

**North St. Lucie River
Water Control District
Financial Statement**

Year Ended September 30, 2021

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McAlpin Cavalcanti & Lewis

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
North St. Lucie River Water Control District
Fort Pierce, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of the North St. Lucie River Water Control District (the "District"), 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the North St. Lucie River Water Control District as of September 30, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison information, Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System and Health Insurance Subsidy Program, and Schedule of Pension Contributions – Florida Retirement System and Health Insurance Subsidy Program on pages 3 through 6 and 25 through 27, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of the effectiveness of the District's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



McAlpin, Cavalcanti, & Lewis CPA
Fort Pierce, Florida
February 4, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of **North St. Lucie River Water Control District** (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2021.

- ❑ The District's total assets exceeded total liabilities by \$2,344,518 (total net position) as of September 30, 2021 and \$1,905,043 as of September 30, 2020. Unrestricted net position for Governmental Activities was \$1,054,245 and \$588,627 as of September 30, 2021 and September 30, 2020, respectively.
- ❑ Governmental activities revenues were \$1,679,713 and \$1,226,271 for years ended September 30, 2021 and September 30, 2020, respectively. Governmental activities expenditures totaled \$1,240,238 and \$1,199,318 for years ended September 30, 2021 and September 30, 2020, respectively, which created an excess of revenues over expenditures of \$439,475 for the year ended September 30, 2021 and \$26,953 for year ended September 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements present an overall picture of the District's financial position and results of operations. The fund financial statements present financial information for the District's major fund. The notes to the financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund financial statements.

The government-wide financial statements are the statement of net position and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and on the change in net position. Governmental activities are primarily supported by property taxes.

The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, with the difference between the total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources being reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are reported for all Governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of activities presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. The Governmental activities financed by the District include physical environment activities, such as water control and canal maintenance.

Fund financial statements present financial information for the governmental fund. These statements provide financial information for the major fund of the District. Governmental fund financial statements provide information on the current assets, liabilities, and changes in current financial resources (revenues and expenditures), and current available resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance for the governmental fund. Fund financial statements provide more detailed information about the District's activities.

The government-wide financial statements and the fund financial statements provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing. These statements are comparable to private sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets and deferred outflows of resources of the District, including improvements other than buildings are reported in the statement of net position. The statement of activities includes depreciation on all long-lived assets of the District. The fund financial statements provide a picture of the major fund of the District. In the case of a governmental fund, outlays for long-lived assets are reported as expenditures. Reconciliations are included that provide a link from the fund financial statements to the government-wide financial statements.

Notes to the financial statements provide additional detail concerning the financial activities and financial balances of the District. Following the Notes is required supplementary information - a budgetary comparison schedule for the general fund and schedules presenting pension plan information.

Financial Analysis of the District

The following schedules provide a summary of the District's net position and the changes in net position. These schedules provide a complete presentation of the government-wide financial activity of the current year compared to the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position

| | 2021 | 2020 | Percent Change |
|--|---------------------|---------------------|----------------|
| Current assets | \$ 1,210,157 | \$ 755,616 | 60.2% |
| Non-current assets (capital assets) | 1,290,273 | 1,316,416 | -2.0% |
| Deferred outflows of resources | 36,935 | 37,828 | -2.4% |
| Total | <u>2,537,365</u> | <u>2,109,860</u> | <u>20.3%</u> |
| Current liabilities | 56,417 | 59,349 | -4.9% |
| Noncurrent liabilities (net pension liability) | 61,196 | 136,920 | -55.3% |
| Deferred inflows of resources | 75,234 | 8,548 | 780.1% |
| Total | <u>192,847</u> | <u>204,817</u> | <u>-5.8%</u> |
| Net position | <u>\$ 2,344,518</u> | <u>\$ 1,905,043</u> | <u>23.1%</u> |

The increase in current assets is primarily due an increase in cash from the sale of land interests associated with the C-23/24 Stormwater Treatment Area project and minimal capital projects completed. The decrease in liabilities is due to the Florida Retirement System Pension adjustment. See note D of the financials.

Changes in Net Position

| | 2021 | 2020 | Percent Change |
|---|-------------------|------------------|----------------|
| Program Revenues | | | |
| Charges for services | \$ 124,003 | \$ 131,772 | -5.9% |
| General Revenues | | | |
| Maintenance taxes | 1,140,623 | 1,081,056 | 5.5% |
| Land interest sale- C234/24 | 383,685 | - | 100.0% |
| Administrative fees | 12,000 | - | 100.0% |
| Investment earnings | 1,202 | 1,443 | -16.7% |
| Miscellaneous revenue | 18,200 | 12,000 | 51.7% |
| Total program and general revenues | <u>1,679,713</u> | <u>1,226,271</u> | <u>37.0%</u> |
| Program Expenses | | | |
| Water control | 1,240,238 | 1,199,318 | 3.4% |
| Total program expense | <u>1,240,238</u> | <u>1,199,318</u> | <u>3.4%</u> |
| Change in net position of governmental activities | <u>\$ 439,475</u> | <u>\$ 26,953</u> | <u>1530.5%</u> |

The increase in general revenue is due to the sale of land interests associated with the C-23/24 Stormwater

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets Activity

At September 30, 2021, the District had \$1,290,273 in net book value of capital assets. There were several additions and one asset disposal this year. See Note C for additional information on capital assets.

Long-term Debt

At September 30, 2021, the District did not have any long-term debt.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District, using the same basis of accounting that is used in preparation of the fund financial statements. There were no budget amendments adopted for the fiscal year ending September 30, 2021. There was one significant budget variance of \$15,581 for engineering expenditures. This was budgeted for but the grant revenue was not received.

Economic Factors and Next Year's Budget

The District does not expect local economic factors to have a material effect upon financial position or results of operations of the District in the fiscal year ending 2022. The District anticipates that expenditures for general operations, maintenance, and infrastructure will remain consistent and revenues will decrease without the sale of land.

Requests for Information

This report is designed to provide an overview of the District's financial condition for those with an interest in this area. Requests for further information or questions concerning any information provided may be addressed to the District at its office mailing address, 14666 Orange Avenue, Fort Pierce, Florida 34945.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Statement of Net Position

September 30, 2021

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 1,172,875 |
| Accounts receivable | 15,590 |
| Prepays | 21,692 |
| Total current assets | <u>1,210,157</u> |
| Noncurrent assets: | |
| Capital assets, nondepreciable | 222,603 |
| Capital assets, net of depreciation | 1,067,670 |
| Total noncurrent assets | <u>1,290,273</u> |
| Total current and noncurrent assets | <u>2,500,430</u> |
| Deferred outflows of resources | <u>36,935</u> |
| Total assets and deferred outflows of resources | <u><u>2,537,365</u></u> |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 121 |
| Due to others | 56,296 |
| Total current liabilities | <u>56,417</u> |
| Noncurrent liabilities: | |
| Net pension liability | <u>61,196</u> |
| Total current and noncurrent liabilities | <u>117,613</u> |
| Deferred inflows of resources | <u>75,234</u> |
| Total liabilities and deferred inflows of resources | <u>192,847</u> |
| Net position | |
| Net investment in capital assets | 1,290,273 |
| Unrestricted | 1,054,245 |
| Total net position | <u>2,344,518</u> |
| Total | \$ <u><u>2,537,365</u></u> |

The notes to the financial statements are an integral part of this statement.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Statement of Activities

For the year ended September 30, 2021

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues Charges for Services</u> | <u>Net (Expense) Revenue and Change in Net Position</u> |
|---------------------------|-----------------|--|---|
| Governmental Activities: | | | |
| Water control | \$ 1,240,238 | \$ 124,003 | \$ (1,116,235) |

General Revenues:

| | |
|------------------------------|-----------------------------------|
| Maintenance taxes | 1,140,623 |
| Land interest sale- C-23/24 | 383,685 |
| Administration fees | 12,000 |
| Investment earnings | 1,202 |
| Miscellaneous revenue | 18,200 |
| Total general revenues | <u>1,555,710</u> |
| Change in net position | 439,475 |
| Net Position - Beginning | <u>1,905,043</u> |
| Net Position - Ending | <u><u>\$ 2,344,518</u></u> |

The notes to the financial statements are an integral part of this statement.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Balance Sheet
Governmental Fund
September 30, 2021

| | <u>General Fund</u> |
|------------------------------------|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,172,875 |
| Accounts receivable | 15,590 |
| Prepays | <u>21,692</u> |
| Total assets | <u><u>1,210,157</u></u> |
| Liabilities | |
| Accounts payable | 121 |
| Due to others | <u>56,296</u> |
| Total liabilities | <u><u>56,417</u></u> |
| Fund balance: | |
| Nonspendable | 21,692 |
| Unrestricted | <u>1,132,048</u> |
| Total fund balance | <u><u>1,153,740</u></u> |
| Total liabilities and fund balance | <u><u>\$ 1,210,157</u></u> |

The notes to the financial statements are an integral part of this statement.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT
 Reconciliation of the Balance Sheet to the Statement of Net Position
 September 30, 2021

Fund Balance - Total Governmental Fund \$ 1,153,740

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.

| | | |
|--------------------------------|--------------------|-----------|
| Governmental capital assets | \$ 7,135,022 | |
| Less: accumulated depreciation | <u>(5,844,749)</u> | 1,290,273 |

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

| | | |
|--|-----------------|----------|
| Deferred outflows of resources related to pensions | \$ 36,935 | |
| Deferred inflows of resources related to pensions | <u>(75,234)</u> | (38,299) |

Net pension liability obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.

(61,196)

Net Position of Governmental Activities \$ 2,344,518

The notes to the financial statements are an integral part of this statement.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT
Statement of Revenues, Expenditures and Change in Fund Balance
General Fund
For the year ended September 30, 2021

| | <u>General Fund</u> |
|--|-------------------------|
| Revenues | |
| Maintenance taxes | \$ 1,140,623 |
| Land interest sale- C-23/24 | 383,685 |
| Permits, service fees and other income | 142,203 |
| Administration fees | 12,000 |
| Investment earnings | 1,202 |
| Total revenues | <u>1,679,713</u> |
| Expenditures | |
| Water control and canal maintenance | 950,822 |
| Administrative | 211,981 |
| Capital outlay | 59,437 |
| Total expenditures | <u>1,222,240</u> |
| Excess of revenues over expenditures | <u>457,473</u> |
| Fund balance | |
| Beginning of year | 696,267 |
| End of year | <u>\$ 1,153,740</u> |

The notes to the financial statements are an integral part of this statement.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance of Governmental Fund
 to the Statement of Activities
 For the year ended September 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$ 457,473

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

| | | |
|---------------------------------|--------------------|----------|
| Expenditures for capital assets | 59,437 | |
| Less: current year depreciation | \$ <u>(85,580)</u> | (26,143) |

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities the calculated pension expense is less than the employer pension contributions and therefore increased net position.

8,145

Change in Net Position of Governmental Activities \$ 439,475

The notes to the financial statements are an integral part of this statement.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The North St. Lucie River Water Control District (the District) is a special district as defined by the laws of Florida and is located in St. Lucie County, Florida. The District was formed under Florida Statute – Chapter 298.01 and consists of landowners who receive the benefit of water management and are assessed taxes for the maintenance and operation of the areas within District boundaries.

As required by U.S. generally accepted accounting principles, the financial reporting entity consists of (1) the primary government, (2) organizations for which the District is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the District is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based on these criteria, the District's management examined all organizations that were legally separate in order to determine which organizations, if any, should be included in the District's financial statements. Management determined there are no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of interfund activities, if any, has been removed from these statements. The District has only governmental activities and does not engage in any business-type activities. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services for goods and services provided to participants on a voluntary basis. General revenues represent amounts received from ad valorem taxes and local sources. A fund financial statement is presented for the District's General Fund that is considered to be a major fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term debt agreements are recorded only when payment is due.

The District reports the following major governmental fund:

General Fund - Accounts for all financial resources applicable to the general operations of the District.

Budgets and Budgetary Accounting

The annual budget is adopted for the General Fund and approved by the District's Board of Supervisors. Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles, using the modified accrual basis of accounting. Budgetary control is established through a non-appropriated budget for the General Fund.

Cash and Cash Equivalents

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity of no longer than three months.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., drainage system), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined as assets with a cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are stated at acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

| <u>Years</u> | <u>Classification</u> |
|--------------|------------------------|
| 15 - 30 | Buildings |
| 3 - 7 | Furniture and fixtures |
| 5 - 15 | Maintenance equipment |
| 3 - 20 | Drainage system |

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

The District's taxpayer assessment revenue is levied through St. Lucie County based on the approved budget submitted to the County by the District on or before June 1 of each tax year. The assessment, included in the County's property tax levy, begins each November 1, becomes a lien on the first day of the levy year, and is due on or before March 31.

Compensated Absences

The District has a personal day policy which states that the personal days allowed each fiscal year are required to be used prior to the end of the fiscal year. Personal days are not accrued at September 30, 2021.

Use of Estimates

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

Fund Balance Reporting and Governmental Fund Type Definitions

In accordance with GASB 54, the District is required to report fund balance amount in five classifications - nonspendable and the spendable categories of restricted, committed, assigned, and unrestricted, as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. The District had a nonspendable fund balance of \$21,692 at September 30, 2021.

Restricted - amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. The District had no restricted fund balance at September 30, 2021.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the District's highest level of decision-making authority. The District's Board addresses these commitments through formal board action prior to the District's fiscal year end. The District had no committed fund balance at September 30, 2021.

Assigned - amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments can be made by the Board. The District had no assigned fund balance at September 30, 2021.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unrestricted fund balances may also include negative fund balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. The District had an unrestricted fund balance of \$1,132,048.

The District spends restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit doing this. Additionally, the District would first use committed, then assigned, and lastly unrestricted amounts.

The District does not have a formal minimum fund balance policy, nor has it established any stabilization arrangements within the fund balance.

Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that are effective for the year ending September 30, 2021. These statements are as follows:

GASB Statement No. 84, Fiduciary Activities, seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 90, Majority Equity Interest, aims to provide consistency in the reporting of majority equity interests and improve the relevance of information related to certain component units.

The District has reviewed each statement and determined that neither of these pronouncements have any discernable impact on these financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The District had deposits only with qualifying institutions as of September 30, 2021, or with banks in which depository insurance was sufficient to cover the deposit balance. The District's total bank deposits (demand deposit and money market

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE B – CASH AND CASH EQUIVALENTS- continued

accounts) had a financial institution balance of \$1,258,488 and a carrying amount of \$1,172,875 at September 30, 2021.

The District does not have a written investment policy. Accordingly, per the Florida Statutes, the District can invest surplus funds in the following negotiable direct or indirect obligations which are secured by the United States Government: the Local Government Surplus Funds Trust as created by Florida Statute 218.045, interest bearing time deposits in savings accounts in authorized financial institutions or obligations guaranteed by the Government National Mortgage association of similarly structured and secured associations or corporations.

All cash and money market funds are fully insured through the FDIC and the multiple financial institutions collateral pool established by Chapter 280, Florida Statutes.

Cash and cash equivalents at September 30, 2021:

| | |
|-------------------------------------|----------------|
| Non-interest-bearing checking | \$ 811,105 |
| Interest bearing money market funds | <u>361,770</u> |
| | \$ 1,172,875 |

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets during the fiscal year:

| | 2020 | Increases | Decreases | 2021 |
|---|------------------|---------------|-----------|------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 222,603 | \$ - | \$ - | \$ 222,603 |
| Capital assets being depreciated: | | | | |
| Buildings | 275,287 | 4,600 | - | 279,887 |
| Furniture and fixtures | 6,005 | - | - | 6,005 |
| Maintenance equipment | 53,042 | 42,437 | 27,441 | 68,038 |
| Drainage system | 6,546,089 | 12,400 | - | 6,558,489 |
| | 6,880,423 | 59,437 | 27,441 | 6,912,419 |
| Less accumulated depreciation for: | | | | |
| Buildings | 122,084 | 9,781 | - | 131,865 |
| Furniture and fixtures | 6,005 | - | - | 6,005 |
| Maintenance equipment | 53,042 | 3,986 | 27,441 | 29,587 |
| Drainage system | 5,605,479 | 71,813 | - | 5,677,292 |
| | 5,786,610 | 85,580 | 27,441 | 5,844,749 |
| Total capital assets being depreciated, net | 1,093,813 | 26,143 | - | 1,067,670 |
| Capital assets, net | \$ 1,316,416 | \$ 26,143 | \$ - | \$ 1,290,273 |

Depreciation was charged to functions as follows:

| | |
|---------------|-----------|
| Water control | \$ 85,580 |
|---------------|-----------|

NOTE D – PENSION PLANS

Defined Benefit Plans

The District participated 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 and provides assistance to retirees in paying for their health insurance costs. 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 may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (850) 488-6491.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE D – PENSION PLANS – continued

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified 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 community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 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 for their health insurance costs. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

FRS members are eligible for retirement after vesting, which occurs at 6 years (8 years after July 1, 2011) of creditable service for regular members. Normal retirement age is attained at the earlier of 30 years of creditable service regardless of age or retirement at age 62 with at least 6 years of creditable service. Early retirement may be taken anytime; however, there is a 5 percent benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation, and service credit.

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

Contributions

The District is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the District are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to the FRS. The District's contribution rates for the year ended September 30, 2021, were as follows:

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE D – PENSION PLANS – continued

| | FRS | HIS | Total |
|-------------------|-------------|-------|------------|
| Regular Employees | 8.34%-9.16% | 1.66% | 10%-10.82% |

The District’s contributions for the year ended September 30, 2021 were \$9,923 to the FRS and \$1,989 to the HIS.

Pension Liabilities and Pension Expense

At September 30, 2021, the District reported a liability for its proportionate shares of the net pension liabilities. The net pension liability for the FRS Pension Plan was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated July 1, 2021. The HIS valuation was prepared as of July 1, 2020. The District’s proportions of the net pension liabilities were based on the District’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

| | FRS | HIS | Total |
|---|---------------|---------------|-----------|
| Net pension liability at September 30, 2021 | \$ 19,675 | \$ 41,521 | \$ 61,196 |
| Proportion at: | | | |
| September 30, 2020 | 0.00000225730 | 0.00000320090 | |
| September 30, 2021 | 0.00000260464 | 0.00000338450 | |
| Pension expense as of September 30, 2021 | \$ 1,170 | \$ 3,146 | \$ 4,316 |

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:

| | FRS | | HIS | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 3,372 | \$ - | \$ 1,389 | \$ (17) |
| Changes of assumptions | 13,463 | - | 3,262 | (1,711) |
| Net difference between projected and actual on pension plan investments | - | (68,641) | 43 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 9,444 | (2,896) | 2,472 | (1,969) |
| Contributions subsequent to the measurement date | 2,952 | - | 538 | - |
| Total | \$ 29,231 | \$(71,537) | \$ 7,704 | \$ (3,697) |

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE D – PENSION PLANS – continued

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 amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

| Year ending September 30, | FRS Expense | HIS Expense |
|---------------------------|-------------|-------------|
| 2022 | \$ (7,971) | \$ 955 |
| 2023 | (9,295) | 304 |
| 2024 | (12,312) | 628 |
| 2025 | (15,777) | 834 |
| 2026 | 97 | 623 |
| Thereafter | - | 125 |
| Total | \$ (45,258) | \$ 3,469 |

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2021 for FRS and July 1, 2020 for HIS, using the entry age normal actuarial cost method and the following significant actuarial assumptions:

| | FRS | HIS |
|---------------------------|-------|-------|
| Inflation | 2.40% | 2.40% |
| Payroll growth | 3.25% | 3.25% |
| Investment rate of return | 6.80% | N/A |

Mortality assumptions for both plans were based on the Generational RP-2000 with Projections Scale BB tables.

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent actuarial valuation for the HIS Program was July 1, 2020. The most recent experience study for the FRS Pension Plan was completed July 1, 2021. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE D – PENSION PLANS – continued

The following changes in actuarial assumptions occurred in 2021:

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

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

To develop an analytical basis for the selection of the long-term expected rate of return assumption, the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both the FRS actuary’s capital market assumptions team and by a capital market assumptions team from consultants to the State Board of Administration. The table below summarizes the key assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes below.

The long-term expected investment rate of return 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. For the FRS Pension Plan, the reduced investment return assumption of 6.8%, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary’s judgment of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

| 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 (property) | 10.3% | 7.1% | 6.2% |
| Private equity | 10.8% | 11.7% | 8.5% |
| Strategic investments | <u>3.7%</u> | 5.7% | 5.4% |
| | <u>100.0%</u> | | |
| Assumed inflation rate | | | 2.4% |

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE D – PENSION PLANS – continued

The long-term expected investment rate of return 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.

Discount rate

The discount rate used to measure the total pension liability for FRS was 6.8%. 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 uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond 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 District’s proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

| | FRS | | | HIS | | |
|---|------------------|----------|-------------|------------------|----------|-------------|
| | Current Discount | | | Current Discount | | |
| | 1% Decrease | Rate | 1% Increase | 1% Decrease | Rate | 1% Increase |
| | 5.80% | 6.80% | 7.80% | 1.16% | 2.16% | 3.16% |
| District’s proportionate share of the net pension liability | \$87,988 | \$19,675 | (\$37,427) | \$47,996 | \$41,516 | \$36,207 |

Pension Plans’ Fiduciary Net Position

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

Payables to the Pension Plans

As of September 30, 2021, the District did not have an outstanding payable to the plans for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Notes to Financial Statements

September 30, 2021

NOTE E - COMMITMENTS AND CONTINGENCIES

During the normal course of operation, the District is subject to various claims and lawsuits. It is the practice of the District to vigorously contest claims and lawsuits. In the opinion of the District's management and the District's attorney, these claims will not materially affect the financial statements.

NOTE F - RISK MANAGEMENT

Losses relating to employee health and benefits, property and liability, and workers' compensation are insured by the Preferred Governmental Insurance Trust.

The District has had no significant reductions in insurance coverage in the fiscal year ended September 30, 2021. No settlements have exceeded the District's insurance coverage for each of the past three fiscal years.

NOTE G - UNCERTAINTIES

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 District. 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 H – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to September 30, 2021, to determine the need for any adjustments to and/or disclosures within the date of the audit report which is the date that the financial statements were available to be issued. Management has performed their analysis through February 4, 2022.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT

Budgetary Comparison Schedule

General Fund

For the year ended September 30, 2021

| | <u>Budget</u> | | <u>Variance</u> |
|---|-----------------------------|------------------|----------------------------|
| | <u>Original & Final</u> | <u>Actual</u> | <u>Positive (Negative)</u> |
| Revenues | | | |
| Maintenance taxes | \$ 1,142,337 | \$ 1,140,623 | \$ (1,714) |
| Land sale | 385,000 | 383,685 | (1,315) |
| Permits and service fees | 124,003 | 124,003 | - |
| Administration fees | - | 12,000 | 12,000 |
| Investment income | 1,172 | 1,202 | 30 |
| Other income | 10,685 | 18,200 | 7,515 |
| Total revenues | <u>1,663,197</u> | <u>1,679,713</u> | <u>16,516</u> |
| Expenditures | | | |
| Current: | | | |
| Water control and canal maintenance: | | | |
| Canal maintenance | 558,165 | 558,167 | (2) |
| Engineering | 274,505 | 258,924 | 15,581 |
| Superintendent salary | 68,372 | 68,373 | (1) |
| Employee benefits | 25,292 | 25,591 | (299) |
| Pumping stations | 19,756 | 19,756 | - |
| Water analysis and use permit | 5,931 | 5,931 | - |
| Taxes - payroll | 5,263 | 5,228 | 35 |
| Fuel | 4,634 | 4,634 | - |
| Miscellaneous | 1,860 | 1,795 | 65 |
| Equipment repairs | 2,124 | 1,547 | 577 |
| Shop materials | 3,834 | 834 | 3,000 |
| Small tools | 42 | 42 | - |
| Total water control and canal maintenance | <u>969,778</u> | <u>950,822</u> | <u>18,956</u> |
| Administrative: | | | |
| Legal, accounting, and professional | 56,000 | 56,000 | - |
| Secretarial salary | 54,346 | 54,346 | - |
| Insurance | 25,700 | 25,700 | - |
| Employee benefits | 19,872 | 20,107 | (235) |
| Grounds and building maintenance | 14,715 | 13,115 | 1,600 |
| Property appraiser commission | 11,784 | 11,784 | - |
| Tax collector commission | 11,501 | 11,501 | - |
| Telephone and utilities | 4,923 | 4,912 | 11 |
| Taxes - payroll | 4,135 | 4,159 | (24) |
| Office | 3,758 | 3,757 | 1 |
| Dues | 2,500 | 2,500 | - |
| Travel and meetings | 1,800 | 1,800 | - |
| Surveys and maps | 1,800 | 1,800 | - |
| Web design | 500 | 500 | - |
| Total administrative | <u>213,334</u> | <u>211,981</u> | <u>1,353</u> |
| Capital outlay | <u>36,060</u> | <u>59,437</u> | <u>(23,377)</u> |
| Total expenditures | <u>1,219,172</u> | <u>1,222,240</u> | <u>(3,068)</u> |
| Excess of revenues over expenditures | <u>444,025</u> | <u>457,473</u> | <u>13,448</u> |
| Fund balance | | | |
| Beginning of year | 696,267 | 696,267 | |
| End of year | <u>\$ 1,140,292</u> | <u>1,153,740</u> | |

The notes to the financial statements are an integral part of this statement.

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Last Ten Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability | 0.000260464% | 0.000225730% | 0.000241985% | 0.000240387% | 0.000235585% | 0.000238753% | 0.000244574% | 0.000245366% |
| District's proportionate share of the net pension liability | \$ 19,675 | \$ 97,838 | \$ 83,336 | \$ 72,406 | \$ 69,685 | \$ 60,285 | \$ 31,590 | \$ 14,971 |
| District's covered-employee payroll | \$ 99,950 | \$ 111,736 | \$ 115,500 | \$ 112,350 | \$ 107,000 | \$ 105,190 | \$ 99,048 | \$ 98,000 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 19.68% | 87.56% | 72.15% | 64.45% | 65.13% | 57.31% | 31.89% | 15.28% |
| Plan fiduciary net position as a percentage of the total pension liability | 96.40% | 78.85% | 82.61% | 84.27% | 83.89% | 84.88% | 92.00% | 96.09% |

Health Insurance Subsidy Program
Last Ten Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability | 0.000338450% | 0.000320090% | 0.000342991% | 0.000339894% | 0.000332710% | 0.000339151% | 0.000323807% | 0.000327320% |
| District's proportionate share of the net pension liability | \$ 41,521 | \$ 39,082 | \$ 38,377 | \$ 35,975 | \$ 35,575 | \$ 39,527 | \$ 33,023 | \$ 30,605 |
| District's covered-employee payroll | \$ 99,950 | \$ 111,736 | \$ 115,500 | \$ 112,350 | \$ 107,000 | \$ 105,190 | \$ 99,048 | \$ 98,000 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 41.54% | 34.98% | 33.23% | 32.02% | 33.25% | 37.58% | 33.34% | 31.23% |
| 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% |

* Data prior to 2014 is unavailable

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

NORTH ST. LUCIE RIVER WATER CONTROL DISTRICT
Schedule of Pension Contributions
Florida Retirement System
Last Ten Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contributions | \$ 9,923 | \$ 8,026 | \$ 7,684 | \$ 7,104 | \$ 6,335 | \$ 5,932 | \$ 5,607 | \$ 5,732 |
| Contributions in relation to the contractually required contribution | <u>(9,923)</u> | <u>(8,026)</u> | <u>(7,684)</u> | <u>(7,104)</u> | <u>(6,335)</u> | <u>(5,932)</u> | <u>(5,607)</u> | <u>(5,732)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 99,950 | \$ 111,736 | \$ 115,500 | \$ 112,350 | \$ 107,000 | \$ 105,190 | \$ 99,048 | \$ 98,000 |
| Contributions as a percentage of covered-employee payroll | 9.93% | 7.18% | 6.65% | 6.32% | 5.92% | 5.64% | 5.66% | 5.85% |

Health Insurance Subsidy Program
Last Ten Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contributions | \$ 1,989 | \$ 1,855 | \$ 1,917 | \$ 1,889 | \$ 1,818 | \$ 1,772 | \$ 1,665 | \$ 1,082 |
| Contributions in relation to the contractually required contribution | <u>(1,989)</u> | <u>(1,855)</u> | <u>(1,917)</u> | <u>(1,889)</u> | <u>(1,818)</u> | <u>(1,772)</u> | <u>(1,665)</u> | <u>(1,082)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 99,950 | \$ 111,736 | \$ 115,500 | \$ 112,350 | \$ 107,000 | \$ 105,190 | \$ 99,048 | \$ 98,000 |
| Contributions as a percentage of covered-employee payroll | 1.99% | 1.66% | 1.66% | 1.68% | 1.70% | 1.68% | 1.68% | 1.10% |

*Data prior to 2014 is unavailable

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

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

To the Board of Supervisors
North St. Lucie River Water Control District
Fort Pierce, Florida

We have audited, 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, the governmental activities and the major fund of the North St. Lucie River Water Control District (the "District") 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, and have issued our report thereon dated February 4, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McAlpin, Cavalcanti, & Lewis CPA
Fort Pierce, Florida
February 4, 2022

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTE 218.415 – INVESTMENTS OF PUBLIC FUNDS**

The Board of Supervisors
North St. Lucie River Water Control District
Fort Pierce, Florida

We have examined the North St. Lucie River Water Control District's (the "District") compliance with Section 218.415, Florida Statute during the fiscal year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the North St. Lucie River Water Control District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2021.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Supervisors of the North St. Lucie River Water Control District, and management and is not intended to be and should not be used by anyone other than these specified parties.

McAlpin Cavalcanti & Lewis

McAlpin, Cavalcanti, & Lewis CPA
Fort Pierce, Florida
February 4, 2022

McAlpin Cavalcanti & Lewis

C P A

MANAGEMENT LETTER

The Board of Supervisors
North St. Lucie River Water Control District
Fort Pierce, Florida

We have audited the financial statements of the North St. Lucie River Water Control District (the "District"), as of and for the year ended September 30, 2021, and have issued our report thereon dated February 4, 2022.

As a part of our audit, we made a review of financial management and accounting procedures and a review to determine whether operations were properly conducted in accordance with legal and regulatory requirements. We also considered the District's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

Auditor's Responsibility

Our audit was conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The following condition discovered within the scope of the audit is presented for your consideration:

ML 2021-1 Lack of Segregation of Duties

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the District implement a system to review and reconcile financial transactions on a regular basis and the Board of Supervisors remain involved in the financial affairs of the District to provide oversight and independent review functions.

We bring this condition to your attention in accordance with professional standards, but we recognize that it requires your staff assessment of a cost-effective solution. Alternative solutions might include hiring of additional staff.

Status of Prior Year Comments

See current year comment 2021-1 on the lack of segregation of duties which has been reported in the prior two audit reports. Due to the size of the District the lack of segregation of duties will remain an inherent risk.

Other Matters

Per Auditor General Rule 10.554(1)(i)6, independent special districts are required to present specific information by management. The following information is presented by management and the auditor provides no assurance on this information:

- a) Total number of District employees compensated in the last pay period of the District's fiscal year being reported – two (2) employees.
- b) Total number of independent contractors to whom compensation was paid in the last month of the District's fiscal year being reported- one (1) independent contractor.
- c) All compensation earned or awarded to employees, whether paid or accrued, regardless of contingency - \$160,295
- d) All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency - \$43,366
- e) The District did not have any construction projects with a total cost of at least \$65,000.
- f) A budget variance report has been presented as required – see page 24.

As required by Section 218.39(3)(c) and 218.32(1)(e)5, Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, North St. Lucie River Water Control District reported:

- a) The rate of non-ad valorem assessments collected on behalf of the District as: \$20.50 per acre.
- b) The total amount of special assessments collected on behalf of the District: \$1,140,623.
- c) The total amount of outstanding bonds issued by the District and the terms of such bonds: N/A – no outstanding bonds.

The following representations and comments are made in order to comply with these requirements.

Specific Legal Authority

The North St. Lucie River Water Control District was created under the authority of Chapter 57 1789, Laws of Florida, Circuit Court Decree 1917.

Financial Condition

Based on our audit procedures performed, we determined that the District did not meet any of the conditions described in Florida Statue Section 218.503(1).

Financial Condition Assessment Procedures

The auditors performed financial condition assessment procedures per Auditor General Rule 10.556(8). It is management's responsibility to monitor the District's financial position and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

We wish to take this opportunity to thank you for the cooperation and courtesies extended to us during the course of our audit. We have enjoyed our association with you and look forward to a continuing relationship.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Supervisors of the North St. Lucie River Water Control District, and management and is not intended to be and should not be used by anyone other than these specified parties.

McAlpin Cavalcanti & Lewis
 McAlpin, Cavalcanti, & Lewis CPA
 Fort Pierce, Florida
 February 4, 2022



North St. Lucie River Water Control District

14666 Orange Avenue
Fort Pierce, Florida 34945

February 4, 2022

McAlpin, Cavalcanti, & Lewis CPA
511 North Indian River Drive
Fort Pierce, FL 34950

Re: Response to Management Letter

Dear McAlpin, Cavalcanti, & Lewis CPA's:

The following is the District's response to the conditions listed in the management letter on page 30 of the audited financial statements of North St Lucie River Water Control District as of and for the year ended September 30, 2021:

Lack of Segregation of Duties

The office of the District is comprised of one general office person and one superintendent of works. The Board of Supervisors recognizes that the size of the District's accounting and administrative staff precludes optimum segregation of duties and has therefore adopted rules and procedures for the conduct of the District operations. The Board of Supervisors considers these rules and procedures as followed by all employees an integral part of the internal control structure of the District. The District understands the lack of segregation of duties remains an inherent risk.

Signature

PRESIDENT

Title