

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

**NORTHWEST FLORIDA WATER MANAGEMENT
DISTRICT OFFICIALS
SEPTEMBER 30, 2021**

GOVERNING BOARD MEMBERS

George Roberts, Chairman

Jerry Pate, Vice Chairman

John Alter

Gus Andrews

Nick Patronis

Kellie Ralston

Anna Upton

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
TABLE OF CONTENTS
SEPTEMBER 30, 2021**

Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet—Governmental Funds.....	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund	
Balances—Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16 - 34
Required Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	36
Projects Fund.....	37
Land Management Fund.....	38
Regulation Fund	39
Mitigation Fund.....	40
Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	41
Schedule of Proportionate Share of Net Pension Liability	42
Schedule of Contributions	43
Schedule of Changes in Total OPEB Liability and Related Ratios.....	44
Other Reports and Schedule	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	46
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	47
Schedule of Findings and Questioned Costs	48 - 49
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project	
and Report on Internal Control over Compliance in Accordance with Chapter 10.550,	
Rules of the Auditor General.....	50 - 51
Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance	
and Other Matters Based on an Audit of Financial Statements in Accordance with	
<i>Government Auditing Standards</i>	52 - 53
Independent Auditors' Management Letter Required by Chapter 10.550,	
Rules of the State of Florida Office of the Auditor General	54 - 56
Independent Accountants' Examination Report.....	57

INDEPENDENT AUDITORS' REPORT

The Honorable Governing Board,
Northwest Florida Water Management District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Florida Water Management District (the District), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Implementation of New Accounting Standard

The District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, (GASB 87), no restatement of the beginning fund balance or net position was required as a result of the implementation of GASB 87, as described further in Note 7 and Note 13 to the financial statements.

Other Matters

Required Supplementary Information

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

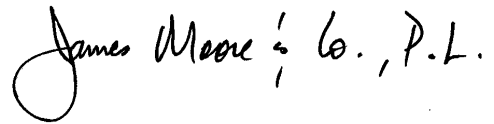
Other Information

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 schedule of expenditures of federal awards and state financial assistance, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, 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.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style. The first part "James Moore" is written in a larger, more prominent script, followed by "& Co., P.L." in a slightly smaller, more compact script. The overall impression is that of a professional signature.

Tallahassee, Florida
May 2, 2022

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of the Northwest Florida Water Management District, we offer readers of the Northwest Florida Water Management District's financial statements this narrative overview and analysis of the financial activities of the Northwest Florida Water Management District for the fiscal year ended September 30, 2021.

Financial Highlights

At the end of the most recent fiscal year, the Northwest Florida Water Management District's:

- Assets exceeded its liabilities by \$207,089,152 (*net position*). Of this amount, \$8,719,003 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental funds reported combined ending fund balances of \$33,157,692, an increase of \$2,871,997 from the previous year.
- Unassigned fund balance for the general fund was \$0 and assigned fund balance was \$11,535,011 for all funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Northwest Florida Water Management District's basic financial statements. The Northwest Florida Water Management District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements—The government-wide financial statements are designed to provide readers with a broad overview of the Northwest Florida Water Management District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Northwest Florida Water Management District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Northwest Florida Water Management District is improving or declining.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Northwest Florida Water Management District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Northwest Florida Water Management District include: water resources planning and monitoring; land acquisition, restoration and public works; operation and maintenance of lands and works; regulation; outreach; and management and administration.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Overview of the Financial Statements *(Continued)*

Government-wide financial statements—*(Concluded)* The government-wide financial statements include only the Northwest Florida Water Management District, a component unit of the State of Florida.

Fund financial statements—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Northwest Florida Water Management District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Northwest Florida Water Management District are in one category: governmental funds.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term* inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's *near-term* financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Northwest Florida Water Management District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Projects Fund, Capital Projects Fund, Land Management Fund, Regulation Fund, and Mitigation Fund, all of which are considered to be major funds.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Northwest Florida Water Management District's budgetary comparison for its major funds as well as the other post-employment benefits retirement healthcare plan schedule of funding progress and schedule of employer contributions. The Northwest Florida Water Management District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the general fund and each major fund to demonstrate compliance with this budget as noted in the table of contents.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Northwest Florida Water Management District, assets exceeded liabilities by \$207,089,152 at the close of the most recent fiscal year. See notes for numbers below.

STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>
Assets:		
Current and other assets	\$ 49,669,508	\$ 50,479,515
Capital assets	183,891,452	182,762,544
Total assets	<u>233,560,960</u>	<u>233,242,059</u>
Deferred outflow of resources	<u>2,279,588</u>	<u>2,751,103</u>
Liabilities:		
Long-term liabilities outstanding	1,987,786	791,916
Net pension liability	2,998,256	7,623,039
Net OPEB liability	2,273,019	2,328,419
Other liabilities	16,511,816	20,193,820
Total liabilities	<u>23,770,877</u>	<u>30,937,194</u>
Deferred inflow of resources	<u>4,980,519</u>	<u>1,312,979</u>
Net position:		
Net investment in capital assets	182,767,436	182,762,544
Restricted	15,602,713	14,191,264
Unrestricted	8,719,003	6,789,181
Total net position	<u>\$ 207,089,152</u>	<u>\$ 203,742,989</u>

By far the largest portion of the Northwest Florida Water Management District's net position (88 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Northwest Florida Water Management District uses these capital assets to protect environmentally sensitive lands and to provide services to citizens; consequently, these assets are not available for future spending. As part of GASB 87 implementation, the District recorded a right to use lease in capital assets and related long term liability. As of September 30, 2021, the value of the lease liability was \$1,124,016.

An additional portion of the Northwest Florida Water Management District's net position (7.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$8,719,003 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Northwest Florida Water Management District is able to report positive balances in all three categories of net position.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

CHANGE IN NET POSITION

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,821,974	\$ 1,447,770
Operating grants and contributions	19,257,268	14,742,692
Capital grants and contributions	497,060	1,589,913
General revenues:		
Property taxes	3,606,253	3,471,830
Investment earnings	47,519	464,471
Other revenues	17,320	125,846
Total revenues	<u>25,247,394</u>	<u>21,842,522</u>
Expenses:		
Water Resources Planning and Monitoring	4,413,630	5,167,755
Acquisition, Restoration, and Public Works	5,995,325	4,258,815
Operation and Maintenance of Lands and Works	6,029,114	4,238,266
Regulation	3,292,521	3,450,867
Outreach	120,747	134,776
Administration	2,049,894	2,117,376
Total expenses	<u>21,901,231</u>	<u>19,367,855</u>
Changes in net position	<u>3,346,163</u>	<u>2,474,667</u>
Net position - beginning of year	<u>203,742,989</u>	<u>201,268,322</u>
Net position - end of year	<u>\$ 207,089,152</u>	<u>\$ 203,742,989</u>

Governmental activities—Governmental activities at the end of the most recent fiscal year increased Northwest Florida Water Management District’s net position by \$3,346,163. The increase is largely attributed to residual revenues received through District and State sources. The increase in Charges for Services is due to the timing and amount of timber ready for harvesting. Timber revenue collected exceeded the amount budgeted and spent in FY 2020-2021 compared to FY 2019-2020. Additionally, revenues in Operating Grants and Contributions were much higher in FY 2020-2021 than FY 2019-2020 due to several public works projects entering construction and implementation phases, generating more reimbursement of state revenues that support these projects. Also beginning in FY 2020-2021, a new state appropriation of \$4 million was provided to the District’s land management operations bureau to assist with hurricane recovery efforts. More costly project phases and new state funding resulted in expenses also being higher in Acquisition, Restoration, and Public Works as well as Operation and Maintenance of Lands and Works.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Financial Analysis of the Government's Funds

As noted earlier, the Northwest Florida Water Management District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds— The focus of the Northwest Florida Water Management District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing the Northwest Florida Water Management District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the most recent fiscal year, the Northwest Florida Water Management District's governmental funds reported combined ending fund balances of \$33,157,692 an increase of \$2,871,997 in comparison with the prior year. Currently, there is \$0 unassigned fund balance. The District's fund balance is in restricted, committed, or assigned form to indicate that it is not available for new spending because it has already been committed to activities associated with the general fund, various special revenue funds, and the capital projects fund.

The general fund is the chief operating fund of the Northwest Florida Water Management District. At the end of the most recent fiscal year, unassigned fund balance was \$0 and total fund balance of the general fund was \$17,554,979, an increase of \$1,460,548 from FY 2019-2020. The increase is largely attributed to residual revenue, some of which was budgeted but unspent. The District's other fund balances also increased by a combined total of \$1,411,449 for the same reason.

General Fund Budgetary Highlights

The Northwest Florida Water Management District's final adopted budget included a use of General Fund reserves for several projects that totaled \$1,433,075, mainly for water supply development assistance grants, a Bay County wastewater reuse grant, and a Gulf County hydrogeologic study for potential water supply sources. During the fiscal year, the District amended the budget to use less General Fund Reserves by \$44,455 due to changes in which revenue sources personnel charges were being made.

Capital Asset and Debt Administration

Capital assets—The Northwest Florida Water Management District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$183,891,452 (net of accumulated depreciation), an increase of \$1,128,909 over the prior year. This investment in capital assets includes land, easements, building, infrastructure, vehicles, office equipment, field equipment, and computer equipment.

The increase is driven by the District having implemented GASB Statement Number 87, Leases, effective for the District's fiscal year beginning October 1, 2020. As such, a right-to-use leased building was recorded in district capital assets for \$1,209,719.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Economic Factors and Next Year's Budgets and Rates

The District's primary revenue sources for recurring operations are state appropriations and ad valorem (property) taxes. State appropriations are provided for each of the following activities: the Environmental Resource Permitting Program, Minimum Flows and Minimum Water Levels, Land Management, and general District operations. Ad valorem is levied using the rolled-back rate and is collected from the 16 counties encompassed by the District. Additional recurring revenue has been derived from the sale of timber on District lands used to support land management operations and permitting fees and fines used for ongoing costs of the District's regulatory program.

The FY 2020-2021 Adopted Budget was \$89.6 million, an increase of \$6.9 million or 8.3 percent above the FY 2019-2020 Amended Budget. The adopted millage rate was 0.0311 which is 37.8 percent below the constitutional and statutory cap of 0.05 mills. The increase in the budget was primarily attributable to additional legislative funds to help communities implement alternative water supply and water resource development projects, in addition to funds for springs restoration and protection efforts. Total funding consisted of \$32.5 million in new revenue, \$54.0 million in revenue received and/or appropriated in prior years, and \$3.1 million in fund balance. One-fifth (20.6 percent) of the \$89.6 million represented recurring needs.

The District plans to continue to develop future budgets using annual state appropriations and ad valorem as the primary revenue sources for supporting recurring operations. However, less reliance has been placed on the collection of timber sales revenue since 2018. Prior to Hurricane Michael's impact in October 2018 and starting in FY 2021-2022, annual timber revenues were projected to decline from \$2.0 million to \$750,000, due to the make-up and nature of the District's timber inventory. After Hurricane Michael however, timber revenues have fluctuated greatly ranging from \$200,000 in FY 2019-2020 to just over \$1.0 million in FY 2020-2021. Less than \$50,000 is estimated in FY 2021-2022. Beginning in FY 2020-2021, additional state appropriations of \$4.0 million have been provided annually to the District's land management operations bureau to assist with hurricane recovery efforts. As such, the District will continue to seek recurring revenue sources from appropriations to address the ongoing shortfall in land management operations from timber revenues.

Additionally, recent changes to the method of invoicing for recurring operational state appropriations may have an impact on fund balances ending September 30, 2022. In prior years, the District invoiced for the appropriated amounts based on a spend plan applicable to the District's fiscal year, October 1 to September 30. The method of invoicing for the FY 2021-2022 state appropriations are for reimbursement of expenses based on the state's fiscal year, July 1, 2021 to June 30, 2022. District expenses for July 1 through September 30, 2022 will not be eligible for reimbursement from the FY 2021-2022 state appropriations. The same state appropriations for FY 2022-23 are expected to become available and cover the District's last quarter expenses through September 30th, but the District may instead consider using existing fund balance reserves. This invoicing method also applies to the FY 2021-2022 and FY 2022-2023 nonrecurring state appropriations for hurricane recover efforts.

Requests for Information

This financial report is designed to provide a general overview of the Northwest Florida Water Management District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Northwest Florida Water Management District, Bureau of Accounting, 81 Water Management Drive, Havana, Florida 32333.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 776,678
Investments	45,649,505
Accounts receivable	56,392
Due from other governments	3,180,786
Prepays	4,038
Deposits	2,109
Capital assets:	
Non-depreciable	176,149,302
Depreciable, net	7,742,150
Total assets	<u>233,560,960</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,647,671
Deferred outflows related to OPEB	631,917
Total deferred outflows of resources	<u>2,279,588</u>
LIABILITIES	
Accounts payable and accrued expenses	1,924,534
Due to other governments	39,544
Deposits	442,772
Unearned revenue	14,104,966
Noncurrent liabilities:	
Due within one year:	
Compensated absences, current portion	551,861
Lease liability, current portion	85,567
Due in more than one year:	
Compensated absences, noncurrent portion	311,909
Net pension liability	2,998,256
Total OPEB liability	2,273,019
Lease liability	1,038,449
Total liabilities	<u>23,770,877</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,244,084
Deferred inflows related to OPEB	736,435
Total deferred inflows of resources	<u>4,980,519</u>
NET POSITION	
Net investment in capital assets	182,767,436
Restricted for:	
Regulatory, permitting, licensing, and enforcement activities	3,918,193
Mitigation projects	2,641,029
Minimum flow and minimum levels	3,938,127
Operation & maintenance of lands & works	4,805,019
Capital improvement and land acquisition and restoration	300,345
Unrestricted	8,719,003
Total net position	<u><u>\$ 207,089,152</u></u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Water resources planning and monitoring	\$ 4,413,630	\$ -	\$ 5,100,020	\$ -	\$ 686,390
Acquisition, restoration, and public works	5,995,325	-	5,720,502	497,060	222,237
Operation and maintenance of lands and works	6,029,114	1,050,744	5,585,719	-	607,349
Regulation	3,292,521	771,080	2,851,027	-	329,586
Outreach	120,747	150	-	-	(120,597)
Administration	2,049,894	-	-	-	(2,049,894)
Total	<u>\$ 21,901,231</u>	<u>\$ 1,821,974</u>	<u>\$ 19,257,268</u>	<u>\$ 497,060</u>	<u>(324,929)</u>
General revenues					
Property taxes					3,606,253
Unrestricted investment earnings					47,519
Miscellaneous					17,320
Total general revenues					<u>3,671,092</u>
Change in net position					3,346,163
Net position, beginning of year					203,742,989
Net position, end of year					<u>\$ 207,089,152</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	Mitigation Fund	Projects Fund	Land Management Fund	Regulation Fund	Capital Projects Fund	Total
ASSETS							
Cash and cash equivalents	\$ 689,874	\$ -	\$ -	\$ -	\$ 86,804	\$ -	\$ 776,678
Investments	13,248,631	15,949,125	6,637,839	4,754,009	3,918,193	1,141,708	45,649,505
Accounts receivable	66	-	890	55,140	296	-	56,392
Due from other governments	19,529	-	2,504,301	248,498	2,617	405,841	3,180,786
Due from other funds	4,668,164	-	-	659,931	51,866	-	5,379,961
Prepays	292	32	324	3,306	453	-	4,407
Deposits	979	-	-	-	1,130	-	2,109
Total assets	<u>\$ 18,627,535</u>	<u>\$ 15,949,157</u>	<u>\$ 9,143,354</u>	<u>\$ 5,720,884</u>	<u>\$ 4,061,359</u>	<u>\$ 1,547,549</u>	<u>\$ 55,049,838</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ 360,759	\$ 88,902	\$ 878,143	\$ 517,922	\$ 56,362	\$ 22,815	\$ 1,924,903
Due to other governments	-	-	39,544	-	-	-	39,544
Due to other funds	711,797	1,298,639	2,962,598	-	-	406,927	5,379,961
Deposits	-	-	-	355,968	86,804	-	442,772
Unearned revenues	-	11,920,587	1,324,942	41,975	-	817,462	14,104,966
Total liabilities	<u>1,072,556</u>	<u>13,308,128</u>	<u>5,205,227</u>	<u>915,865</u>	<u>143,166</u>	<u>1,247,204</u>	<u>21,892,146</u>
Fund balances							
Restricted:							
Regulatory services	-	-	-	-	3,918,193	-	3,918,193
Mitigation projects	-	2,641,029	-	-	-	-	2,641,029
Min. flows & levels	-	-	3,938,127	-	-	-	3,938,127
Capital improvement and land acquisition and restoration	-	-	-	-	-	300,345	300,345
Operation & maintenance of lands & works	-	-	-	4,805,019	-	-	4,805,019
Committed:							
Water supply development assistance grants	350,000	-	-	-	-	-	350,000
Water resource investigations	500,000	-	-	-	-	-	500,000
Bay County water reuse grant	500,000	-	-	-	-	-	500,000
Economic stabilization fund	4,669,968	-	-	-	-	-	4,669,968
Assigned:							
General fund deficiencies	4,000,000	-	-	-	-	-	4,000,000
Resource management programs and grants	5,364,011	-	-	-	-	-	5,364,011
Hurricane recovery	1,000,000	-	-	-	-	-	1,000,000
War horse utility connection	21,000	-	-	-	-	-	21,000
Water supply development assistance grants	150,000	-	-	-	-	-	150,000
District short-term projects	1,000,000	-	-	-	-	-	1,000,000
Total fund balances	<u>17,554,979</u>	<u>2,641,029</u>	<u>3,938,127</u>	<u>4,805,019</u>	<u>3,918,193</u>	<u>300,345</u>	<u>33,157,692</u>
Total liabilities and fund balances	<u>\$ 18,627,535</u>	<u>\$ 15,949,157</u>	<u>\$ 9,143,354</u>	<u>\$ 5,720,884</u>	<u>\$ 4,061,359</u>	<u>\$ 1,547,549</u>	<u>\$ 55,049,838</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total fund balances - governmental funds \$ 33,157,692

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets - nondepreciable	176,149,302	
Total governmental capital assets - depreciable	13,648,579	
Less: accumulated depreciation	<u>(5,906,429)</u>	183,891,452

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the District's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(2,998,256)	
Deferred outflows related to pensions	1,647,671	
Deferred inflows related to pensions	<u>(4,244,084)</u>	(5,594,669)

On the governmental fund statements, an OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the District's OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Total OPEB liability	(2,273,019)	
Deferred outflows related to OPEB	631,917	
Deferred inflows related to OPEB	<u>(736,435)</u>	(2,377,537)

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated absences		(863,770)
Lease liability		(1,124,016)

Net position of governmental activities \$ 207,089,152

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

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Mitigation Fund	Projects Fund	Land Management Fund	Regulation Fund	Capital Projects Fund	Total
Revenues							
Property taxes	\$ 2,570,764	\$ -	\$ 188,743	\$ -	\$ 828,746	\$ 18,000	\$ 3,606,253
Permits and licenses	-	-	-	-	730,680	-	730,680
Timber sales	-	-	-	1,044,751	-	-	1,044,751
Intergovernmental revenue	49,931	678,577	8,679,413	5,312,393	2,851,027	513,000	18,084,341
Federal grants	-	-	1,326,645	300,102	-	-	1,626,747
Investment income	3,693	24,799	5,357	8,005	5,198	467	47,519
Miscellaneous revenues	305	-	183	151,569	40,928	23,900	216,885
Total revenues	<u>2,624,693</u>	<u>703,376</u>	<u>10,200,341</u>	<u>6,816,820</u>	<u>4,456,579</u>	<u>555,367</u>	<u>25,357,176</u>
Expenditures							
Salaries	1,247,630	175,590	1,695,025	930,363	1,849,767	27,872	5,926,247
Employee benefits	615,253	72,196	639,454	437,684	840,321	16,972	2,621,880
Professional/contractual services	179,398	360,516	3,349,823	3,639,777	99,088	123,878	7,752,480
Services	372,605	11,504	157,275	459,590	532,335	50	1,533,359
Commodities	67,679	3,666	183,524	377,560	91,725	-	724,154
Capital outlay	7,122	1,243	106,351	166,104	12,618	443,557	736,995
Grants and aids	131,178	-	3,058,886	-	-	-	3,190,064
Administrative overhead allocated	(1,456,720)	53,862	508,102	297,613	587,210	9,933	-
Total expenditures	<u>1,164,145</u>	<u>678,577</u>	<u>9,698,440</u>	<u>6,308,691</u>	<u>4,013,064</u>	<u>622,262</u>	<u>22,485,179</u>
Excess (deficiency) of revenues over expenditures	<u>1,460,548</u>	<u>24,799</u>	<u>501,901</u>	<u>508,129</u>	<u>443,515</u>	<u>(66,895)</u>	<u>2,871,997</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	67,361	67,361
Transfers out	-	-	-	(67,361)	-	-	(67,361)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,361)</u>	<u>-</u>	<u>67,361</u>	<u>-</u>
Net change in fund balance	<u>1,460,548</u>	<u>24,799</u>	<u>501,901</u>	<u>440,768</u>	<u>443,515</u>	<u>466</u>	<u>2,871,997</u>
Fund balance, beginning of year	16,094,431	2,616,230	3,436,226	4,364,251	3,474,678	299,879	30,285,695
Fund balance, end of year	<u>\$ 17,554,979</u>	<u>\$ 2,641,029</u>	<u>\$ 3,938,127</u>	<u>\$ 4,805,019</u>	<u>\$ 3,918,193</u>	<u>\$ 300,345</u>	<u>\$ 33,157,692</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances-total governmental funds **\$ 2,871,997**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	807,619	
Depreciation expense	<u>(590,342)</u>	217,277

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net position.		(298,088)
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Lease proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:

Principal repayment of general long-term debt		85,703
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability and deferred inflows/outflows related to pensions	644,643	
Change in total OPEB liability and deferred inflows/outflows related to OPEB	(103,515)	
Change in compensated absences liability	<u>(71,854)</u>	469,274

Change in net position of governmental activities		<u><u>\$ 3,346,163</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(1) Summary of Significant Accounting Policies:

The Northwest Florida Water Management District (the District) was established by the Florida Water Resources Act of 1972, Chapter 72-299, Laws of Florida, and operates under Chapter 373, Florida Statutes. It was the State of Florida Legislature's stated intent in establishing the District and other Districts to: provide for the management of water and related land resources; promote the conservation, development, and proper utilization of surface and ground water; develop and regulate dams, impoundments, reservoirs, and other works, and to provide water storage for beneficial purposes; prevent damage from floods, soil erosion, and excessive drainage; preserve natural resources, fish and wildlife; promote recreational development, protect public lands, and assist in maintaining the navigability of rivers and harbors; and otherwise promote the health, safety, and the general welfare of the people of the State of Florida.

The District encompasses all or part of sixteen counties in the northwestern part of Florida. There are seven members of the District Governing Board. Each member resides within the District and is appointed by the Governor and confirmed by the Senate. The Board members are appointed for a four-year term.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is responsible for establishing accounting principles generally accepted in the United States of America for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in accounting principles generally accepted in the United States of America and used by the District are discussed below:

(a) **Reporting entity**—As required by accounting principles generally accepted in the United States of America, these financial statements present the District as a component unit of the State of Florida. Based on the criteria listed below the State of Florida is considered the primary government.

A primary government is financially accountable for an organization if: (1) it appoints a voting majority of the organization's governing board; (2) it is able to impose its will on the organization; or (3) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based upon these criteria, the District is considered to be a component unit of the State of Florida and is disclosed in the State of Florida's financial statements.

The accompanying financial statements present the primary government only since there are no component units for which the government is considered to be financially accountable.

(b) **Financial reporting structure**—The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The focus of the government-wide statements is on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

The governmental-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Administrative overhead, including centralized expenses, are directly allocated to specific functions and are included in direct expenses. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Program revenues are netted within program expenses in the statement of activities to present the net cost of each program.

Fund Financial Statements

The emphasis of fund financial statements is on the District's major funds, each presented in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District's transactions are recorded in the following fund types:

- General Fund—the principal operating fund used to account for most of the District's general activities.
- Special Revenue Funds—accounts for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.
- Capital Projects Fund—accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following major governmental funds:

General Fund—is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Projects Fund—is a special revenue fund and accounts for all resources management projects and activities funded through dedicated revenue sources from grants and contracts with state, federal, local government entities, or water utility authorities.

Lands Management Fund—is a special revenue fund and accounts for activities associated with the management, improvement, and maintenance of District owned lands. State appropriations, sales of timber, and use of fund balance provide the primary funding source for District land management activities.

Regulation Fund—is a special revenue fund and accounts for all regulatory activities including consumptive use permitting and monitoring; well construction permitting and plugging, construction and repair of dams; and environmental resource permitting program (ERP). These activities are primarily funded by State appropriation, permit fees and fines, and ad valorem taxes.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Mitigation Fund—is a special revenue fund and accounts for all resource management mitigation projects and activities funded through dedicated Florida Department of Transportation funding sources. Expenditures include land acquisitions, restorations, monitoring, and other water resource related activities.

Capital Projects Fund—accounts for the acquisition of fixed assets or construction of major capital projects.

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are received. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditure relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

(d) **Deposits and investments**—The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1968, SEC registered money market funds with the highest credit quality rating and savings and interest-bearing time deposits or savings accounts in qualified public depositories.

Investments for the District are reported at fair value. The Local Government Surplus Fund Investment Pool (Florida PRIME) operates in accordance with appropriate state laws and regulations. As a Florida PRIME participant, the District invests in pools of investments whereby the District owns a share of the respective pool, not the underlying securities.

(e) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

(f) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. Prepaid items are recognized as expenses when the related expenses are incurred.

(g) **Property taxes**—The District is authorized by Section 373.503, Florida Statutes, to levy ad valorem taxes on all real and personal property located within the District not to exceed .05 mills. The rate for the 2020-2021 fiscal year was 0.0311 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the sixteen counties comprising the District. Commissions are paid to the counties for these appraisal and collection services.

(h) **Capital assets**—Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as equipment assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of one year or more, and other assets with an initial, individual cost of more than \$50,000 (amount not rounded) and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost, plus any ancillary charges (freight and transportation charges, site preparation costs, installation costs, and professional fees) necessary to place the asset into its intended location and condition for use. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	40
Leasehold Improvements	10
Field Equipment	7
Office Equipment	7
Vehicles and Water Craft	7
Lawn Maintenance Equipment	5
Computer and Technical Equipment and software	3

(i) **Long-term obligation**—In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

(j) **Compensated absences**—It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(k) **Deferred outflows/inflows of resources**—Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense) until that future time. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that future time. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities.

Pension and OPEB related deferred inflows and outflows represent the difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension liability, and the differences between expected and actual earnings on pension plan investments, and changes in the District's proportionate share of pension contributions. These amounts are reported as deferred inflows or outflows of resources, to be recognized in expense over time. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note (10) for more information on pension related deferred inflows and outflows, and Note (11) for OPEB related deferred inflows and outflows.

(l) **Fund balances**—The following classifications describe the relative strength of the spending constraints of the District's fund balance:

- **Nonspendable Fund Balance**—includes amounts that cannot be spent because they are either: (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

- Restricted Fund Balance—includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
 - Committed Fund Balance—Includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Governing Board. These amounts cannot be used for any other purpose unless the District's Governing Board removes or changes the specified use by taking the same type of action (Resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District established an Economic Stabilization Reserve equal to two months of the tentative operating expenditure budget. Use of the Economic Stabilization Fund is limited to the following circumstances:
 - When a state of emergency is declared by the Governor of Florida or the President of the United States that impacts the region served by the District.
 - When the Governing Board determines through the adoption of a resolution that: (a) an emergency or other extreme circumstance has arisen that creates an unanticipated need for additional revenues that are not available through other funding sources; (b) the underlying condition directly impacts the citizens and/or environment within District boundaries; and (c) remedial action cannot wait until the next fiscal year. In the event of an emergency, the Executive Director or his/her designee may take necessary action as a time sensitive matter.
 - Assigned Fund Balance—Assigned fund balance consists of amounts that are constrained by a less than formal action of the District's Governing Board, or by an individual body to whom the Governing Board has delegated this responsibility. The District has delegated this responsibility to the Executive Director. Assignment of fund balance may be made for a specific purpose that is narrower than the general purposes of the fund and to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget including any amendments thereto.
 - Unassigned Fund Balance—Includes the residual fund balance that may be used for yet to be determined purposes in the general fund only.
- (m) **Flow assumption**—The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the Economic Stabilization Reserve established by the District's Governing Board.
- (n) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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 expenditures during the reporting period. Actual results could differ from those estimates.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(2) **Deposits and Investments:**

Deposits—At year-end, the District had carrying amounts of deposits of \$689,624 and bank balances of \$837,067. The District also had cash on hand of \$250. In addition, the District had \$86,804 that is being held in escrow with the Florida Department of Financial Services on behalf of a company whose permit requires certain mitigation be performed. Of the bank balances, \$837,067 was covered by Federal depository insurance or by collateral held by the District's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments—The foremost objective of the District's investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The District's investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the District manages credit risk, interest rate risk, and custodial credit risk is as follows:

Investments of \$45,649,505 represent amounts held with the Florida State Board of Administration, Local Government Surplus Funds Trust (PRIME Fund). The fund invests in money market and U.S. treasury notes, collateralized mortgage obligations, asset backed securities, agency notes, agency ARM pass-through, corporate bonds, government related securities, and certificates of deposit. This fund is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. The State Board of Administration (SBA)'s interpretation of GASB Statement No. 79 is that the Florida PRIME investment pool currently meets all necessary criteria to measure its investments at amortized cost. Therefore, as a participant in the Florida SBA's Florida PRIME investment pool, the District's investments in Florida PRIME were also measured at amortized cost for fiscal year 2020-2021. There were no limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates.

- **Credit Risk**—The District minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. The Local Government Surplus Funds Trust (PRIME Fund) is rated by Standards & Poors. The current rating is AAAM. The Investment Manager of Florida PRIME managements credit risk by purchasing only high quality securities, performing a credit analysis to develop a database of issuers and securities that meet the Investment manager's minimum standard and by regularly reviewing the portfolio's securities financial data, issuer news and developments, and ratings of the nationally recognized statistical rating organizations.
- **Interest Rate Risk**—The District manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities and the Florida SBA's Florida PRIME. The weighted average days to maturity of the Local Government Surplus Funds Trust at September 30, 2021, was 49 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(2) **Deposits and Investments:** (Continued)

- Custodial Credit Risk—Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District’s name, and are held by the party that either sells to or buys for the District. No investments held at year-end were subject to custodial credit risk. The Florida SBA’s Florida PRIME does participate in securities lending, but the District owns shares of the Florida PRIME and not the underlying investments. Neither the District nor Florida Prime has participated in securities lending program in the fiscal year ended September 30, 2021.

(3) **Unearned Revenue:**

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements	\$ 13,245,529
Advance payments received on Timber sales	41,975
Advance payment received prior to meeting revenue recognition requirements	817,462
Unearned Revenue for Governmental Funds	<u>\$ 14,104,966</u>

(4) **Interfund Receivables / Payables and Transfers:**

Interfund receivables/payables represent loans to fund expenditures of other funds. Transfer are used to move monies from various funds for various programs and grant matching. At September 30, 2021, the balances in these accounts consist of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 4,668,164	\$ 711,797
Projects Fund	-	2,962,598
Lands Management Fund	659,931	-
Regulation Fund	51,866	-
Mitigation Fund	-	1,298,639
Capital Projects Fund	-	406,927
Total	<u>\$ 5,379,961</u>	<u>\$ 5,379,961</u>

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ -
Land Management Fund	-	67,361
Capital Projects Funds	67,361	-
Projects Fund	-	-
Total	<u>\$ 67,361</u>	<u>\$ 67,361</u>

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(5) **Capital Assets:**

Capital asset activity for the year ended September 30, 2021, was as follows:

<u>Governmental Activities:</u>	<u>Balance 10/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/21</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 153,309,927	\$ 360,724	\$ (83)	\$ 153,670,568
Capital Easements	22,109,792	274,904	-	22,384,696
Construction in Progress	<u>1,063,945</u>	<u>77,748</u>	<u>(1,047,655)</u>	<u>94,038</u>
Total Capital Assets Not Being Depreciated	<u>176,483,664</u>	<u>713,376</u>	<u>(1,047,738)</u>	<u>176,149,302</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,411,780	118,559	(1,150)	3,529,189
Right-to-Use Leased Building	1,209,719	-	-	1,209,719
Infrastructure	3,371,390	729,901	-	4,101,291
Furniture and Equipment	<u>6,222,817</u>	<u>293,438</u>	<u>(1,707,875)</u>	<u>4,808,380</u>
Total Capital Assets Being Depreciated	<u>14,215,706</u>	<u>1,141,898</u>	<u>(1,709,025)</u>	<u>13,648,579</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	1,403,904	70,220	-	1,474,124
Right-to-Use Leased Building	-	93,055	-	93,055
Infrastructure	554,160	73,529	-	627,689
Furniture and Equipment	<u>4,769,043</u>	<u>353,538</u>	<u>(1,411,020)</u>	<u>3,711,561</u>
Total Accumulated Depreciation	<u>6,727,107</u>	<u>590,342</u>	<u>(1,411,020)</u>	<u>5,906,429</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>7,488,599</u>	<u>551,556</u>	<u>(298,005)</u>	<u>7,742,150</u>
Governmental Activities Capital Assets, Net	<u>\$ 183,972,263</u>	<u>\$ 1,264,932</u>	<u>\$ (1,345,743)</u>	<u>\$ 183,891,452</u>

Depreciation expense was charged to functions of the District as follows:

Governmental Activities	
Water Resources Planning and Monitoring	\$ 65,216
Operation and Maintenance of Lands and Works	200,212
Regulation	109,951
Administration	199,355
Acquisition, Restoration, and Public Works	15,608
Total Governmental Activities	<u>\$ 590,342</u>

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(6) Long Term Debt:

Changes in Long-term Liabilities—Long-term liability activity for the year ended September 30, 2021, was as follows:

	Balance 9/30/2020	Additions	Deletions	Balance 9/30/2021	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 791,916	\$ 579,307	\$ (507,453)	\$ 863,770	\$ 551,861
Lease Obligation	1,209,719	-	(85,703)	1,124,016	85,567
Total	<u>\$ 2,001,635</u>	<u>\$ 579,307</u>	<u>\$ (593,156)</u>	<u>\$ 1,987,786</u>	<u>\$ 637,428</u>

(7) Leases:

In 2017 the Northwest Florida Water Management District entered into a fifteen-year lease agreement as lessee for use of an office building. As a part of GASB No. 87 implementation, an initial lease liability of \$1,209,719 was recorded as of October 1, 2020. As of September 30, 2021, the value of the lease liability was \$1,124,016. The Northwest Florida Water Management District is required to make monthly principal and interest payments of \$8,125. The lease has an interest rate of 1.1%. The building has a 30-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$1,209,719 and had accumulated amortization of \$93,055. Future minimum lease payments for lease are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 85,567	\$ 11,933	\$ 97,500
2023	86,512	10,988	97,500
2024	87,468	10,032	97,500
2025	88,436	9,064	97,500
2026	89,414	8,086	97,500
2027 - 2031	462,112	25,388	487,500
2032 - 2034	224,507	3,069	227,576
Total	<u>\$ 1,124,016</u>	<u>\$ 78,560</u>	<u>\$ 1,202,576</u>

(8) Mitigation Bank Financial Responsibility Assurances:

The District is authorized by Section 373.4136, Florida Statutes, to permit the establishment of mitigation banks. As part of the permit application, the establishment of a mitigation bank is required to demonstrate the financial ability to conduct the mitigation activities, any necessary management of the site, monitoring of the mitigation, and any necessary correction action indicated by the monitoring. The mitigation banks can provide the demonstrated financial assurance by obtaining a surety bond, performance bond, irrevocable letter of credit, or establishing a trust fund. If a bond or an irrevocable letter of credit is used, a standby trust fund shall be established in which all payments under the bonds or letters of credit shall be directly deposited. If the mitigation bank fails to comply with the terms and conditions of the permit, the District may draw upon the financial assurance provided by the mitigation bank. As of September 30, 2021, the District had \$0 of financial assurances provided by the various mitigation banks.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(9) Other Disclosures:

Risk Management — The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Contingent Liabilities — Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures, if any, which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Contractual Commitments —

As of September 30, 2021, the District had the following commitments related to unfinished projects:

<u>Projects</u>	<u>Expended as of September 30, 2021</u>	<u>Remaining Commitment</u>
Local Infrastructure Improvement Projects	\$ 6,404,065	\$ 20,345,108
Agricultural Cost Sharing Agreement	1,740,582	582,508

(10) Employees' Retirement Plans:

A. Florida Retirement System

Plan Description and Administration

The District participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the District's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the District are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received 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. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(10) Employees' Retirement Plans: (Continued)

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service.

Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

Financial Statements

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

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(10) **Employees' Retirement Plans:** (Continued)

Contributions

Employers may participate in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2021</u>	<u>After June 30, 2021</u>
Regular Class	10.00%	10.82%
DROP	16.98%	18.34%
Senior Management	27.29%	29.01%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2021, actual contributions made for District employees participating in FRS and HIS for the plan year ended June 30, 2021, were as follows:

District Contributions – FRS	\$ 548,279
District Contributions – HIS	91,578
Employee Contributions – FRS	165,502

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

At September 30, 2021, the District reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 1,087,164
HIS	1,911,092
Total	<u>\$ 2,998,256</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2021 and June 30, 2020, the District's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	0.014392154%	0.013232255%
HIS	0.015579759%	0.015462820%

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(10) **Employees' Retirement Plans:** (Continued)

For the plan year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ (80,549)
HIS	103,804
Total	<u>\$ 23,255</u>

Deferred outflows/inflows related to pensions:

At September 30, 2021, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,342	\$ -	\$ 63,950	\$ (800)
Changes of assumptions	743,891	-	150,169	(78,742)
Net different between projected and actual investment earnings	-	(3,792,841)	1,992	-
Change in proportionate share	298,934	(265,033)	10,959	(106,668)
Contributions subsequent to measurement date	166,204	-	25,230	-
	<u>\$ 1,395,371</u>	<u>\$(4,057,874)</u>	<u>\$ 252,300</u>	<u>\$ (186,210)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2020.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year	FRS	HIS	Total
2022	\$ (557,822)	\$ 7,253	\$ (550,569)
2023	(592,839)	(15,889)	(608,728)
2024	(761,120)	6,431	(754,689)
2025	(967,630)	21,395	(946,235)
2026	50,704	17,605	68,309
Thereafter	-	4,065	4,065
Total	<u>\$ (2,828,707)</u>	<u>\$ 40,860</u>	<u>\$ (2,787,847)</u>

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(10) Employees' Retirement Plans: (Continued)

Actuarial assumptions:

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate decreased from the prior year rate, which was 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(10) **Employees' Retirement Plans:** (Continued)

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 4,861,869	\$ 1,087,164	\$ (2,068,067)
HIS	2.16%	2,209,407	1,911,092	1,666,689

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

Plan Description—Effective October 1, 2017, the District implemented GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*, for certain post-employment healthcare benefits provided by the District. The District elected to implement the requirements of this statement prospectively. No assets are held in trust for payment of the OPEB liability as the District had no OPEB liability other than as arising from the implicit rate subsidy, as discussed in the following paragraph.

Retirees and their dependents are permitted to remain covered under the District's respective health care plans as long as they pay a full premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report.

Benefits Provided—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the District. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the District is subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB No. 75 calls this the "implicit rate subsidy."

Plan Membership—At October 1, 2020, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	93
Inactive Employees receiving benefits	16
	109

Total OPEB Liability—The District's total OPEB liability of \$2,273,019 was measured as of September 30, 2020, and was determined by an actuarial valuation as of September 30, 2020 and rolled forward to September 30, 2021.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(11) Other Post-Employment Benefits (OPEB): (Continued)

Actuarial Assumptions and Other Inputs—The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	Implicit in expected payroll increases
Salary increases	2.0%
Investment rate of return	N/A; plan is not pre-funded
20-year AA Municipal bond rate	2.43%
Mortality	PUB-2010 General headcount weighted mortality table with MP-2020 improvement scale

The District does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the 20-year AA Municipal bond rate as of September 30, 2021.

Changes in the OPEB liability for the fiscal year ended September 30, 2021, were as follows:

	Total OPEB Liability
Balance at September 30, 2020	\$ 2,328,419
Changes for a year:	
Service cost	156,919
Interest	52,165
Differences between expected and actual experience	-
Changes of actuarial assumptions	(169,092)
Benefit payments – implicit rate subsidy	(95,392)
Net changes	(55,400)
Balance at September 30, 2021	<u>\$ 2,273,019</u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the District calculated using the discount rate of 2.43%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.43%) or 1% higher (3.43%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 2,487,531	\$ 2,273,019	\$ 2,078,895

Sensitivity of the total OPEB liability to changes in the healthcare cost trend 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 healthcare cost trend rates that are 1% lower (3.50%) or 1% higher (5.50%) than the current healthcare cost trend rates (4.50%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 1,987,197	\$ 2,273,019	\$ 2,617,738

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(11) Other Post-Employment Benefits (OPEB): (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2021, the District recognized OPEB expense of \$238,674. At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	\$ -	\$ 585,013
Changes of assumptions	631,917	151,423
Total	<u>\$ 631,917</u>	<u>\$ 736,436</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in succeeding years as follows:

2022	\$ (10,176)
2023	(10,176)
2024	(10,176)
2025	(10,176)
2026	(10,176)
Thereafter	<u>(53,639)</u>
Total	<u>\$ (104,519)</u>

(12) Risks and Uncertainties – COVID-19:

Subsequent to September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the District as of May 2, 2022, management believes that an impact on the District's financial position and results of future operations is reasonably possible.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(13) Implementation of Accounting Standards:

GASB Statement No. 87, *Leases* increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District evaluated the effect of the implementation of the new standard and have recorded a lease liability of \$1,209,719 and a right-to-use asset of \$1,209,719 as of October 1, 2020.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the effect that Statement No. 96 will have on its financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 1,048,784	\$ 1,331,015	\$ 2,570,764	\$ 1,239,749
Intergovernmental revenue	349,531	57,706	49,931	(7,775)
Investment income	-	-	3,693	3,693
Miscellaneous revenues	-	-	305	305
Total revenues	<u>1,398,315</u>	<u>1,388,721</u>	<u>2,624,693</u>	<u>1,235,972</u>
Expenditures				
Salaries	1,287,691	1,270,263	1,247,630	22,633
Employee benefits	661,435	655,518	615,253	40,265
Professional/contractual services	183,308	201,058	179,398	21,660
Services	440,401	427,851	372,605	55,246
Commodities	96,532	91,332	67,679	23,653
Capital outlay	22,942	22,942	7,122	15,820
Grants and aids	639,741	618,741	131,178	487,563
Administrative overhead allocated	(1,562,085)	(1,571,789)	(1,456,720)	(115,069)
Total expenditures	<u>1,769,965</u>	<u>1,715,916</u>	<u>1,164,145</u>	<u>551,771</u>
Excess (deficiency) of revenues over expenditures	<u>(371,650)</u>	<u>(327,195)</u>	<u>1,460,548</u>	<u>1,787,743</u>
Other financing sources (uses)				
Transfers out	(1,061,425)	(1,061,425)	-	1,061,425
Total other financing sources (uses)	<u>(1,061,425)</u>	<u>(1,061,425)</u>	<u>-</u>	<u>1,061,425</u>
Net change in fund balance	<u>(1,433,075)</u>	<u>(1,388,620)</u>	<u>1,460,548</u>	<u>2,849,168</u>
Fund balance, beginning of year	16,094,431	16,094,431	16,094,431	-
Fund balance, end of year	<u>\$ 14,661,356</u>	<u>\$ 14,705,811</u>	<u>\$ 17,554,979</u>	<u>\$ 2,849,168</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 560,560	\$ 541,560	\$ 188,743	\$ (352,817)
Intergovernmental revenue	55,784,842	55,924,060	8,679,413	(47,244,647)
Federal grants	2,495,491	3,455,245	1,326,645	(2,128,600)
Investment income	-	-	5,357	5,357
Miscellaneous revenues	-	-	183	183
Total revenues	58,840,893	59,920,865	10,200,341	(49,720,524)
Expenditures				
Salaries	1,764,429	1,814,656	1,695,025	119,631
Employee benefits	685,942	688,855	639,454	49,401
Professional/contractual services	8,273,572	9,171,032	3,349,823	5,821,209
Services	298,714	299,392	157,275	142,117
Commodities	325,096	325,096	183,524	141,572
Capital outlay	105,970	135,970	106,351	29,619
Grants and aids	48,352,043	48,445,018	3,058,886	45,386,132
Administrative overhead allocated	529,729	535,448	508,102	27,346
Total expenditures	60,335,495	61,415,467	9,698,440	51,717,027
Excess (deficiency) of revenues over (under) expenditures	(1,494,602)	(1,494,602)	501,901	1,996,503
Other financing sources (uses)				
Transfers in	1,061,425	1,061,425	-	(1,061,425)
Total other financing sources (uses)	1,061,425	1,061,425	-	(1,061,425)
Net change in fund balance	(433,177)	(433,177)	501,901	935,078
Fund balance, beginning of year	3,436,226	3,436,226	3,436,226	-
Fund balance, end of year	\$ 3,003,049	\$ 3,003,049	\$ 3,938,127	\$ 935,078

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LAND MANAGEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Timber sales	\$ -	\$ -	\$ 1,044,751	\$ 1,044,751
Intergovernmental revenue	5,616,598	5,637,303	5,312,393	(324,910)
Federal grants	760,382	1,009,382	300,102	(709,280)
Investment income	37,820	37,820	8,005	(29,815)
Miscellaneous revenues	34,190	141,290	151,569	10,279
Total revenues	6,448,990	6,825,795	6,816,820	(8,975)
Expenditures				
Salaries	907,175	935,814	930,363	5,451
Employee benefits	451,891	453,746	437,684	16,062
Professional/contractual services	4,105,393	4,888,696	3,639,777	1,248,919
Services	726,022	723,022	459,590	263,432
Commodities	445,843	460,840	377,560	83,280
Capital outlay	434,140	205,640	166,104	39,536
Administrative overhead allocated	293,805	294,939	297,613	(2,674)
Total expenditures	7,364,269	7,962,697	6,308,691	1,654,006
Excess (deficiency) of revenues over (under) expenditures	(915,279)	(1,136,902)	508,129	1,645,031
Other financing sources (uses)				
Transfers out	(175,000)	(175,000)	(67,361)	107,639
Total other financing sources (uses)	(175,000)	(175,000)	(67,361)	107,639
Net change in fund balance	(1,090,279)	(1,311,902)	440,768	1,752,670
Fund balance, beginning of year	4,364,251	4,364,251	4,364,251	-
Fund balance, end of year	\$ 3,273,972	\$ 3,052,349	\$ 4,805,019	\$ 1,752,670

The accompanying notes to required supplementary information are an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - REGULATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 1,978,555	\$ 1,675,324	\$ 828,746	\$ (846,578)
Permits and licenses	437,500	437,500	730,680	293,180
Intergovernmental revenue	1,930,080	2,324,292	2,851,027	526,735
Investment income	45,000	45,000	5,198	(39,802)
Miscellaneous revenues	-	-	40,928	40,928
Total revenues	4,391,135	4,482,116	4,456,579	(25,537)
Expenditures				
Salaries	2,061,759	2,008,485	1,849,767	158,718
Employee benefits	998,624	993,280	840,321	152,959
Professional/contractual services	144,595	143,795	99,088	44,707
Services	522,560	662,560	532,335	130,225
Commodities	117,548	118,348	91,725	26,623
Capital outlay	35,300	35,300	12,618	22,682
Administrative overhead allocated	661,595	664,149	587,210	76,939
Total expenditures	4,541,981	4,625,917	4,013,064	612,853
Excess (deficiency) of revenues over expenditures	(150,846)	(143,801)	443,515	587,316
Net change in fund balance	(150,846)	(143,801)	443,515	587,316
Fund balance, beginning of year	3,474,678	3,474,678	3,474,678	-
Fund balance, end of year	\$ 3,323,832	\$ 3,330,877	\$ 3,918,193	\$ 587,316

The accompanying notes to required supplementary information are an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MITIGATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ 1,093,158	\$ 1,091,489	\$ 678,577	\$ (412,912)
Investment income	300,000	300,000	24,799	(275,201)
Total revenues	<u>1,393,158</u>	<u>1,391,489</u>	<u>703,376</u>	<u>(688,113)</u>
Expenditures				
Salaries	209,181	207,749	175,590	32,159
Employee benefits	89,118	88,632	72,196	16,436
Professional/contractual services	976,435	976,435	360,516	615,919
Services	31,006	31,006	11,504	19,502
Commodities	20,286	20,286	3,666	16,620
Capital outlay	2,646	2,646	1,243	1,403
Administrative overhead allocated	64,486	64,735	53,862	10,873
Total expenditures	<u>1,393,158</u>	<u>1,391,489</u>	<u>678,577</u>	<u>712,912</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>24,799</u>	<u>24,799</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>24,799</u>	<u>24,799</u>
Fund balance, beginning of year	2,616,230	2,616,230	2,616,230	-
Fund balance, end of year	<u>\$ 2,616,230</u>	<u>\$ 2,616,230</u>	<u>\$ 2,641,029</u>	<u>\$ 24,799</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SEPTEMBER 30, 2021**

Notes to Budgetary Comparison Schedules:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end.

The Board generally follows these procedures in establishing the budgetary data reflected in the financial statements:

In accordance with Florida Statutes, as amended July 1, 2012, prior to January 15 of each year, Water Management Districts must submit a Preliminary budget for the next fiscal year for legislative review. The preliminary budget will be used as the basis for developing the tentative budget. The tentative budget must be submitted to the District's Governing Board prior to July 15 and to the Executive Office of the Governor (EOG) and Legislature no later than August 1. The tentative budget proposes the operating budget for the fiscal year commencing the following October 1. The budget includes the proposed expenditures and the means of financing them for the upcoming year, along with the estimates for the current year and actual data for the prior year.

The budget is prepared at the Program and Activity level per the requirements of Section 373.536, Florida Statutes and presented to the Board by fund and budget category as required by Chapters 373 and 189, Florida Statutes.

- Public hearings are conducted to allow for taxpayer comment.
- Prior to September 30, the budget is legally enacted through adoption of a resolution by the District's Governing Board in a public hearing.
- The Director of Administration is required by the District to present a monthly financial report and schedule of disbursements to the Board.
- Revisions that alter the total expenditures of any fund or increase an activity by a cumulative amount in excess of \$1,000,000 must be approved by the Executive Office of the Governor and noticed to the Legislative Budget Commission prior to noticing the budget amendment for a District's Governing Board meeting. Budget amendments must be approved under the requirement of Chapter 373 and 189, Florida Statutes.
- Formal budgetary integration is employed as a management control device during the year.
- Budgets for the governmental fund types are presented on a basis consistent with accounting principles generally accepted in the United States of America.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)							
Proportion of the net pension liability	0.014392154%	0.013232255%	0.013963889%	0.014350464%	0.014547660%	0.016537167%	0.018788173%
Proportionate share of the net pension liability	\$ 1,087,164	\$ 5,735,054	\$ 4,808,969	\$ 4,322,434	\$ 4,303,100	\$ 4,175,648	\$ 2,426,745
Covered payroll	5,516,744	5,367,770	5,356,024	5,325,095	5,279,199	5,628,494	5,371,658
Proportionate share of the net pension liability as a percentage of covered payroll	19.71%	106.84%	89.79%	81.17%	81.51%	74.19%	45.18%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)							
Proportion of the net pension liability	0.015579759%	0.015462820%	0.016011499%	0.016300234%	0.016710517%	0.017533971%	0.017752284%
Proportionate share of the net pension liability	\$ 1,911,092	\$ 1,887,985	\$ 1,791,527	\$ 1,725,235	\$ 1,786,766	\$ 2,043,512	\$ 1,810,454
Covered payroll	5,516,744	5,367,770	5,356,024	5,325,095	5,279,199	5,628,494	5,371,658
Proportionate share of the net pension liability as a percentage of covered payroll	34.64%	35.17%	33.45%	32.40%	33.85%	36.31%	33.70%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)							
Contractually required contribution	\$ 575,032	\$ 439,649	\$ 432,981	\$ 408,977	\$ 370,750	\$ 426,894	\$ 444,312
Contributions in relation to the contractually required contribution	(575,032)	(439,649)	(432,981)	(408,977)	(370,750)	(426,894)	(444,312)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,516,744	\$ 5,367,770	\$ 5,356,024	\$ 5,325,095	\$ 5,279,199	\$ 5,628,494	\$ 5,371,658
Contributions as a percentage of covered payroll	10.42%	8.19%	8.08%	7.68%	7.02%	7.58%	8.27%
Health Insurance Subsidy Program (HIS)							
Contractually required contribution	\$ 92,867	\$ 89,105	\$ 88,910	\$ 88,397	\$ 87,653	\$ 93,433	\$ 72,751
Contributions in relation to the contractually required contribution	(92,867)	(89,105)	(88,910)	(88,397)	(87,653)	(93,433)	(72,751)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,516,744	\$ 5,367,770	\$ 5,356,024	\$ 5,325,095	\$ 5,279,199	\$ 5,628,494	\$ 5,371,658
Contributions as a percentage of covered payroll	1.68%	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%

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

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 156,919	\$ 142,307	\$ 140,539	\$ 93,471
Interest	52,165	88,874	84,738	57,559
Experience (gains)/losses	-	(597,625)	-	(137,900)
Changes of assumptions	(169,092)	354,659	41,998	455,324
Benefit payments - implicit rate subsidy	(95,392)	(114,472)	(106,218)	(71,493)
Net change in total OPEB liability	<u>(55,400)</u>	<u>(126,257)</u>	<u>161,057</u>	<u>396,961</u>
Total OPEB liability - beginning of year	2,328,419	2,454,676	2,293,619	1,896,658
Total OPEB liability - end of year	<u><u>\$ 2,273,019</u></u>	<u><u>\$ 2,328,419</u></u>	<u><u>\$ 2,454,676</u></u>	<u><u>\$ 2,293,619</u></u>

Notes to Schedule:

Valuation date:

9/30/2020

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

2018	3.64%
2019	3.58%
2020	2.14%
2021	2.43%

Mortality improvement scale updated from MP-2018 to MP-2020

Benefit Payments. The Plan sponsor did not provide actual net benefits paid by the Plan for each fiscal year shown above. Expected net benefits payments produced by the valuation model for the same periods are shown in the table above.

*10 years of data will be presented as it becomes available.

OTHER REPORTS AND SCHEDULES

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Contract Number	Expenditures	Amounts Provided to Subrecipients
<u>FEDERAL AWARDS</u>				
U.S. Forest Service, Fish and Wildlife Foundation				
Passed through Florida Forest Service				
Cooperative Forestry Alliance	10.664	21-060	\$ 248,220	\$ -
U.S Department of Homeland Security				
Direct:				
Public Assistance - FEMA - Hurricane Sally	97.036	Z2708	8,008	-
Public Assistance - FEMA - Hurricane Michael	97.036	Z0889	43,874	-
			<u>51,882</u>	<u>-</u>
Cooperating Technical Partners	97.045	EMA-2009-CA-5937	6,824	-
Cooperating Technical Partners	97.045	EMA-2010-CA-5085	9,324	-
Cooperating Technical Partners	97.045	EMA-2011-CA-5142	129,858	-
Cooperating Technical Partners	97.045	EMA-2012-CA-5261	38,135	-
Cooperating Technical Partners	97.045	EMA-2013-CA-5352	9,633	-
Cooperating Technical Partners	97.045	EMW-2014-CA-00047	16,131	-
Cooperating Technical Partners	97.045	EMW-2015-CA-00043	188,575	-
Cooperating Technical Partners	97.045	EMA-2016-CA-00003	58,456	-
Cooperating Technical Partners	97.045	EMA-2017-CA-00003	203,517	-
Cooperating Technical Partners	97.045	EMA-2018-CA-00016	198,132	-
Cooperating Technical Partners	97.045	EMA-2019-CA-00005	127,829	-
Cooperating Technical Partners	97.045	EMA-2020-CA-00005	340,231	-
			<u>1,326,645</u>	<u>-</u>
Total U.S Department of Homeland Security			<u>1,378,527</u>	<u>-</u>
Total Federal Awards			<u>1,626,747</u>	<u>-</u>
State Grantor/Pass Through Grantor/Program Title	CSFA Number	Contract Number	Expenditures	Amounts Provided to Sub-recipients
<u>STATE FINANCIAL ASSISTANCE</u>				
Florida Department of Environmental Protection				
Direct:				
Water Management Districts - Land Acquisition and Improvement	37.022	Res 648	60,765	-
Water Management Districts - Land Acquisition and Improvement	37.022	WP011	322,965	322,965
Water Management Districts - Land Acquisition and Improvement	37.022	Res 873	1,314,458	-
Water Management Districts - Land Acquisition and Improvement	37.022	Res 873	1,610,000	-
			<u>3,308,188</u>	<u>322,965</u>
Water Management District Permitting Assistance	37.030	Res 873	<u>1,407,716</u>	<u>-</u>
Water Management District Operations	37.037	Res 873	<u>3,360,000</u>	<u>-</u>
			<u>3,360,000</u>	<u>-</u>
Statewide Surface Water Restoration and Wastewater Projects	37.039	MN004	72,143	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	MN023	36,172	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	Res 649	18,199	18,199
Statewide Surface Water Restoration and Wastewater Projects	37.039	AT003	541,515	-
			<u>668,029</u>	<u>18,199</u>
Florida Springs Grant Program - LATF	37.052	LP01106	272,210	-
Florida Springs Grant Program - LATF	37.052	LP0110B	356,734	-
Florida Springs Grant Program - LATF	37.052	LP0110C	236,100	236,100
Florida Springs Grant Program - LATF	37.052	LP0110A	534	-
Florida Springs Grant Program (LATF)	37.052	LP01101	11,353	-
Florida Springs Grant Program (LATF)	37.052	LPS0041	384,439	-
Florida Springs Grant Program	37.052	LP0110L	131,595	131,595
Florida Springs Grant Program	37.052	LPS0031	107,340	107,340
			<u>1,500,305</u>	<u>475,035</u>
Early Restoration Deepwater Horizon Oil Spill	37.081	DH009	<u>68,744</u>	<u>68,744</u>
Alternative Water Supply	37.100	WS001	<u>1,377,901</u>	<u>1,377,901</u>
Innovative Technologies	37.103	INV003	<u>721,084</u>	<u>-</u>
Water Quality Enhancement and Accountability	37.105	AT003	<u>168,561</u>	<u>-</u>
Water Management Districts Hurricane Recovery	37.109	RE017	<u>3,735,882</u>	<u>-</u>
Total Florida Department of Environmental Protection			<u>16,316,410</u>	<u>2,262,844</u>
Total Expenditures of State Financial Assistance			<u>16,316,410</u>	<u>2,262,844</u>
Total Federal Awards and State Financial Assistance			<u>\$ 17,943,157</u>	<u>\$ 2,262,844</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

(1) Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state award activity of Northwest Florida Water Management District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes, *Florida Single Audit Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Pass-through entity identifying numbers are presented where available.

(2) De Minimis Indirect Cost Rate Election:

The District did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, Indirect (F&A) costs, of the Uniform Guidance.

(3) Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance for major federal awards programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.561(a) Yes X No

Identification of major Federal programs: Assistance Listing No. 97.045, Cooperating Technical P

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

Auditee qualified as a low-risk auditee? X Yes No

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

State Financial Assistance

Internal control over major state financial assistance projects:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance for major state financial assistance projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? Yes X No

Identification of major state projects CSFA No. 37.030, Water Management Districts-Permitting Assistance
CSFA No. 37.037, Water Management Districts-Operations
CSFA No. 37.100, Alternative Water Supply
CSFA No. 37.109, Water Management Districts Hurricane Recovery

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

- | | |
|--|---|
| Section II. Financial Statement Findings: | There were no audit findings for the year ended September 30, 2021. |
| Section III. Federal Awards Findings and Questioned Costs: | There were no audit findings for the year ended September 30, 2021. |
| Section IV. State Financial Assistance Findings and Questioned Costs: | There were no audit findings for the year ended September 30, 2021. |
| Section V. Summary Schedule of Prior Year Findings: | There were no audit findings for the year ended September 30, 2020. |

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Honorable Governing Board,
Northwest Florida Water Management District:

Report on Compliance for Each Major Federal Program and State Project

We have audited Northwest Florida Water Management District's (the District) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs and major state projects for the year ended September 30, 2021. The District's major federal programs and major state projects are identified in the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs and major state projects 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the State of Florida, Office 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 federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the District'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 each major federal program and major state project. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the State of Florida, Office 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 District'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 federal program and state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state project will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 were not 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 Uniform Guidance and Chapter 10.550, Rules of the State of Florida Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

 James Moore & Co., P.L.

Tallahassee, Florida
May 2, 2022

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

The Honorable Governing Board,
Northwest Florida Water Management District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northwest Florida Water Management District (the District) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 2, 2022.

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 opinions 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

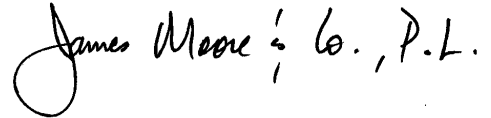
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 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 "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Tallahassee, Florida
May 2, 2022

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

To the Honorable Governing Board,
Northwest Florida Water Management District:

Report on the Financial Statements

We have audited the financial statements of Northwest Florida Water Management District (the District), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 2, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and Each Major State Project and Report on Internal Control over Compliance in Accordance with Chapter 10.550, Rules of the Auditor General, Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 2, 2022, 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 financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. 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 review of financial information provided by same.

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

Special District Component Units

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

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 Northwest Florida Water Management District reported:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as 97 with pay plus another 3 with terminal leave payouts.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 5 based on vendors that received a 1099 NEC in September 2021.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$5,912,004. Annual and sick leave payout accrual balances total \$863,770. Compensated time earned balance is \$6,964.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$985,727 based on the sum of invoice payments paid in FY2020-21 to vendors that received a 1099 NEC.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as no construction project of the district met the total cost threshold of \$65,000.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: The District's original budget totaled \$89,609,657 and was amended by the total amount of \$1,674,938, for final budgeted expenditures of \$91,284,595.

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

- a) The mileage rate or rates imposed by the district as .0311, refer to resolution 876.
- b) The total amount of ad valorem taxes collected by or on behalf of the district as \$3,606,253.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as no outstanding bonds issued by the District.

Monthly Financial Statements

Section 10.554(1)(i)6.a. and 10.556(9), 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 provided monthly financial statements to its governing board and made such monthly statements available for public access on its Web site. In connection with our audit, we determined that the District provided monthly financial statements to its governing board and made such monthly statements available for public access on its Web site.

Transparency

Sections 10.554(1)(i)6.b. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its Web site to the Florida Department of Financial Service's Web site to view the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its Web site to the Florida Department of Financial Service's Web site.

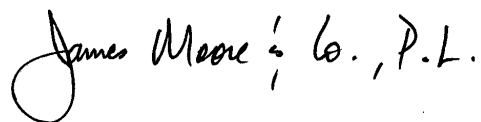
Sections 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District posted its tentative and final budgets on its Web site.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore Esq., P.L." The signature is written in a cursive, flowing style.

Tallahassee, Florida
May 2, 2022

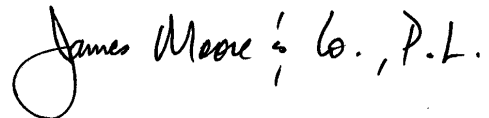
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Board of District Commissioners,
Northwest Florida Water Management District

We have examined the compliance of Northwest Florida Water Management District (the District) with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. Management 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 with the aforementioned statutes, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.



Tallahassee, Florida
May 2, 2022