

**INDIAN RIVER FARMS
WATER CONTROL DISTRICT**

**Basic Financial Statements
with
Independent Auditors' Report**

Year ended September 30, 2022

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Independent Auditors' Report

To the Board of Supervisors
Indian River Farms Water Control District
Vero Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indian River Farms Water Control District (the District), as of and for the year ended September 30, 2022, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2022 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2022, on our consideration of Indian River Farms Water Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indian River Farms Water Control District's internal control over financial reporting and compliance.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham, & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

May 11, 2023

**INDIAN RIVER FARMS WATER CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

As management of the Indian River Farms Water Control District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2022. This overview and analysis is required by generally accepted accounting principles (GAAP) in the United States of America in Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$3,448,590 (net position). The District's total net position increased by \$730,544 or 27 % in comparison with prior year net assets.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,872,274, an increase of \$832,049 or 41% in comparison with the prior year balances. All of the \$2,872,274 is available for spending at the government's discretion (unassigned fund balance).
- Investment in capital assets decreased over the prior year by \$96,204 or 7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net position* presents information on all of the District's assets (both short-term spendable resources and capital assets) and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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.

Both of the government-wide financial statements present functions of the District (*governmental activities*) that are principally supported by taxes and charges for services. The governmental activities of the District include water control and resource management.

The government-wide financial statements include only the District. There are no component units for which the District is financially accountable.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**INDIAN RIVER FARMS WATER CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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 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 District are governmental funds.

Governmental fund – *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 District adopts an annual appropriated budget for all funds. Government accounting standards require the District to report a budgetary comparison statement for the general fund and any major special revenue or enterprise funds. A budgetary comparison statement has been provided for the general fund. The District has no major special revenue funds.

The basic governmental fund financial statements can be found on pages 12 – 14 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 30 of this report.

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 District, assets exceeded liabilities by \$3,448,590 at September 30, 2022.

\$1,246,676 (36%) of the District's net position reflects its investment in capital assets (e.g., land, buildings, equipment and water control structures). The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The remaining portion of the District's net position (64%) represents *unrestricted net position*, which may be used to meet the government's ongoing obligations to citizens.

**INDIAN RIVER FARMS WATER CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

INDIAN RIVER FARMS WATER CONTROL DISTRICT'S NET POSITION

At the end of the current fiscal year, the District is able to report positive balances in both categories of net position.

	2022	2021
Current assets	\$ 2,972,214	\$ 2,110,117
Capital assets, net	1,246,676	1,342,880
Total Assets	4,218,890	3,452,997
Deferred outflows of resources	214,938	162,134
Current liabilities	99,940	69,892
Noncurrent liabilities	786,341	291,219
Deferred inflows of resources	98,957	535,974
Net Position		
Net investment in capital assets	1,246,676	1,342,880
Unrestricted	2,201,914	1,375,166
Total Net Position	\$ 3,448,590	\$ 2,718,046

INDIAN RIVER FARMS WATER CONTROL DISTRICT'S CHANGE IN NET POSITION

	2022	2021
Revenues		
Program revenues:		
Charges for services	\$ 41,042	\$ 41,042
General revenues:		
Maintenance taxes, net of discounts	1,225,252	1,236,211
Sale of right of ways	896,233	-
Other	90,846	72,777
Total revenues	2,253,373	1,350,030
Expenses		
Water control and resource management	1,522,829	1,221,736
Total expenses	1,522,829	1,221,736
Increase in net position	730,544	128,294
Net position, beginning of year	2,718,046	2,589,752
Net position, end of year	\$ 3,448,590	\$ 2,718,046

**INDIAN RIVER FARMS WATER CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental activities – The District relies heavily on general revenues (i.e., property taxes, sale of right of ways, etc.) to fund the expenses of the governmental activities. Program revenues consisting of charges for services comprise 2% of total revenues. General revenues comprise 98% of total revenues.

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

Governmental funds – The focus of the 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 District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund (general fund) reported an ending fund balance of \$2,872,274 constituting *unassigned fund balance*, which is available for spending at the District's discretion.

The general fund is the only operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,872,274. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance exceeded expenditures by \$1,450,950.

The fund balance of the District's general fund increased by \$832,049 during the year ended September 30, 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended for changes in both revenues and expenditures, primarily due to sales of right-of-ways of \$68,500 and increases in contingency expense of \$300,000, and ended the most recent fiscal year with \$864,795 more in actual revenue than was budgeted. The actual expenditures were some \$516,076 less than the budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The District's investment in capital assets for its governmental activities as of September 30, 2022, amounted to \$1,246,676 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and water control structures. Additional information on the District's capital assets can be found in Notes 1 and 3 on pages 17 and 21 of this report.

Long-term debt – The District's long-term debt consists of net pension liabilities of \$786,341 as of September 30, 2022.

**INDIAN RIVER FARMS WATER CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District received the majority of its revenues from a property tax levied on 58,631 acres (65,420 taxing units) that make up the physical boundaries of the District.

These factors were considered in preparing the District's budget for the 2022-2023 fiscal year.

DATA ELEMENTS

Other Information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General (unaudited):

Element	Comments
Number of district employees compensated at 9/30/2022	8
Number of independent contractors compensated in September 2022	4
Employee compensation for FYE 9/30/2022 (paid/accrued)	\$517,348
Independent contractor compensation for FYE 9/30/2022	\$7,535
Construction projects to begin on or after October 1; (>\$65K)	Not applicable
Budget variance report	See Required Supplementary
<hr/>	
Ad Valorem taxes:	
Millage rate FYE 9/30/20XX	Not applicable
Ad valorem taxes collected FYE 9/30/20XX	Not applicable
Outstanding Bonds:	Not applicable
<hr/>	
Non ad valorem special assessments:	
Special assessment rate FYE 9/30/2022	\$19.50
Special assessments collected FYE 9/30/2022	\$1,225,252
Outstanding Bonds:	Not applicable

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David E. Gunter, Secretary/Treasurer, Indian River Farms Water Control District, 7305 4th Street, Vero Beach, FL 32968.

Indian River Farms Water Control District
Statement of Net Position

September 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,521,176	\$ -	\$ 2,521,176
Certificate of deposit	414,490	-	414,490
Accounts receivable	23,428	-	23,428
Inventory	13,120	-	13,120
Capital assets, net	1,246,676	-	1,246,676
Total Assets	4,218,890	-	4,218,890
Deferred Outflows of Resources			
Deferred outflows of pension earnings	214,938	-	214,938
Liabilities			
Accounts payable	78,114	-	78,114
Accrued expenses	21,826	-	21,826
Noncurrent net pension liability	786,341	-	786,341
Total Liabilities	886,281	-	886,281
Deferred Inflows of Resources			
Deferred inflows of pension earnings	98,957	-	98,957
Net Position			
Net investment in capital assets	1,246,676	-	1,246,676
Unrestricted	2,201,914	-	2,201,914
Total Net Position	\$ 3,448,590	\$ -	\$ 3,448,590

See accompanying notes to the basic financial statements.

Indian River Farms Water Control District
Statement of Activities

Year ended September 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Water control and resource management	\$ 1,522,829	\$ 41,042	\$ -	\$ -	\$ (1,481,787)	\$ -	\$ (1,481,787)
Total Governmental Activities	\$ 1,522,829	\$ 41,042	\$ -	\$ -	(1,481,787)	-	(1,481,787)
		General Revenues:					
					1,225,252	-	1,225,252
					1,349	-	1,349
					896,233	-	896,233
					89,497	-	89,497
					2,212,331	-	2,212,331
					730,544	-	730,544
					2,718,046	-	2,718,046
					\$ 3,448,590	\$ -	\$ 3,448,590

See accompanying notes to the basic financial statements.

Indian River Farms Water Control District
Balance Sheet - Governmental Funds

September 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,521,176	\$ -	\$ 2,521,176
Certificate of deposit	414,490	-	414,490
Due from other governments	23,428	-	23,428
Inventory	13,120	-	13,120
Total Assets	\$ 2,972,214	\$ -	\$ 2,972,214
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 78,114	\$ -	\$ 78,114
Accrued expenses	21,826	-	21,826
Total Liabilities	99,940	-	99,940
Fund balance:			
Unassigned	2,872,274	-	2,872,274
Total Fund Balance	2,872,274	-	2,872,274
Total Liabilities and Fund Balance	\$ 2,972,214	\$ -	\$ 2,972,214
Total Fund Balances			\$ 2,872,274
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			1,246,676
Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds. However, they are recorded in the statement of net position under full accrual accounting.			115,981
Long-term net pension liabilities are not due and payable in the current period and therefore, are not reported in the funds.			(786,341)
Net Position of Governmental Activities			\$ 3,448,590

See accompanying notes to the basic financial statements.

Indian River Farms Water Control District
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds

Year ended September 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes, net of discounts	\$ 1,225,252	\$ -	\$ 1,225,252
Right of way rent	41,042	-	41,042
Interest income	1,349	-	1,349
Sale of right of ways	896,233	-	896,233
Other income	89,497	-	89,497
Total Revenues	2,253,373	-	2,253,373
Expenditures			
Current operating:			
Water control and resource management	1,421,324	-	1,421,324
Capital outlay	-	-	-
Total Expenditures	1,421,324	-	1,421,324
Net Increase in Fund Balance	832,049	-	832,049
Fund Balance, beginning of year	2,040,225	-	2,040,225
Fund Balance, end of year	\$ 2,872,274	\$ -	\$ 2,872,274

See accompanying notes to the basic financial statements.

Indian River Farms Water Control District

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities

Year ended September 30, 2022

Net Change in Fund Balances - Governmental Funds	\$ 832,049
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense \$96,204 exceeds capital outlays \$-0- in the period.	(96,204)
Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position.	(5,301)
<hr/> Change in Net Position of Governmental Activities	<hr/> \$ 730,544

See accompanying notes to the basic financial statements.

Indian River Farms Water Control District

Notes to Basic Financial Statements

September 30, 2022

Note 1 – Summary of Significant Accounting Policies

General Information

The Indian River Farms Water Control District (the District) is an independent special district, as defined by the laws of the State of Florida, and is located in Indian River County, Florida. The District was incorporated pursuant to a decree in the Circuit Court of the Fifteenth Judicial Court, in and for St. Lucie County, Florida on May 6, 1919. The District consists of landowners who receive the benefit of water management and are assessed for the maintenance and operation of the District. The District is comprised of 58,631 acres (65,420 taxing units).

Reporting Entity

Criteria for determining if other entities are potential component units of the District which should be reported with the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The reporting entity for the District includes all functions of government in which the Board of Supervisors exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters. As a result of applying the above reporting entity criteria, no component units exist in which the District has any oversight responsibilities which would require inclusion in the District's financial statements.

Basis of Presentation

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant principles generally accepted in the United States of America and used by the District are discussed below.

The basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District has no business-type activities. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Reconciling items arise from differences in the measurement focuses and basis of accounting between the statements and certain required eliminations.

Basic Financial Statements - Government-wide Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The District's net assets are reported in two parts – invested in capital assets and unrestricted net assets. When applicable, the District first utilizes restricted resources to finance qualifying activities.

Indian River Farms Water Control District
Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. 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 particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The District's major governmental funds are as follows:

General Fund - Used to account for all financial resources not required to be accounted for in another fund.

Basis of Accounting

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

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues become available when they are collectable within the current period, or soon enough thereafter to be used to pay liabilities of the period. Property taxes are recorded as revenue when received; uncollected property taxes are insignificant to the overall operations of the District and therefore are not accrued. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except unmatured interest on long-term debt which should be recognized when due. The principal exception to this general rule is that prepaid items are generally not accrued.

Budgetary Basis Accounting

The annual budget is adopted for the governmental funds and approved by the Board of Supervisors. Once approved, the District may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. The District prepares the budget on a basis consistent with generally accepted accounting principles. Appropriations for the General Fund lapse at the end of the fiscal year. Budgetary control is established at the fund level. Expenditures in excess of appropriation in one or more funds do not constitute a violation of budgetary controls as long as total expenditures do not exceed total appropriations for the major fund.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

The District does not utilize encumbrance accounting.

Cash and Cash Equivalents

For purposes of statement presentation, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash or cash equivalents.

Inventories

Inventories, consisting of fuel and chemicals used for aquatic weed control, are valued at cost, under the first-in, first-out (FIFO) method. Inventories are accounted for using the purchase method.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general District purposes are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated assets are recorded at fair market value at the date of donation. The District maintains a capitalization threshold of \$500. Major outlays for capital assets and improvements are capitalized as projects are completed; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Public domain (infrastructure) general fixed assets consisting of certain improvements other than building have not been capitalized in the past. As a phase 3 government with revenues less than \$10 million, the District has elected not to retroactively report these assets. As required, the District has elected, effective October 1, 2003, to capitalize all current and future costs.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment	5-10 years
Water control structures	10-20 years

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Compensated Absences

Vacation and sick pay expenditures are recognized when payments are made to the employees. Employees are entitled to vacation after one year of employment. Vacation and sick leave do not accumulate from year to year, thus no liability is recorded.

Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

The District is authorized by Section 298.54, Florida Statutes, to levy property taxes of \$19.50 per acre on property located within the District. The property assessment and tax collection functions are performed by appropriate officials of County government. Commissions are paid to the County for these appraisal and collection services.

Property tax revenues recognized for the 2021-22 fiscal year were levied on January 1, 2021. Virtually all unpaid taxes are collected via the sale of tax certificates prior to fiscal year end. Therefore, there were no significant taxes receivable at year-end.

Key dates in the property tax cycle (latest date where appropriate) are as follows:

	<u>Revenues for Fiscal Year Ended September 30, 2022</u>
Lien date	January 1, 2021
Property taxes levied	October 31, 2021
Beginning of fiscal year for which taxes have been levied	October 1, 2021
Tax bills rendered	November 1, 2021
Property taxes payable:	
Maximum discount	November 30, 2021
Delinquent	April 1, 2022
Tax certificates sold on unpaid property taxes	May 31, 2022

Interfund Activity

Loans between governmental funds are reported as interfund receivables or payables as appropriate and are subject to elimination upon consolidation. Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. During the year ended September 30, 2022, the District made no interfund transfers.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Supervisors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended September 30, 2022.

Sale of District Right of Ways

In September 2022 the District sold the use of certain right of ways along Oslo Road for \$896,233. This sale did not affect the boundaries or total taxable acreage under the control of the District.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification 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. The District did not have any nonspendable resources as of September 30, 2022.

Restricted – This classification 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. The District did not have any restricted resources as of September 30, 2022.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. These amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same type of action 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 did not have any committed resources as of September 30, 2022.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District or by an official or body to which the District delegates the authority. The District did not have any assigned resources as of September 30, 2022.

Unassigned – This classification includes the residual fund balance for the General Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category for the year ended September 30, 2022, deferred outflows of pension earnings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category for the year ended September 30, 2022, deferred inflows of pension earnings.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

GASB No. 68 and No. 71 Implementation

In fiscal year 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These statements replace the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, and Statement No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. GASB Statement No. 71 addresses the issue of the transition provisions in Statement No. 68.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through May 11, 2023 which is the date the financial statements were available to be issued.

Note 2 – Cash and Investments

Florida statutes require state and local governmental units to deposit monies with financial institutions classified as "qualified public depositories", a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. Further, Florida Statutes limit such investment and deposit accounts in "qualified public depositories" to savings accounts, demand deposit accounts, certificates of deposits and direct obligations of the U.S. Treasury and other federal agencies or entities.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 2 – Cash and Investments (continued)**Deposits**

At year-end, the carrying amount of the District’s cash was \$2,935,667 and the bank balances were \$2,937,933. Of the bank balances, \$250,000 was covered by federal depository insurance and \$2,687,933 was covered by collateral held in escrow by the bank’s trust department under the “qualified public depository” rules as previously stated.

Note 3 – Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2022 was as follows:

	Balance September 30, 2021	Additions	Deletions	Balance September 30, 2022
Capital assets not being depreciated:				
Land	\$ 30,730	\$ -	\$ -	\$ 30,730
Total capital assets not being depreciated	30,730	-	-	30,730
Other capital assets:				
Buildings and improvements	1,810,571	-	-	1,810,571
Equipment	1,242,142	-	-	1,242,142
Water control structures	1,045,222	-	-	1,045,222
Total other capital assets, at historical cost	4,097,935	-	-	4,097,935
Less accumulated depreciation for:				
Buildings and improvements	(681,660)	(46,045)	-	(727,705)
Equipment	(1,167,761)	(17,804)	-	(1,185,565)
Water control structures	(936,364)	(32,355)	-	(968,719)
Total accumulated depreciation	(2,785,785)	(96,204) *	-	(2,881,989)
Other capital assets, net	1,312,150	(96,204)	-	1,215,946
Governmental activities capital assets, net	\$ 1,342,880	\$ (96,204)	\$ -	\$ 1,246,676

* Depreciation expense was charged to governmental functions as follows:

Water control and resource management	\$ (96,204)
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Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 4 – Long-Term Liabilities

Long-term liabilities consist of net pension liabilities of \$786,341. Additional information on the District's net pension liabilities can be found in Note 6 on pages 26 and 29.

Note 5 – Risk Management Programs

Workers' compensation coverage is provided by the District. Employees of the District are covered by purchased health insurance. The District contributes monthly for each employee to the plan, and employees, at their option, authorize payroll withholdings to pay for dependents. Employees authorize payroll withholdings and are responsible for all premiums.

General liability, professional liability, and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Commercial coverage has not been exceeded.

Note 6 - Retirement Plans

Florida Retirement System Retirement Plan

The District's employees participate in the Florida System Retirement Plan (the Plan), which is a conditionally qualified plan under Section 401(a) of the Internal Revenue Code. The Plan is a cost sharing public employee retirement system with one exception: All risks and costs are not shared by the District, but are the liability of the State of Florida. The Plan is funded through contributions by the District and the District has no legal obligation for paying benefits.

Generally, membership is mandatory for all employees. The District is required to contribute 9.10% for employees and 27.29% for senior management (percentage in effect at September 30, 2022) of the employees'/commissioners' gross earnings, less merit pay and bonuses. Effective July 1, 2011, employees are required to contribute 3% of gross earnings. The District made the required contribution, amounting to \$85,142.

General Information - All of the District's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, for from the Web site: employer.frs.fl.gov/forms/2021-22_ACFR.pdf.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6 - Retirement Plans (continued)

FRS

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit.

For Pension Plan members enrolled before July 1, 2011:

Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011:

The vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular and Senior Management Service. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6 - Retirement Plans (continued)

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022, respectively, were as follows: Regular 10.82% and 11.91%; Senior Management Service 29.01% and 31.57%; and DROP participants 18.34% and 18.60%.

The District's contributions, including employee contributions, to the FRS totaled \$90,645 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2022, the District reported a liability of \$641,424 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's 2021-2022 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was .001723885%, which was an increase of .000087% from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022, the District recognized pension expense of \$85,142. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,464	\$ -
Change of assumptions	78,994	-
Net difference between projected and actual earnings on pension plan investments	42,353	-
Changes in proportion and differences between district pension contributions and proportionate share of contributions	26,304	55,884
District pension plan contributions subsequent to the measurement date	19,080	-
Total	\$ 197,195	\$ 55,884

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6 - Retirement Plans (continued)

The deferred outflows of resources related to the Pension Plan, totaling \$19,080 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Years Ending September 30:	
2023	\$ 22,224
2024	22,224
2025	22,224
2026	22,224
2027	22,224
Thereafter	\$ 11,111

Actuarial Assumptions - The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40 %
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6- Retirement Plans (continued)

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	100.0%			
Assumed Inflation - Mean		2.4%		1.3%
(1) As outlined in the Pension Plan's investment policy				

Discount Rate - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability	\$ 1,109,299	\$ 641,424	\$ 250,225

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6 - Retirement Plans (continued)

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution for the period was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$8,086 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2022, the District reported a liability of \$144,917 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was .001368225%, which was an increase of .000002% from its proportionate share measured as of June 30, 2021.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6 - Retirement Plans (continued)

For the fiscal year ended September 30, 2022, the District recognized pension expense of \$5,241. In addition, the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,399	\$ 638
Change of assumptions	8,307	22,419
Net difference between projected and actual earnings on HIS plan investments	210	-
Changes in proportion and differences between district HIS plan contributions and proportionate share of contributions	2,766	20,016
District HIS plan contributions subsequent to the measurement date	2,061	-
Total	\$ 17,743	\$ 43,073

The deferred outflows of resources related to the HIS Plan, totaling \$2,061 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Years Ending September 30:	Amount
2023	\$ (4,280)
2024	(4,280)
2025	(4,280)
2026	(4,280)
2027	(4,280)
Thereafter	\$ (5,991)

Actuarial Assumptions - The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary Increases	3.25 %, average, including inflation
Municipal Bond Rate	3.54 %

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6 - Retirement Plans (continued)

Mortality rates were based on the Generational RUP-2010 with Projection Scale MP-2018 tables.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study of the FRS for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current (3.54%)	1% Increase (4.54%)
District's proportionate share of the net pension liability	\$ 165,797	\$ 144,917	\$ 127,639

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Investment Plan

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

Indian River Farms Water Control District

Notes to Basic Financial Statements (continued)

Note 6 - Retirement Plans (continued)

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

REQUIRED SUPPLEMENTARY INFORMATION

Indian River Farms Water Control District
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds Budget and Actual - General Fund

Year ended September 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes, net of discounts	\$ 1,280,078	\$ 1,280,078	\$ 1,225,252	\$ (54,826)
Right of way rent	40,000	40,000	41,042	1,042
Interest	23,000	-	1,349	1,349
Sale of right of ways	-	68,500	896,233	827,733
Other income	-	-	89,497	89,497
Total Revenues	1,343,078	1,388,578	2,253,373	864,795
Expenditures				
Water Control and Resource Management:				
Gas, diesel and oil	42,500	53,000	38,668	14,332
Labor	320,000	330,000	253,430	76,570
Salaries	211,950	311,950	265,518	46,432
Employee benefits	165,500	304,000	181,841	122,159
Repairs and maintenance	50,000	64,000	83,649	(19,649)
Supplies	31,000	31,000	17,472	13,528
Surveyor/permit	85,000	125,000	123,155	1,845
Spray materials and contract	145,000	185,000	235,829	(50,829)
Water analysis	5,500	6,000	3,220	2,780
Insurance	50,000	55,000	43,064	11,936
Professional fees	38,200	40,200	48,440	(8,240)
Miscellaneous	18,250	19,250	12,571	6,679
Office	19,000	22,000	22,788	(788)
Utilities and telephone	20,000	25,000	23,621	1,379
Mowing and tree removal	51,000	66,000	68,058	(2,058)
Contingency	61,178	300,000	-	300,000
	1,314,078	1,937,400	1,421,324	516,076
Capital Outlay	30,000	30,000	-	30,000
Total Expenditures	1,344,078	1,967,400	1,421,324	546,076
Excess of Expenditures over Revenues Before Other Financing Sources (Uses)	-	(578,822)	832,049	1,410,871
Other Financing Sources:				
Transfer From (To) Unappropriated Fund Balance	-	578,822	-	(578,822)
Total Other Financing Sources	-	578,822	-	(578,822)
Net Change in Fund Balance	\$ -	\$ -	832,049	\$ 832,049
Fund Balance, beginning of year			2,040,225	
Fund Balance, end of year			\$ 2,872,274	

See accompanying notes to the basic financial statements.

Indian River Farms Water Control District
Schedule of the District's Proportional Share of Net Pension Liability
Last 10 Fiscal Years

Florida Retirement System (FRS)	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.001723885%	0.001636510%	0.001817924%	0.001957825%	0.001879253%	0.001919217%	0.001841836%	0.001842199%	0.001498281%
District's proportionate share of the net pension liability	\$641,424	\$123,620	\$787,915	\$674,248	\$566,041	\$567,886	\$465,065	\$237,945	\$91,417
District's Covered-employee Payroll	\$517,348	\$500,981	\$496,368	\$575,482	\$543,641	\$528,670	\$485,748	\$460,957	\$412,661
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	123.98%	24.68%	158.74%	117.16%	104.12%	107.42%	95.74%	51.62%	22.15%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
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Health Insurance Subsidy (HIS)	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.001368225%	0.001366313%	0.001542578%	0.001627398%	0.001654998%	0.001647862%	0.001506079%	0.001493030%	0.001385670%
District's proportionate share of the net pension liability	\$144,917	\$167,599	\$188,346	\$182,090	\$175,167	\$176,197	\$175,527	\$152,266	\$129,563
District's Covered-employee Payroll	\$517,348	\$500,981	\$496,368	\$575,482	\$543,641	\$528,670	\$485,748	\$460,957	\$412,661
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	28.01%	33.45%	37.94%	31.64%	32.22%	33.33%	36.14%	33.03%	31.40%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Indian River Farms Water Control District
Schedule of the District Contributions
Last 10 Fiscal Years

Florida Retirement System (FRS)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 85,142	\$ 78,138	\$ 64,061	\$ 65,120	\$ 59,389	\$ 55,768	\$ 50,887	\$ 57,788	\$ 46,840
Contributions in relation to the contractually required contribution	(85,142)	(78,138)	(64,061)	(65,120)	(59,389)	(55,768)	(50,887)	(57,788)	(46,840)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$517,348	\$500,981	\$496,368	\$575,482	\$543,641	\$528,670	\$485,748	\$460,957	\$412,661
Contributions as a percentage of covered employee payroll	16.46%	15.60%	12.91%	11.32%	10.92%	10.55%	10.48%	12.54%	11.35%
Health Insurance Subsidy (HIS)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,241	\$ 8,240	\$ 8,316	\$ 9,521	\$ 9,024	\$ 8,776	\$ 7,982	\$ 9,407	\$ 7,625
Contributions in relation to the contractually required contribution	(5,241)	(8,240)	(8,316)	(9,521)	(9,024)	(8,776)	(7,982)	(9,407)	(7,625)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 517,348	\$ 500,981	\$ 496,368	\$ 575,482	\$ 543,641	\$ 528,670	\$ 485,748	\$ 460,957	\$ 412,661
Contributions as a percentage of covered employee payroll	1.01%	1.64%	1.68%	1.65%	1.66%	1.66%	1.64%	2.04%	1.85%



**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***

To the Board of Supervisors
Indian River Farms Water Control District
Vero Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Indian River Farms Water Control District (the District), as of and for the year ended September 30, 2022, 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 11, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indian River Farms Water Control District's internal control over financial reporting (internal control) to determine the 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 Indian River Farms Water Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of Indian River Farms Water Control District's internal control.

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

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

To the Board of Supervisors
Indian River Farms Water Control District
Vero Beach, Florida

Finding number 2022-001

Segregation of Duties

The limited size of the District's staff does not allow for proper segregation of duties in each phase of operations. This is not unusual in an organization of this size. Although segregation of duties is necessary for optimum efficiency in internal controls, management does not believe it is cost beneficial for the District. The high degree of involvement by the Board of Supervisors in the financial process also provides a degree of compensating control for this weakness.

Management Response

Due to the limited size of the staff and funding limitations, segregation of duties will continue to be a deficiency. The Board of Supervisors will continue to participate to a high degree in the financial process, which will compensate to some extent for the inherent control deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Indian River Farms Water Control District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Indian River Farms Water Control District's response to the findings identified in our audit is described above. Indian River Farms Water Control District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

May 11, 2023



Independent Accountant's Examination Report

To the Board of Supervisors
 Indian River Farms Water Control District
 Vero Beach, Florida

We have examined the Indian River Farms Water Control District's (the "District") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2022. 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 and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the Indian River Farms Water Control District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
 Certified Public Accountants
 Vero Beach, Florida

May 11, 2023



Independent Auditors' Management Letter

To the Board of Supervisors
 Indian River Farms Water Control District
 Vero Beach, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Indian River Farms Water Control District, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 11, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, if any, which are dated May 11, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The segregation of duties reportable condition noted in the prior three years has not been corrected.

Fiscal year 2018 – 2019	Finding # 2019 –1
Fiscal year 2019 – 2020	Finding # 2020 –1
Fiscal year 2020 – 2021	Finding # 2021 –1
Fiscal year 2021 – 2022	Finding # 2022 –1

To the Board of Supervisors
Indian River Farms Water Control District
Vero Beach, Florida

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not Indian River Farms Water Control 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 Indian River Farms Water Control District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to the Section 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Indian River Farms Water Control District. It is management's responsibility to monitor the Indian River Farms Water Control District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Management has provided the specific information required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General in the Management Discussion and Analysis report on page 9.

Purpose of the Letter

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

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

May 11, 2023