

**Scott Dispersed Water
Management, LLC**
(A wholly owned subsidiary of Evans
Properties, Inc.)

Financial and Compliance Report
December 31, 2021

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RSM US LLP

Independent Auditor's Report

Board of Directors
Scott Disbursed Water Management, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Scott Dispersed Water Management, LLC (the Company), which comprise the balance sheet as of December 31, 2021, the related statements of operations, changes in member's equity (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 Company 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 Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 Company'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 Company's ability to continue as a going concern for a reasonable period of time.

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

Other Matters—Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022, on our consideration of the Company'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 Company'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 Company's internal control over financial reporting and compliance.

RSM US LLP

Orlando, Florida
October 4, 2022

Scott Dispersed Water Management, LLC

Balance Sheet
December 31, 2021

Assets

Cash	\$	1,303
Accounts receivable		2,183,207
Leasehold improvements		<u>4,958,537</u>

Total assets \$ 7,143,047

Liabilities and Member's Equity

Accounts payable	\$	2,000
Related party payables		3,146,748
Deferred grant revenue		<u>3,856,387</u>
Total liabilities		<u>7,005,135</u>

Contingency (Note 4)

Member's equity 137,912

Total liabilities and member's equity \$ 7,143,047

See notes to financial statements.

Scott Dispersed Water Management, LLC

**Statement of Operations
Year Ended December 31, 2021**

Revenues	
Dispersed water management fees	\$ 892,059
Grant revenue	65,363
Total revenues	<u>957,422</u>
General and administrative expenses:	
Land lease and management fees	734,770
Amortization of leasehold improvements	84,043
Other expenses	163
Total general and administrative expenses	<u>818,976</u>
Net income	<u>\$ 138,446</u>

See notes to financial statements.

Scott Dispersed Water Management, LLC

**Statement of Changes in Member's Equity (Deficit)
Year Ended December 31, 2021**

Balance, beginning	\$ (534)
Net income	<u>138,446</u>
Balance, ending	<u>\$ 137,912</u>

See notes to financial statements.

Scott Dispersed Water Management, LLC

Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Net income	\$ 138,446
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization of leasehold improvements	84,043
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(2,035,049)
Increase (decrease) in liabilities:	
Related party payables	734,770
Deferred grant revenue	3,036,479
Net cash provided by operating activities	<u>1,958,689</u>
Cash flows from investing activities:	
Purchases of leasehold improvements	<u>(1,958,852)</u>
Net cash used in investing activities	<u>(1,958,852)</u>
Net decrease in cash	(163)
Cash:	
Beginning	<u>1,466</u>
Ending	<u>\$ 1,303</u>
Supplemental disclosure on noncash investing and financing activities:	
Purchases of leasehold improvements in related party payables	<u>\$ 1,760,343</u>

See notes to financial statements.

Scott Dispersed Water Management, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: Scott Dispersed Water Management, LLC (the Company) (a wholly owned subsidiary of Evans Properties, Inc.) is a Florida limited liability company. The Company was formed for the purpose of contracting with the South Florida Water Management District (SFWMD) for the construction and operation of the Scott Water Farm - Northern Everglades Public Private Partnership Project (the Project) on property owned by Evans Properties, Inc. and leased to the Company. The Project, and its construction and operation, are governed by a Lease and Project Agreement between the Company and SFWMD, dated December 27, 2018.

A summary of the Company's significant accounting policies follows:

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Concentration of credit risk: Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash. At various times throughout the year ended December 31, 2021, cash balances held at a financial institution were in excess of federally-insured limits. However, the Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk on this account.

Accounts receivable: Accounts receivable are recorded at net realizable value. The allowance for doubtful accounts is estimated using the allowance method based upon historical experience, management's analysis of specific accounts, the existing economic conditions in the industry and other economic factors. The allowance is reviewed periodically and adjusted for accounts deemed uncollectible by management. In the opinion of management, no such allowance was deemed necessary at December 31, 2021.

Grant revenue: In 2018, the Company received a Lease and Project Agreement from SFWMD for the construction and operation of the Project. The Company is responsible for the operation and maintenance of the Project, which consists of two parcels. The two parcels are named Scott 2000 (resides in Indian River County) and Scott 6000 (resides in Okeechobee County). Both Scott 2000 and Scott 6000 are used to retain surface waters to reduce tidal discharges from the C-25 basin and consists of over 7,700 acres of water farming area. Costs incurred during 2021, relate to the development of the Project, therefore, these costs are capitalized. In addition, these costs are classified as leasehold improvements. During the year ended December 31, 2021, construction was completed, and the assets were placed into service on November 5, 2021.

During the construction period, the Lease and Project Agreement with SFWMD is on a cost reimbursement basis. Expenditures are submitted for reimbursement as eligible costs are incurred. Accounts receivable is recorded to the extent costs have been incurred but not reimbursed by the granting agency. In accordance with accounting standards related to the presentation in financial statements of grants related to assets, grant revenue is recognized in the accompanying statement of operations over the remaining term of the lease or the useful life of the amortized improvement, whichever is shorter. Reimbursements received prior to the assets being amortized is recorded as deferred grant revenue.

Scott Dispersed Water Management, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Dispersed water management fees: The Company's revenues primarily consist of dispersed water management fees. The Company recognizes revenue from customers in accordance with Accounting Standard Codification (ASC) 606, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

As noted above, in 2018, the Company received a Lease and Project Agreement from SFWMD for the construction and operation of the Project. During the year ended December 31, 2021, construction was completed, and the assets were placed into service on November 5, 2021. As a result, the Company entered into the "Operation Period" of the Lease and Project Agreement effective November 5, 2021, and it will continue for ten years. The Company will earn a monthly dispersed water management fee from SFWMD and the Company will recognize revenue on a monthly basis. The Company will receive quarterly payments from SFWMD in the amount of \$1,453,578. Dispersed water management fees earned during the period from November 5, 2021 through December 31, 2021 was \$892,059, which is included in the accompanying statement of operations.

Leasehold improvements: Leasehold improvements are recorded at cost less accumulated amortization. Amortization of leasehold improvements is provided on the straight-line method of accounting over the remaining term of the lease or the useful life of the improvement, whichever is shorter. Routine maintenance and repair costs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related assets. When assets are sold or retired, the related cost and accumulated amortization are removed from the accounts and gains or losses from dispositions are credited or charged to operations.

Impairment of long-lived assets: The carrying value of leasehold improvements is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Company's long-lived assets or asset groups have been recognized during the year ended December 31, 2021.

Income taxes: The Company was formed as a Florida limited liability company and is not a taxable entity. The member is liable for individual federal and state income taxes on the Company's taxable income. Therefore, no provisions or liability for federal or state income taxes has been included in the accompanying financial statements.

The Company follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions, which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Company files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before December 31, 2018.

Scott Dispersed Water Management, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Recent accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued its new lease accounting guidance in Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and (2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact this ASU will have on its financial statements.

The FASB has issued certain new or modifications to, or interpretations of, existing accounting guidance in addition to the ASU described above. The Company has considered the new pronouncements and does not believe that any other new or modified guidance will have a material impact on the Company's reported financial position or results of operations in the near term.

Subsequent events: Management has assessed subsequent events through October 4, 2022, the date the financial statements were available to be issued.

Note 2. Leasehold Improvements

Leasehold improvements consisted of the following at December 31, 2021:

Leasehold improvements	\$ 5,042,580
Less accumulated amortization	(84,043)
	<u>\$ 4,958,537</u>

Amortization of leasehold improvements expense for the year ended December 31, 2021, was \$84,043.

Note 3. Related Party Transactions

Related party payables: At December 31, 2021, \$3,146,748 is owed to Evans Properties, Inc. (Evans) and consists of the following:

Reimbursement for leasehold improvements paid on its behalf	\$ 2,411,978
Land lease and management fees	734,770
	<u>\$ 3,146,748</u>

Management agreement: The Company entered into a management agreement with Evans to perform the obligations of the Company under the Lease and Project Agreement from SFWMD pursuant to the terms and conditions of the management agreement. The management agreement has a term consistent with the Lease and Project Agreement, and the Company entered into the "Operation Period" of the Lease and Project Agreement effective November 5, 2021, and it will continue for ten years. The agreement requires the Company to pay a management fee as defined per the management agreement. Management fees earned by Evans for the period from November 5, 2021 through December 31, 2021 was \$137,265, including out-of-pocket reimbursements. These management fees are included in land lease and management fees within the accompanying statement of operations.

Scott Dispersed Water Management, LLC

Notes to Financial Statements

Note 3. Related Party Transactions (Continued)

Land lease agreement: The Company entered into a land lease agreement with Evans to lease the property to the Company for the Project. In accordance with the land lease agreement, the Company is granted all rights under the land lease necessary for the Company to perform its obligations under Lease and Project Agreement between the Company and SFWMD. The land lease has a term consistent with the Lease and Project Agreement, and the Company entered into the "Operation Period" of the Lease and Project Agreement effective November 5, 2021, and it will continue for ten years. The land lease agreement requires the Company to pay Evans an annual rental payment of \$500 per acre or \$3,894,450. Land lease expense for the period from November 5, 2021 through December 31, 2021 was \$597,505 and are included in land lease and management fees within the accompanying statement of operations.

Future minimum lease payments under this operating lease as of December 31, 2021, are as follows:

Years ending December 31:	
2022	\$ 3,894,450
2023	3,894,450
2024	3,894,450
2025	3,894,450
2026	3,894,450
Thereafter	18,874,745
	<u>\$ 38,346,995</u>

Note 4. Contingency

The Company is subject to state audit examination to determine compliance with grant requirements. In the event that expenditures would be disallowed, repayment could be required. Management is of the opinion that such expenditures, if any, would not have a material adverse impact on the Company.

Scott Dispersed Water Management, LLC

**Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2021**

Grantor/Pass—Through Grantor/Program Title	State CSFA Number	Pass—Through Entity Identifying Number	State Expenditures
State Financial Assistance:			
State of Florida Department of Environmental Protection:			
Passed—through the following:			
South Florida Water Management District:			
Water Management Districts—Land Acquisition and Improvement	37.022	4600003442	<u>\$ 3,101,842</u>
Total expenditures of state financial assistance			<u><u>\$ 3,101,842</u></u>

See notes to schedule of expenditures of state financial assistance.

Scott Dispersed Water Management, LLC

**Notes to Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2021**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance project activity of Scott Dispersed Water Management, LLC (the Company), under programs of the State of Florida for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Company, it is not intended to and does not present the financial position or cash flows of the Company.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are recognized on the accrual basis of accounting. Such expenditures are reported following the cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Subrecipients

There was no state financial assistance passed through to subrecipients by the Company.

**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***

Independent Auditor's Report

Board of Directors
Scott Dispersed Water Management, LLC

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 Scott Dispersed Water Management, LLC (the Company), which comprise the balance sheet as of December 31, 2021, the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 may exist that have not been identified.

Compliance and Other Matters

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

RSM US LLP

Orlando, Florida
October 4, 2022

Report on Compliance for its Major State Financial Assistance Project and Report on Internal Control Over Compliance required by State of Florida Chapter 10.650, *Rules of the Auditor General*

Independent Auditor's Report

Board of Directors
Scott Dispersed Water Management, LLC

Report on Compliance for its Major State Financial Assistance Project

We have audited Scott Dispersed Water Management, LLC's (the Company) compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the Company's major state financial assistance project for the year ended December 31, 2021. The Company's major state financial assistance project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations and the terms and conditions of its state financial assistance applicable to its state financial assistance project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Company's major state financial assistance project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Those standards and the State of Florida Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major state financial assistance project. However, our audit does not provide a legal determination of the Company's compliance.

Opinion on its Major State Financial Assistance Project

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state financial assistance project for the year ended December 31, 2021.

Report on Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on its major state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state financial assistance project and to test and report on internal control over compliance in accordance with the State of Florida Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Orlando, Florida
October 4, 2022

Scott Dispersed Water Management, LLC

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2021**

I. Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X</u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X</u> No

State Financial Assistance

Internal control over major program:

Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X</u> None Reported

Type of auditor’s report issued on compliance for its major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State of Florida Chapter 10.650, *Rules of the Auditor General*? Yes X No

Identification of major program:

CSFA Number

37.022

Name of State Financial Assistance Project

Water Management Districts—Land Acquisition and Improvement

Dollar threshold used to distinguish between Type A and Type B state financial assistance projects: \$ 750,000

II. Financial Statement Findings

No matters to report.

III. Findings and Questioned Costs for State Financial Assistance

No matters to report.

IV. Other Reporting

1. No Summary Schedule of Prior Audit Findings is presented because this is the first year the Company is subject to testing under the Florida Single Audit Act.
2. No Corrective Action Plan is presented because there were no findings required to be reported under the Florida Single Audit Act.
3. There was no management letter or control deficiency letter issued for the year ended December 31, 2021, and there were no matters required to be reported in these letters.