

**Melbourne-Tillman  
Water Control District**

**FINANCIAL STATEMENTS**

**Year Ended September 30, 2021**



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**Melbourne-Tillman Water Control District  
Board of Directors  
As of September 30, 2021**

President

Philip Weinberg

Vice President

Joseph N. Hale

Other Directors

Eric Blount

Drew Powshok

Don Jordan

Keith Jerdon

John Woltering

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**FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Melbourne-Tillman Water Control District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Melbourne-Tillman Water Control District (the "District"), a dependent special district of Brevard County, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion 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 auditors' 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Melbourne-Tillman Water Control District as of September 30, 2021, and the changes in financial position and cash flows 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 and the required supplementary information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the District. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of Melbourne-Tillman 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 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 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 Melbourne-Tillman Water Control District's internal control over financial reporting and compliance.

*Carly Riggs & Ingram, L.L.C.*

Melbourne, Florida

June 23, 2022

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## **Melbourne-Tillman Water Control District Management's Discussion and Analysis September 30, 2021**

The Melbourne Tillman Water Control District, a dependent special district of Brevard County, operates as an enterprise fund. A discussion of the District's financial performance for the year ending September 30, 2021 can be best understood given a brief background of the District.

### **History**

The Melbourne-Tillman Water Control District is a dependent water control district of Brevard County reorganized in 1986 from its initial authorization as an independent district by the Florida Legislature in 1922. The District contains 100.8 square miles within its boundaries, approximately 64,500 acres. It is located in southern Brevard County and includes portions of the City of Palm Bay and the City of West Melbourne.

The District was initiated in the summer of 1921 through the presentation of a petition to the Circuit Court of Brevard County. This petition was for land reclamation for agricultural development and was signed by the required majority of landowners, by acreage, within the proposed boundaries of the District. After proper legal advertisement, a Decree was issued January 7, 1922 organizing and establishing the Melbourne-Tillman Drainage District under Chapter 6458, Laws of Florida, Acts of 1913. The proposed plan called for a network of canals that would, in conjunction with a western levee separating surface flows from the St. Johns River, divert runoff eastward to Turkey Creek. Construction of the approved canal and levee system began in November of 1922.

Construction of the canals and levee system continued through 1928 when operations ceased due to funding difficulties. Work was estimated to be 85 percent complete and did not include the outfall dam. Throughout the following decades the District persevered and was reorganized in 1986 as a dependent district of Brevard County under Chapter 86-418, Florida Statutes and later codified under its current authorization as Chapter 2001-336, Laws of Florida, as amended by Chapter 2003-334, Chapter 2010-235, and Chapter 2019-175, Laws of Florida.

Today, the District successfully operates and maintains seventy-five canals, totaling over 163 miles, and a major water control structure. The primary canal serving the District, Canal C-1, traverses the District from the western levee, east to the primary water control structure at the outfall to Turkey Creek, a distance of approximately 9 miles.

### **Legislative Authority**

The District operates under the authority of Chapter 2001-336, Laws of Florida, as amended by Chapter 2003-334, Chapter 2010-235, and Chapter 2019-175, Laws of Florida. In 1986, the Florida Legislature "declared and determined ... that a special district ... would be the most responsive, efficient, and effective local government entity to secure, operate, and maintain an adequate, dependable surface water management system ...". The Legislature created and incorporated the Melbourne-Tillman Water Control District as a dependent special district for the purpose of constructing, reconstructing and repairing, maintaining, and operating a surface water management system, previously managed by an independent district of the same name created pursuant to Chapter 298, Florida Statutes.

## **Melbourne-Tillman Water Control District Management's Discussion and Analysis September 30, 2021**

The District is governed by a seven (7) member Board appointed by the City of Palm Bay (3 members), Brevard County (3 members), and the City of West Melbourne (1 member). The singular qualification is that members must reside within District boundaries for the tenure of their service. The Board of Directors has the power to establish a water management system to prevent damage from flooding, soil erosion, and excessive drainage; to promote the conservation, development, and proper utilization of surface and ground water; to preserve natural resources, fish, and wildlife; maintain water quality; and to preserve and protect natural systems within and surrounding the District.

The Board may authorize the cleaning, straightening, widening or the change of course or flow, alter or deepen any canal, ditch, drain, watercourse or natural stream within the District boundaries. The building and construction of other works and improvements to preserve and maintain the works of the District are also authorized.

### **Funding**

As a dependent district, the Board of Directors adopts a tentative annual operating budget for each fiscal year, to be approved by the Board of County Commissioners as an Enterprise Fund under the County's budget process.

District revenues consist of Operating Revenues (User Fee Charges for Services, Interest Income and Permit Fees) and Non-Operating Revenues (Balance Forward from Reserves for Operating and Capital). The User Fee Charges for Services, a non-ad valorem fee based on the County's assessment of property size and use, represents the largest component of the District's revenues, generally 90 to 95 percent.

### **Basic Financial Statements: This and Past Fiscal Years**

The most recent fiscal year, 2021, concluded with operations within the approved budget limitations; similar to the performance of the previous year, 2020.

### **Assets**

As of September 30, 2021, the District's total assets include cash, investments, inventories, property and equipment. Total assets increased from \$4,122k in 2020 to \$4,961k in 2021, due mainly to an increase of \$764k in due from other governments as a result of grant revenues obligated from the Federal Emergency Management Agency. Net cash and investments decreased \$13k, and property and equipment increased \$92k as a result of depreciation of \$493k offset by approximately \$591k in asset additions and \$6k in disposals.

# Melbourne-Tillman Water Control District Management's Discussion and Analysis September 30, 2021

## Liabilities

As of September 30, 2021, total liabilities of approximately \$807k include accounts payable, wages and benefits payable, accrued compensated absences, post-employment benefit obligations, and pension liability. Total liabilities decreased approximately \$1,003k from 2020 to 2021, due to an increase of \$47k of accounts payable, accrued wages and accrued compensated absences, offset by a decrease of \$50k in post-employment benefit obligations and a decrease of \$1M in net pension liability.

## Revenues

The District's total operating revenues for 2021 remained relatively the same as 2020, with \$2,380k received in revenue compared with \$2,351k budgeted in 2021 and \$2,171k received in 2020. The District also recorded grant revenue of \$764k that was not budgeted.

## Program Expenses

The District's expenses are divided into four areas: wages and benefits; material and supplies; depreciation expense; repairs, maintenance and other expenses.

Wages and benefits cover salaries and benefits for the District's staff of twenty. These costs decreased \$411k from 2020 to 2021. Total wages and benefits expenditures in 2021 were \$1,279k compared with \$1,690 in 2020. The decrease in 2021 was due to the annual required adjustments for the Florida Retirement System liability and for the other post-employment benefit obligations liability.

Material and supplies expense decreased from \$239k to \$215k from 2020 to 2021, and includes primarily aquatic herbicide, parts for in-house repairs, fuels and oils, and tax assessment and collection fees, and transfer expenses. The decrease was primarily due to a decrease in Auto and Equipment Parts.

Repair and maintenance expenses include primarily vehicle and equipment repair, facility and canal maintenance, repair and supply, and general insurance. Other expenses include communications, utilities, travel, training, professional services and administrative requirements. Total repair, maintenance and other expenses increased from \$278k in 2020 to \$335k in 2021. The increase is mainly due to an increase in improvements other than buildings, repairs and maintenance services, and repairs and maintenance supplies.

## Overall Financial Position

The District's net position increased by \$930k due mostly to the current year actuarial adjustment for the Florida Retirement System as well as grant revenue recorded in 2021. As of September 30, 2021, the District has an unrestricted net position of \$2,396k and \$1,302k invested in capital assets.

The overall financial position of the District is good. No significant change is anticipated.

**Melbourne-Tillman Water Control District  
Management's Discussion and Analysis  
September 30, 2021**

**Significant Capital Assets and Long-Term Debt Activity**

The District added capital assets in 2021 through repairs and replacement of aged equipment and addition of new equipment. These assets included the purchase of a 2021 John Deere 700L Bulldozer (\$169,924 replacement), a 2018 International Semi-truck (\$82,394 replacement), a 2020 John Deere Tractor (\$90,515 replacement) with a 2020 Diamond 22 rear cradle boom (\$48,081 replacement) and a 2020 Diamond Mower Head (\$11,121 replacement) as well as a 2020 Ford F-550 Spray Truck (\$49,764 replacement), two 2021 Dodge Ram Pickup trucks (\$53,226 replacements), with a BakFlip top truck bed (\$1,047 new) added to one to ensure survey equipment is protected and secured. One air conditioning unit on the District's Office was replaced (\$5,965), a Dell Optiplex Computer was replaced (\$840), the tracks and cylinders were repaired on a LinkBelt 210X2LF long reach excavator (\$15,636) and the tracks and aquatic bucket on the Komatsu PC200LC-8 excavator (\$24,529) were repaired. Two pontoons were repaired on a 2018 Berky AT-9153H Harvester (\$15,800), the injection pump on the 2012 Massey Ferguson 5465 tractor (\$3,635 repair) was repaired, the steel dump bed was repaired on the 2007 Sterling Dump Truck (\$5,931 repairs), there were under carriage repairs to the 2019 Bush Hog Mower (\$5,454 repairs), spindle repairs on 2016 Diamond boom mower (\$2,815 repairs), the flail roller was repaired on the 2019 Challenger tractor (\$1,931 repairs), rim and disc repairs on 2016 Massey Ferguson tractor (\$1,992 repairs).

"New" means a piece of equipment not previously inventoried by the District – the actual equipment may be new or used. "Replacement" means a piece of equipment currently inventoried is being replaced. "Repair" means an existing piece of vehicle/equipment underwent significant repair work to keep it functioning.

No additional long-term debt was incurred and current long-term debt is zero (\$0).

**Description of Currently Known Facts Expected To Have a Significant Effect on Financial Position**

The District's user fee structure does not differentiate between developed and undeveloped parcels. Therefore, future growth or lack thereof, is not significant to the District's revenue stream. Growth, as defined by the development of agricultural lands or the build-out of large tracts of undeveloped residential parcels (not platted), can have a minor impact on increased revenues.

The St. Johns Heritage Parkway is now complete from Malabar Road to Ellis Road. The parkway goes through undeveloped and agricultural portions of the District with some parcels currently under development, some in the planning stages, and the potential for future development increasing the District's revenue.

The District retains 20 acres in the western portion of the District. The District has no immediate plans for developing the 20 acres.

**Melbourne-Tillman Water Control District  
Management's Discussion and Analysis  
September 30, 2021**

**Requests for Information**

Questions concerning any of the information provided or requests for additional financial information should be addressed to Lisa Blackett, Assistant Manager/Administrative Operations, (321) 723-7233, 5990 Minton Road, Palm Bay, Florida 32907.

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**MELBOURNE-TILLMAN  
WATER CONTROL DISTRICT**

Basic Financial Statements

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**Melbourne-Tillman Water Control District**  
**Statement of Net Position**

<i>September 30,</i>	<b>2021</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 19,230
Investments, current	2,122,992
Due from other governments, net	764,526
Inventories	21,044
Total current assets	2,927,792
Noncurrent assets	
Investments, noncurrent	731,179
Capital assets	
Non-depreciable	278,676
Depreciable, net	1,023,631
Total noncurrent assets	2,033,486
Total assets	4,961,278
<b>Deferred Outflows of Resources</b>	
Deferred outflow - other post-employment benefits	28,213
Deferred outflow - pension	261,895
Total deferred outflows of resources	290,108
<b>Liabilities</b>	
Current liabilities	
Accounts payable	27,785
Accrued wages payable	47,127
Compensated absences	125,028
Total current liabilities	199,940
Noncurrent liabilities	
Net other post-employment benefit liability	94,336
Net pension liability	512,709
Total noncurrent liabilities	607,045
Total liabilities	806,985
<b>Deferred Inflows of Resources</b>	
Deferred inflow - pension	753,162
Total deferred inflows of resources	753,162
<b>Net Position</b>	
Invested in capital assets	1,302,307
Unrestricted	2,388,932
<b>Total net position</b>	\$ 3,691,239

*The accompanying notes are an integral part of these financial statements.*

**Melbourne-Tillman Water Control District  
Statement of Revenues, Expenses and Changes in Net Position**

*For the year ended September 30,* **2021**

<b>Operating Revenues</b>	
User fees	\$ 2,238,899
Miscellaneous	140,630
Total operating revenues	2,379,529
<b>Operating Expenses</b>	
Wages and benefits	1,279,059
Material and supplies	215,393
Depreciation expense	492,723
Repairs, maintenance and other expenses	335,279
Total operating expenses	2,322,454
<b>Operating Income</b>	57,075
<b>Non-operating Revenues</b>	
Interest income	17,174
Grant revenue	764,526
Gain on disposal of fixed assets	83,551
Total non-operating revenues	865,251
<b>Change in Net Position</b>	922,326
Net position, beginning of year	2,768,913
Net position, end of year	\$ 3,691,239

*The accompanying notes are an integral part of these financial statements.*

**Melbourne-Tillman Water Control District**  
**Statement of Cash Flows**

*For the year ended September 30,* **2021**

**Cash Flows from Operating Activities**

Cash received from users and government agencies	\$ 1,615,003
Cash paid to suppliers for goods and services	(539,808)
Cash paid to employees for services	(1,368,667)

**Net cash used in operating activities** **(293,472)**

**Cash Flows from Capital and Related Financing Activities**

Acquisition of capital assets	(591,455)
Grant proceeds	764,526
Proceeds from sale of capital assets	90,326

**Net cash provided by capital and related financing activities** **263,397**

**Cash Flows from Investing Activities**

Interest on investments	17,174
Proceeds from sale of investments	1,150,000
Purchase of investments	(1,220,049)

**Net cash used in investing activities** **(52,875)**

**Decrease in cash and cash equivalents** **(82,950)**

**Cash and cash equivalents, beginning of year** **102,180**

**Cash and cash equivalents, end of year** **\$ 19,230**

*The accompanying notes are an integral part of these financial statements.*

**Melbourne-Tillman Water Control District**  
**Statement of Cash Flows (Continued)**

*For the year ended September 30,*

**2021**

**Reconciliation of Operating Income to Net Cash Used In**

**Operating Activities**

<b>Operating income</b>	<b>\$</b>	<b>57,075</b>
<hr/>		
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation		492,723
Changes in assets, deferred outflows, liabilities and deferred inflows:		
(Increase) decrease in assets and deferred outflows		
Inventories		4,144
Due from other governments, net		(764,526)
Deferred outflows - pension		211,256
Deferred outflows - other post-employment benefits		10,632
Increase (decrease) in liabilities and deferred inflows		
Accounts payable		6,720
Net pension liability		(1,000,460)
Deferred inflow - pension		698,652
Net other post-employment benefit liability		(49,837)
Accrued wages payable		40,149
<b>Total adjustments</b>		<b>(350,547)</b>
<hr/>		
<b>Net cash used in operating activities</b>	<b>\$</b>	<b>(293,472)</b>
<hr/>		

*The accompanying notes are an integral part of these financial statements.*

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Melbourne-Tillman Water Control District (the "District"), a dependent special district of Brevard County, Florida as defined under Sections 165.031(5) and 200.001(8)(d), Florida Statutes, was restructured October 1, 1986 by Chapter 86-418, Special Acts of Florida, from an independent district to a dependent district, to continue to provide a surface water management system by means of dikes and canals for 62,000 acres of land in South Brevard County. The District was originally organized and established by decree of the Circuit Court of Brevard County on January 7, 1922 as the Melbourne-Tillman Drainage District under Chapter 6458, Laws of Florida, Acts of 1913.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The more significant of these accounting policies are described below.

#### ***Reporting Entity***

The Melbourne-Tillman Water Control District, a dependent special district of Brevard County, is governed by a seven member Board of Directors comprised of three members appointed by the Brevard County Board of Commissioners, three members appointed by the City of Palm Bay and one member appointed by the City of West Melbourne. Melbourne-Tillman Water Control District does not meet the fiscal dependency and financial benefit or burden criteria and the County has determined that it would not be misleading to exclude the District from its reporting entity; therefore it is not included in the County's financial statements. The District remains a dependent special district of the County because the County approves the user fees.

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The proprietary funds are reported using the *economic resource measurement* focus and the *accrual basis of accounting*.

The District uses the proprietary fund basis of presentation for its financial statements. The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles are those applicable to similar businesses in the private sector. These funds are maintained on the accrual basis of accounting. The following is a description of the sole proprietary fund of the District.

**Enterprise Fund** - The District operates as an enterprise fund that accounts for the construction, operation and maintenance of the District.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

This fund is used to account for the acquisition, operation and maintenance of District facilities and services that are entirely or predominantly self-supported by user fees. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Basis of accounting refers to the point at which revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund is user fees charged to customers for services. Operating expenses include the cost of services, which mainly consists of wages, benefits, and materials, as well as administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### ***Budgetary Information***

##### *Budgetary basis of accounting*

The budgetary policy for the Board of Directors of the District involves establishing an annual operating expense budget. A tentative annual operating expense budget is to be adopted prior to July 1 of each year, and approved by the Brevard County Board of County Commissioners. Brevard County Board of County Commissioners action is required for the approval of a supplemental or amended budget.

Budgetary control is maintained at the line item level. The budget is prepared on an accrual basis of accounting, which is consistent with generally accepted accounting principles. All appropriations that are not expensed or committed lapse at year end.

Actual results of operations presented in accordance with generally accepted accounting principles (GAAP basis) and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the District's legally adopted budget.



## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position*

##### *Cash and cash equivalents*

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

##### *Investments*

The investing of public funds with the State Board of Administration ("Florida Prime") is governed by Section 218.407, Florida Statutes. The investments with the State Board of Administration and Florida Counties Investment Trust consist largely of Federal Agency Obligations, Certificates of Deposit, Repurchase Agreements, Bankers Acceptance and Commercial Paper.

The District's investment in the Florida Prime is reported at amortized cost. The fair value of the District's position in the pool is equal to the value of pooled shares. As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The District also invests in certificates of deposit held by a bank, which are held to maturity and are nonparticipating interest-earning investment contracts. These certificates of deposit are valued at cost plus accrued interest per GASBC 150: Investments.

##### *Inventories*

Inventories are valued at the lower of cost (first-in, first-out) or market method. Inventories consist of herbicides and supplies held for use in maintaining the canals.

##### *Capital assets*

Capital assets, which include property, plant, and equipment are valued at historical cost or at fair market value for those assets contributed. Capital assets are defined by the District as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of two years.

Land and rights of way are not depreciated. The other property, plant, equipment are depreciated using the straight line method over the following estimated useful lives:

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)*

##### *Capital assets (Continued)*

Depreciation of the District's exhaustible fixed assets is charged as an expense against their operations and is closed to net position. Accumulated depreciation is reported on the District's statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Capital assets	Lives
Buildings	25 years
Improvements other than buildings	5-25 years
Equipments	5-7 years

##### *Deferred Outflows/ Inflows of Resources*

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

The District has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to pensions* and the deferred outflows related to *other post-employment benefits*, both reported on the statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to other post-employment benefits are an aggregate of items related to other post-employment benefits as calculated in accordance with GASB Codification Section P52: *Other Post-employment Benefits*. The deferred outflows related to other post-employment benefits will be recognized as either benefits expense or a reduction in the net other post-employment benefits liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one (1) item that qualifies for reporting as deferred inflows of resources. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*.

The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)***

##### ***Compensated Absences***

All regular full-time employees of the District are eligible for vacation leave. Each employee working a normal week earns vacation leave at certain rates depending on the employee's length of service. All vacation leave is accrued when earned in the statement of net position. Earned vacation leave may be accumulated provided the leave balance at the end of the calendar year does not exceed 300 hours. Hours in excess of 300 at the end of the calendar year are forfeited. Employees may trade earned vacation leave for payment one time annually under certain guidelines.

Sick leave is accumulated at a rate of 8 hours per month with less than 10 years of service, and at a rate of 12 hours per month with greater than 10 years of service. Sick leave may be accumulated up to 960 hours. Employees may trade earned sick leave for vacation leave or for payment up to a total of 320 hours annually under certain guidelines. Employees who resign in good standing will be paid for half of any unused sick leave up to a maximum of 480 hours.

##### ***Defined Benefit Pension Plans***

The District participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The District's employer contributions are recognized when due, and the District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

##### ***Other Post-employment Benefits (OPEB) Liability***

The District participates in a single employer, defined benefit, other post-employment plan. The District does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC P52: Other Post-employment Benefits.

##### ***Revenues***

The District is permitted by state law to levy user fees. The user fees assessed are computed by the designation of land classification to parcels of land, based on three different classifications of land use, multiplied by a specified billing rate. The billing rate used has been determined by the Board of Directors and approved by the Brevard County Commission.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Revenues (Continued)*

User fee assessment and collection have been consolidated with Brevard County. A service fee is paid to the County for a proportionate share of the tax roll cost. The County tax collector periodically remits collections and their fees are deducted from the disbursement received by the District. Brevard County's assessments calendar is as follows:

Lien date	-	January 1
Levy date	-	Prior to September 30
Due date	-	November 1
Delinquent date	-	April 1

All user fees considered part of the County tax for enforcement and collection purposes remaining unpaid at May 30 are subject to a tax certificate sale by the Tax Collector.

The District also recognizes revenue from the issuance of permits, interest earnings on investments, charges for services and other miscellaneous sources.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

#### *Subsequent Events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 23, 2022. See Note 8 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### *Recently Issued and Implemented Accounting Pronouncements*

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Recently Issued and Implemented Accounting Pronouncements (Continued)***

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

The District is evaluating the requirements of the above statements and the impact on reporting.

### **Note 2: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS**

#### ***Deposits and Investments***

At September 30, 2021, the District's carrying amount of cash deposits was \$19,030 and the bank balance was \$205,680. In addition, the District reported petty cash of \$200. As of September 30, 2021, the District maintains cash balances at several banks that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the District's investment policy, pertinent bond resolutions and Section 218.415, Florida Statutes, which allows the District to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2021, the District had \$2,122,992 invested. The fair value of the District's position in the pool is equal to the value of the pooled shares or net asset value.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 2: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

#### *Deposits and Investments (Continued)*

At September 30, 2021, the District had the following investments:

Investment type	Cost Plus Accrued Interest	Investment Maturities (in years)				Rating	Agency
		Less than 1	1 - 5	6 - 10	More than 10		
Certificates of							
Deposit	\$ 731,179	\$ -	\$ -	\$ 731,179	\$ -	NR	
<b>Total</b>	<b>\$ 731,179</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 731,179</b>	<b>\$ -</b>		

The Florida Prime investments in external pools, though measured at fair value, are not categorized within the fair value hierarchy. The District had \$2,122,992 in investments in the SBA Florida Prime at September 30, 2021.

*Custodial credit risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the District places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2021, the District’s pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firm and are segregated out from the assets and investments held by other clients of the investment firm and their own assets.

*Interest rate risk* – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The District’s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months. A portfolio’s WAL is the dollar weighted average length of time until securities held reach maturity. A portfolio’s WAM is the dollar weighted average maturity. The WAL of the Florida Prime was 64 days and the WAM was 49 days at September 30, 2021.

*Credit risk* – Section 150: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The District’s investment policy limits investments to securities with specific ranking criteria.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 2: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

#### Deposits and Investments (Continued)

*Concentration risk* – Section 150: Investments of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The District’s investment policy does not address concentration risk.

#### Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2021

<b>Business-type activities:</b>	Beginning Balance	Increases	Decreases	Transfers In (Out)	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 277,820	\$ -	\$ -	\$ -	\$ 277,820
Rights-of-way	1	-	-	-	1
Construction in progress	3,677	855	-	(3,677)	855
<b>Total capital assets, not being depreciated</b>	<b>281,498</b>	<b>855</b>	<b>-</b>	<b>(3,677)</b>	<b>278,676</b>
Capital assets, being depreciated:					
Buildings	399,629	5,965	-	-	405,594
Improvements other than buildings					
Outfalls	7,043,643	-	-	-	7,043,643
Water control structure	1,105,535	-	-	-	1,105,535
Site plan improvements	494,676	-	-	-	494,676
Equipment					
Vehicles and heavy equipment	3,860,655	583,795	(529,030)	3,677	3,919,097
Small equipment	70,946	-	-	-	70,946
Office furniture and fixtures	51,852	840	(1,129)	-	51,563
<b>Total capital assets being depreciated</b>	<b>13,026,936</b>	<b>590,600</b>	<b>(530,159)</b>	<b>3,677</b>	<b>13,091,054</b>
Less accumulated depreciation for:					
Buildings	(324,259)	(14,409)	-	-	(338,668)
Improvements other than buildings					
Outfalls	(7,043,541)	(102)	-	-	(7,043,643)
Water control structure	(1,105,535)	-	-	-	(1,105,535)
Site plan improvements	(413,156)	(39,395)	-	-	(452,551)
Equipment					
Vehicles and heavy equipment	(3,105,624)	(433,349)	522,255	-	(3,016,718)
Small equipment	(57,726)	(4,186)	-	-	(61,912)
Office furniture and fixtures	(48,243)	(1,282)	1,129	-	(48,396)
<b>Total accumulated depreciation</b>	<b>(12,098,084)</b>	<b>(492,723)</b>	<b>523,384</b>	<b>-</b>	<b>(12,067,423)</b>
<b>Total capital assets being depreciated, net</b>	<b>928,852</b>	<b>97,877</b>	<b>(6,775)</b>	<b>3,677</b>	<b>1,023,631</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 1,210,350</b>	<b>\$ 98,732</b>	<b>\$ (6,775)</b>	<b>\$ -</b>	<b>\$ 1,302,307</b>

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 2: DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

#### **Capital Assets (Continued)**

Depreciation expense for the year ended September 30, 2021 was \$492,723.

The rights-of-way consist of canals and rights of access to the canals acquired by the District at the inception of the District. Due to the uncertainty of the fair market value, management determined all the rights-of-way were recorded at a nominal value of \$1 in total, as of inception of the District.

#### **Due From Other Governments, Net**

Due from other governments, net consists of receivables from the Federal Emergency Management Agency (FEMA), passed through the Florida Division of Emergency Management for Hurricane Irma costs that were obligated for payment in the current fiscal year but not yet paid. \$784,842 is due from the federal government and \$43,602 due from the state of Florida. These costs are net of \$63,918 for questioned contract costs that the grantor has not yet notified the District about as of the audit report date.

#### **Operating Leases**

The District leases office equipment under a 60 month non-cancellable operating lease that began on October 10, 2018 for \$118 per month. The following schedule represents minimum future expense related to this lease.

Year ending September 30,		
2022	\$	1,416
2023		1,416
Total minimum future lease expense	\$	2,832

Lease expense for the year ended September 30, 2021 was \$1,411.

#### **Compensated Absences**

Following is a summary of changes in compensated absences for the year ended September 30, 2021.

		Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year
Compensated absences	\$	95,431	\$	103,171	\$	(73,574)	\$	125,028	\$	125,028



## Melbourne-Tillman Water Control District Notes to Financial Statements

### **Note 3: RETIREMENT PLAN**

#### ***Defined Benefit Plan***

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

#### ***Benefits Provided***

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

**Melbourne-Tillman Water Control District  
Notes to Financial Statements**

**Note 3: RETIREMENT PLAN (Continued)**

***Defined Benefit Plan (Continued)***

***Contributions***

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2021, were as follows:

	FRS	HIS
Regular class	9.16%	1.66%
Special risk class	24.23%	1.66%
Senior management service class	27.35%	1.66%
Elected officials	49.76%	1.66%
DROP from FRS	16.68%	1.66%

The employer's contributions for the year ended September 30, 2021 were \$89,935 to the FRS Pension Plan and \$15,220 to the HIS Program.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2021, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2021. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 177,301	\$ 335,408
Proportion at:		
Current measurement date	0.002347150%	0.002734349%
Prior measurement date	0.002676168%	0.002893388%
Pension expense (reduction in expense)	\$ (12,517)	\$ 20,820

***Deferred Outflows/Inflows of Resources Related to Pensions***

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

**Melbourne-Tillman Water Control District  
Notes to Financial Statements**

**Note 3: RETIREMENT PLAN (Continued)**

***Defined Benefit Plan (Continued)***

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,390	\$ -	\$ 11,224	\$ (140)
Changes in assumptions	121,318	-	26,356	(13,820)
Net difference between projected and actual earnings on pension plan investments	-	(618,557)	350	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,456	(95,812)	11,634	(24,833)
Employer contributions subsequent to the measurement date	21,553	-	3,614	-
<b>Total</b>	<b>\$ 208,717</b>	<b>\$ (714,369)</b>	<b>\$ 53,178</b>	<b>\$ (38,793)</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2022	\$ (94,897)	\$ 3,016
2023	(110,713)	969
2024	(142,345)	1,939
2025	(179,250)	2,585
2026	-	1,939
Thereafter	-	323
<b>Total</b>	<b>\$ (527,205)</b>	<b>\$ 10,771</b>

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 3: RETIREMENT PLAN (Continued)

#### *Defined Benefit Plan (Continued)*

#### *Actuarial Assumptions*

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2021:

FRS: Decrease the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

The long-term expected investment rate of return for the FRS Pension Plan was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 2.40%. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 3: RETIREMENT PLAN (Continued)

#### Defined Benefit Plan (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.1%	2.1%
Fixed income	20.0%	3.8%	3.7%
Global equity	54.2%	8.2%	6.7%
Real estate	10.3%	7.1%	6.2%
Private equity	10.8%	11.7%	8.5%
Strategic investments	3.7%	5.7%	5.4%
Total	<u>100%</u>		

#### Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' 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 is essentially funded on a pay-as-you-go basis and the depletion date is considered to be immediate, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index was used as the applicable municipal bond index.

#### Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Employer's proportionate share of the net pension liability	\$ 792,900	\$ 177,301	\$ (337,271)	\$ 387,765	\$ 335,408	\$ 292,515

#### Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### **Note 3: RETIREMENT PLAN (Continued)**

#### ***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2021, totaled \$4,014.

### **Note 4: OTHER POST EMPLOYMENT BENEFITS**

#### ***Plan description***

As a dependent District of Brevard County, Florida (the “County”), the District is a member of the County’s benefit plan. The Brevard County Board of County Commissioners (the “Board”) administers a single employer defined benefit healthcare plan (the “Plan”) that provides health care benefits including medical coverage and prescription drug benefits to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the District is required to provide eligible retirees (as defined in the County’s pension plan) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits. The District’s portion of the Plan includes 9 inactive retirees and a total of 20 active participants.

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. The Board or District does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the District’s basic financial statements.

## Melbourne-Tillman Water Control District Notes to Financial Statements

### Note 4: OTHER POST EMPLOYMENT BENEFITS (Continued)

#### *Funding policy*

The maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$7,140 and \$11,964 for retirees and spouses under age 65 and between \$1,886 and \$5,777 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

For the year ended September 30, 2021, none of the contribution was attributed to the District.

#### *Actuarial assumptions and other inputs*

The total OPEB liability in the September 30, 2021 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	150.00 percent of the rate of medical inflation.
Salary increases	2.00 percent projected annual salary increase
Discount rate	2.43 percent investment rate of return
Healthcare cost trend rates	6.00 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	44.00 percent of annual premium cost

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2021 actuarial valuation, the Entry Age Normal, Level Percent of Pay cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.00% initially, reduced by decrements to an ultimate rate of 5.00% after two years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At September 30, 2021 the District reported a Net OPEB liability of \$94,336. The GASB 75 information has been provided as of the September 30, 2021 measurement date.

**Melbourne-Tillman Water Control District**  
**Notes to Financial Statements**

**Note 4: OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Actuarial assumptions and other inputs (Continued)***

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2020 for FYE 2020	\$ 144,173	\$ -	\$ 144,173
Changes for the year:		-	
Service cost	1,774	-	1,774
Interest	2,706	-	2,706
Changes of assumptions	(4,187)	-	(4,187)
Difference between expected and actual experience	(14,656)	-	(14,656)
Benefit payments	(35,474)	-	(35,474)
Net changes	(49,837)	-	(49,837)
Balance as of October 1, 2021 for FYE 2021	\$ 94,336	\$ -	\$ 94,336

Changes in assumptions and other inputs reflect a change in the discount rate from 2.14% as of September 30, 2020 to 2.43% as of September 30, 2021. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2021 with the exception of the actuarial cost method. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

***Sensitivity of the OPEB liability***

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

	1% Decrease (1.43%)	Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB Liability	\$ 100,656	\$ 94,336	\$ 88,587



**Melbourne-Tillman Water Control District  
Notes to Financial Statements**

**Note 4: OTHER POST EMPLOYMENT BENEFITS (Continued)**

***Sensitivity of the OPEB liability (Continued)***

The following table represents the District's total and net OPEB liability calculated using the health care cost trend rate of 6%, as well as what the District's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (5%) or one percentage point higher (7%) than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 87,979	\$ 94,336	\$ 101,448

***OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB***

For the fiscal year ended September 30, 2021, the District recognized an OPEB expense of \$7,860. In addition the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,696	\$ -
Change of assumptions	21,517	-
Total	\$ 28,213	\$ -

Other amounts reported as deferred outflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year ending September 30,	
2022	\$ 3,380
2023	3,380
2024	3,380
2025	3,380
2026	3,380
Thereafter	11,313
Total	\$ 28,213

## Melbourne-Tillman Water Control District Notes to Financial Statements

### **Note 5: RELATED PARTY TRANSACTIONS**

Due to the District's structure and the nature in which Board Members are appointed, the County is considered a related party to the District. During the year ended September 30, 2021, the District paid tax assessment and collection fees to the County of \$44,614.

### **Note 6: RISK MANAGEMENT**

The District is exposed to various risks of loss including, but not limited to theft, natural disasters, damage to or destruction of assets, equipment, and monetary assets as well as liability for personal injury, property damage and consequence of public officials. In order to limit this exposure, the District purchases insurance related to property and inland marine coverage, general liability, public officials and employment practices liability, automobile, crime, workers' compensation, pollution liability and common declaration and endorsements to cover heavy equipment. Settled claims have not exceeded the coverage in any of the past three fiscal years and there has not been a reduction in coverage levels for the fiscal year ended September 30, 2021.

### **Note 7: CONTINGENCIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Company. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

### **Note 8: SUBSEQUENT EVENTS**

On December 9, 2021 the Board of Directors approved the purchase of a dump truck for \$147,929, the purchase of a Linkbelt Long-Reach Excavator with aquatic bucket for \$193,500, and the purchase of SONAR aquatic herbicide for \$65,732. The excavator and bucket purchases will be funded by a Berkey Dredge that was sold for \$225,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Melbourne-Tillman Water Control District**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Eight Fiscal Years**

	<b>Florida Retirement System (FRS)*</b>							
	<b>2021</b>	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	<b>0.0023%</b>	0.0027%	0.0026%	0.0024%	0.0024%	0.0027%	0.0025%	0.0026%
District's proportionate share of the net pension liability	<b>\$ 177,301</b>	\$ 1,159,891	\$ 893,828	\$ 724,584	\$ 717,706	\$ 684,373	\$ 327,442	\$ 156,994
District's covered payroll	\$ 916,635	\$ 902,650	\$ 884,895	\$ 775,202	\$ 639,294	\$ 758,656	\$ 769,218	\$ 767,263
District's proportionate share of the net pension liability as a percentage of its covered payroll	19.34%	128.50%	101.01%	93.47%	112.27%	90.21%	42.57%	20.46%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

	<b>Health Insurance Subsidy (HIS)*</b>							
	<b>2021</b>	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	<b>0.0027%</b>	0.0029%	0.0028%	0.0027%	0.0028%	0.0031%	0.0030%	0.0029%
District's proportionate share of the net pension liability	<b>\$ 335,408</b>	\$ 353,278	\$ 312,696	\$ 290,607	\$ 297,028	\$ 356,596	\$ 307,877	\$ 266,699
District's covered payroll	\$ 916,635	\$ 902,650	\$ 884,895	\$ 775,202	\$ 639,294	\$ 758,656	\$ 769,218	\$ 767,263
District's proportionate share of the net pension liability as a percentage of its covered payroll	36.59%	39.14%	35.34%	37.49%	46.46%	47.00%	40.02%	34.76%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

\* The amounts presented for each fiscal year were determined as of 6/30.

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

**Melbourne-Tillman Water Control District**  
**Schedule of Contributions**  
**Last Eight Fiscal Years**

**Florida Retirement System (FRS)**

	<b>2021</b>	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ <b>89,935</b>	\$ 95,347	\$ 86,121	\$ 71,994	\$ 64,704	\$ 69,492	\$ 61,808	\$ 56,361
Contributions in relation to the contractually required contribution	<b>(89,935)</b>	(95,347)	(86,121)	(71,994)	(64,704)	(69,492)	(61,808)	(56,361)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

District's covered payroll	\$ 906,146	\$ 902,496	\$ 903,111	\$ 830,246	\$ 610,069	\$ 726,968	\$ 769,218	\$ 767,263
Contributions as a percentage of covered payroll	9.92%	10.56%	9.54%	8.67%	10.61%	9.56%	8.04%	7.35%

**Health Insurance Subsidy (HIS)**

	<b>2021</b>	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ <b>15,220</b>	\$ 16,677	\$ 16,043	\$ 14,925	\$ 14,523	\$ 15,432	\$ 11,540	\$ 9,771
Contributions in relation to the contractually required contribution	<b>(15,220)</b>	(16,677)	(16,043)	(14,925)	(14,523)	(15,432)	(11,540)	(9,771)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

District's covered payroll	\$ 906,146	\$ 902,496	\$ 903,111	\$ 830,246	\$ 610,069	\$ 726,968	\$ 769,218	\$ 767,263
Contributions as a percentage of covered payroll	1.68%	1.85%	1.78%	1.80%	2.38%	2.12%	1.50%	1.27%

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

**Melbourne-Tillman Water Control District**  
**Schedule of Changes in the District's Total Other Postemployment Benefits**  
**Liability and Related Ratios – Last Four Fiscal Years**

	2021	2020	2019	2018
Service cost	\$ 1,774	\$ 4,051	\$ 3,843	\$ 7,250
Interest	2,706	1,277	1,731	2,636
Difference between expected and actual experience	(14,656)	57,143	(8,304)	(33,870)
Changes of assumptions	(4,187)	49,463	1,669	(1,948)
Benefit payments	(35,474)	(5,714)	(3,630)	(8,101)
Net change in total OPEB liability	(49,837)	106,220	(4,691)	(34,033)
Total OPEB liability - beginning	144,173	37,953	42,644	76,677
Total OPEB liability - ending	\$ 94,336	\$ 144,173	\$ 37,953	\$ 42,644
Covered-employee payroll	\$ 878,833	\$ 1,077,851	\$ 1,021,337	\$ 926,931
Total OPEB liability as a percentage of covered-employee payroll	10.73%	13.38%	3.72%	4.60%

**Note 1: Only four years of data are available for other post-employment benefits in accordance with GASBC P52: Other Post-employment Benefits.**

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**ADDITIONAL ELEMENTS REQUIRED BY *GOVERNMENT AUDITING*  
STANDARDS AND THE RULES OF THE AUDITOR GENERAL**

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

To the Board of Directors  
Melbourne-Tillman Water Control District

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 Melbourne-Tillman Water Control District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Melbourne-Tillman Water Control District's basic financial statements, and have issued our report thereon dated June 23, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Melbourne-Tillman 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Melbourne-Tillman Water Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of Melbourne-Tillman 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 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 Melbourne-Tillman 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 result 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.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
June 23, 2022

## Melbourne-Tillman Water Control District Schedule of Expenditures of Federal Awards Fiscal Year Ended September 30, 2021

Award type Federal Agency, Pass through grantor, Federal Program	Assistance Listing	Contract / Grant Number	Expenditures	Transfers to Subrecipients
Federal Programs:				
<b>Federal Emergency Management Agency</b>				
Pass through Florida Division of Emergency Management				
Disaster Relief Funding - Hurricane Irma Category D	96.037	Z0809	\$ 739,462	
Disaster Relief Funding - Hurricane Irma Category Z (DAC)	96.037	Z0809	45,380	
<b>Total Federal Emergency Management Agency</b>			<b>784,842</b>	\$ -
<b>Total Expenditures of Federal Awards</b>			<b>\$ 784,842</b>	\$ -

### Notes to Schedule of Expenditures of Federal Awards

**NOTE 1**

The Schedule of Expenditures of Federal Awards is a summary of the activity of the Melbourne-Tillman Water Control District Federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**NOTE 2**

The Uniform Guidance allows a Melbourne-Tillman Water Control District to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2021, the Melbourne-Tillman Water Control District elected not to use the rate.

**NOTE 3**

The Melbourne-Tillman Water Control District did not receive any noncash assistance during the year ended September 30, 2021.

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

### **Report on Compliance for Each Major Federal Program**

We have audited Melbourne-Tillman Water Control District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Melbourne-Tillman Water Control District's major federal programs for the year ended September 30, 2021. Melbourne-Tillman Water Control District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Melbourne-Tillman Water Control District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Melbourne-Tillman Water Control District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Melbourne-Tillman Water Control District's compliance.

#### ***Opinion on Each Major Federal Program***

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

## Report on Internal Control over Compliance

Management of Melbourne-Tillman Water Control District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Melbourne-Tillman Water Control District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Melbourne-Tillman Water Control District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

Melbourne-Tillman Water Control District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Melbourne-Tillman Water Control District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Carri Riggs & Ingram, L.L.C.*

Melbourne, Florida  
June 23, 2022



**Melbourne-Tillman Water Control District  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2021**

**Section I—Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes      X no
- Significant deficiency(ies) identified? \_\_\_ yes      X none noted

Noncompliance material to financial statements noted? \_\_\_ yes      X no

***Federal Awards and State Programs***

Internal control over major federal programs and state programs:

- Material weakness(es) identified? \_\_\_ yes      X no
- Significant deficiency(ies) identified? X yes      \_\_\_ none noted

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) of OMB Compliance Supplement)? X yes      \_\_\_ none noted

Identification of major federal programs and state programs:

<u>Federal Assistance Listing Number</u>	<u>Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? \_\_\_ yes      X no

**Melbourne-Tillman Water Control District  
Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2021**

**Section II—Financial Statement Findings**

No matters were reported.

**Section III—Federal Award Findings and Questioned Costs**

**2021-001 Review of Reports**

Assistance Listing: 97.036 Disaster Grants – Public Assistance

Award Year: 2021

Federal Agency: Department of Homeland Security – Federal Emergency Management Agency

Pass-through Agency: Florida Department of Emergency Management

Contract: Z0809

**Criteria:** 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. Reports should be subject to independent review to verify completeness, validity and timeliness of submission.

**Condition:** Review of quarterly reports was not consistently documented.

**Cause:** Melbourne-Tillman Water Control District management reviewed quarterly reports prior to submission however this review was not documented.

**Effect:** Reports submitted to Florida Department of Emergency Management may be incomplete, include errors, or be submitted late.

**Questioned Costs:** None

**Perspective:** The Melbourne-Tillman Water Control District was required to submit only one quarterly report during fiscal year 2021 because the awards were obligated during the fourth quarter of the year.

**Recommendation:** Review of reports should be documented prior to submission to the grantor.

**Management's Response and Corrective Action Plan:** District Staff and Management have reviewed the required criteria documenting the review of reports prior to submission and will follow these requirements on any future grants.

**2021-002 Review of Expenses**

Assistance Listing: 97.036 Disaster Grants – Public Assistance

Award Year: 2021

Federal Agency: Department of Homeland Security – Federal Emergency Management Agency

Pass-through Agency: Florida Department of Emergency Management

Contract: Z0809

**Melbourne-Tillman Water Control District  
Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2021**

**Criteria:** 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. Expenses should be reviewed prior to submission to the grantor.

**Condition:** Supervisor review and approval of employee day sheets (including employee hours, equipment use, and materials installed) was not consistently documented.

**Cause:** Supervisor review was mistakenly omitted from an employee day sheet.

**Effect:** Expense documentation may contain errors or not accurately reflect expenses incurred.

**Questioned Costs:** None

**Perspective:** We sampled 40 expenses for testing and noted only one lacked supervisor review and approval.

**Recommendation:** Review of expenses should be consistently documented.

**Management's Response and Corrective Action Plan:** District Staff and Management have reviewed the required criteria establishing effective internal controls for expenses and the review process required prior to submission. These requirements will be followed on any future grants.

**Section IV- Prior Findings and Questioned Costs for Federal Awards**

No matters were reported.

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## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

To the Board of Directors  
Melbourne-Tillman Water Control District

### **Report on the Financial Statements**

We have audited the financial statements of the Melbourne-Tillman Water Control District, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 23, 2022.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 22, 2023, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

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

## Financial Condition and Management

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

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

## Specific Information (Unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the St. Johns Improvement District reported the schedule below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

- |  |            |
|--|------------|
| a. Total number of District employees compensated in the last pay period of the District's fiscal year as  | 20         |
| b. Total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as  | None       |
| c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as   | \$ 918,035 |
| d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as   | None       |
| e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures for such projects as                     | None       |
| f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes as follows: |            |

<i>Year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating Revenues</b>				
User fees	\$ 2,286,305	\$ 2,286,305	\$ 2,238,899	\$ (47,406)
Miscellaneous income and permit fees	65,000	65,000	140,630	75,630
<b>Total operating revenues</b>	<b>2,351,305</b>	<b>2,351,305</b>	<b>2,379,529</b>	<b>28,224</b>
<b>Operating Expenses</b>				
Wages and benefits	1,565,672	1,395,672	1,279,059	116,613
Material and supplies	797,900	950,900	215,393	735,507
Depreciation expense	-	-	492,723	(492,723)
Repairs, maintenance and other expenses	705,662	892,662	335,279	557,383
<b>Total operating expenses</b>	<b>3,069,234</b>	<b>3,239,234</b>	<b>2,322,454</b>	<b>916,780</b>
<b>Operating Loss</b>	<b>(717,929)</b>	<b>(887,929)</b>	<b>57,075</b>	<b>945,004</b>
<b>Non-operating Revenues</b>				
Interest income	-	-	17,174	17,174
Grant revenue	-	-	764,526	764,526
Gain on disposal of fixed assets	-	-	83,551	83,551
<b>Total non-operating revenues</b>	<b>-</b>	<b>-</b>	<b>865,251</b>	<b>865,251</b>
<b>Change in net position</b>	<b>(717,929)</b>	<b>(887,929)</b>	<b>922,326</b>	<b>1,810,255</b>
Net position, beginning of year	2,768,913	2,768,913	2,768,913	-
Net position, end of year	\$ 2,050,984	\$ 1,880,984	\$ 3,691,239	\$ 1,810,255

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

- |  |      |
|--|------|
| a. The rate or rates of non-ad valorem special assessments imposed by the District as          | None |
| b. The total amount of special assessments collected by or on behalf of the District as        | None |
| c. The total amount of outstanding bonds issued by the District and the terms of such bonds as | None |

#### **Additional Matters**

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

**Purpose of this Letter**

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

*Caru, Riggs & Ingram, L.L.C.*

Melbourne, Florida

June 23, 2022





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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

To the Board of Directors  
Melbourne-Tillman Water Control District

We have examined Melbourne-Tillman Water Control District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of Melbourne-Tillman Water Control District is responsible for Melbourne-Tillman Water Control District's compliance with the specified requirements. Our responsibility is to express an opinion on Melbourne-Tillman Water Control District's compliance with the specified requirements 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 Melbourne-Tillman Water Control District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Melbourne-Tillman Water Control 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 obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Melbourne-Tillman Water Control District's compliance with specified requirements.

In our opinion, Melbourne-Tillman Water Control District complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
June 23, 2022

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# Melbourne-Tillman Water Control District



## Corrective Action Plan

Date: 06/22/2022

To: Debbie Goode, CPA, Carr, Riggs & Ingram

From: Debbie LeClair, District Manager

Re: Audit Corrective Action Plan

In response to the audit completed for fiscal year 2020-2021, I offer the following corrective action plan:

2021-001      Review of Reports

District Staff and Management have reviewed the required criteria documenting the review of reports prior to submission and will follow these requirements on any future grants.

Anticipated Completion Date: Effective Immediately

Responsible Party: Debbie Leclair, District Manager

2021-002      Review of Expenses

District Staff and Management have reviewed the required criteria establishing effective internal controls for expenses and the review process required prior to submission. These requirements will be followed on any future grants.

Anticipated Completion Date: Effective Immediately

Responsible Party: Debbie Leclair, District Manager