

SHAWANO WATER CONTROL DISTRICT

Annual Financial Report

September 30, 2020

SHAWANO WATER CONTROL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Shawano Water Control District
Belle Glade, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Shawano Water Control District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Shawano Water Control District, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 and other required supplementary information as listed in the table of contents (collectively, the "required supplementary information") be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021, on our consideration of Shawano Water Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shawano Water Control 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 Shawano Water Control District's internal control over financial reporting and compliance.

Bay, Miller, Kisher & Perry, P.A.

Clewiston, Florida
June 21, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Shawano Water Control District (“District”) provides a narrative overview of the District’s financial activities for the fiscal year ended September 30, 2020. 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.

This District is governed by a three-member Board of Supervisors. The Board members are elected by the landowners of the District for three-year terms. The Board has hired four consultants to represent the interests of the District; an engineer, an attorney, an auditor, and a manager to provide for the administration of the operations of the District. The District has one full time employee.

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded its liabilities at the end of the fiscal year ended September 30, 2020, by \$2,516,273. Of this amount, \$556,448 (unrestricted net position) may be used to meet the District’s ongoing operations.
- The District’s total net position increased by \$222,916.
- The District’s total revenue (on an accrual basis) was \$546,546 for the year ended September 30, 2020.
- Total expenses (on an accrual basis) for all of the District’s activities were \$323,630 for the year.

District Highlights

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

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.

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.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Government-Wide Financial Statements (continued)

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 12 and 14)

The District maintains one governmental fund 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 which is considered to be 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. (See page 30)

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 exceeded liabilities by \$2,516,273 for the fiscal year ended September 30, 2020. The largest assets include cash and investments, and capital assets which are approximately 23% and 76% of the District's total assets, respectively and are to be used to meet the financial obligations for the District's ongoing operations.

The following table highlights the net position as of September 30, 2020, and 2019:

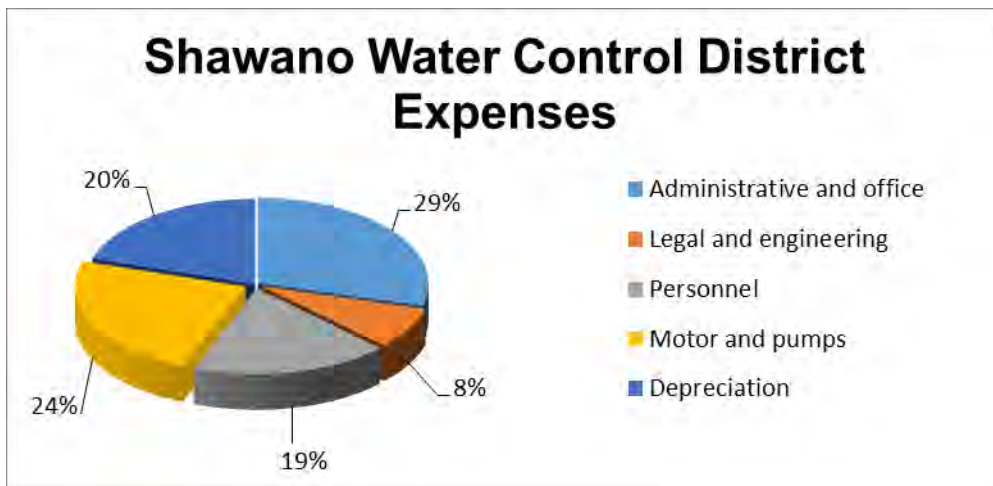
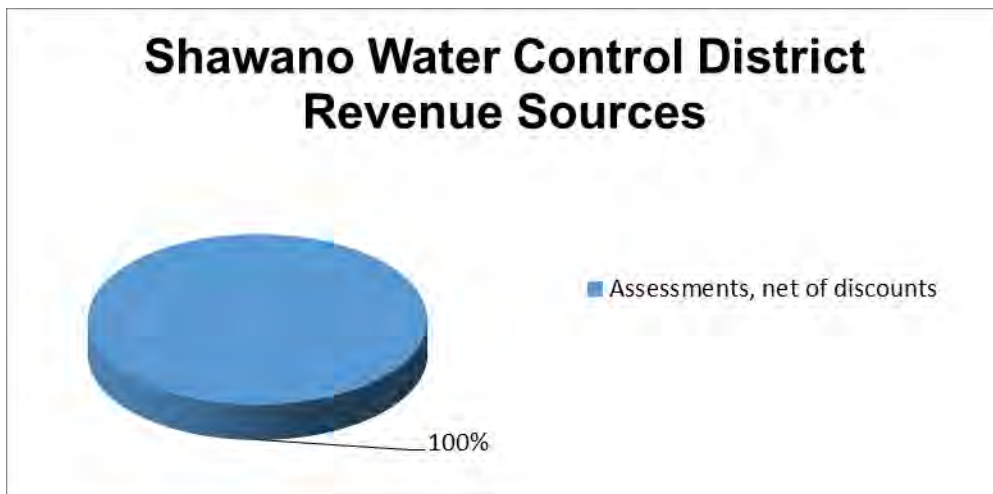
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 600,875	\$ 337,445
Receivables	3,428	3,368
Prepaid insurance and inventory	10,740	23,999
Capital assets	<u>1,959,825</u>	<u>2,014,673</u>
Total assets	<u>2,574,868</u>	<u>2,379,485</u>
Deferred outflows related to pensions	<u>18,085</u>	<u>17,953</u>
Total assets and deferred outflows	<u>2,592,953</u>	<u>2,397,438</u>
Current liabilities	13,346	46,501
Noncurrent liabilities	<u>58,785</u>	<u>50,290</u>
Total liabilities	<u>72,131</u>	<u>96,791</u>
Deferred inflows related to pensions	<u>4,549</u>	<u>7,290</u>
Total liabilities and deferred inflows	<u>76,680</u>	<u>104,081</u>
Net position		
Invested in capital assets, net of related debt	1,959,825	2,014,673
Unrestricted	<u>556,448</u>	<u>278,684</u>
Total net position	<u>\$ 2,516,273</u>	<u>\$ 2,293,357</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table highlights the changes in net position for the fiscal years ended September 30, 2020, and 2019:

	<u>2020</u>	<u>2019</u>
Revenues		
General revenues		
Special assessments	\$ 545,948	\$ 546,650
Investment earnings	598	1,054
Total revenues	<u>546,546</u>	<u>547,704</u>
Program expenses		
General government	181,272	192,087
Physical environment	<u>142,358</u>	<u>147,869</u>
Total expenses	<u>323,630</u>	<u>339,956</u>
Change in net position	222,916	207,748
Net position, beginning of year	<u>2,293,357</u>	<u>2,085,609</u>
Net position, end of year	<u>\$2,516,273</u>	<u>\$2,293,357</u>

The following graphs represent the sources of revenues and expenses for the fiscal year:



BUDGETARY HIGHLIGHTS

The District adopted the fiscal year 2019/2020 budget on June 21, 2019, with an assessment rate, for operations, of \$30.00 per acre for Unit I and \$15.00 per acre for Units II and III,. Total expenditures budgeted for the fiscal year ended September 30, 2020, were \$444,900. Total assessment revenue budgeted was \$436,200.

Total actual expenditures were \$181,740 below budgeted expenditures. This was mainly due to the following:

- Physical environment (water control) expenditures were less than budgeted.

Total actual revenues were \$109,346 over the budgeted revenue. Additional budget comparison information is presented on page 30.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2020, amounted to \$1,959,825 (net of accumulated depreciation). There were \$10,531 of capital additions during the fiscal year ended September 30, 2020.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the fiscal years ended September 30, 2020, and 2019:

	<u>2020</u>	<u>2019</u>
Other capital assets	<u>\$1,959,825</u>	<u>\$2,014,673</u>
Total capital assets, September 30,	<u>\$1,959,825</u>	<u>\$2,014,673</u>

Debt Administration

The following table presents the District's total outstanding debt for the fiscal years ended September 30, 2020, and 2019:

	<u>2020</u>	<u>2019</u>
Accounts payable and other liabilities	\$ 13,346	\$ 46,501
Net pension liability	<u>58,785</u>	<u>50,290</u>
Total outstanding debt, September 30,	<u>\$ 72,131</u>	<u>\$ 96,791</u>

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 Charles F. Schoech, the District's General Counsel, 1555 Palm Beach Lakes Blvd., West Palm Beach, Florida 33401, Telephone No. (561) 655-0620.

SHAWANO WATER CONTROL DISTRICT
Statement of Net Position
September 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 600,875
Due from other governments	3,428
Inventory	6,500
Prepaid insurance	4,240
Capital assets, net of accumulated depreciation	<u>1,959,825</u>
Total assets	<u>2,574,868</u>
Deferred outflows of resources	
Deferred outflows related to pension plans	<u>18,085</u>
Total assets and deferred outflows	<u>2,592,953</u>
Liabilities	
Accounts payable	12,088
Accrued expenses	1,258
Net pension liability	<u>58,785</u>
Total liabilities	<u>72,131</u>
Deferred inflows of resources	
Deferred inflows related to pension plans	<u>4,549</u>
Total liabilities and deferred inflows	<u>76,680</u>
Net position	
Invested in capital assets, net of related debt	1,959,825
Unrestricted	<u>556,448</u>
Total net position	<u><u>\$ 2,516,273</u></u>

See notes to the financial statements.

SHAWANO WATER CONTROL DISTRICT
Statement of Activities
For the Year Ended September 30, 2020

<u>Functions/Programs</u>	<u>Program Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Governmental Activities</u>
Governmental activities			
General government	\$ 181,272	\$ 305,797	\$ 124,525
Physical environment	<u>142,358</u>	<u>240,151</u>	<u>97,793</u>
Total governmental activities	<u>\$ 323,630</u>	<u>\$ 545,948</u>	<u>222,318</u>

General revenues:	
Investment earnings	<u>598</u>
Total general revenues	<u>598</u>
Change in net position	222,916
Net position - beginning of year	<u>2,293,357</u>
Net position - end of year	<u>\$ 2,516,273</u>

See notes to the financial statements.

SHAWANO WATER CONTROL DISTRICT
Balance Sheet
September 30, 2020

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 600,875
Due from other governments	3,428
Inventory	6,500
Prepaid insurance	4,240
Total assets	\$ 615,043
Liabilities and fund balance	
Accounts payable	\$ 12,088
Accrued expenses	1,258
Total liabilities	13,346
Fund balance	
Nonspendable	10,740
Unassigned	590,957
Total fund balance	601,697
Total liabilities and fund balance	\$ 615,043

See notes to the financial statements.

SHAWANO WATER CONTROL DISTRICT
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 September 30, 2020

Fund balance - governmental funds		\$ 601,697
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported 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	\$ 4,045,691	
Accumulated depreciation	<u>(2,085,866)</u>	
		1,959,825
Deferred outflow/inflows related to pension plans		13,536
<p>Long-term liabilities which are not due or payable in the current period, are not reported in the governmental funds.</p>		
Pension liability		<u>(58,785)</u>
Net position of governmental activities		<u>\$ 2,516,273</u>

See notes to the financial statements.

SHAWANO WATER CONTROL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2020

	General Fund
Revenues	
Assessments, net of discounts	\$ 545,948
Interest income	598
Total revenues	546,546
Expenditures	
Current:	
General government	175,650
Physical environment	87,510
Total expenditures	263,160
Excess of revenues over expenditures	283,386
Fund balance - beginning of year	318,311
Fund balance - end of year	\$ 601,697

See notes to the financial statements.

SHAWANO WATER CONTROL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended September 30, 2020

Net change in fund balance - total governmental funds	\$ 283,386
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	10,531
Depreciation on capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(65,379)
Net change in the pension related outflows/inflows and pension liability	<u>(5,622)</u>
Change in net position of governmental activities	<u>\$ 222,916</u>

See notes to the financial statements.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

The accounting methods and procedures adopted by Shawano Water Control District (the District) conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the District's Annual Financial Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Shawano Water Control District was created on June 6, 1927, by Florida Statutes, Chapter 11864 of Laws of Florida as Brown Drainage District. Its name was changed to Shawano Drainage District and later to Shawano Water Control District. The District was created for the purpose of water management for reclaiming and improving the land within its boundaries to make the land available, acceptable, and habitable for settlement and agriculture.

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 administers 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.

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.

Basic Financial Statements - Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's drainage activities and general administrative services are classified as governmental activities.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-Wide Statements (continued)

In the government-wide Statement of Net Position, the governmental activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions and activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues (assessments), operating and capital grants. Program revenues must be directly associated with the District's functions and activities.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The General Fund, the only fund of the District, is a governmental fund and is considered a major fund in these financial statements.

The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

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.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Full Accrual

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

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Deposits and Investments

For financial reporting purposes, the District considers cash and cash equivalents to be cash on hand, cash in banks, certificates of deposit, regardless of maturity, and short-term investments with maturities less than three months when acquired.

District investments with a maturity of one year or less when purchased are stated at cost or amortized cost. District investments with a maturity greater than one year are stated at fair value in accordance with GASB Statement No. 31.

The District does not have an adopted investment policy since it follows Florida Statute 218.45 for investment decisions. Florida Statutes authorize investments that include money market accounts, savings accounts, and certificates of deposit at banks certified as qualified public depositories by the State of Florida, repurchase agreements, Florida PRIME, obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds.

The District follows state statutes for allowable investments. However, state statutes do not specifically address the risks disclosed in GASB No. 40. No policy exists for the following risks: credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Investments consist of interest-bearing bank accounts at financial institutions that qualify as public depositories. These funds are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Securities for Public Deposits Act (Florida Statutes 280).

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories

Inventories in the governmental activities consist of expendable fuel held for the District's use and are carried at cost using the first-in, first-out method.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

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

GASB Statement No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, canals, and pumping stations. These infrastructure assets are likely to be the largest asset class of the District. Neither their historical cost nor related depreciation had historically been reported in the financial statements prior to September 30, 2003. The District is classified as a Phase 3 Government in accordance with the definitions contained in GASB 34. A Phase 3 Government is not required to report their major general infrastructure assets retroactively. The District elected to report their general infrastructure assets on a prospective basis beginning September 30, 2003.

Net Position and Fund Balance

Government-Wide Net Position

Government-Wide net position is divided into three categories:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any outstanding debt that was used to finance those assets.
- Restricted - consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions, by enabling legislation, or contributor restrictions.
- Unrestricted - all other net position is reported in this category.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balance (continued)

Governmental Fund Balances

Governmental fund balances consist of the following:

- Non-spendable - amounts that are not in spendable form (such as prepaid expenses, or long-term investments) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board members) and its highest level action (i.e. Resolution). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors.
- Unassigned - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the District to generally consider restricted amounts to have been reduced 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 policy of the District that committed amounts would be reduced first, followed by assigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Revenues

Substantially all governmental fund revenues are accrued. Assessments are billed and collected within the same period in which the taxes are levied. Subsidies and grants which finance either capital or current operations, are reported as nonoperating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported for governmental activities in the period the inventory items are used, rather than in the period purchased.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalization Policy

The capitalization policy of the District is to capitalize all assets with a cost of \$750 or more with an expected life of two years or more.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The significant components of the deferred outflows of resources shown in the statement of net position for the years ended September 30, 2020, and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Florida Retirement System Defined Benefit Plan	\$ 13,713	\$ 13,458
Florida Retirement System Health Insurance Plan	<u>4,372</u>	<u>4,495</u>
Total deferred outflows related to pension plans	<u>\$ 18,085</u>	<u>\$ 17,953</u>

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 represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The significant components of the deferred inflows of resources shown in the statement of net position for the years ended September 30, 2020, and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Florida Retirement System Defined Benefit Plan	\$ 1,901	\$ 4,140
Florida Retirement System Health Insurance Plan	<u>2,648</u>	<u>3,150</u>
Total deferred inflows related to pension plans	<u>\$ 4,549</u>	<u>\$ 7,290</u>

See Note 6 for additional information concerning the breakdown of deferred outflows/inflows for the year ended September 30, 2020.

Use of Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

1. During June, the District Manager submits to the Board of Supervisors a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A landowners' hearing is held to obtain taxpayer comments.
3. Subsequent to the landowners' meeting the Board legally adopts the budget.
4. All budget changes must be approved by the Board of Supervisors.
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. Line item changes made during the year were approved by the Board of Supervisors.

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed in the District's accounting system.

NOTE 2 - 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. On June 21, 2019, the District levied an assessment rate for operations of \$30.00 per acre for Unit I and \$15.00 per acre for Units II and III for the fiscal year ended September 30, 2020.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 2 - ASSESSMENTS (continued)

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.

NOTE 3 - CASH, DEPOSITS, AND INVESTMENTS

Deposits in Banks

At September 30, 2020, the carrying amount of the District's noninterest-bearing and interest-bearing bank accounts was \$600,875 and the banks' balances were also \$600,875.

These deposits are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Under this Act, financial institutions that qualify as public depositories pledge securities that have a market value equal to 50% - 125% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Depository Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

Due to the District's use of short-term interest-bearing bank accounts in financial institutions that are covered by federal depository insurance or collateral pledged under Florida Statutes Chapter 280, it is considered that credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk to these assets are nominal or nonexistent.

During the year, investments consisted of interest-bearing bank accounts that had a carrying amount and market value of \$596,850 as of September 30, 2020.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Infrastructure	\$1,813,474	\$ -	\$ -	\$1,813,474
Buildings	228,172	-	-	228,172
Improvements	883,678	-	-	883,678
Machinery and equipment	603,801	10,531	-	614,332
Triangle Bridge	<u>506,035</u>	<u>-</u>	<u>-</u>	<u>506,035</u>
	4,035,160	10,531	-	4,045,691
Less accumulated depreciation	<u>2,020,487</u>	<u>65,379</u>	<u>-</u>	<u>2,085,866</u>
	<u>\$2,014,673</u>	<u>\$ (54,848)</u>	<u>\$ -</u>	<u>\$1,959,825</u>

NOTE 5 - LONG-TERM DEBT

Schedule of Changes in Long-Term Debt

	Net Pension Liability
Long-term debt at October 1, 2019	\$ 50,290
Increase in accrual for net pension liability	<u>8,495</u>
Long-term debt at September 30, 2020	<u>\$ 58,785</u>

NOTE 6 - MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN

Plan Description

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

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 6 - MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN (continued)

Plan Description (continued)

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 from the Web site: www.dms.myflorida.com/workforceoperations/retirement/publications.

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees. There are five classes of membership: Regular Class, Special Risk Class, Special Risk Administrative Class, Elected Officer’s Class and Senior Management Service Class. The District’s employee is an operations employee and belongs to the Regular Class.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

For plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service and increases normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for these members will be based on the eight highest years of salary.

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

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

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 6 - MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN (continued)

Benefits Provided (continued)

As a participant in the FRS, the District is also a participant in the Retiree Health Insurance Subsidy Program (HIS), which is a cost-sharing, multiple employer defined benefit plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries receive monthly HIS payments equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive an HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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 for the Regular Service Class for the periods from October 1, 2019, through June 30, 2020, and from July 1, 2020, through September 30, 2020, respectively, were 8.47% and 10.00%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2019, through September 30, 2020.

The District's contributions, including employee contributions, to the Pension Plans totaled \$5,606 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the District reported a liability of \$42,007 and \$16,778 for its proportionate share of the net pension liability for the FRS Pension Plan and HIS Program, respectively. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share for the FRS Pension Plan was .000096919%, which was a decrease of .000003071% from its proportionate share measured as of June 30, 2019. At June 30, 2020, the District's proportionate share for the HIS Program was .000137439%, which was a decrease of .000004293% from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the District recognized pension expense of \$9,845.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 6 - MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN (continued)

Actuarial Assumptions

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumption Conference. The FRS Pension Plan has a valuation performed annually. The HIS program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2020, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long term expected rate of the return used for FRS Pension Plan investments is 6.80%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. Mortality assumptions for the FRS Pension Plan and HIS Program were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The following changes in actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return was decreased from 6.90% to 6.80%.

HIS: The municipal bond rate used to determine total pension liability decreased from 3.50% to 2.21% and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

Sensitivity Analysis

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for the FRS Pension Plan and 2.21% for the HIS Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

<u>FRS Pension Plan Net Pension Liability</u>		
1% Decrease	Current Discount Rate	1% Increase
<u>5.80%</u>	<u>6.80%</u>	<u>7.80%</u>
\$67,078	\$42,007	\$ 21,067
<u>HIS Plan Net Pension Liability</u>		
1% Decrease	Current Discount Rate	1% Increase
<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
\$19,395	\$16,778	\$ 14,636

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 6 - MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN (continued)

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

Differences between expected and actual experience with regard to economic and demographic factors - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

Changes of assumptions or other inputs - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

Differences between expected and actual earnings on pension plan investments - amortized over five years

Contributions to the pension plans from employers are not included in collective pension expense, however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2020, was 5.9 years for FRS and 7.2 years for HIS. On September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the pension plans from the following sources:

Florida Retirement System Pension Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,608	\$ -
Changes in assumptions	6,844	-
Changes in employer's proportion	1,772	1,901
Net difference between projected and actual earnings on pension plan investments	2,501	-
Contributions subsequent	988	-
Balance as of September 30, 2020	<u>\$13,713</u>	<u>\$ 1,901</u>

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 6 - MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN (continued)

Pension Expense and Deferred Outflows/(Inflows) of Resources (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Health Insurance Subsidy Plan		
Difference between expected and actual experience	\$ 686	\$ 13
Changes in assumptions	1,804	976
Changes in employer's proportion	1,668	1,659
Net difference between projected and actual earnings on pension plan investments	16	-
Contributions subsequent	198	-
Balance as of September 30, 2020	<u>\$ 4,372</u>	<u>\$ 2,648</u>

Deferred outflows of resources of \$1,186, related to employer contributions paid subsequent to the measurement date and prior to the District's fiscal year end for the FRS Pension Plan and HIS Plan, will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<u>Year Ending September 30,</u>	<u>FRS Plan</u>	<u>HIS Plan</u>
2021	\$ 2,231	\$ 422
2022	3,474	313
2023	2,953	86
2024	1,765	199
2025	401	271
Thereafter	-	235
Total	<u>\$ 10,824</u>	<u>\$ 1,526</u>

The Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions, which are required supplementary information, are presented following the notes to the financial statements on pages 32 and 33.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; and natural disasters. The District is a member of a public entity risk pool which is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The pool provides coverage for property, liability, public officials' liability, workers' compensation, automobile physical damage, general liability, and automobile liability. The costs of the property and casualty insurance and workers' compensation are accounted for in the General Fund. There were no settled claims which exceeded insurance coverage during the past three fiscal years.

SHAWANO WATER CONTROL DISTRICT
Notes to Financial Statements
September 30, 2020

NOTE 7 - RISK MANAGEMENT (continued)

A loss fund is established to pay the self-insured retention amounts. Self-insured per occurrence limits are \$100,000 for property and liability claims, \$150,000 for workers' compensation, and \$25,000 for crime related claims. Any claims in excess of these established limits are covered by aggregate excess or stop loss insurance. The District financial reporting entity is covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the liability of individual claims to \$100,000/\$200,000 for all claims relating to the same incident.

The District provides hospitalization and medical coverage through the purchase of insurance from commercial insurance companies.

Major uninsurable risks include damages to infrastructure assets and damages or governmental fines due to seepage, pollution, or contamination of any kind. Since the amounts of loss cannot be reasonably estimated and the likelihood is undeterminable, no provision for such occurrences is included in these financial statements. However, by a resolution of the Board of Supervisors, the District has implemented a self-insurance program by establishing a Self-Insurance Reserve Account that is maintained for emergency purposes or expenditures including the repair or replacement of operating equipment, buildings or structures having been damaged or rendered inoperative by emergency events or unforeseen occurrences, or other expenditures that may be authorized by the Board.

NOTE 8 - FUND BALANCE/NET POSITION

Classifications of the fund balance and restrictions of the net position of the District are created to either (1) satisfy intentions that require a portion of the fund balance/net position be segregated, or (2) identify the portion of the fund balance/net position that is not appropriate for future expenditures. A specific classification of the fund balance is as follows:

Nonspendable Fund Balance

This classification was created to represent the portion of the fund balance that is not available for current expenditure because the amount is not in spendable form. This amount is represented by fuel inventory and prepaid insurance.

NOTE 9 - OVER EXPENDITURES

The following expenditures exceeded their budgeted amounts at September 30, 2020, as shown in the budget comparison schedule on page 30:

<u>Expenditure type</u>	<u>Over expenditure</u>
General government	
Payroll taxes and retirement	\$ 1,530
Physical environment	
Mobile equipment	1,625
Culverts	2,031

SHAWANO WATER CONTROL DISTRICT
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended September 30, 2020

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues				
Assessments, net of discounts	\$ 436,200	\$ 436,200	\$ 545,948	\$ 109,748
Interest income	1,000	1,000	598	(402)
Total revenues	<u>437,200</u>	<u>437,200</u>	<u>546,546</u>	<u>109,346</u>
Expenditures				
General government				
Payroll	47,900	47,900	47,700	200
Administration	42,000	42,000	42,000	-
Legal fees	35,000	35,000	25,023	9,977
Insurance	28,000	28,000	27,734	266
Accounting and audit fees	17,000	17,000	16,700	300
Engineering fees	9,000	9,000	630	8,370
Payroll taxes and retirement	6,000	6,000	7,530	(1,530)
Office and utilities	3,000	3,000	1,273	1,727
Commissions and assessing fees	6,000	6,000	5,423	577
Miscellaneous	2,000	2,000	1,637	363
Total general government	<u>195,900</u>	<u>195,900</u>	<u>175,650</u>	<u>20,250</u>
Physical environment				
Motor and pumps fuel	70,000	70,000	59,135	10,865
Motor and pumps maintenance	100,000	100,000	12,463	87,537
Monitoring	5,500	5,500	3,129	2,371
Canals and levees	39,000	39,000	555	38,445
Mobile equipment	-	-	1,625	(1,625)
Roads	5,000	5,000	-	5,000
Building maintenance	3,000	3,000	72	2,928
Equipment replacement	15,000	15,000	-	15,000
Culverts	8,500	8,500	10,531	(2,031)
Engine replacement	3,000	3,000	-	3,000
Capital outlay	-	-	-	-
Total physical environment	<u>249,000</u>	<u>249,000</u>	<u>87,510</u>	<u>161,490</u>
Total expenditures	<u>444,900</u>	<u>444,900</u>	<u>263,160</u>	<u>181,740</u>
Excess of revenues over (under) expenditures	<u>\$ (7,700)</u>	<u>\$ (7,700)</u>	283,386	<u>\$ 291,086</u>
Fund balance, beginning of year			<u>318,311</u>	
Fund balance, end of year			<u>\$ 601,697</u>	

SHAWANO WATER CONTROL DISTRICT
Notes to Required Supplementary Information
September 30, 2020

NOTE A - BUDGETARY ACCOUNTING

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 amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. There were no amendments to the budget during the fiscal year ended September 30, 2020. Actual General Fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

Actual General Fund expenditures for the fiscal year ended September 30, 2020, were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At September 30, 2020, the following items had expenditures exceeding their budgeted amounts.

<u>Expenditure type</u>	<u>Over expenditure</u>
General government	
Payroll taxes and retirement	\$ 1,530
Physical environment	
Mobile equipment	1,625
Culverts	2,031

SHAWANO WATER CONTROL DISTRICT
Schedule of Proportionate Share of Net Pension Liability
Last Seven Fiscal Years (1)

FRS Plan

	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	0.000096919%	0.000099990%	0.000100465%	0.000100705%	0.000070306%	0.000108032%	0.000107311%
Proportion share of the net pension liability	\$ 42,007	\$ 34,435	\$ 30,261	\$ 29,788	\$ 17,752	\$ 13,954	\$ 6,548
Covered employee payroll	47,700	47,700	46,500	45,492	30,887	43,895	42,436
Proportionate share of the net pension liability as a percentage of covered employee payroll	88.06%	72.19%	65.08%	65.48%	57.47%	31.79%	15.43%
Plan fiduciary net position as a percentage of total pension liability (2)	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

HIS Plan

	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	0.000137439%	0.000141732%	0.000141373%	0.000141790%	0.000099874%	0.000143020%	0.000143140%
Proportion share of the net pension liability	\$ 16,778	\$ 15,855	\$ 14,963	\$ 15,161	\$ 11,640	\$ 14,586	\$ 13,384
Covered employee payroll	47,700	47,700	46,500	45,492	30,887	43,895	42,436
Proportionate share of the net pension liability as a percentage of covered employee payroll	35.17%	33.24%	32.18%	33.33%	37.69%	33.23%	31.54%
Plan fiduciary net position as a percentage of total pension liability (2)	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

(1) GASB 68 requires information for the past 10 years, however, only years ending 2020, 2019, 2018, 2017, 2016, 2015, and 2014 are currently available.

(2) The plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the FRS Comprehensive Annual Financial Report.

SHAWANO WATER CONTROL DISTRICT
Schedule of Contributions
Last Seven Fiscal Years (1)

	<u>FRS Plan</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,383	\$ 3,173	\$ 2,948	\$ 2,660	\$ 1,726	\$ 2,625	\$ 2,441
Contributions in relation to the contractually required contribution	<u>3,383</u>	<u>3,173</u>	<u>2,948</u>	<u>2,660</u>	<u>1,726</u>	<u>2,625</u>	<u>2,441</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 47,700	\$ 47,700	\$ 46,500	\$ 45,492	\$ 30,887	\$ 43,895	\$ 42,436
Contributions as a percentage of covered employee payroll	7.09%	6.65%	6.34%	5.85%	5.59%	5.98%	5.75%
	<u>HIS Plan</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 792	\$ 792	\$ 772	\$ 755	\$ 513	\$ 597	\$ 539
Contributions in relation to the contractually required contribution	<u>792</u>	<u>792</u>	<u>772</u>	<u>755</u>	<u>513</u>	<u>597</u>	<u>539</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 47,700	\$ 47,700	\$ 46,500	\$ 45,492	\$ 30,887	\$ 43,895	\$ 42,436
Contributions as a percentage of covered employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.27%

(1) GASB 68 requires information for 10 years, however, only years ending 2020, 2019, 2018, 2017, 2016, 2015, and 2014 are available.

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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*

Board of Supervisors
Shawano Water Control 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 the major fund of Shawano Water Control District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Shawano Water Control District's basic financial statements and have issued our report thereon dated June 21, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shawano Water Control 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.

Bay, Miller, Kistner & Perry, P.A.

Clewiston, Florida
June 21, 2021

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

Board of Supervisors
Shawano Water Control District
Belle Glade, Florida

We have examined Shawano Water Control District's compliance with the requirements of Section 218.415, Florida Statutes, regarding the investment of public funds in accordance with Rule 10.556(10)(a) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2020. Management is responsible for Shawano Water Control District's compliance with those requirements. Our responsibility is to express an opinion on Shawano Water Control 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 Shawano Water Control District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Shawano Water Control District complied with the specific requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risk of noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Shawano Water Control District's compliance with the specified requirements.

In our opinion, Shawano Water Control District complied, in all material respects, with the requirements of Section 218.415, Florida Statutes for the fiscal year ended September 30, 2020.

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

Boy, Miller, Kisker + Perry, P.A.

Clewiston, Florida
June 21, 2021

BOY, MILLER, KISKER & PERRY, P.A.

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

Board of Supervisors
Shawano Water Control District
Belle Glade, Florida

Report on the Financial Statements

We have audited the financial statements of Shawano Water Control District, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 21, 2021.

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 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 (if any) in those reports, which are dated June 21, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name and legal authority for the District is disclosed in the notes to the financial statements. There were no component units related to Shawano Water Control District.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Shawano Water Control District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Shawano Water Control 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 Shawano Water Control District. It is management's responsibility to monitor Shawano Water Control District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and 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.

Boj, Miller, Kusker & Perry, P.A.

Clewiston, Florida
June 21, 2021

SHAWANO WATER CONTROL DISTRICT

AN INDEPENDENT SPECIAL DISTRICT
& POLITICAL SUBDIVISION OF
THE STATE OF FLORIDA

ELECTED BOARD OF SUPERVISORS
JOHN SCOTT HUNDLEY, PRESIDENT
ANTONIO DE CORRAL, SUPERVISOR
JIM SHINE, SUPERVISOR

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June 21, 2021

AUDITEE'S RESPONSE TO AUDITOR'S REPORT AND MANAGEMENT LETTER

Sherrill F. Norman, CPA
Auditor General
State of Florida

Re: Fiscal Year 2019-2020

Dear Ms. Norman:

The Rules of the Auditor General (Section 10.558(1)) require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited in the auditor's report and management letter.

There were no deficiencies cited in the current year auditor's reports or management letter.

If you need additional information, please contact our office.

Sincerely,



Charles F. Schoech
Secretary, Treasurer and
Counsel for the District
Shawano Water Control District