

SOUTH FLORIDA CONSERVANCY DISTRICT
FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON
FISCAL YEAR ENDED SEPTEMBER 30, 2023



SOUTH FLORIDA CONSERVANCY DISTRICT
SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis (required supplementary information)	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 the Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16 - 48
Required Supplemental Information Other Than MD&A	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	49 - 50
Notes to the Budgetary Required Supplementary Information - General Fund	51
Schedule of Employer Contributions – Florida Retirement System Pension Plan	52
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan	53
Schedule of Employer Contributions – Florida Retirement System Health Insurance Subsidy Program	54
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Retiree Health Insurance Subsidy Program	55
Other Information	
Information Required by Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)6-8, Rules of the Auditor General	56
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	57- 58

SOUTH FLORIDA CONSERVANCY DISTRICT
SEPTEMBER 30, 2023

TABLE OF CONTENTS

Management Letter in Accordance With the Rules of the Auditor General of the State of Florida	59 - 61
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	62



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
South Florida Conservancy District

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Florida Conservancy District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the South Florida Conservancy 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 and each major fund of the South Florida Conservancy District, as of September 30, 2023, and the respective changes in financial position 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Florida Conservancy 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 South Florida Conservancy 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 South Florida Conservancy 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 South Florida Conservancy District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the budgetary comparison information on pages 49 through 51, and the pension schedules on pages 52 through 55 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the information presented for compliance with Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)6, Rules of the Auditor General but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of the South Florida Conservancy 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 South Florida Conservancy District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Florida Conservancy District’s internal control over financial reporting and compliance.

Nowlen, Holt & Mimes, P.A.

West Palm Beach, Florida
May 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of South Florida Conservancy District ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes, and supplementary information to the basic financial statements.

We would also like to make the reader aware of the existence of related party activities. This District has entered into an interlocal agreement with six other area water control districts to provide for the administration of the various districts' operations under the control of a District Manager. A central office and staff are maintained to operate the Districts. Administrative and supervisory personnel costs, compensated absences, and general operating costs are allocated in agreed upon percentages. Other labor costs and operating expenses are charged to the specific District to which they relate.

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the fiscal year ended September 30, 2023, by \$6,062,200.
- The District's total net position decreased by \$168,573.
- The District's total revenue (on an accrual basis) was \$1,089,914 for the year ended September 30, 2023.
- Total expenses (on an accrual basis) for all of the District's activities were \$1,258,487 for the year.

District Highlights

- The District is currently in the maintenance mode of operations for its water control facilities

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The 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 themselves.

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.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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 District is improving or deteriorating.

The statement of activities presents information showing how the District'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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and water control functions.

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. The District has one fund 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 District's near-term financial 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. (See pages 13 and 15)

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds (Continued)

The District maintains two governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Stormwater Fund, which are major funds. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget. (See pages 49 through 50)

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets and deferred outflows of resource exceeded liabilities and deferred outflows of resources by \$6,062,204 for the fiscal year ended September 30, 2023. The largest assets include investments and capital assets which are approximately 37% and 58% of the District's total assets, respectively, and are to be used to meet the financial obligations for the District's ongoing operations, except for capital assets. Capital assets are used to provide services to the District's citizens and are not available for future spending. The following table provides a summary of the net position as of September 30, 2023 and 2022:

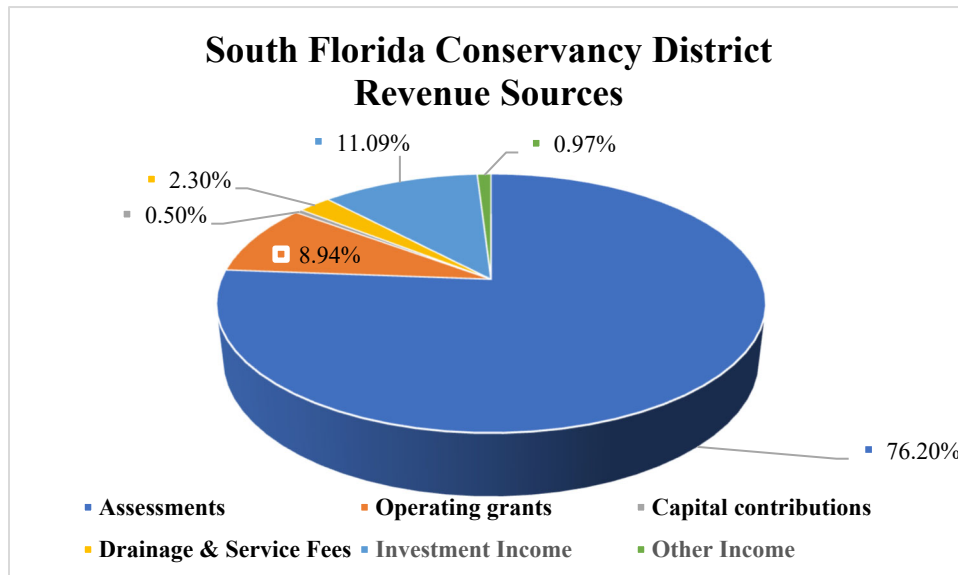
	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 2,919,969	\$ 2,878,391
Capital assets, net	<u>4,028,572</u>	<u>4,141,759</u>
Total assets	<u>6,948,541</u>	<u>7,020,150</u>
Deferred outflows of resources	<u>132,089</u>	<u>171,040</u>
Liabilities		
Current and other liabilities	71,934	90,429
Long-term liabilities	<u>800,961</u>	<u>745,094</u>
Total liabilities	<u>872,895</u>	<u>835,523</u>
Deferred inflows of resources	<u>145,535</u>	<u>124,894</u>
Net position		
Investment in capital assets	4,028,572	4,141,759
Restricted	282,648	277,078
Unrestricted	<u>1,750,980</u>	<u>1,811,936</u>
Total net position	<u>\$ 6,062,200</u>	<u>\$ 6,230,773</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the changes in net position for the fiscal years ended September 30, 2023 and 2022:

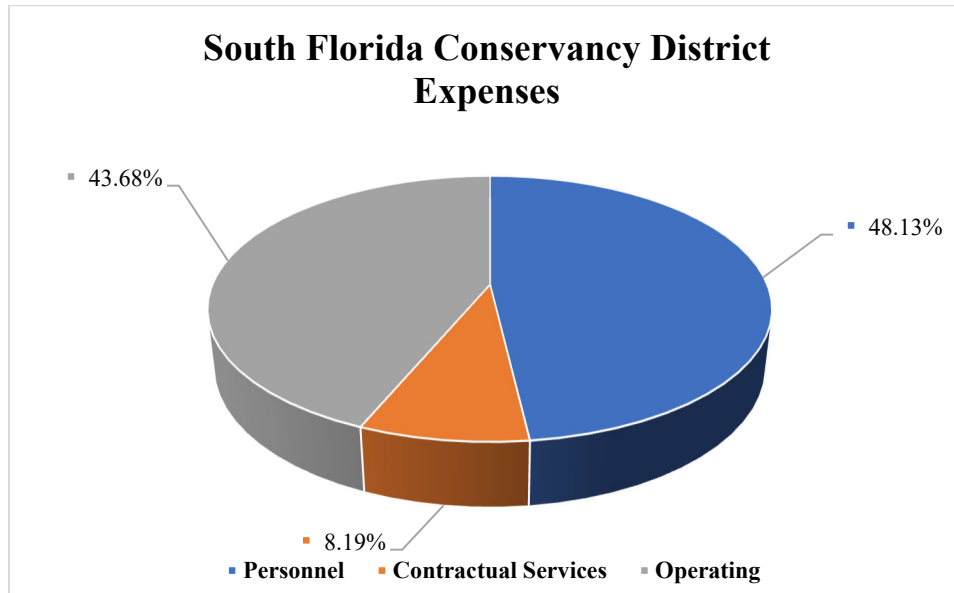
	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 855,628	\$ 859,789
Operating Grants and Contributions	97,421	
Capital Grants and Contributions	5,470	415
General revenues		
Investment income	120,828	1,242
Other income	10,567	14,633
Total revenues	<u>1,089,914</u>	<u>876,079</u>
Expenses		
Physical environment	<u>1,258,487</u>	<u>1,026,040</u>
Total expenses	<u>1,258,487</u>	<u>1,026,040</u>
Change in net position	(168,573)	(149,961)
Net position - beginning	<u>6,230,773</u>	<u>6,380,734</u>
Net position - ending	<u>\$ 6,062,200</u>	<u>\$ 6,230,773</u>

The chart below presents the revenues by sources for the governmental activities.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The chart below presents the expenses for the governmental activities.



CAPITAL ASSETS

The District’s investment in capital assets for its governmental activities as of September 30, 2023, amounted to \$4,028,572 (net of accumulated depreciation). There were \$34,796 of capital additions and no capital disposals during 2023. The following table summarizes the District’s capital assets as of September 30, 2023 and 2022:

	2023	2022
Land	\$ 335,212	\$ 335,212
Buildings	12,572	13,943
Diversion improvements	2,999,978	3,090,866
Improvements other than buildings	350,542	365,783
Machinery and equipment	329,425	330,465
Vehicles	843	5,490
	<u>\$ 4,028,572</u>	<u>\$ 4,141,759</u>

DEBT ADMINISTRATION

The following table presents the District’s long-term liabilities as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net pension liability	<u>\$ 800,961</u>	<u>\$ 745,094</u>

BUDGETARY HIGHLIGHTS

The District adopted the fiscal year 2022/2023 budget with the same assessment rate as fiscal year 2021/2022. Total expenditures budgeted for the fiscal year ended September 30, 2023 were \$1,088,650. Total revenue budgeted was \$858,735.

Total actual expenditures were \$58,809 less than budgeted expenditures. This was mainly due to the following:

- Capital expenditures were less than expected.
- Expenditures for fuel were less than anticipated.

Total actual revenues were \$225,609 greater than budgeted revenue. Additional budget comparison information is presented on pages 49 and 50.

NEXT YEAR’S BUDGET AND ECONOMIC FACTORS

The following highlights were considered in creating the 2023/2024 budget:

- The assessment rate remained at \$25 per acre.
- Continue funding of programs/support for permit compliance and best management practices.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact David R. Davis, District Manager, 2832 N. Main Street, Belle Glade, Florida 33430, Telephone No. (561) 996-2940.

South Florida Conservancy District
Statement of Net Position
September 30, 2023

	Governmental Activities
Assets	
Cash	\$ 10,992
Investments	2,567,347
Due from other governments	128,152
Inventory	173,749
Loan receivable - current	19,825
Loan receivable - noncurrent	19,904
Capital assets	
Non-depreciable	335,212
Depreciable (net of depreciation)	3,693,360
Total assets	6,948,541
 Deferred Outflows of Resources	
Pension related items	132,089
Total deferred outflows of resources	132,089
 Liabilities	
Accounts payable	57,976
Accrued liabilities	13,958
Due in more than one year	
Net pension liability	800,961
Total liabilities	872,895
 Deferred inflows of resources	
Pension related items	145,535
Total deferred inflows of resources	145,535
 Net Position	
Investment in capital assets	4,028,572
Restricted - stormwater management	282,648
Unrestricted	1,750,980
Total net position	\$ 6,062,200

See notes to the financial statements

**South Florida Conservency District
Statement of Activities
For the Year Ended September 30, 2023**

Function / Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities					
Physical environment	\$ 1,258,487	\$ 855,628	\$ 97,421	\$ 5,470	\$ (299,968)
Total governmental activities	\$ 1,258,487	\$ 855,628	\$ 97,421	\$ 5,470	(299,968)
General revenues					
Interest income - unrestricted					120,713
Increase (decrease) in fair value of investments - unrestricted					115
Miscellaneous					10,567
Total general revenues					131,395
Change in net position					(168,573)
Net position, beginning of year					6,230,773
Net position, end of year					\$ 6,062,200

See notes to the financial statements

South Florida Conservancy District
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Stormwater Fund	Total Governmental Funds
Assets			
Cash	\$ 10,992	\$	\$ 10,992
Investments	2,284,699	282,648	2,567,347
Due from other governments	128,152		128,152
Prepaid items			
Inventory	173,749		173,749
Loan receivable	39,729		39,729
Total assets	2,637,321	282,648	2,919,969
Liabilities			
Accounts payable	\$ 57,976	\$	\$ 57,976
Accrued liabilities	13,958		13,958
Total liabilities	71,934		71,934
Fund Balance			
Nonspendable - inventory and prepaids	173,749		173,749
Nonspendable - loan receivable	19,904		19,904
Restricted - stormwater management		282,648	282,648
Committed - reserve account	1,817,427		1,817,427
Assigned - subsequent year's expenditures	209,715		209,715
Unassigned	344,592		344,592
Total fund balances	2,565,387	282,648	2,848,035
Total liabilities and fund balances	\$ 2,637,321	\$ 282,648	\$ 2,919,969

See notes to the financial statements

**South Florida Conservency District
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2023**

Fund balances total governmental funds		\$ 2,848,035
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.		
Governmental capital assets	\$ 6,692,172	
Less accumulated depreciation	<u>(2,663,600)</u>	4,028,572
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Net pension liability		(800,961)
Deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans are applicable to future periods and are not reported in the governmental funds.		
Pension related deferred outflows	\$ 132,089	
Pension related deferred inflows	<u>(145,535)</u>	<u>(13,446)</u>
Net position of governmental activities		<u>\$ 6,062,200</u>

See notes to the financial statements

**South Florida Conserveny District
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2023**

	General Fund	Stormwater Fund	Total Governmental Funds
Revenues			
Assessments, net of discounts	\$ 830,559	\$	\$ 830,559
Intergovernmental	97,421		97,421
Charges for services	25,069		25,069
Interest	120,613	5,570	126,183
Increase (decrease) in fair value of investments	115		115
Miscellaneous	10,567		10,567
Total revenues	<u>1,084,344</u>	<u>5,570</u>	<u>1,089,914</u>
Expenditures			
Current			
Physical environment	1,029,841		1,029,841
Capital outlay			
Total expenditures	<u>1,029,841</u>		<u>1,029,841</u>
Net change in fund balance	54,503	5,570	60,073
Fund balances, beginning of year	<u>2,510,884</u>	<u>277,078</u>	<u>2,787,962</u>
Fund balances, end of year	<u>\$ 2,565,387</u>	<u>\$ 282,648</u>	<u>\$ 2,848,035</u>

See notes to the financial statements

South Florida Conservency District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

Net change in fund balances - total governmental funds	\$	60,073
--------------------------------------------------------	----	--------

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 capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 34,796		
Less: current year depreciation	<u>(147,983)</u>		(113,187)

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 related deferred amounts		<u>(115,459)</u>
--------------------------------------------------------------	--	------------------

Change in net position	\$	<u><u>(168,573)</u></u>
------------------------	----	-------------------------

See notes to the financial statements

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the South Florida Conservancy District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

Reporting Entity

South Florida Conservancy District was created by Florida Statutes, Chapter 7975, Acts of 1919. The operations of the District are fundamentally governed by Chapter 17258, Acts of 1935, as amended by Chapter 20477, Acts of 1941, which have been codified by Chapter 2000-432, Laws of Florida, Acts of 2000.

The District is an independent special district created pursuant to the method authorized in Chapter 298 of the Florida Statutes. A three-member Board of Supervisors elected by the landowners of the District governs the District. The Board appoints a District Manager to administer the policies emanating from its statutory powers and authority.

The Board has the responsibility for:

- 1) Assessing and levying assessments.
- 2) Approving budgets.
- 3) Exercising control over facilities and properties.
- 4) Controlling the use of funds generated by the District.
- 5) Approving the hiring and firing of key personnel.
- 6) Financing improvements.

As required by generally accepted accounting principles, these financial statements include the District (the primary government) and its component units. Component units are legally separate entities for which the District is financially accountable. The District is financially accountable if:

- a) the District appoints a voting majority of the organization’s governing board and (1) the District is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District, or
- b) the organization is fiscally dependent on the District and (1) there is a potential for the organization to provide specific financial benefits to the District or (2) impose specific financial burdens on the District.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Organizations for which the District is not financially accountable are also included when doing so is necessary in order to prevent the District's financial statements from being misleading.

Based upon application of the above criteria, management of the District has determined that no component units exist which would require inclusion in this report. Further, the District is not aware of any entity that would consider the District to be a component unit.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, special assessments, and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental funds. The District has no fund types other than governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

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 recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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 afterwards to pay liabilities of the current period. The District considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

Assessments, charges for services, intergovernmental revenues, and investment income 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 District.

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 needed.

The District reports the General Fund and the Stormwater Fund as major governmental funds. The General Fund is the general operating fund of the District.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in demand accounts. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The District categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Accounts Receivable

Accounts receivable of the General Fund consists of billed and unbilled receivables. The District has not established an allowance for doubtful accounts because the District considers all receivables to be collectible.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates they do not constitute available spendable resources, even though they are a component of current assets.

Inventories

Inventories consist of expendable fuel and spare parts held for the District's use and are carried at cost using the first-in, first-out method. The District accounts for inventories using the consumption method, under which expenditures are recognized only when inventory items are used. Reported inventory is equally offset by nonspendable fund balance which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

Capital Assets

Capital assets are defined by the District as assets with an estimated useful life in excess of two years and a value at the date of acquisition in excess of \$750. Capital assets are reported in the government-wide Statement of Net Position and include plant, property, equipment, and infrastructure assets (i.e., roads, bridges, canals, and pumping stations). Purchased capital assets are recorded at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation is computed using the straight-line method over the estimated useful lives for all reported capital assets, except land and construction in progress. The estimated useful lives are as follows:

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Improvements	10 - 20 years
General infrastructure	10 - 50 years

Unearned Revenue

The government reports unearned revenue on its government wide Statement of Net Position and governmental funds balance sheet. Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

Unavailable Revenue

The government reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available.

Deferred Outflows of Resources

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets applicable to future periods and will not be recognized as expenditures until the future period(s). The Town has one item that qualifies for reporting in this category, pension related items.

Deferred Inflows of Resources

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred inflows of resources. This financial statement element represents the acquisition of net assets applicable to future periods and will not be recognized as revenue until the future period(s). The Town has one types of item that qualifies for reporting in this category. It is pension related items which are reported only in the statement of net position.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts intended to be used by the District for specific purposes, but are neither restricted nor committed. In accordance with the District’s fund balance policy, assignments may be made by formal action of the District Board or authority may be delegated to the District Manager.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the District’s policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the District’s policy to reduce committed amounts first, followed by assigned amounts, then unassigned amounts.

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by any outstanding liabilities that are attributable to the acquisition, construction or improvement of those assets, excluding unexpended proceeds.
2. Restricted net position – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund. All budgets are legally enacted. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by appropriate action.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments

The assessment levy of the District is established by the Board of Supervisors, and becomes an enforceable lien on the property on January 1 of the following year. The District levied an assessment rate of \$25 per acre for the fiscal year ended September 30, 2023.

All assessments are due and payable on November 1 of each year or as soon thereafter as the tax roll is delivered to the county tax collector. Liens are placed on property as of January 1. All unpaid assessments become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The assessments paid in March are without discount.

On or prior to June 1 following the assessment year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates become the property of the District, earning interest at a rate of 18% per year.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 13, 2024, and determined there were not events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Accounting Pronouncements

The District implemented the following Governmental Accounting Standards Board Statements during the current fiscal year.

GASB Statement No. 91, *Conduit Debt Obligation*. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. Implementation of this Statement did not impact the District's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. Implementation of this Statement did not impact the District's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Implementation of this Statement did not impact the District's financial statements.

GASB Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements were implemented during the current fiscal year. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the Scope of Statement 53 are effective for fiscal years ending September 30, 2024, and all reporting periods thereafter. Implementation of this Statement did not impact the District's financial statements.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

A brief description of new accounting pronouncements that might have a significant impact on the District's financial statements is presented below. Management is currently evaluating the impact of adoption of these statements in the District's financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years ending September 30, 2024, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absences and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 2 – BUDGETARY INFORMATION

Budget Policy and Practice

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

1. During May, the District Manager submits to the Board of Supervisors a proposed operating budget for the General Fund for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. During August, the budget is legally enacted through passage of a resolution.
4. Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations at that level.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
6. Total budgeted amounts reflect all amendments approved by the Board of Supervisors.

The Stormwater Special Revenue Fund is not budgeted.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits are either covered by insurance provided by the Federal Depository Insurance Corporation or are held in banking institutions approved by the Treasurer of the State of Florida. Under Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The District's deposits at year end are considered insured for custodial credit risk purposes. As of September 30, 2023, the bank balance of the District's deposits was \$302,954 and the carrying amount was \$293,440. The District also had \$200 in petty cash for a total carrying amount of \$293,640. Deposits include \$282,648 in a money market checking account that is reported in investments.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District has not adopted a written investment policy. Florida Statutes authorize units of local government electing not to adopt a written investment policy to invest in the following instruments:

- a. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the U.S. Treasury.

The District participates in the Florida Fixed Income Trust – Cash Pool (“FLFIT”), an external investment pool. The FLFIT was established in accordance with Florida Statutes Section 163. The FLFIT is a Series Trust designed to provide liquid solutions to local governments of Florida. The fund’s objective is to provide liquidity and preservation of capital while providing current income consistent with low volatility of net asset value. FLFIT funds can be redeemed on the next day basis. The fund does not meet the requirements of GASB Statement No. 79 and is measured at floating net asset value (NAV), which is fair value under GASB Statement No. 31.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs. The hierarchy is based on valuation inputs used to measure the fair value as follows:

- | | |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1: | Inputs are directly observable, quoted prices in active markets for identical assets or liabilities. |
| Level 2: | Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. |
| Level 3: | Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable. |

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2023, the District had the following investments:

	Fitch Rating	Weighted Average Maturity	Fair Value
Florida Fixed Income Trust – Cash Pool	AAAf/S1	94 days	\$2,567,347

The FLFIT is exempt from reporting under the fair value hierarchy. The fair value is measured at net asset value (NAV) and reported in accordance with GASB Statement No. 31.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District’s investment policies limit its investments to high quality investments to control credit risk. The Florida Fixed Income Trust Cash Pool is rated AAAf/S1 by Fitch Rating.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The weighted average maturity of the Florida Fixed Income Trust Cash Pool was 94 days as of September 30, 2023.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. All deposits with financial institutions are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB pronouncements. The investments in the Florida Fixed Income Trust Cash Pool are considered *unclassified* pursuant to the custodial credit risk categories of GASB pronouncements.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 4 – LOANS RECEIVABLE

During the year ended September 30, 2022, the South Florida Conservancy District and the six districts discussed in Note 8 jointly purchased a new tractor with a total cost of \$133,904. The districts shared the cost of the tractor based on the percentages reported in Note 8. The District's share of the cost was \$54,901, and the District made a cash payment for the total cost of the tractor.

On February 1, 2022, the District entered into loan agreements with the other six districts to finance their shares of the cost of the tractor. The original amounts of the loans are as shown below:

District	Loan Amount
Clewiston Drainage District	\$ 13,390
East Beach Water Control District	14,730
East Shore Water Control District	10,712
Pahokee Water Control District	18,747
Pelican Lake Water Control District	10,712
South Shore Drainage District	10,712
	\$ 79,003

Principal and interest on the loans are due in four annual installments commencing on March 1, 2022 and on March 1 each year thereafter until maturity on March 1, 2025. The loans pay interest at the rate of 0.40%. As of September 30, 2023, the principal balance of the loans receivable was \$39,729. During the current fiscal year the District received principal and interest payments in the amounts of \$19,530 and \$237, respectively, for total payments of \$19,767. As of September 30, 2023, the annual debt service requirements to amortize the loans receivable are as follows:

Year Ending September 30	Principal	Interest	Total
2024	\$ 19,825	\$ 159	\$ 19,984
2025	19,904	81	19,985
	\$ 39,729	\$ 240	\$ 39,969

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Assets Not Being Depreciated				
Land	\$ 335,212	\$	\$	\$ 335,212
Total Assets Not Being Depreciated	<u>335,212</u>			<u>335,212</u>
Assets Being Depreciated				
Buildings	56,393			56,393
Diversion improvements	4,544,407			4,544,407
Improvements other than buildings	609,638			609,638
Machinery & equipment	910,343	34,796		945,139
Office furniture & fixtures	53,988			53,988
Vehicles	147,395			147,395
Assets Being Depreciated	<u>6,322,164</u>	<u>34,796</u>		<u>6,356,960</u>
Total Assets	<u>6,657,376</u>	<u>34,796</u>		<u>6,692,172</u>
Accumulated Depreciation				
Buildings	(42,450)	(1,371)		(43,821)
Diversion improvements	(1,453,541)	(90,888)		(1,544,429)
Improvements other than buildings	(243,855)	(15,241)		(259,096)
Machinery & equipment	(579,878)	(35,836)		(615,714)
Office furniture & fixtures	(53,988)			(53,988)
Vehicles	(141,905)	(4,647)		(146,552)
Total Accumulated Depreciation	<u>(2,515,617)</u>	<u>(147,983)</u>		<u>(2,663,600)</u>
Assets Being Depreciated - Net	<u>3,806,547</u>	<u>(113,187)</u>		<u>3,693,360</u>
Total Capital Assets - Net	<u>\$ 4,141,759</u>	<u>\$ (113,187)</u>	<u>\$</u>	<u>\$ 4,028,572</u>

Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental activities:

Physical environment \$ 147,783

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 6 – LONG-TERM LIABILITIES

During the year ended September 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Net pension liability	\$ 745,094	\$ 100,765	\$ (44,898)	\$ 800,961	\$

NOTE 7 – FLORIDA RETIREMENT SYSTEM

General Information

All full-time employees participate in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the Florida Retirement System Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing multiple-employer defined benefit pension plan, to assist retired members of any state administered retirement system in paying the costs of health insurance.

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. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

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 or calling toll free at 877-377-1737. The report is also available at the Florida Department of Management Services web site www.dms.myflorida.com.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (continued)

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (FRSP) and the Florida Retirement System Health Insurance Subsidy Program and additions to/deduction from the FRSP and HIS fiduciary net position have been determined on the same basis as they are reported by FRSP and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Plan

Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DRO) for eligible employees. The general classes of membership are as follows:

- Regular Class
- Special Risk Class
- Elected Officials Class
- Senior Management Service Class

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.

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 DRO for a period not to exceed 60 months (96 months effective July 1, 2023) after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DRO participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DRO participants, as these members are considered retired and are not accruing additional pension benefits.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Benefits Provided

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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following table shows the percentage value for each year of service credit earned:

Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00%
Service on or after October 1, 1974	3.00%
Elected Officials Class	3.00%
Senior Management Service Class	2.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 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 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (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 fiscal year ended September 30, 2022 were as follows:

Class	10/01/22 through 06/30/23	07/01/23 through 09/30/23
Regular Class	11.91%	13.57%
Senior Management Service Class	31.57%	34.52%
Special Risk Class	27.83%	32.67%
Elected Official Class	57.00%	58.68%
DROP	18.60%	21.13%

The employer contribution rates include a 1.66% HIS Plan subsidy for the period from October 1, 2022 through June 30, 2023 and a rate of 2.00% for the period from July 1, 2023 through September 30, 2023. Except for the DROP, the rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ended September 30, 2023 the District made contributions of \$40,643 to the Pension Plan and the District's employees made contributions of \$7,603, for total contributions of \$48,246.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

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

At September 30, 2023, the District reported a liability of \$483,907 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District’s proportionate share of the net pension liability was based on the District’s 2022-23 plan year contributions relative to the 2021-22 plan year contributions of all participating members. At June 30, 2023, the District’s proportionate share was 0.001214418 percent, which was a decrease of 0.000206793 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized pension expense of \$67,010 related to the Plan. 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
Difference between expected and actual experience	\$ 45,435	\$
Changes of assumptions	31,545	
Net difference between projected and actual earnings on investments	20,209	
Change in proportion and differences between District contributions and proportionate share of contributions	2,158	111,288
Town Pension Plan contributions subsequent to the measurement date	13,346	
Total	<u>\$ 112,693</u>	<u>\$ 111,288</u>

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to the Pension Plan, totaling \$13,346 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u> <u>September 30</u>	<u>Net</u> <u>Amortization</u>
2024	\$ (19,904)
2025	(39,337)
2026	52,242
2027	(3,779)
2028	(1,163)
Thereafter	<u><u>\$ (11,941)</u></u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2023
Measurement date	June 30, 2023
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	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions that determined the total pension liability as of June 30, 2023, 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 assumption of 6.7% used in GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.4% as most recently adopted in October 2022 by the FRS Actuarial Assumption Conference; 2) an inferred real (in excess of inflation) return of 4.2%, which is consistent with the 4.48% real return from the capital market outlook model developed by Aon for 2023. Geometrically combining those building blocks using the formula generates an expected nominal return of 6.7%. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice.

For reference, the table below contains a summary of 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. 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.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

(1) As outlined in the Plan's investment policy

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2023 was 6.70%, which is the same rate used as of June 30, 2022. 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 Town’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 Discount Rate 6.70%	1% Increase 7.70%
District's proportionate share of the net pension liability	\$ 802,324	\$ 483,907	\$ 197,194

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan

At September 30, 2023, the District reported no payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program

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, 2023, 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 (\$45 effective July 1, 2023) and a maximum HIS payment of \$150 (\$225 effective July 1, 2023) 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, 2023, the HIS contribution was 1.66%. (2.00% effective July 1, 2023). The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution 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 \$13,087 for the fiscal year ended September 30, 2023.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

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

As of September 30, 2023, the District reported a liability of \$317,054 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District’s proportionate share of the net pension liability was based on the District’s 2022-23 plan year contributions relative to the 2022-23 plan year contributions of all participating members. At June 30, 2023, the District’s proportionate share was 0.001996392 percent, which was a decrease of 0.000045691 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized pension expense of \$117,906. 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
Difference between expected and actual experience	\$ 4,641	\$ 744
Changes of assumptions	8,335	27,474
Net difference between projected and actual earnings on investments	164	
Change in proportion and differences District contributions and proportionate share of contributions	2,920	6,029
Town HIS Plan contributions subsequent to the measurement date	3,336	
Total	<u>\$ 19,396</u>	<u>\$ 34,247</u>

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to the HIS Plan, totaling \$3,336 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, 2024. 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 Year Ending September 30	Net Amortization
2024	\$ (3,245)
2025	(2,175)
2026	(3,176)
2027	(5,657)
2028	(3,472)
Thereafter	(462)
	\$ (18,187)

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2022
Measurement date	June 30, 2023
Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65%
Investment rate of return	N/A
Mortality	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions that determined the total pension liability as of June 30, 2023, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2023 was 3.65%, which increased from the discount rate of 3.54% as of June 30, 2022. 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 3.65%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Decrease 4.65%
District's proportionate share of the net pension liability	\$ 361,709	\$ 317,054	\$ 280,038

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

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 Annual Comprehensive Financial Report.

Payables to the HIS Plan

At September 30, 2023, the District reported no payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

Summary Data

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2023.

Description	Pension Plan	HIS Program	Total
Total pension liability	\$ 2,747,065	\$ 330,665	\$ 3,077,730
Plan fiduciary net position	2,263,158	13,611	2,276,769
Net pension liability (asset)	483,907	317,054	800,961
Deferred outflows of resources	112,693	19,396	132,089
Deferred inflows of resources	(111,288)	(34,247)	(145,535)
Pension expense (revenue)	67,010	117,906	184,916

Investment Plan

Plan Description

The Florida Retirement System Investment Plan is a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code. The Florida Legislature enacted the Plan during the 2000 legislative session, and amendments to the Plan can only be made by an act of the Florida Legislature. The Plan is administered by the State Board of Administration of Florida. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Investment Plan (Continued)

Plan Description (Continued)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

Funding Policy

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

Participating employers are required to make contributions based upon statewide contributions rates. The contribution rates by job class for the District's employees for the fiscal year ended September 30, 2023, are as follows:

Class	10/01/22 through 06/30/23	07/01/23 through 09/30/23
Regular Class	11.91%	13.57%
Senior Management Service Class	31.57%	34.52%
Special Risk Class	27.83%	32.67%
Elected Officials Class	57.00%	58.68%
DROP	18.60%	21.13%

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

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 7 – FLORIDA RETIREMENT SYSTEM (Continued)

Investment Plan (Continued)

Funding Policy (Continued)

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, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

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.

The District's Investment Plan pension expense totaled \$44,379 for the fiscal year ended September 30, 2023.

NOTE 8 – INTERLOCAL AGREEMENTS

Consolidation of Management

The South Florida Conservancy District has entered into an interlocal agreement with six other area water control districts to provide for the administration of the various districts' operations under the control of a District Manager. A central office and staff are maintained to operate the districts. Administrative and supervisory personnel costs, compensated absences, and general operating costs are paid by one of the districts, South Florida Conservancy District, and then allocated between the seven districts using agreed-upon percentages. Those districts and percentages are as follows: South Florida Conservancy - 41%; Pahokee Water Control - 14%; East Shore Water Control - 8%; Pelican Lake Water Control - 8%; East Beach Water Control - 11%; Clewiston Drainage - 10%; and South Shore Drainage - 8%. Other operating expenses are charged to the specific district to which they relate. All staff are considered employed by the South Florida Conservancy District.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 8 – INTERLOCAL AGREEMENTS (Continued)

School Board of Palm Beach County

On February 14, 1995, the District entered into an agreement with the School Board of Palm Beach County to manage flood protection and irrigation and stormwater management. The School Board has agreed to pay an annual maintenance and restoration fee to the District for developed School Boards lands within the District for the good and equitable benefit of connecting to District structures and provision of flood protection and stormwater management services. For the year ended September 30, 2023, the School Board paid the District \$6,991 pursuant to the agreement.

University of Florida Board of Trustees

On December 12, 2007, the District and the University of Florida Board of Trustees entered into an agreement for the good and equitable benefit of connecting to the District's structures and provision of flood protection and stormwater management services. The Board of Trustees agrees to pay an annual maintenance fee to the District assessed at 50% of the per acre rate of all other benefitted landowners. For the year ended September 30, 2023, the University of Florida paid the District \$9,410 pursuant to the agreement.

Belle Glade Housing Authority

On August 26, 2008, the District entered into an agreement with the Belle Glade Housing Authority to allow drainage from the Housing Authority's property to be discharged into the works of the District. The agreement shall renew annually unless terminated by either party upon thirty (30) days written notice thereof to the other party. The Housing Authority shall pay the District annually the total sum of the acreage owned by the Housing Authority times the normal rate levied against the other landowners within the District. For the year ended September 30, 2023, the Housing Authority paid the District \$5,701 pursuant to the agreement.

Palm Beach County Water Utilities Department

On April 1, 2023, the District entered into an agreement with Palm Beach County Water Utilities Department to allow Palm Beach County to discharge water into Canal 2 within the District. The term of the agreement is for five years commencing on April 1, 2023 and ending March 31, 2028. Palm Beach County agrees to pay the District \$200 per well, for a total of \$1,800 annually.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 8 – INTERLOCAL AGREEMENTS (Continued)

South Shore Drainage District

On August 11, 2005, the South Florida Conservancy District (SFCD) entered into an agreement with the South Shore Drainage District (SSDD) to provide for the permanent maintenance and operational responsibilities for 103.30 acres within the SFCD's Unit No. 3 which is provided for by SSDD's diversion pump station. SSDD has agreed that maintenance and operation of its pump station shall be in accord with the SFCD water control plan and the lands involved shall continue to receive water supply and flood control services as specified. The agreement shall be renewed annually unless terminated by either party. Any party desiring to terminate the agreement shall provide written notice at least one hundred and eighty (180) days prior to the annual renewal date of the agreement. The District agrees to pay South Shore annually a sum equal to the maintenance assessments which would be levied upon said lands as if they were in South Shore.

City of Belle Glade Stormwater Management System

On June 16, 1998, the District entered into an agreement with the City of Belle Glade, Florida to provide funding to assist the City in creating a stormwater management system. The District dedicated a portion of restoration assessments collected from 1973 to 1997 to assist the City with their drainage. The District has agreed to provide financial assistance and technical liaison services for the construction of the stormwater management system. The amount of the financial assistance was determined to be \$1,041,258. The District deposited the funds in an interest bearing account and all the interest income will accrue to the City. The moneys are accounted for in the District's Stormwater Special Revenue Fund.

The agreement will continue until all work on the stormwater management system has been completed. The agreement can be terminated by either party. If the District terminates the agreement, it will transfer any unexpended funds to the City. If the City terminates the agreement, the District will reimburse the City for certified invoices for goods or services provided prior to the date of notice of termination.

SOUTH FLORIDA CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2023

NOTE 9 – 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; natural disasters; and workers' compensation for which the District is a member of the Public Risk Management of Florida (PRMF), a local government risk management pool as defined by Florida Statutes 163.01(3)(h). In the event of a loss, the District pays up to the deductible amount on the policy. All additional risk of loss has been transferred to PRMF up to the policy limits. Settlements have not exceeded coverages for each of the past three fiscal years. PRMF absorbs losses up to a specified amount annually and purchases excess and other specific coverages from third-party carriers. PRMF assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its current obligations, PRMF can make additional assessments.

Florida Statutes limit the District's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

South Florida Conservancy District
Required Supplementary Information (RSI)
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended September 30, 2023

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Assessments	\$ 863,364	\$ 863,364	\$ 857,328	\$ (6,036)
Tax discount	(34,535)	(34,535)	(26,769)	7,766
Intergovernmental			97,421	97,421
Drainage & service fees	24,906	24,906	25,069	163
Interest	5,000	5,000	120,613	115,613
Increase (decrease) in fair value of investments			115	115
Miscellaneous revenues			10,567	10,567
Total revenues	<u>858,735</u>	<u>858,735</u>	<u>1,084,344</u>	<u>225,609</u>
Expenditures				
Personnel				
Regular Salaries & Wages	287,500	287,500	310,248	(22,748)
Overtime & Dive Pay	8,600	8,600	8,033	567
Annual/Sick/Holiday Leave	32,000	32,000	34,476	(2,476)
FRS Contributions	34,000	34,000	40,608	(6,608)
FICA & Medicare	25,000	25,000	25,397	(397)
Life & Health Insurance	89,480	89,480	71,551	17,929
Total Personnel	<u>476,580</u>	<u>476,580</u>	<u>490,313</u>	<u>(13,733)</u>
Contractual Services				
Accounting Services	8,200	8,200	8,200	
Legal Fees & Other Activities	7,500	7,500	7,300	200
Supervisor's Fees	500	500	550	(50)
Engineering Services & Permits	4,000	4,000	3,537	463
Water Quality Monitoring & Sampling	25,000	25,000	22,330	2,670
Annual Aerial Weed Control & Inspection	20,000	20,000	19,146	854
Computer & IT Services	13,460	13,460	12,918	542
Professional Services & Disposal Fee	4,000	4,000	25,626	(21,626)
Drainage & Other Service Fees	3,450	3,450	3,424	26
Total Contractual Services	<u>86,110</u>	<u>86,110</u>	<u>103,031</u>	<u>(16,921)</u>

(Continued)

See notes to the budgetary comparison schedule

South Florida Conservancy District
Required Supplementary Information (RSI)
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended September 30, 2023
(Continued)

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures				
Operating				
Tax Roll Prep Fee & Commissions	\$ 9,820	\$ 9,820	\$ 10,976	\$ (1,156)
Communications - Internet Service	5,340	5,339	5,459	(120)
Utilities	12,200	12,200	15,104	(2,904)
Insurance	39,450	39,450	39,184	266
Office Supplies & Other Expenses	10,861	10,861	8,472	2,389
Equipment & Misc. Rental	500	500	635	(135)
Repair & Maintenance - Pump Stations	95,000	95,000	85,436	9,564
Repair & Maintenance - Vehicles & Other	11,500	11,500	24,804	(13,304)
Repair & Maintenance - Canals/ Laterals	7,000	7,000	6,852	148
Repair & Maintenance - Structures	1,000	1,000	976	24
Repair & Maintenance - Office & Shops	1,000	1,000	2,310	(1,310)
Safety Equipment & Tools	2,000	2,000	2,844	(844)
Educational Training/ Seminars/ Memberships	3,150	3,150	1,974	1,176
FEMA & Misc. Operating Expenses	1,214	1,215	536	679
Fuel Vehicles/ Tractors/Misc.	27,000	27,000	31,434	(4,434)
Fuel Pump Stations	260,852	260,852	199,501	61,351
Fuel Contingency	10,000	10,000		10,000
Total Operating	<u>497,887</u>	<u>497,887</u>	<u>436,497</u>	<u>61,390</u>
Capital Outlay	28,073	28,073		28,073
Total Capital Outlay	<u>28,073</u>	<u>28,073</u>		<u>28,073</u>
Total expenditures	<u>1,088,650</u>	<u>1,088,650</u>	<u>1,029,841</u>	<u>58,809</u>
Net change in fund balance	<u>\$ (229,915)</u>	<u>\$ (229,915)</u>	54,503	<u>\$ 284,418</u>
Fund balance, beginning of year			<u>2,510,884</u>	
Fund balance, end of year			<u>\$ 2,565,387</u>	

See notes to the budgetary comparison schedule

South Florida Conservancy District
Notes to the Budgetary
Required Supplementary Information (RSI)
General Fund
September 30, 2023

Note 1 - Basis of Accounting

The District adopts an operating budget for the General Fund annually. The Stormwater Special Revenue Fund is not budgeted. The budgetary process is described in Note 2 to the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Note 2 - Stewardship, Compliance, and Accountability

Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the fund level, and expenditures may not legally exceed budgeted appropriations at that level. For the year ended September 30, 2023, General Fund expenditures did not exceed appropriations.

**South Florida Conservancy District
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System
Pension Plan
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Contractually Required Contribution	District's Contributions In Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	District's Covered Payroll	District's Contributions As a Percent of Covered Payroll
2014	\$ 47,997	\$ 47,997	\$ -	\$ 626,257	7.66%
2015	\$ 48,972	\$ 48,972	\$ -	\$ 685,207	7.15%
2016	\$ 54,054	\$ 54,054	\$ -	\$ 772,063	7.00%
2017	\$ 56,038	\$ 56,038	\$ -	\$ 664,771	8.43%
2018	\$ 62,098	\$ 62,098	\$ -	\$ 677,189	9.17%
2019	\$ 69,396	\$ 69,396	\$ -	\$ 702,771	9.87%
2020	\$ 72,194	\$ 72,194	\$ -	\$ 713,745	10.11%
2021	\$ 37,192	\$ 37,192	\$ -	\$ 379,455	9.80%
2022	\$ 39,132	\$ 39,132	\$ -	\$ 352,541	11.10%
2023	\$ 40,643	\$ 40,643	\$ -	\$ 332,950	12.21%

This schedule is intended to present data for 10 years. For years prior to 2014 data are unavailable. Additional years will be presented as they become available.

**South Florida Conservancy District
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Pension Plan
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	Town's Proportionate Share of the Net Pension Liability As a Percent of Covered Payroll	Plan Fiduciary Net Position As a Percent of the Total Pension Liability
2014	0.001949864%	\$ 118,972	\$ 626,257	19.00%	96.09%
2015	0.001890144%	\$ 244,137	\$ 685,657	35.61%	92.00%
2016	0.001829477%	\$ 461,945	\$ 772,063	59.83%	84.88%
2017	0.001797400%	\$ 531,660	\$ 664,771	79.98%	83.89%
2018	0.001812143%	\$ 545,693	\$ 677,189	80.58%	84.26%
2019	0.001857394%	\$ 639,528	\$ 702,771	91.00%	82.61%
2020	0.001839138%	\$ 797,110	\$ 713,745	111.68%	78.85%
2021	0.001431118%	\$ 108,108	\$ 379,455	28.49%	96.40%
2022	0.001421211%	\$ 528,805	\$ 352,541	150.00%	82.89%
2023	0.001214418%	\$ 483,907	\$ 352,452	137.30%	82.38%

Changes in Assumptions

The discount rate changed as follows:

2014	7.65%
2015	7.65%
2016	7.60%
2017	7.10%
2018	7.00%
2019	6.90%
2020	6.80%
2021	6.80%
2022	6.70%
2023	6.70%

For 2019, the mortality assumption changed from Generational RP-2000 with Projection Scale BB to PUB-2010 base table projected generationally with Scale MP-2018.

This schedule is intended to present data for 10 years. For years prior to 2014 data are unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Annual Comprehensive Financial Report.

**South Florida Conservancy District
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Contractually Required Contribution	District's Contributions In Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	District's Covered Payroll	District's Contributions As a Percent of Covered Payroll
2014	\$ 10,395	\$ 10,395	\$ -	\$ 626,257	1.66%
2015	\$ 11,374	\$ 11,374	\$ -	\$ 685,207	1.66%
2016	\$ 12,815	\$ 12,815	\$ -	\$ 772,063	1.66%
2017	\$ 11,034	\$ 11,034	\$ -	\$ 664,771	1.66%
2018	\$ 11,240	\$ 11,240	\$ -	\$ 677,189	1.66%
2019	\$ 11,666	\$ 11,666	\$ -	\$ 702,771	1.66%
2020	\$ 11,847	\$ 11,847	\$ -	\$ 713,745	1.66%
2021	\$ 11,958	\$ 11,958	\$ -	\$ 720,328	1.66%
2022	\$ 12,456	\$ 12,456	\$ -	\$ 750,340	1.66%
2023	\$ 13,087	\$ 13,087	\$ -	\$ 754,242	1.74%

This schedule is intended to present data for 10 years. For years prior to 2014 data are unavailable. Additional years will be presented as they become available.

**South Florida Conservancy District
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability As a Percent of Covered Payroll	Plan Fiduciary Net Position As a Percent of the Total Pension Liability
2014	0.002026886%	\$ 189,519	\$ 626,257	30.26%	0.99%
2015	0.002055662%	\$ 209,646	\$ 685,657	30.58%	0.50%
2016	0.002076433%	\$ 242,000	\$ 772,063	31.34%	0.97%
2017	0.002025775%	\$ 216,604	\$ 664,771	32.58%	1.64%
2018	0.002035152%	\$ 215,403	\$ 677,189	31.81%	2.15%
2019	0.002027733%	\$ 226,883	\$ 702,771	32.28%	2.63%
2020	0.002000369%	\$ 244,240	\$ 713,745	34.22%	3.00%
2021	0.002026545%	\$ 248,586	\$ 720,328	34.51%	3.56%
2022	0.002042083%	\$ 216,289	\$ 750,340	28.83%	4.81%
2023	0.001996392%	\$ 317,054	\$ 790,920	40.09%	4.12%

Changes in Assumptions

The discount rate changed as follows:

2014	4.29%
2015	3.80%
2016	2.85%
2017	3.58%
2018	3.87%
2019	3.50%
2020	2.21%
2021	2.16%
2022	3.54%
2023	3.65%

This schedule is intended to present data for 10 years. For years prior to 2014 data are unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Annual Comprehensive Financial Report.

South Florida Conservancy District
Other Information-Information Required by Section 218.39(3)(c), Florida Statutes
and Section 10.554(1)(i)6-8, Rules of the Auditor General
For the Fiscal Year Ended September 30, 2023
Unaudited

As required by Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)6-8, Rules of the Auditor General, the District reported:

Required Information	Reported
The total number of district employees compensated in the last pay period of the District's fiscal year 2023:	13
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year 2023:	0
All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for fiscal year 2023:	\$ 352,758
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for fiscal year 2023:	\$
Each construction project with a total cost of at least \$65,000 approved by the District that was scheduled to begin on or after October 1 of the fiscal year 2023, together with the total expenditures for such project:	N/A
A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year 2023 being reported if the District amends a final adopted budget under Section 189.016(6), Florida	See pages 49 - 50
The rate or rates of non-ad valorem special assessments imposed by the District for fiscal year 2023:	\$25/Acre
The total amount of special assessments collected by or on behalf of the District for fiscal year 2023:	\$ 830,559
The total amount of outstanding bonds issued by the district and the terms of such bonds:	N/A



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

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

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

Board of Supervisors
South Florida Conservancy District
Belle Glade, 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 and each major fund of the South Florida Conservancy District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the South Florida Conservancy District's basic financial statements and have issued our report thereon dated May 13, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Florida Conservancy 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 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.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
May 13, 2024



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

Board of Supervisors
South Florida Conservancy District
Belle Glade, Florida

Report on the Financial Statements

We have audited the financial statements of the South Florida Conservancy District, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated May 13, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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 those reports, which are dated May 13, 2024, should be considered in conjunction with this Management Letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and 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. This information was disclosed in Note 1 to the financial statements. There are no component units included in the South Florida Conservancy District's financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the South Florida Conservancy District 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 South Florida Conservancy 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 South Florida Conservancy District. It is management's responsibility to monitor the South Florida Conservancy 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. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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.

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.

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 South Florida Conservancy District reported the required information in the other information section on page 56.

Single Audits

The South Florida Conservancy District expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2023 and was not required to have a federal single audit or a state single audit.

Purpose of this Letter

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

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
May 13, 2024



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

Board of Supervisors
South Florida Conservancy District
Belle Glade, Florida

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

We have examined the South Florida Conservancy District’s compliance with Section 218.415, Florida Statutes during the year ended September 30, 2023. Management of the South Florida Conservancy District is responsible for the South Florida Conservancy District’s compliance with the specified requirements. Our responsibility is to express an opinion on the South Florida Conservancy District’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the South Florida Conservancy District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the South Florida Conservancy District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the South Florida Conservancy District’s compliance with the specified requirements.

In our opinion, the South Florida Conservancy District complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2023.

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
May 13, 2024