

# PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY

Hon. Elton A. Langford  
DeSoto County

Hon. Joseph Tiseo  
Charlotte County

Hon. Michael A. Moran  
Sarasota County

Hon. Jason Bearden  
Manatee County

Mike Coates, P.G., Executive Director

## **Request for Proposals – Professional Auditing Services**

### **Addendum 1 February 20, 2024**

#### **Responses to Questions:**

**1. Question:** Is the Annual Comprehensive Financial Report required to be ADA compliant?

**Response:** To be posted to the Authority's website, the ACFR must be in compliance with any rules required by Florida Statute and/or ADA. Respondents should note that Authority staff create and compile the ACFR.

**2. Question:** Do you have an internal audit function?

**Response:** No.

**3. Question:** Can you please provide the audit fees paid for the September 30, 2022 and 2023 audits?

**Response:** The 2022 audit fee was \$31,000 and the 2023 audit fee was \$33,500.

**4. Question:** Can you please provide a copy of the ACFR for September 30, 2023?

**Response:** At this time the report is still in draft form. Prior years ACFRs may be found on the Authority's website at <https://regionalwater.org/business/>.

**5. Question:** Have you had a federal or state single audit in the previous three years?

**Response:** Yes.

**6. Question:** Do you prefer for auditors to be on site or to work remotely?

**Response:** Auditors should expect to work onsite for interim and final audit work.

**7. Question:** If auditors come onsite, how long are the auditors in the field and how many come?

**Response:** Our current audit firm spends roughly 2-5 days onsite during interim and final field work and typically have 2-4 staff onsite.

**8. Question:** What is the period in which fieldwork is generally performed? Is this still the most convenient time for you?

**Response:** Pursuant to the information package, scope of services, the Authority's typical audit schedule includes interim work completed in June/July and final audit work in

Nov/Dec, with final reports due by February 28<sup>th</sup>. These are the most convenient times for us.

**9. Question:** What financial software are you currently using? Do you have any plans to change?

**Response:** The Authority currently uses QuickBooks Enterprise and will be changing to a larger ERP software within the next year.

**10. Question:** Please provide a copy of the current auditor contract.

**Response:** The current contract is attached to this addendum

**11. Question:** Please provide a copy of the 2022 “Communication Letter to those Charged with Governance” issued by the auditor.

**Response:** The Communication letter is attached to this addendum.

**12. Question:** How many years has the Authority used the same audit firm?

**Response:** The current audit firm have been in place since 2012, having been the top ranked firm in the last several auditor procurement efforts.

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY  
AGREEMENT FOR PROFESSIONAL AUDITING SERVICES**

This Agreement for Professional Auditing Services ("Agreement") is made as of the 7th day of June, 2017, by and between the PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY ("Authority"), an independent special district created pursuant to Sections 163.01 and 373.713, Florida Statutes, and Purvis Gray & Company, LLP ("Firm").

**WHEREAS**, the Authority provides certain governmental services and owns and operates a regional public water supply and delivery system, develops new drinking water supplies, transmission pipelines, and water treatment and storage facilities; and

**WHEREAS**, the Authority desires to retain a firm to provide Professional Auditing Services; and

**WHEREAS**, the Authority has selected Firm in accordance with the Authority's Procurement Policy and the provisions of Chapter 218, Florida Statutes; and

**WHEREAS**, the Firm submittal responding to the Request for Proposals May 10, 2017 is incorporated herein by reference and made a part of this Agreement; and

**WHEREAS**, the Firm desires to provide Professional Auditing Services to the Authority, and has the experience, staff and resources to perform those services.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

**1. REMEDIES.**

The Agreement shall be governed by the laws of the State of Florida. Any and all legal action necessary to enforce the Agreement will be held in Manatee County, Florida. No remedy herein conferred upon any party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

**2. WAIVER OF JURY TRIAL AND ENFORCEMENT COSTS.**

2.1 WAIVER OF JURY TRIAL. TO ENCOURAGE PROMPT AND EQUITABLE RESOLUTION OF ANY LITIGATION, EACH PARTY HEREBY WAIVES ITS RIGHTS TO A TRIAL BY JURY IN ANY LITIGATION RELATED TO THIS AGREEMENT.

2.2 If any legal action or other proceeding is brought for the enforcement of the Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of the Agreement, the parties agree that each party shall be responsible for its own attorney's fees.

**3. LICENSE TO PRACTICE.**

The Firm hereby represents and warrants that it has and will continue to maintain all licenses and approvals required to conduct its business, and that it will at all times conduct its business activities in a reputable manner and in accordance with applicable law. Proof of such licenses and approvals shall be submitted to the Authority upon request.

**4. SEVERABILITY.**

If any term or provision of the Agreement, or the application thereof to any person or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of the Agreement, or the application of such terms or provision, to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and every other term and provision of the Agreement shall be deemed valid and enforceable to the extent permitted by law.

**5. ENTIRETY OF CONTRACTUAL AGREEMENT.**

The Authority and Firm agree that this Agreement sets forth the entire contract between the parties, and that there are no promises or understandings other than those stated herein. None of the provisions, terms and conditions contained in this Agreement may be added to, modified, superseded or otherwise altered, except by written instrument executed by the parties hereto.

**6. WAIVER.**

Failure of either party to enforce or exercise any right(s) under the Agreement shall not be deemed a waiver of either party's right to enforce or exercise said right(s) at any time thereafter.

**7. THIRD PARTY BENEFICIARIES.**

This Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties.

**8. TERM, TERMINATION AND EFFECT OF TERMINATION.**

8.1 The term of this Agreement is five years from June 7, 2017 through June 30, 2022 unless earlier terminated as stated herein. The parties may agree in writing to extend the term for two (2) additional one (1) year periods upon mutual written agreement of both parties.

8.2 Either party may terminate this Agreement upon written notice to the other party as provided below.

8.3 Termination of this Agreement shall not affect any rights, obligations, and liabilities of the parties arising out of transactions which occurred prior to termination. The provisions of this Agreement that require performance after the expiration or termination of this Agreement shall remain in force notwithstanding the expiration or termination of this Agreement including sections 14 and 16.

**9. COMPLIANCE.**

Each of the parties agrees to perform its obligations under the Agreement in conformance with all laws, regulations and administrative instructions that relate to the parties' performance of the Agreement. In the event that either party becomes aware of a possible violation of law, regulation or administrative instruction that might affect the validity or legality of the services provided under the Agreement, such party shall immediately notify the other party and the parties shall agree on appropriate corrective action. In the event either party becomes aware that any investigation or proceeding has been initiated with respect to any of the services provided hereunder, such party shall immediately notify the other party.

**10. EFFECTIVENESS.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and will become effective and binding upon the parties as of the effective date at such time as all the signatories hereto have signed a counterpart of this Agreement.

**11. SERVICES AND COMPENSATION.**

11.1 The Authority hereby agrees to engage Firm, and Firm agrees to perform the services provided for in Exhibit "A". The scope of services under this Agreement shall be for

the Firm to provide professional auditing services for the Authority as more specifically detailed in Exhibit "A" for fiscal years 2017 through 2021. The Firm agrees to perform the services necessary to complete the services in accordance with the Authority's RFP, including all addenda, and the Firm's Response to RFP, incorporated herein by reference. Any changes to Exhibit "A" or Exhibit "B" and associated costs, except as provided herein, must be mutually agreed to in a formal written amendment approved by the Authority and the Firm prior to being performed by the Firm.

11.2 For the timely and proper performance of the services provided for in Exhibit "A", the Authority agrees to pay the Firm the amounts as given in Exhibit "B". Payment will be made to the Firm in accordance with the percentage of completion as outlined in Exhibit "B" and the Local Government Prompt Payment Act, Part VII of Chapter 218, Florida Statutes, upon receipt of a properly documented invoice. Invoices will be submitted as tasks are completed by the Firm to the Authority electronically at [ap@regionalwater.org](mailto:ap@regionalwater.org), or at the following address:

Finance Manager  
Peace River Manasota Regional Water Supply Authority  
9415 Town Center Pkwy  
Lakewood Ranch, FL 34202

11.3 Compensation to the Firm for performance of additional services pursuant to section 11.1 of this Agreement, as well as the specific additional services to be performed and time of completion shall be determined in a written amendment to this Agreement in advance of performance of said additional services, unless the Authority authorizes in writing compensation for said additional services. Non-scope services must be identified by the Firm prior to their performance. Failure to notify the Authority in writing of non-scope services as required above shall be deemed a waiver of any claim by Firm that such services were non-scope services.

11.4 Proper Invoice. A "Proper Invoice" is an invoice that includes the following information: (1) Firm's name, address and phone number (include remit address, if different than principal address in the introductory paragraph of this Agreement); (2) Firm's invoice number and date of invoice; (3) Dates of service; (4) Progress Report with the Firm's Project Manager's assessment of actual progress; and (5) Supporting documentation necessary to satisfy auditing purposes for cost and completion. Invoices that do not conform to this paragraph and other requirements of this Agreement will not be considered a Proper Invoice.

11.5 The Parties agree that time is of the essence in the performance of each obligation under this Agreement.

**12. KEY PERSONNEL.**

Key personnel shall not be assigned to or removed by the Firm without the prior written approval of the Authority. Both parties agree that replacement of key personnel must be with equal or more qualified persons and must be approved by the Authority before a new member works on providing such services.

**13. INDEPENDENT CONTRACTOR.**

The Firm will perform as an independent contractor and not as an employee, representative or agent of the Authority.

**14. INSURANCE.**

The Firm shall purchase and maintain professional liability insurance with respect to the performance of services being performed under this Agreement in accordance with rule 61H1-26.002, Florida Administrative Code, except that the Firm may not submit a signed waiver of limitation on liability that is otherwise authorized by rule 61H1-26.002, Florida Administrative Code. Professional liability insurance shall be maintained in full force and effect through the end of one (1) calendar year following the term of this Agreement. The professional liability insurance policy shall be endorsed to provide for renewals through said one (1) calendar year, or if the current policy is not renewed, to provide for an extended reporting period on the existing policy through said one (1) calendar year.

**15. STANDARD OF PERFORMANCE.**

Firm shall perform and complete the services provided for in Exhibit "A" in a timely manner and in accordance with the standard of care, skill and diligence customarily provided by professionals with expertise and experience in auditing services to be performed under this Agreement, and in accordance with sound professional principles and practices. The Firm has expertise and experience in the providing auditing services in the type of services to be rendered and that such representation was a material inducement to Authority to enter into this Agreement with the Firm.

**16. DOCUMENTS AND DATA.**

The Authority and the Firm shall comply with the provisions of Chapter 119, Florida Statutes (Public Records Law). Each party shall allow public access to documents and materials made or received by either party in accordance with the Public Records Act, Chapter 119, Florida Statutes. The Firm shall (1) keep and maintain public records that ordinarily and necessarily would be required by the Authority in order to perform the service; (2) provide the

public with access to public records on the same terms and conditions that the Authority would provide the records and at a cost that does not exceed the cost provided by law; (3) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; and (4) meet all requirements for retaining public records and transfer, at no cost to the Authority, all public records in possession of the Firm upon termination of this Agreement and destroy any duplicate public records that are exempt or confidential and exempt from public records requirements. All records stored electronically must be provided to the Authority in a format that is compatible with the information technology systems of the Authority. **IF THE FIRM HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE FIRM'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (941) 316-1776; ALEE@REGIONALWATER.ORG; OR 9415 TOWN CENTER PARKWAY, LAKEWOOD RANCH, FLORIDA 34202.**

**17. NOTICES.**

Any and all notices, amendments or alterations to this Agreement or any other communications provided for herein shall be given in writing by email and U.S. Mail. All notices to Authority shall be given to the Executive Director, Peace River Manasota Regional Water Supply Authority, 9415 Town Center Parkway, Lakewood Ranch, Florida 34202 or such other address as may from time to time be designated in writing by Authority's Board of Directors. All notices to the Firm shall be given to Purvis Gray & Company, LLP, 5001 Lakewood Ranch Blvd. N. Suite 101, Sarasota, FL 34240.

**18. ATTORNEY FEES.**

If there is any legal action or proceeding between Authority and Firm from or based on this Agreement, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees, incurred by such prevailing party in such action or proceeding and in any appeal in connection therewith.



**19. COUNTERPARTS.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

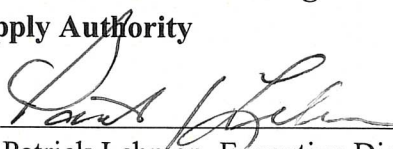
**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the day and year set forth above.

**BOARD APPROVED**


**JUN - 7 2017**

**Peace River Manasota  
Regional Water Supply Authority**

**Peace River Manasota Regional Water  
Supply Authority**

By:   
Patrick Lehman, Executive Director

Prepared by

  
\_\_\_\_\_  
Douglas Manson, General Counsel  
Peace River Manasota Regional  
Water Supply Authority

**Purvis Gray & Company, LLP**

By:   
\_\_\_\_\_  
Mal A. W. Farmer

## **Scope of Services**

### **Exhibit A**

Firm shall perform a financial and compliance audit of the basic financial statements as required by Section 11.45, Florida Statutes, the Federal Single Audit Act and Florida Single Audit Act. In addition to the audit of the basic financial statements, the Authority will require minor assistance for the drafting and formatting of the basic financial statements and footnotes which must conform to the provisions of the Government Accounting Standards Board (GASB) and related requirements as necessary. Audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act of 1984 as amended in 1996, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, as applicable, and the Rules of the Auditor General for the State of Florida. Following completion of the audit of the fiscal year's financial statements, the Firm shall issue:

1. Report of the fair presentation of the basic financial statements in conformity with generally accepted accounting principles.
2. Report on the internal control over financial reporting.
3. Report on compliance and other matters.
4. Such reports as are required by OMB Circular A-133, as applicable, including:
  - a. Opinion on Schedule of Federal Awards, if applicable.
  - b. Opinion and reports on compliance and internal control and schedule of findings and questioned costs, along with any management letter.
  - c. Summary schedule of dispositions of prior audit findings.

Firm shall also perform any additional services to either supplement the above services or to additional work as a result of the specific recommendations included in any report in accordance with this Agreement.

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the Peace River Manasota Regional Water Supply Authority (the Authority) for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our original engagement letter to you dated August 25, 2017, and our required communication letter dated October 25, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Qualitative Aspects of Accounting Practices

#### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022, other than as described below:

- Governmental Accounting Standards Board Statement No. 87, *Leases*, became effective for the Authority in fiscal year 2022. This statement requires that all long-term, non-cancelable leases of the lessor be recorded as a lease receivable on the balance sheet with a corresponding deferred inflow of resources, both of which will be reduced over the life of the lease agreement. Management has reviewed all applicable leases and has implemented this standard.

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

#### *Estimates*

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

- Management's estimates of depreciation and accumulated depreciation using the straight-line method and estimated useful lives.

### CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland | Tampa

[purvisgray.com](http://purvisgray.com)

Members of American and Florida Institutes of Certified Public Accountants

An Independent Member of the BDO Alliance USA

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

- Management's estimates required for leases, including the discount rate used to discount the expected lease receipts to present value, as well as the amortization of the deferred inflows using the straight-line method.
- Management's estimate of accrued sick leave is based on the Authority's policy, which provides that employees in good standing with ten or more years of continuous and creditable service at separation will be paid for 50% of the number of hours accrued (earned and unused at year-end) up to a maximum of 520 hours. The hours accrued up to the maximum for all employees are multiplied by the employee's then-current hourly rate of compensation, plus applicable burden rates. A vesting assumption is then applied for the probability that the employee will reach ten years of service.
- The net pension liability, and deferred inflows/outflows, and related pension cost attributed to the Authority's participation in the Florida Retirement System (FRS), were derived directly from the Schedules of Employer Allocations as of June 30, 2022, prepared by FRS, and audited by the Florida Auditor General. Because the FRS operates on a June 30 fiscal year-end, there is a three-month lag in this information.

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), requires that employers report the total OPEB liability and related deferred inflows/outflows on their statement of net position. Based on the actuarial valuation performed, the Authority's total OPEB liability is measured at \$55,688 as of September 30, 2022. Management has determined that its effect is immaterial to the financial statements taken as a whole and has not recorded a liability or disclosed any further information. We have continued to monitor this liability along with management.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### **Disclosures**

The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit. Thank you for your cooperation.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were noted, except as noted above regarding the OPEB liability.

#### **Disagreements with Management**

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

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated February 27, 2023.

### **Management Consultations with Other Independent Accountants**

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

### **Other Audit Matters**

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

### **Supplementary Information Accompanying the Financial Statements**

We applied certain limited procedures to the management discussion and analysis and other required supplementary information (collectively, the RSI), which is required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Restriction on Use**

This information is intended solely for the information and use of the Peace River Manasota Regional Water Supply Authority’s Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties.



February 27, 2023  
Sarasota, Florida