (asset) for this Plan at September 30, 2023 and 2022, was (\$116,461) and (\$241,419), respectively.

Plan Membership

At October 1, 2022, the date of the most recent actuarial valuation, the plan included the following:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	1

Benefits Provided

The Plan provides retirement, termination, disability, and death benefits.

Contributions

Remaining amount necessary for payment of normal (current year's) cost and amortization of the accrued past service liability as provided for in Chapter 112, Florida Statutes. The District's contributions to the Plan for the years ended September 30, 2023 and 2022 were \$80,400 and \$67,889, respectively.

Net Pension Liability

The measurement date is September 30, 2022.

The measurement period for the pension expense was October 1, 2021 to September 30, 2022.

The reporting period is October 1, 2022 through September 30, 2023.

The components of the net pension liability of the District for its September 30, 2023 and 2022 financial statements, respectively, were as follows:

	2023	2022
Total Pension Liability	\$ 579,076	\$ 583,330
Plan Fiduciary Net Position	695,537	824,749
District's Net Pension Liability (Asset)	\$ (116,461)	\$ (241,419)

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Employees' Pension Plan (Continued)

For the years ended September 30, 2023 and 2022, the District recognized pension (benefit) expense of \$31,769 and (\$15,003), for the Plan. At September 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

September 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual earnings on pension plan investments	\$ 96,162	\$ -
District pension plan contributions subsequent to the measurement date	<u>80,400</u>	<u>-</u>
Total	<u>\$ 176,562</u>	<u>\$ -</u>
September 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual earnings on pension plan investments	\$ -	\$ 64,916
City pension plan contributions subsequent to the measurement date	<u>67,889</u>	<u>-</u>
Total	<u>\$ 67,889</u>	<u>\$ 64,916</u>

The deferred outflows of resources related to the Pension Plan, totaling \$80,400 resulting from District contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net 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 plans will be recognized in pension expense as follows:

Year ended September 30,	
2024	\$ 23,026
2025	18,961
2026	17,783
2027	<u>36,392</u>
Total	<u>\$ 96,162</u>

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Employees' Pension Plan (Continued)

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2022 using the following assumptions:

Inflation	3.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees.

The above assumption rates were mandated by Chapter 2015-157, *Laws of Florida*. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019, FRS valuation report for other than special risk participants. We feel this assumption sufficiently accommodates future mortality improvements.

The date of the most recent experience study for which significant assumptions are based upon is not available.

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2022, the inflation rate assumption of the investment advisor was 3.00%.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Employees' Pension Plan (Continued)

Investment Policy

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	55%	5.4%
International equity	10%	5.5%
Fixed income	29%	1.3%
Real estate	5%	4.5%
Cash	1%	0.0%
Total	100%	

Concentrations

The Pension Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's Fiduciary Net Position at September 30, 2023 or 2022.

Rate of Return

For the years ended September 30, 2023 and 2022, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, were 11.89% and (14.65%), respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Pension Plan may not be able to recover its deposits.

Fair Value Measurements

At September 30, 2023 and 2022, the Pension Plan held securities that are classified as Level 1 in the Fair Value Hierarchy.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Employees' Pension Plan (Continued)

Changes in the Net Pension Liability (Asset)

The changes in the components of the net pension liability (asset) of the District for the fiscal years ended September 30, 2023 and 2022 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Reporting Period Ending September 30, 2022	\$ 583,330	\$ 824,749	\$ (241,419)
Changes for the year:			
Interest	38,287	-	38,287
Differences between expected and actual experience	30,162	-	30,162
Changes of assumptions	-	-	-
Contributions - employer	-	67,889	(67,889)
Net investment income	-	(124,398)	124,398
Benefit payments, including refunds of employee contributions	(72,703)	(72,703)	-
Administrative expense	-	-	-
Net changes	(4,254)	(129,212)	124,958
Reporting Period Ending September 30, 2023	\$ 579,076	\$ 695,537	\$ (116,461)
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Reporting Period Ending September 30, 2021	\$ 593,997	\$ 677,287	\$ (83,290)
Changes for the year:			
Interest	39,368	-	39,368
Differences between expected and actual experience	13,195	-	13,195
Changes of assumptions	-	-	-
Contributions - employer	-	70,000	(70,000)
Net investment income	-	140,692	(140,692)
Benefit payments, including refunds of employee contributions	(63,230)	(63,230)	-
Administrative expense	-	-	-
Net changes	(10,667)	147,462	(158,129)
Reporting Period Ending September 30, 2022	\$ 583,330	\$ 824,749	\$ (241,419)

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Employees' Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liabilities of the District, calculated using the discount rates noted above, as well as what the District's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, for the fiscal years ended September 30, 2023 and 2022:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
September 30, 2023			
District's proportionate share of the net pension liability (asset)	\$ (81,209)	\$ (116,461)	\$ (148,097)
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
September 30, 2022			
District's proportionate share of the net pension liability (asset)	\$ (204,726)	\$ (241,419)	\$ (274,234)

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Florida Retirement System Plan

Effective May 1, 2003, all current and future employees of the District are included in the Florida Retirement System (FRS), a cost sharing, multi-employer, public employee retirement system.

Defined Benefit Plans

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The FRS is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Florida Retirement System Plan (Continued)

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023 were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular class	10.19%	1.66%
Special risk class	26.11%	1.66%
Senior management service class	29.85%	1.66%
Elected officials	55.28%	1.66%
DROP from FRS	16.94%	1.66%

The employer's contributions for the year ended September 30, 2023 were \$478,664 to the FRS Pension Plan and \$99,463 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability	\$ 3,854,330	\$ 2,271,165
Proportion at:		
Current measurement date	0.0097%	0.0143%
Prior measurement date	0.0106%	0.0151%
Pension expense	\$ 679,293	\$ 834,903

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Florida Retirement System Plan (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (FRS) from the following sources:

Description	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 361,888	\$ -	\$ 187,968	\$ -
Change of assumptions	251,257	-	487,407	-
Net difference between projected and actual earnings on pension plan investments	160,967	-	261,326	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,029,488	1,118,695	1,323,628	1,258,088
District contributions subsequent to the measurement date	111,865	-	98,528	-
Total	<u>\$ 1,915,465</u>	<u>\$ 1,118,695</u>	<u>\$ 2,358,857</u>	<u>\$ 1,258,088</u>

At September 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (HIS) from the following sources:

Description	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,248	\$ 5,331	\$ 48,401	\$ 7,017
Change of assumptions	59,708	196,804	91,406	246,690
Net difference between projected and actual earnings on pension plan investments	1,173	-	2,309	-
Changes in proportion and differences between District contributions and proportionate share of contributions	764,358	700,919	948,843	817,514
District contributions subsequent to the measurement date	25,243	-	19,853	-
Total	<u>\$ 883,730</u>	<u>\$ 903,054</u>	<u>\$ 1,110,812</u>	<u>\$ 1,071,221</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ending September 30:	FRS	HIS
2024	\$ 93,344	\$ (7,787)
2025	(36,982)	(4,721)
2026	560,106	(7,855)
2027	53,205	(15,408)
2028	15,232	(8,162)
Thereafter	-	(634)
	<u>\$ 684,905</u>	<u>\$ (44,567)</u>

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Florida Retirement System Plan (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2023. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for both plans were based on the PUB-2010 with Projection Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Florida Retirement System Plan (Continued)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			
Assumed inflation - mean			2.4%	1.4%

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	<u>FRS</u>			<u>HIS</u>		
	<u>Current</u>			<u>Current</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(5.70%)</u>	<u>(6.70%)</u>	<u>(7.70%)</u>	<u>(2.65%)</u>	<u>(3.65%)</u>	<u>(4.65%)</u>

District's proportionate share of
the net pension liability

\$	6,583,980	\$	3,854,330	\$	1,570,651	\$	2,591,045	\$	2,271,165	\$	2,006,006
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ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Florida Retirement System Plan (Continued)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the state's separately issued financial reports.

Applicable totals for all of the District's defined benefit plans are reflected below:

	Employees Pension Plan	Florida Retirement System	Health Insurance Subsidy	Totals
Net pension (asset)	\$ (116,461)	\$ -	\$ -	\$ (116,461)
Net pension liability	-	3,854,330	2,271,165	6,125,495
Deferred outflows	176,562	1,915,465	883,730	2,975,757
Deferred inflows	-	1,118,695	903,054	2,021,749
Pension expense	31,769	679,293	834,903	1,545,965

NOTE 9. DEFINED CONTRIBUTION PLAN

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to investment member's accounts during the 2014-2015 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class. The percentages are the same as those listed previously to the FRS Plan.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED CONTRIBUTION PLAN (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over the account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$19,259 and \$32,927, for the years ended September 30, 2023 and 2022, respectively.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Englewood Water District's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the District's Plan.

Employees Covered by Benefit Terms

At September 30, 2022, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Active Plan Members	77
	<u>85</u>

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active Medical and Dental premiums. The District covers the cost of a base Life Insurance policy for retirees. Additionally, the District provides a \$500 monthly explicit subsidy until age 65 for employees who retire with at least 30 years of service. Any additional coverage is paid by the retiree.

The District's Total OPEB Liability was measured as of September 30, 2022.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.77%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount Rate

Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense

For the years ended September 30, 2023 and 2022, the District recognized OPEB Expense (Revenue) of (\$234,995) and \$467,461, respectively.

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	<u>2023</u>	<u>2022</u>
Total OPEB liability, beginning of year	\$ 1,497,934	\$ 1,125,458
Changes for the year:		
Service cost	45,928	43,870
Interest on the total OPEB liability	36,114	24,031
Difference between expected and actual experience	-	505,205
Changes in assumptions and other inputs	(320,737)	(107,345)
Benefit payments	(116,071)	(93,285)
Net changes	<u>(354,766)</u>	<u>372,476</u>
Total OPEB liability, end of year	<u>\$ 1,143,168</u>	<u>\$ 1,497,934</u>

Changes of assumptions reflect a change in the discount rate from 2.43% for the fiscal year ending September 30, 2022, to 4.77% for the fiscal year ending September 30, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>3.77%</u>	<u>4.77%</u>	<u>5.77%</u>
Total OPEB liability	\$ 1,263,863	\$ 1,143,168	\$ 1,041,331

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	<u>3.00% - 6.50%</u>	<u>4.00% - 7.50%</u>	<u>5.00% - 8.50%</u>
Total OPEB liability	\$ 1,049,522	\$ 1,143,168	\$ 1,255,714

ENGLEWOOD WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

At September 30, 2023 and 2022, the District's reported Deferred Outflows of Resources related to OPEB were from the following sources:

	<u>2023</u>	<u>2022</u>
Benefits paid subsequent to the measurement date	<u>\$ 126,776</u>	<u>\$ 119,771</u>
Total	<u>\$ 126,776</u>	<u>\$ 119,771</u>

There were no deferred inflows of resources related to OPEB at September 30, 2023 and 2022. The deferred outflows of resources related to the total OPEB liability, totaling \$126,776 resulting from benefits paid subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2024.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Insurance coverage for such losses is purchased from commercial insurance companies subject to maximum aggregates and deductibles. The financial impact of the District's risk management activities is reported in the accompanying financial statements. No accrual has been provided for claims and incidents not reported to insurers. All known claims have been reported to insurers.

There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12. COMMITMENTS AND CONTINGENCIES

The District has, by resolution of its Board, placed a charge for capital improvements on each new living unit within the District requesting service. As a result, contracts have been entered into obligating the District by agreement to provide water for certain numbers of units. The District has entered into contracts with various developers to purchase the distribution system of projects upon completion of certain requirements. These agreements call for varying payment, time, and release provisions.

At September 30, 2023, the District has contractual commitments of approximately \$13.7 million for various construction, consulting, and engineering projects.

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REQUIRED SUPPLEMENTARY INFORMATION

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ENGLEWOOD WATER DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

Measurement year ended September 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 45,928	\$ 43,870	\$ 33,631	\$ 30,573	\$ 32,421	\$ 34,624	\$ 33,780
Interest	36,114	24,031	35,004	35,614	32,483	28,719	28,298
Differences between expected and actual experience	-	505,205	-	115,383	-	-	-
Changes of assumptions	(320,737)	(107,345)	156,445	14,753	(45,309)	(53,842)	-
Changes of benefit terms	-	-	-	-	-	-	-
Benefit payments	(116,071)	(93,285)	(86,777)	(60,612)	(55,735)	(51,251)	(47,127)
Net change in total OPEB liability	(354,766)	372,476	138,303	135,711	(36,140)	(41,750)	14,951
Total OPEB liability - beginning	1,497,934	1,125,458	987,155	851,444	887,584	929,334	914,383
Total OPEB liability - ending	\$ 1,143,168	\$ 1,497,934	\$ 1,125,458	\$ 987,155	\$ 851,444	\$ 887,584	\$ 929,334
Covered employee payroll (projected)	\$6,143,290	\$5,993,454	N/A	N/A	N/A	N/A	N/A
District's total OPEB liability as a percentage of covered employee payroll	18.61%	24.99%	N/A	N/A	N/A	N/A	N/A

Notes to the Schedule:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal year ending September 30, 2023	4.77%
Fiscal year ending September 30, 2022	2.43%
Fiscal year ending September 30, 2021	2.14%
Fiscal year ending September 30, 2020	3.58%
Fiscal year ending September 30, 2019	4.18%
Fiscal year ending September 30, 2018	3.64%
Fiscal year ending September 30, 2017	3.06%

The schedule will present 10 years of information once it is accumulated.

ENGLEWOOD WATER DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the FRS net pension liability	0.0096729%	0.0106367%	0.0047419%	0.0101420%	0.0108887%
District's proportionate share of the FRS net pension liability	\$ 3,854,330	\$ 3,957,699	\$ 358,194	\$ 4,395,712	\$ 3,749,923
District's covered payroll	\$ 5,665,634	\$ 5,500,230	\$ 4,528,244	\$ 5,245,976	\$ 5,292,465
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	68.03%	71.96%	7.91%	83.79%	70.85%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.39%	78.85%	82.61%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the FRS net pension liability	0.0116458%	0.0118664%	0.0121911%	0.0127176%	0.0132134%
District's proportionate share of the FRS net pension liability	\$ 3,508,000	\$ 3,510,000	\$ 3,078,000	\$ 1,643,000	\$ 806,000
District's covered payroll	\$ 5,359,000	\$ 5,201,000	\$ 4,847,000	\$ 4,634,000	\$ 4,709,000
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	65.46%	67.49%	63.50%	35.46%	17.12%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

ENGLEWOOD WATER DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required FRS contribution	\$ 478,664	\$ 433,883	\$ 388,076	\$ 337,842	\$ 335,672
FRS contributions in relation to the contractually required FRS contribution	<u>478,664</u>	<u>433,883</u>	<u>388,076</u>	<u>337,842</u>	<u>335,672</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,751,940	\$ 5,268,834	\$ 4,619,773	\$ 5,274,087	\$ 5,274,964
FRS contributions as a percentage of covered payroll	8.32%	8.23%	8.40%	6.41%	6.36%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 311,000	\$ 294,000	\$ 303,000	\$ 298,000	\$ 359,000
FRS contributions in relation to the contractually required FRS contribution	<u>311,000</u>	<u>294,000</u>	<u>303,000</u>	<u>298,000</u>	<u>359,000</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,319,000	\$ 5,295,000	\$ 4,965,000	\$ 4,619,000	\$ 4,864,000
FRS contributions as a percentage of covered payroll	5.85%	5.55%	6.10%	6.45%	7.38%

Notes to the Schedule:

The amounts presented for each fiscal year were determined as of 9/30.

ENGLEWOOD WATER DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the HIS net pension liability	0.0143008%	0.0150557%	0.0053393%	0.0151150%	0.0158247%
District's proportionate share of the HIS net pension liability	\$ 2,271,165	\$ 1,594,640	\$ 654,947	\$ 1,845,512	\$ 1,770,622
District's covered payroll	\$ 5,665,634	\$ 5,500,230	\$ 4,528,244	\$ 5,245,976	\$ 5,292,465
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	40.09%	28.99%	14.46%	35.18%	33.46%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.21%	3.56%	3.00%	2.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the HIS net pension liability	0.0164064%	0.0163081%	0.0156319%	0.0152737%	0.0158259%
District's proportionate share of the HIS net pension liability	\$ 1,736,000	\$ 1,744,000	\$ 1,822,000	\$ 1,558,000	\$ 1,480,000
District's covered payroll	\$ 5,359,000	\$ 5,201,000	\$ 4,847,000	\$ 4,634,000	\$ 4,709,000
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.39%	33.53%	37.59%	33.62%	31.43%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

ENGLEWOOD WATER DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required HIS contribution	\$ 99,463	\$ 87,258	\$ 78,040	\$ 87,327	\$ 87,582
HIS contributions in relation to the contractually required HIS contribution	<u>99,463</u>	<u>87,258</u>	<u>78,040</u>	<u>87,327</u>	<u>87,582</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,751,940	\$ 5,268,834	\$ 4,619,773	\$ 5,274,087	\$ 5,274,964
HIS contributions as a percentage of covered payroll	1.73%	1.66%	1.69%	1.66%	1.66%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 88,000	\$ 88,000	\$ 82,000	\$ 63,051	\$ 59,100
HIS contributions in relation to the contractually required HIS contribution	<u>88,000</u>	<u>88,000</u>	<u>82,000</u>	<u>63,051</u>	<u>59,100</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,319,000	\$ 5,295,000	\$ 4,965,000	\$ 4,619,000	\$ 4,864,000
HIS contributions as a percentage of covered payroll	1.65%	1.66%	1.65%	1.37%	1.22%

Notes to the Schedule:

The amounts presented for each fiscal year were determined as of 9/30.

ENGLEWOOD WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
EMPLOYEES' PENSION PLAN

Reporting period ending	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024
Measurement date	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Total pension liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	43,974	42,629	41,906	44,268	43,051	42,030	41,327	39,367	38,288	37,759
Differences between expected and actual experience	-	10,921	(783)	3,408	8,906	18,818	12,279	13,195	30,162	61,269
Changes in assumptions	-	-	56,857	-	-	-	(12,862)	-	-	-
Benefit payments, including refunds of employee contributions	(62,536)	(63,849)	(63,913)	(64,552)	(65,586)	(67,487)	(74,281)	(63,230)	(72,703)	(79,319)
Net change in total pension liability	(18,562)	(10,299)	34,067	(16,876)	(13,629)	(6,639)	(33,537)	(10,668)	(4,253)	19,709
Total pension liability - beginning	659,472	640,910	630,611	664,678	647,802	634,173	627,534	593,997	583,329	579,076
Total pension liability - ending	\$ 640,910	\$ 630,611	\$ 664,678	\$ 647,802	\$ 634,173	\$ 627,534	\$ 593,997	\$ 583,329	\$ 579,076	\$ 598,785
Plan fiduciary net position										
Contributions - employer	\$ 39,900	\$ 17,530	\$ 14,652	\$ 72,718	\$ 55,000	\$ 91,440	\$ 72,000	\$ 70,000	\$ 67,889	\$ 80,400
Net investment income	45,628	(20,911)	49,783	58,089	49,858	22,136	38,877	140,691	(124,397)	86,978
Benefit payments, including refunds of employee contributions	(62,536)	(63,849)	(63,913)	(64,552)	(65,586)	(67,487)	(74,281)	(63,230)	(72,703)	(79,319)
Administrative expenses	(8,844)	(23,260)	(9,500)	(7,250)	(18,190)	-	-	-	-	-
Net change in plan fiduciary net position	14,148	(90,490)	(8,978)	59,005	21,082	46,089	36,596	147,461	(129,211)	88,059
Plan fiduciary net position - beginning	599,835	613,983	523,493	514,515	573,520	594,602	640,691	677,287	824,748	695,537
Plan fiduciary net position - ending	\$ 613,983	\$ 523,493	\$ 514,515	\$ 573,520	\$ 594,602	\$ 640,691	\$ 677,287	\$ 824,748	\$ 695,537	\$ 783,596
District's net pension liability (asset) - ending	\$ 26,927	\$ 107,118	\$ 150,163	\$ 74,282	\$ 39,571	\$ (13,157)	\$ (83,290)	\$ (241,419)	\$ (116,461)	\$ (184,811)
Plan fiduciary net position as a percentage of the total pension liability	95.80%	83.01%	77.41%	88.53%	93.76%	102.10%	114.02%	141.39%	120.11%	130.86%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to the Schedule:

For the 9/30/16 measurement date, as a result of Chapter 2015-157, *Laws of Florida*, the assumed rates of mortality were changed to the assumption used by the Florida Retirement System.

ENGLEWOOD WATER DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS -
EMPLOYEES' PENSION PLAN**

	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Actuarially determined contribution	\$ 8,213	\$ 5,114	\$ 14,652	\$ 21,119	\$ 11,377	\$ 7,872	\$ 72,000	\$ 70,000	\$ 67,889	\$ 80,400
Contributions in relation to the actuarially determined contribution	39,900	17,530	14,652	72,718	55,000	91,440	72,000	70,000	67,889	80,400
Contribution deficiency (excess)	\$ (31,687)	\$ (12,416)	\$ -	\$ (51,599)	\$ (43,623)	\$ (83,568)	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to the Schedule:

Valuation Date October 1, 2021

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2021 Actuarial Valuation for the Englewood Water District Employees' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

ENGLEWOOD WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION INVESTMENT RETURNS -
EMPLOYEES' PENSION PLAN

	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>
Annual money-weighted rate of return, net of investment expenses	7.77%	-3.58%	9.87%	10.74%	8.43%	3.41%	5.76%	19.69%	-14.65%	11.89%

SUPPLEMENTARY INFORMATION

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ENGLEWOOD WATER DISTRICT

**SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>
Well Fields and Water Treatment Plants:			Waste Collection:		
Personal services	\$ 1,540,801	\$ 1,242,384	Personal services	\$ 1,455,690	\$ 1,164,022
Chemicals	332,672	268,183	Supplies and materials	19,712	13,667
Utilities	611,151	570,351	Utilities	301,826	278,604
Depreciation and amortization	658,950	635,025	Depreciation and amortization	2,161,742	2,132,006
Repairs and maintenance	671,098	656,466	Repairs and maintenance	859,720	938,761
Other	407,950	218,506	Other	2,015,800	314,242
Total	<u>\$ 4,222,622</u>	<u>\$ 3,590,915</u>	Total	<u>\$ 6,814,490</u>	<u>\$ 4,841,302</u>
Water Distribution:			Laboratory:		
Personal services	\$ 1,416,781	\$ 1,105,240	Personal services	\$ 211,258	\$ 175,479
Supplies and materials	136,810	112,390	Supplies and materials	37,438	33,984
Depreciation and amortization	695,492	690,072	Depreciation and amortization	7,943	8,169
Repairs and maintenance	218,712	149,287	Repairs and maintenance	3,275	6,046
Other	287,294	206,215	Other	41,486	37,179
Total	<u>\$ 2,755,089</u>	<u>\$ 2,263,204</u>	Total	<u>\$ 301,400</u>	<u>\$ 260,857</u>
Waste Treatment:			General and Administrative:		
Personal services	\$ 1,484,897	\$ 1,287,195	Personal services	\$ 3,006,901	\$ 3,092,419
Supplies and materials	201,502	138,700	Legal and professional services	340,772	259,687
Utilities	470,405	455,076	Supplies and materials	81,376	83,159
Sludge hauling	117,132	119,868	Utilities	19,560	17,640
Depreciation and amortization	910,732	870,018	Depreciation and amortization	166,664	171,846
Repairs and maintenance	359,247	320,071	Repairs and maintenance	37,123	55,475
Other	561,043	324,164	Other	439,055	375,507
Total	<u>\$ 4,104,958</u>	<u>\$ 3,515,092</u>	Total	<u>\$ 4,091,451</u>	<u>\$ 4,055,733</u>

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OTHER INFORMATION

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ENGLEWOOD WATER DISTRICT

**SCHEDULE OF MONTHLY WATER AND WASTEWATER RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)**

Monthly Water Rates

Customer Classification	ERCs Served	Monthly Service Charge	Usage Charge (per 1,000 gallons)*	
Single Family	17,278	\$20.14 per connection	0 - 6,000	\$ 2.39
Multi-Family	3,007	\$20.14 per connection	6,001 - 8,000	\$ 3.20
Commercial	3,068	\$20.14 per connection	8,001 - 12,000	\$ 6.37
			12,001 - 18,000	\$ 10.63
			18,001 and above	\$ 16.60

* Water usage charges are the same for all customers.

AGRF - Water \$ 329.00

Monthly Wastewater Rates

Customer Classification	ERCs Served	Monthly Service Charge	Usage Charge (per 1,000 gallons)
Single Family	15,621	\$29.31 per connection	All Usage is \$3.73 per 1,000 gallons
Multi-Family	2,925	\$29.31 per connection	
Commercial	1,784	\$29.31 per connection	

Capital Capacity Charges

Water Fee per ERC	Plant Capacity/Transmission System	\$ 1,751.00
	Distribution System	\$ 1,200.00
Wastewater Fee per ERC	Plant Capacity/Transmission System	\$ 2,754.00
	Collection System	\$ 5,817.00
AGRF - Wastewater		\$ 580.00

ENGLEWOOD WATER DISTRICT

**SCHEDULE OF MONTHLY WATER AND WASTEWATER RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)**

Monthly Water Rates

<u>Customer Classification</u>	<u>ERCs Served</u>	<u>Monthly Service Charge</u>	<u>Usage Charge (per 1,000 gallons)*</u>	
Single Family	17,015	\$19.18 per connection	0 - 6,000	\$ 2.28
Multi-Family	2,826	\$19.18 per connection	6,001 - 8,000	\$ 3.05
Commercial	3,089	\$19.18 per connection	8,001 - 12,000	\$ 6.07
			12,001 - 18,000	\$ 10.12
			18,001 and above	\$ 15.51

* Water usage charges are the same for all customers.

AGRF - Water \$ 329.00

Monthly Wastewater Rates

<u>Customer Classification</u>	<u>ERCs Served</u>	<u>Monthly Service Charge</u>	<u>Usage Charge (per 1,000 gallons)</u>
Single Family	15,305	\$27.91 per connection	All Usage is \$3.55 per 1,000 gallons
Multi-Family	2,745	\$27.91 per connection	
Commercial	1,937	\$27.91 per connection	

Capital Capacity Charges

Water Fee per ERC	Plant Capacity/Transmission System	\$ 1,751.00
	Distribution System	\$ 1,200.00
Wastewater Fee per ERC	Plant Capacity/Transmission System	\$ 2,754.00
	Collection System	\$ 5,817.00
AGRF - Wastewater	\$ 580.00	

ENGLEWOOD WATER DISTRICT

**SCHEDULE OF INSURANCE COVERAGE
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(UNAUDITED)**

<u>Coverage</u>	<u>Insurance Company</u>	<u>Limits</u>	<u>Deductibles</u>
Property	PGIT	\$ 42,135,000	\$ 25,000
Windstorm property	PGIT	42,135,000	3% (minimum \$35,000)
Flood property	PGIT	1,000,000	25,000
Earthquake property	PGIT	1,000,000	25,000
Crime	PGIT	100,000	5,000
General liability	PGIT	1,000,000	5,000
Fire damage general liability	PGIT	-	5,000
Public officials liability	PGIT	1,000,000	15,000
Employment related practices liability	PGIT	1,000,000	5,000
Automobile	PGIT	500,000	2,500

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OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Supervisors
Englewood Water District
Englewood, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Englewood Water District (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
March 8, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Supervisors
Englewood Water District
Englewood, Florida

Report on the Financial Statements

We have audited the financial statements of the Englewood Water District (the "District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 8, 2024.

Auditor's Responsibility

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

Other Reports and Schedule

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*; Schedule of Findings and Responses; and 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 8, 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. There were no findings or recommendations in the preceding annual financial report requiring correction.

Official Title and Legal District

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 District discloses this information in the notes to the financial statements. The District has no component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District 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 District'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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

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

- a. There were 81 employees compensated in the last pay period of the District's fiscal year.
- b. There were four independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year.
- c. Total compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for the year was \$7,156,812.
- d. The compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for the year was \$12,573.
- e. There were six construction projects with a total cost of at least \$65,000 approved by the District that began on or after October 1 of the fiscal year being reported with fiscal year 2023 costs of \$1,176,109.
- 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, is reflected on the following page.

**Englewood Water District
2023 Budget vs Actual**

	2023 Actual	2023 Budget	Variance
Administration	\$ 5,685,630	\$ 5,936,700	\$ 251,070
Laboratory	273,627	327,376	53,749
Production	3,462,694	3,872,928	410,234
Distribution	1,951,249	2,194,239	242,990
WRF	3,250,420	3,556,041	305,621
Collections	4,642,931	5,166,525	523,594
Totals	<u>\$ 19,266,551</u>	<u>\$ 21,053,809</u>	<u>\$ 1,787,258</u>

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 Board of Supervisors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 8, 2024

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ENGLEWOOD WATER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiency identified not considered to be material weaknesses?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal and State Financial Assistance

Federal and state Single Audits were not required as the District did not expend greater than \$750,000 of federal or state funds during its fiscal year ended September 30, 2023.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

SECTION III
FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

ENGLEWOOD WATER DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

None reported.

INDEPENDENT ACCOUNTANT'S REPORT

Board of Supervisors
Englewood Water District
Englewood, Florida

We have examined the Englewood Water District's (the "District") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material 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.

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

Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 8, 2024

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