

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Fellsmere Water Control District
Fellsmere, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Fellsmere Water Control District, Fellsmere, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of September 30, 2023, and the respective changes in financial position, thereof for the fiscal 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 (GAAS) 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 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

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratio, schedules of proportionate share of net pension liability, and schedule of District's pension plan contributions 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 Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 June 27, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

June 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Fellsmere Water Control District, Fellsmere, Florida, ("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 themselves.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year resulting in a net position balance of \$1,220,486.
- The change in the District's total net position in comparison with the prior fiscal year was \$121,463, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2023, the District's governmental fund reported ending fund balance of \$1,353,624, an increase of \$101,199 in comparison with the prior fiscal year. A portion of the total fund balance is assigned to contingencies and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic 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.

1) Government-Wide Financial Statements

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

The statement of net position presents information on all 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by assessments. The District does not have any business-type activities. The governmental activities of the District include the water control function.

2) 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.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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 financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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.

The District maintains one governmental fund for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is a major fund.

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.

3) 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

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2023	2022
Current and other assets	\$ 1,487,866	\$ 1,327,661
Right to use leased assets, net	-	53,622
Capital assets, net of depreciation	39,768	44,784
Total assets	<u>1,527,634</u>	<u>1,426,067</u>
Deferred outflows of resources related to pension	<u>17,882</u>	<u>46,328</u>
Current liabilities	134,242	128,858
Long-term liabilities	70,141	178,337
Total liabilities	<u>204,383</u>	<u>307,195</u>
Deferred inflows of resources related to pension and lease	<u>120,647</u>	<u>66,177</u>
Net position		
Investment in capital assets	39,768	44,784
Unrestricted	1,180,718	1,054,239
Total net position	<u>\$ 1,220,486</u>	<u>\$ 1,099,023</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position may be used to meet the District's other obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2023	2022
Revenues:		
Program revenues		
Charges for services	\$ 640,175	\$ 616,979
General revenues		
Miscellaneous income	8,888	81,502
Total revenues	<u>649,063</u>	<u>698,481</u>
Expenses:		
Aquatic weed control	171,384	160,223
Ditch maintenance	123,016	205,311
General and administrative	233,200	304,845
Interest on long-term debt	-	1,876
Total expenses	<u>527,600</u>	<u>672,255</u>
Change in net position	121,463	26,226
Net position - beginning	<u>1,099,023</u>	<u>1,072,797</u>
Net position - ending	<u>\$ 1,220,486</u>	<u>\$ 1,099,023</u>

As noted in the table above and in the statement of activities, the cost of all government activities during the fiscal year ended September 30, 2023, was \$527,600. The costs of the District's activities were funded by program revenues consisting primarily of assessments. The same held true for the prior fiscal year. The District also received funds from investment earnings which are included in program revenues. The remainder of the current fiscal year revenue are permit fees which are included in miscellaneous income. In total, expenses, including depreciation, decreased from the prior fiscal year, the majority of the decrease was the result of a decrease in professional services and ditch maintenance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

CAPITAL ASSETS

At September 30, 2023, the District had \$273,191 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$233,423 has been taken, which resulted in a net book value of \$39,768. More detailed information about the District's capital assets is presented in the notes of the financial statements.

CAPITAL DEBT

At September 30, 2023, the District had no capital debt. More detailed information about the District's capital debt activity is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Fellsmere Water Control District's management services at Special District Services, Inc., 2501A Burns Road, Palm Beach Gardens, Florida 33410.

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities
ASSETS	
Cash	\$ 1,487,252
Accounts receivable	614
Capital assets:	
Nondepreciable	13,871
Depreciable, net	25,897
Total assets	1,527,634
 DEFERRED OUTFLOWS OF RESOURCES	
FRS Pension	17,882
Total deferred outflows of resources	17,882
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	134,242
Non-current liabilities:	
Net FRS pension liability	70,141
Total liabilities	204,383
 DEFERRED INFLOWS OF RESOURCES	
FRS Pension	120,647
Total deferred inflows of resources	120,647
 NET POSITION	
Investment in capital assets	39,768
Unrestricted	1,180,718
Total net position	\$ 1,220,486

See notes to the financial statements

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary government:			
Governmental activities:			
Aquatic weed control	\$ 171,384	\$ 171,384	\$ -
Ditch maintenance	123,016	123,016	-
General and administrative	233,200	345,775	112,575
Total governmental activities	527,600	640,175	112,575
General revenues:			
Miscellaneous income			8,888
Total general revenues			8,888
Change in net position			121,463
Net position - beginning			1,099,023
Net position - ending			\$ 1,220,486

See notes to the financial statements

**FELLSMERE WATER CONTROL DISTRICT
 FELLSMERE, FLORIDA
 BALANCE SHEET
 GOVERNMENTAL FUND
 SEPTEMBER 30, 2023**

	General	Total Governmental Funds
ASSETS		
Cash	\$ 1,487,252	\$ 1,487,252
Accounts receivable	614	614
Total assets	\$ 1,487,866	\$ 1,487,866
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 134,242	\$ 134,242
Total liabilities	134,242	134,242
Fund balance:		
Assigned to:		
Contingencies	300,000	300,000
Unassigned	1,053,624	1,053,624
Total fund balance	1,353,624	1,353,624
Total liabilities, deferred inflows of resources and fund balance	\$ 1,487,866	\$ 1,487,866

See notes to the financial statements

**FELLSMERE WATER CONTROL DISTRICT
 FELLSMERE, FLORIDA
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023**

Fund balance - governmental fund		\$ 1,353,624
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>		
Cost of capital assets	273,191	
Accumulated depreciation	<u>(233,423)</u>	39,768
<p>Deferred outflows of resources related to pensions are recorded in the statement of net position.</p>		
		17,882
<p>Deferred inflows of resources related to pensions are recorded in the statement of net position.</p>		
		(120,647)
<p>Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.</p>		
Net pension liability		<u>(70,141)</u>
Net position of governmental activities		<u>\$ 1,220,486</u>

See notes to the financial statements

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	General	Total Governmental Funds
REVENUES		
Assessments	\$ 616,520	\$ 616,520
Interest income	23,655	23,655
Miscellaneous income	8,888	8,888
Total revenues	649,063	649,063
EXPENDITURES		
Current operating:		
Aquatic weed control	115,555	115,555
Ditch maintenance	120,809	120,809
General and administrative	257,878	257,878
Debt service		
Principal	53,622	53,622
Total expenditures	547,864	547,864
Excess of revenues over expenditures	101,199	101,199
Fund balance - beginning	1,252,425	1,252,425
Fund balance - ending	\$ 1,353,624	\$ 1,353,624

See notes to the financial statements

**FELLSMERE WATER CONTROL DISTRICT
 FELLSMERE, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - governmental fund	\$	101,199
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation and amortization on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.		(58,638)
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statement but such repayments reduce long-term liabilities in the statement of net position and are eliminated in the statement of activities.		53,622
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:		
Pension related expenses		25,280
Change in net position of governmental activities	\$	121,463

See notes to the financial statements

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Fellsmere Water Control District, Fellsmere Florida ("District") is located in Indian River County, Florida and was created on April 8, 1919 pursuant to a decree in the Circuit Court of the Fifteenth Judicial Court, in and for St. Lucie County, Florida. The District consists of landowners who receive the benefit of water management and are assessed for the maintenance and operations of the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of three members. All Supervisors are elected on a one acre one vote basis by the landowners within the District.

The Board has the final responsibility for:

1. Assessing and levying taxes and 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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not restricted to a particular program are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Assessments

Assessments are non-ad valorem assessments on certain land within the District. Assessments are levied each November 1 on property of record as of the previous January 1. The fiscal year for which annual assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and become delinquent on April 1. The assessments are billed and collected by the County Tax Assessor/Collector on behalf of the District. The amounts remitted to the District are net of applicable discounts or fees.

Assessments, permit fees and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental fund:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to debt covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments (Continued)

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The District uses a first-in first-out method to determine costs.

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.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	<u>Assets</u>	<u>Years</u>
Buildings		10 - 40
Improvements		7 - 10
Equipment		3 - 7

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Compensated Absences

Vacation expenditure are recognized when payments are made to the employees. Employees are entitled to vacation after one year of employment. Any vacation earned but not taken by the employee's anniversary date is forfeited by the employee unless an extension is granted by the Board of Supervisors, thus no liability is recorded. Sick leave is available to all employees after one year of continues services, earned at a rate of 1 ¼ days per month up to a maximum of 15 days per year. Unused sick leave shall accumulate from year to year to a maximum of 60 days. Accumulated sick leave is not paid upon termination; thus no liability is recorded.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment. The District has \$300,000 assigned for contingencies as of September 30, 2023.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

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

- a) Each year the Treasurer submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budget is adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriations for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 13,871	\$ -	\$ -	\$ 13,871
Total capital assets, not being depreciated	13,871	-	-	13,871
Capital assets, being depreciated				
Buildings	202,069	-	-	202,069
Improvements	15,225	-	-	15,225
Equipment	42,026	-	-	42,026
Right to use leased assets, net	105,537	-	(105,537)	-
Total capital assets, being depreciated	364,857	-	(105,537)	259,320
Less accumulated depreciation for:				
Buildings	171,157	5,015	-	176,172
Improvements	15,225	-	-	15,225
Equipment	42,025	1	-	42,026
Right to use leased assets, net	51,915	53,622	(105,537)	-
Total accumulated depreciation	280,322	58,638	(105,537)	233,423
Total capital assets, being depreciated, net	84,535	(58,638)	-	25,897
Governmental activities capital assets, net	\$ 98,406	\$ (58,638)	\$ -	\$ 39,768

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to function/programs as follows:

Aquatic weed control	\$	2,207
Right to use leased asset		53,622
Ditrch maintenance		2,207
General and administrative		602
	\$	58,638

NOTE 6 – LONG TERM LIABILITIES

Changes in long-term liability activity for the fiscal year ended September 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Leased asset	\$ 53,622	\$ -	\$ (53,622)	\$ -	\$ -
Governmental activity long-term liabilities	\$ 53,622	\$ -	\$ (53,622)	\$ -	\$ -

In October 2020, the District entered into 36 months agreement to lease a 2020 Caterpillar wheeled hydraulic excavator. The lease qualifies as other than short-term leases under GASB 87 and, therefore have been recorded at the present value of the future minimum lease payments as of the date of inception. There are no variable payment components of the lease. Lease liability is measured using the District's incremental borrowing rate of 3.625%. The right to use lease asset is amortized on a straight-line basis over the terms of the related lease and was completely amortized as of September 30, 2023.

NOTE 7 – FLORIDA RETIREMENT SYSTEM (FRS)

General Information about the 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 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 FRS 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.

All regular employees of the District are eligible to enroll as members of the FRS. 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 a 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. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense totaled (\$18,463) for the fiscal year ended September 30, 2023.

FRS Pension Plan

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

- Regular Class – Member of the FRS who do not qualify for membership in another class.

NOTE 7 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

FRS Pension Plan (Continued)

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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 (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC 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 chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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 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 years of service	1.68
Senior Management Service Class	2.00
Elected Local Officers	3.00

Per 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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

NOTE 7 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

FRS Pension Plan (Continued)

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2022 to June 30, 2023		Percent of Gross Salary July 1, 2023 to September 30, 2023	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	11.91	3.00	13.57

(1) Employer rates include a postemployment HIS contribution rate of 1.66% for October 1, 2022 to June 30, 2023 and 2.0% from July 1, 2023 to September 30, 2023, and administrative costs of .06% for the Investment plan through September 30, 2023.

The District's contribution to the Plan totaled \$5,930 for the fiscal year ended September 30, 2023. This excludes the HIS defined benefit pension plan contributions.

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 \$47,752 for its proportionate share of the 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 contributions for the year ended June 30, 2023 relative to the contributions made during the year ended June 30, 2023 of all participating members. At June 30, 2023, the District's proportionate share was .0001%, which did not significantly change compared to its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023 the District recognized pension expense of (\$20,148) related to the Pension 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
Differences between expected and actual experience	\$ 4,483	\$ -
Change of assumptions	3,113	-
Net difference between projected and actual earnings on FRS pension plan investments	1,994	-
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	4,999	(90,885)
District FRS contributions subsequent to the measurement date	1,531	-
Total	<u>\$ 16,120</u>	<u>\$ (90,885)</u>

The deferred outflows of resources related to pensions, totaling \$1,531, 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2024	\$ (28,034)
2025	(25,948)
2026	(4,987)
2027	(13,296)
2028	(4,031)
Thereafter	-
Total	<u>\$ (76,296)</u>

NOTE 7 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

FRS Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Arithmetic Return	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 (property)	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%
Total	100.0%			
Assumed inflation - mean			2.4%	1.3%

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

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

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.70%	6.70%	7.70%
District's proportionate share of net pension liability	\$ 81,570	\$ 47,752	\$ 19,459

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

NOTE 7 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

HIS Pension Plan

Plan Description – The HIS Pension Plan (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 Division of Retirement within the Florida Department of Management Services.

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 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, 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 contribution rate was 1.66% and 2.00% of payroll from October 1, 2022 through June 30, 2023, and from July 1, 2023 to September 30, 2023, respectively, pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$925 for the fiscal year ended September 30, 2023.

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 net pension liability of \$22,389 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 with update procedures to June 30, 2023. The District's proportionate share of the net pension liability was based on the year ended June 30, 2023 contributions relative to the year ended June 30, 2022 contributions of all participating members. At June 30, 2023, the District's proportionate share was .0001%, which did not significantly change compared to its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized pension expense of \$1,685 related to the HIS 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
Differences between expected and actual experience	\$ 328	\$ (53)
Change of assumptions	588	(1,940)
Net difference between projected and actual earnings on HIS pension plan investments	12	-
Changes in proportion and differences between District HIS contributions and proportionate share of FRS contributions	568	(27,769)
District HIS contributions subsequent to measurement date	266	-
Total	\$ 1,762	\$ (29,762)

NOTE 7 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

HIS Pension Plan (Continued)

The deferred outflows of resources related to pensions, totaling \$266, 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2024	\$ (7,016)
2025	(6,684)
2026	(5,672)
2027	(4,156)
2028	(3,674)
Thereafter	(1,064)
Total	<u>\$ (28,266)</u>

Actuarial Assumptions – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25% average, including inflation
Investment rate of return	3.65%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. Because the HIS program is on a pay-as-you-go basis no actuarial experience study has been completed for the program.

Discount Rate – The discount rate used to measure the total pension liability was 3.65%. 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 Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	Current		
	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
District's proportionate share of net pension liability	\$ 25,542	\$ 22,389	\$ 19,775

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

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 600,462	\$ 639,336	\$ 616,520	\$ (22,816)
Net investment income	9,208	11,261	23,655	12,394
Miscellaneous income	2,055	8,888	8,888	-
Total revenues	611,725	659,485	649,063	(10,422)
EXPENDITURES				
Current:				
Aquatic weed control	276,043	187,697	115,555	72,142
Ditch maintenance	110,244	122,323	120,809	1,514
General and administrative	225,438	357,113	257,878	99,235
Debt service	-	-	53,622	(53,622)
Total expenditures	611,725	667,133	547,864	119,269
Excess (deficiency) of revenues over (under) expenditures	-	(7,648)	101,199	108,847
OTHER FINANCING SOURCES				
Use of fund balance	-	7,648	-	(7,648)
Total other financing sources	-	7,648	-	(7,648)
Net change in fund balance	\$ -	\$ -	101,199	\$ 101,199
Fund balance - beginning			1,252,425	
Fund balance - ending			\$ 1,353,624	

See notes to required supplementary information

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023**

Schedule of District's Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Years (Measurement Date)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the FRS net pension liability	0.000119839%	0.000383812%	0.000379601%	0.000350805%	0.000649780%	0.000765289%	0.000804640%	0.000808675%	0.000829633%	0.000776953%
District's proportionate share of the FRS net pension liability	47,752	142,809	28,675	152,044	223,769	230,509	238,089	204,191	107,158	47,406
District's covered payroll	55,849	108,419	116,891	117,014	138,562	181,026	178,678	179,621	170,686	165,597
Liability as a percentage of its covered payroll	85.50%	131.72%	24.53%	129.94%	161.49%	127.33%	133.25%	113.68%	62.78%	28.63%
FRS plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Schedule of District's Proportionate Share of Net Pension Liability
Health Insurance Subsidy Pension Plan
Last 10 Years (Measurement Date)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the FRS net pension liability	0.000140976%	0.000335434%	0.000332785%	0.000327315%	0.000453776%	0.000541571%	0.000567942%	0.000553982%	0.000570182%	0.000577992%
District's proportionate share of the FRS net pension liability	22,389	116,854	142,275	124,275	113,543	108,173	105,821	115,562	102,409	102,410
District's covered payroll	55,849	108,419	116,891	117,014	138,562	181,026	178,678	179,621	170,686	165,597
Liability as a percentage of its covered payroll	40.09%	107.78%	121.72%	106.21%	81.94%	59.76%	59.22%	64.34%	60.00%	61.84%
FRS plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* Measurement date is June 30th of each year
Information is not available for periods prior to 2014

**FELLSMERE WATER CONTROL DISTRICT
FELLSMERE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023**

Schedule of District Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 5,930	\$ 14,172	\$ 15,019	\$ 13,526	\$ 13,842	\$ 22,616	\$ 21,193	\$ 20,434	\$ 19,244	\$ 17,864
FRS contributions in relation to the contractually required contribution	(5,930)	(14,172)	(15,019)	(13,526)	(13,842)	(22,616)	(21,193)	(20,434)	(19,244)	(17,864)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 55,699	\$ 108,419	\$ 116,891	\$ 117,014	\$ 138,562	\$ 181,026	\$ 178,378	\$ 179,621	\$ 170,686	\$ 165,597
FRS contributions as a percentage of covered employee payroll	10.65%	13.07%	12.85%	11.56%	9.99%	12.49%	11.88%	11.38%	11.27%	10.79%

Schedule of District Contributions
Health Insurance Subsidy Pension Plan
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 925	\$ 1,797	\$ 1,940	\$ 1,942	\$ 2,300	\$ 3,005	\$ 2,966	\$ 2,982	\$ 3,133	\$ 2,607
HIS contributions in relation to the contractually required contribution	(925)	(1,797)	(1,940)	(1,942)	(2,300)	(3,005)	(2,966)	(2,982)	(3,133)	(2,607)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 55,699	\$ 108,419	\$ 116,891	\$ 117,014	\$ 138,562	\$ 181,026	\$ 178,378	\$ 179,621	\$ 170,686	\$ 165,597
HIS contributions as a percentage of covered employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.84%	1.57%

*Information is not available for periods prior to 2014.

**FELLSMERE WATER CONTROL DISTRICT
 FELLSMERE, FLORIDA
 OTHER INFORMATION – DATA ELEMENTS
 REQUIRED BY FL STATUTE 218.39(3)(C)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
 UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of district employees compensated in the last pay period of the District's fiscal year being reported	2
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported	3
Employee compensation	\$85,457
Independent contractor compensation	\$32,908
Construction projects to begin on or after October 1; (>\$65K)	Not applicable
Budget variance report	See Variance Report in report for details
Ad Valorem taxes:	
Millage rate	Not applicable
Ad valorem taxes collected	Not applicable
Outstanding Bonds:	Not applicable
Non ad valorem special assessments:	
Special assessment rate	Ranges from \$12.50 to \$29.00 per acre
Special assessments collected	\$616,520
Outstanding Bonds:	Not applicable



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

To the Board of Supervisors
Fellsmere Water Control District
Fellsmere, 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 the major fund of Fellsmere Water Control District, Fellsmere, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

June 27, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Fellsmere Water Control District
Fellsmere, Florida

We have examined Fellsmere Water Control District, Fellsmere, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, 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. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal 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 the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Old Plantation Water Control District, Plantation, Florida and is not intended to be and should not be used by anyone other than these specified parties.

June 27, 2024



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Fellsmere Water Control District
Fellsmere, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Fellsmere Water Control District, Fellsmere, Florida ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 27, 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 Florida 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 Auditor'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 June 27, 2024, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Old Plantation Water Control District, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the District and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

June 27, 2024

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2022.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2023.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2023.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 28.