



Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

**Prepared by the
Finance Department**

**Kara Fraraccio, CPA
Director of Finance and Administration**

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

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**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

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INTRODUCTORY SECTION



LOXAHATCHEE RIVER DISTRICT

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D. Albrey Arrington, Ph.D. EXECUTIVE DIRECTOR

loxahatcheeriver.org

March 14, 2024

Chairman and Members of
the District Governing Board and Customers of
Loxahatchee River Environmental Control District
Jupiter, Florida

Florida Statutes require that government entities publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards accepted in the United States and *government auditing standards* by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to submit this Annual Comprehensive Financial Report of the Loxahatchee River Environmental Control District (the District) for the fiscal years ended September 30, 2023 and 2022. District staff remains committed to reaching and maintaining the highest possible standards in financial reporting now and in the future.

This report was prepared by the District's Finance Department. Responsibility for data accuracy and completeness and fairness of the presentation, including all disclosures, rests with the District's management. We believe the data, as presented, are accurate in all material respects, that they are presented in a manner designed to fairly set forth the financial position and results of operations of the District, and that all disclosures necessary to enable readers to gain maximum understanding of the District's financial activity have been included.

Marcum LLP, independent auditors', have issued an unmodified opinion on the Loxahatchee River Environmental Control District's financial statements for the fiscal years ended September 30, 2023 and 2022. The independent auditors' report is presented as the first component of the financial section of this report.

Following the independent auditors' report, you will find the Management Discussion and Analysis (MD&A) where senior District staff provide a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

District Profile

The Loxahatchee River Environmental Control District was created by Chapter 71-822, Special Acts of Florida, 1971, as amended, and codified in Chapter 2021-249, Laws of Florida, as a separate local agency of government to provide for the management of sewage, storm drainage, and water supply, and conduct environmental monitoring, education, and enhancements in an area of approximately 73 square miles in portions of northern Palm Beach and southern Martin Counties generally defined as the Loxahatchee River Basin. An elected five-member board governs the District.

Stephen B. Rockoff
CHAIRMAN

Kevin L. Baker
BOARD MEMBER

Gordon M. Boggie
BOARD MEMBER

Dr. Matt H. Rostock
BOARD MEMBER

Clinton R. Yerkes
BOARD MEMBER

The District is dedicated to protecting public health and preserving the Loxahatchee River watershed and its natural habitats through innovative wastewater solutions, research, and environmental stewardship.

The District's wastewater treatment facility provides the following services to approximately 32,000 residential customers and 1,500 commercial customers.

Wastewater collection, treatment and disposal

The District's wastewater system is made up of more than 1,584,000 feet or 300 miles of gravity sewer pipes, over 1,567 single family residential sewage pumping units, 234 regional or neighborhood sewage pumping stations, and 560,525 feet of major force mains (pipes). This network carries wastewater from homes and businesses to our regional wastewater treatment facility, which is located at 2500 Jupiter Park Drive, Jupiter, FL. The original treatment plant became operational in 1978. In 2007, a major upgrade to our wastewater treatment facility increased its capacity from 9 to 11 million gallons per day. Excess treated wastewater, i.e., during wet periods, is disposed of using our deep injection well, which effectively removes the water from our local hydrologic cycle. Excess microbial biomass generated in our wastewater treatment facility, also known as biosolids, is dewatered onsite and hauled in tractor trailers to the Biosolids Processing Facility (adjacent to the SWA landfill) where methane gas from the landfill is used to process the microbial biomass into energy and nutrient dense pellets that are recycled as fertilizer.

Irrigation Quality Water

During normal and dry periods, 100% of the wastewater we treat is recycled to meet landscape irrigation needs. Our treated wastewater goes by many names: treated effluent, reclaimed water, reuse water, and, our favorite, Irrigation Quality (IQ) Water. In 1986 the District began recycling our treated wastewater to meet local landscape irrigation needs as a proactive effort to offset impacts to the National Wild and Scenic Loxahatchee River being caused by saltwater intrusion. Today, our Irrigation Quality Water serves residential communities, golf courses, public parks and recreational facilities such as Roger Dean Stadium with over seven million gallons of water a day. The District distributes IQ Water to these customers through more than 184,800 feet or 35 miles of force mains that measure up to 24-inches in diameter.

River Research

The District's Wildpine Laboratory is a state-certified laboratory that provides scientific staff and equipment to conduct professional analysis of daily wastewater treatment facility operations, as well as an extensive environmental monitoring program within the Loxahatchee River watershed. Scientists conduct routine monitoring of water quality throughout the watershed on a monthly basis. Scientists also assess seagrass and oyster health within the Loxahatchee River because these species provide critical habitat to countless species and are a reliable indicator of ecosystem health.

Environmental Education

The District's environmental education program exists to foster a sense of environmental stewardship for the Loxahatchee River's diverse watershed with quality education programs, exhibits and meaningful events. These programs are conducted throughout the watershed and at the River Center, our environmental education facility. The River Center features live aquatic tanks, interactive exhibits, and a touch tank, all of which allow the public, especially children, to explore, experience, and connect with the diverse habitats and creatures found within the

Loxahatchee River watershed. The River Center provides a fun educational opportunity for school children, adults, visitors, and long-time residents to learn about Florida's first National Wild and Scenic River and the efforts to preserve and protect it. The River Center offers a variety of programs such as Seine & Snorkel, Fishing Clinics, Youth Camps, Monthly Lecture Series, Kayak Trips, and Boating Safety Classes.

Financial Data

The District's financial accounting system is based on the full accrual basis of accounting. All District activities are accounted for within a single proprietary (enterprise) fund.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls which are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of an internal control system should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgements by management. We are confident the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The District maintains a system of budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual, appropriated budget approved by the Board. The budget process begins in March with the rate study. The operating budget incorporates the goals and objectives identified during the rate study and the strategic plan. The Board begins reviewing proposed budget figures in June and approves final budget appropriations in September; any subsequent revisions that increase the total appropriations must be approved by the Board.

The District follows its adopted investment policy when handling public funds. The investment policy is in compliance with Florida Statutes, Section 218.415 and the intent of this policy is to 1) ensure the preservation of principal, 2) maintain sufficient cash flow to enable the District to meet its obligations, and 3) maximize the return on assets for acceptably low exposure to risk.

The District currently has no outstanding debt. The intent of the Governing Board is that the cost of providing goods or services to the general public is financed primarily through user charges. Operational and maintenance costs, including minor equipment purchases, are funded from customer fees and charges. The acquisition and construction of capital assets are funded by assessment charges, grants, contributions from customers and developers, and customer revenues.

Economic Outlook

Systematic, effective treatment and disposal of wastewater (sewage) is critical to the maintenance of public health and environmental health. Wastewater treatment is a public necessity; thus, revenues derived from wastewater treatment typically remain stable regardless of transient economic conditions. During the fiscal year 2023, the District had an increase in residential equivalent connections (ECs) of 396 (0.7%). Given the lack of developable land in our service area, increases in quarterly sewer revenue are anticipated to be driven, not by growth in customers, but by rate increases. This perspective would change if the Board were to decide to initiate neighborhood sewerage of unscheduled areas, i.e., west of I-95.

The District performs an annual rate study where rates are compared to planned spending over the course of a five-year period. During the fiscal year 2023, the District implemented a 4% rate increase for quarterly sewer service charges, a 3% rate increase for retail and wholesale IQ Water charges, and a 5% rate increase in Nano IQ Water charges. Plant Connection Charges, Regional Transmission System Line Charges, and Administrative Charges are adjusted annually based upon the February Engineering News Record Construction Cost Index, which was 3.88% for February 2023. Subregional Line Charges are adjusted annually based on the 10-Year Treasury Rate published by the US Department of Treasury on February 1.

The District remains financially sound through conservative budgeting and continuously monitoring costs compared to the budget. District staff makes a concerted effort to be frugal with expenditures, which helps keep annual rate increases minimal. Nonetheless, the District understands the critical importance of renewal and replacement of existing assets, and each year we systematically assess our assets, plan for, and invest in rehabilitation and/or renewal of degraded assets (e.g., gravity sewer pipe lining projects, rehabilitation of sewage pumping stations, cleaning and rehabilitation of aeration basins).

Strategic Plan

The District's Strategic Plan sets the priorities and the direction of the District. In 2018, the Governing Board and senior management utilized a comprehensive strategic planning process to identify and prioritize key strategic objectives and improvement initiatives. The four strategic initiatives are:

- Stakeholder Focus – Improve Customer and Stakeholder satisfaction.
- Operational Excellence – Increase system reliability, optimize use of technology, improve analytical use of data, improve internal policies and procedures, improve workplace safety, and improve environmental stewardship.
- Employee Learning and Growth – Maintain employee morale and satisfaction, improve employee capabilities, and enhance internal communication.
- Financial Stewardship – Ensure prudent financial stewardship to achieve the expected level of return to stakeholders.

In 2023, the District published an Environmental Education Strategic Plan to realign our environmental efforts. This strategic plan included 40 strategic initiatives, i.e., prioritized, action-oriented, measurable goals. Accomplishing these strategic initiatives will drive improvement on our defined environmental education goals and objectives.

Fiscal year 2023 notable highlights of the accomplishments and advancements of strategic initiatives is summarized below.

- Safety continues to be a top priority at the District. During the fiscal year, the Lift Station Fall Protection project was completed, providing fall protection at the 200 lift stations that lacked fall protection. To facilitate and encourage safe work practices the District expanded computerized maintenance management system (CMMS) and analytical tools to monitor completion of mandatory lock-out/tag-out procedures and job hazard analysis'. Additionally, the District expanded the near miss program and implemented resolution tracking through CMMS.
- The District continues to fund capital improvement projects to maintain and improve District facilities. In FY 2023, the Master Lift Station Traveling Bridge Crane project was completed. This project provides a safe and effective method to perform lifting of pumps, motors, bases, valves and fittings in the Master Lift Station dry pit.

- As part of the District’s comprehensive rehabilitation initiative, the District completed eight lift station rehabilitations and completed rehabilitation of more than 75,000 linear feet of gravity main and rehabilitation of more than 10,000 linear feet of service laterals.
- The District completed six neighborhood sewerage projects, converting an additional 60 homes from septic systems to our regional sanitary sewer system.
- The District appreciates the value of professional development provided by training our staff. As part of this effort, programs were implemented to improve our understanding of skills that staff need to not only perform their assigned duties, but also provide career development that can provide additional value to the District. During the fiscal year, we improved our systems to manage job skill requirements as well as identified opportunities for skill development and identified training for those skills. While many trainings can be performed in person, computer-based training has become indispensable to teams within the District as the staff can complete the training without any complex coordination. The District utilized OpenSesame, a provider of computer-based training courses, whose course catalogue includes a wide variety of topics including compliance, safety, and business skills. District staff will be able to receive required training and will be able to take courses that contribute to their career development.

These accomplishments over the past year are primarily the result of the Governing Board’s leadership and diligent efforts of the District’s dedicated professional staff, who routinely and consistently deliver superior service to our customers in an efficient and respectful manner.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Loxahatchee River Environmental Control District for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the fifth year the District has achieved this prestigious award. Requirements to receive a Certificate of Achievement include the government publishing an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this annual comprehensive financial report was made possible by the dedicated service of the entire staff of the District. Each participant has our sincere appreciation for the contributions made in support of this report.

We would like to thank the Governing Board and customers of the Loxahatchee River Environmental Control District for their interest and support in enabling the District to achieve its goal of providing quality service in a cost effective and responsible manner.

Respectfully submitted,



D. Albrey Arrington, Ph.D.
Executive Director



Kara Fraraccio, CPA
Director of Finance
and Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Loxahatchee River Environmental Control District
Florida**

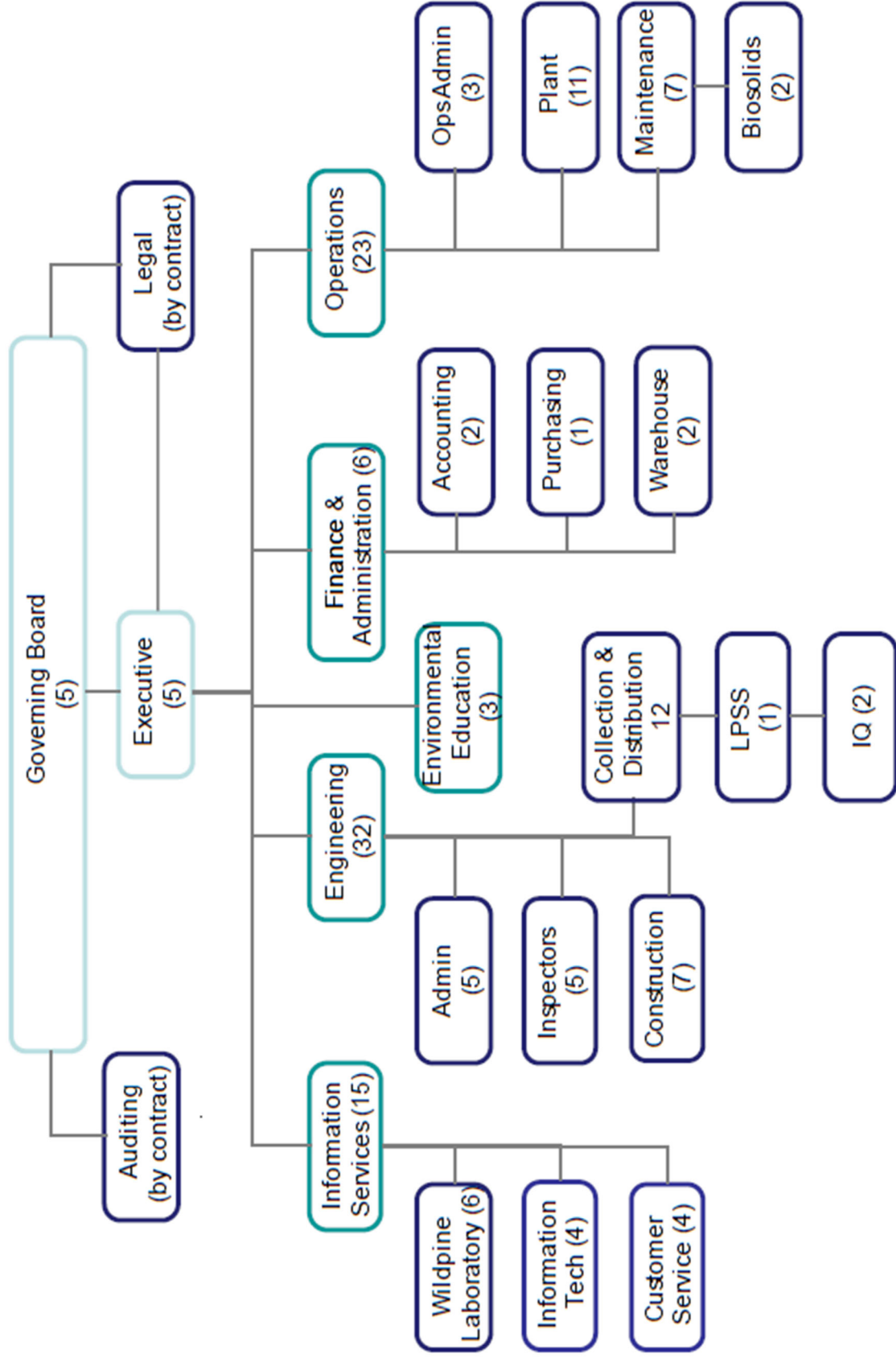
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

LRD Organizational Chart



LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT

LIST OF PRINCIPAL OFFICIALS

September 30, 2023

GOVERNING BOARD MEMBERS

Chairman..... Dr. Matt H. Rostock
Vice-Chairman..... Stephen B. Rockoff
Treasurer Gordon M. Boggie
Secretary..... Clinton R. Yerkes
Assistant Secretary/TreasurerKevin L. Baker

DISTRICT STAFF

Executive DirectorD. Albrey Arrington, Ph.D.
Deputy Executive Director Kris Dean, PE
Director of Finance and Administration Kara D. Fraraccio, CPA
Director of Information Services..... Kenneth Howard
Director of Engineering..... Courtney Jones, PE
Plant Manager..... Jason A. Pugsley, PE

CONSULTANTS

Legal Counsel.....Curtis Shenkman, P.A.
Independent Auditors.....Marcum LLP

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Governing Board and Executive Director
Loxahatchee River Environmental Control District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Loxahatchee River Environmental Control District (the "District"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of September 30, 2023, and the respective changes in financial position and its cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part

of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical, and other information sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Matter – Summarized 2022 Comparative Information

The financial statements of the District as of and for the fiscal year ended September 30, 2022, were audited by a predecessor auditor whose report dated February 9, 2023 expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended September 30, 2022 was derived from the 2022 financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, Florida
March 14, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Loxahatchee River Environmental Control District’s (the District) Management’s Discussion and Analysis (MD&A) presents highlights of the District’s financial activities for the fiscal years ended September 30, 2023 and 2022. Please read it in conjunction with the letter of transmittal in the introductory section and the District’s audited financial statements which follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District is a special-purpose government consisting of a single enterprise fund whose function is to provide for the management of sewage, storm drainage, and water supply, and conduct environmental monitoring, education, and enhancements within the Loxahatchee River Basin. The Annual Comprehensive Financial Report is presented in five sections: Introductory, Financial, Statistical, Other Information, and Reporting. The Introductory section includes a Transmittal Letter, List of Principal Officials and Staff, and the District’s Organization Chart. The Financial section includes the MD&A, audited basic financial statements and accompanying notes, as well as the report of the independent certified public accountant on the financial statements. The Statistical section includes unaudited financial and demographic information, and the Reporting section includes the supplementary auditors’ reports.

The MD&A represents management’s examination, analysis, and report on the District’s financial condition and performance. The financial statements, as well as other available operational and financial information and the budget were used for this analysis. The MD&A should be used with the audited financial statements and the accompanying notes to those statements.

FINANCIAL HIGHLIGHTS

- Operating revenues were \$21,025,062, an increase of 4.69% over the prior year.
- Capital contributions were \$3,214,703, an increase of 11.69% over the prior year.
- Operating Expenses, including depreciation and amortization, were \$24,599,114, an increase of 6.37% over the prior year.
- Net position increased by \$1,737,381 or 0.97%.
- Net investment in capital assets were \$124,152,628, an increase of 2.03% over the prior year.

REQUIRED FINANCIAL STATEMENTS

As an Enterprise Fund, the District’s financial statements and accounting methods closely resemble those used by private sector companies. These statements offer short and long-term financial information about its activities. The required financial statements include Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and Notes to Basic Financial Statements.

The Statement of Net Position includes all of the District’s assets and liabilities. This statement provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. Over time, increases or decreases are indicators of whether the financial position of the District is improving or not.

All of the current year’s revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District’s operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, as well as being fiscally accountable and creditworthy. While the Statement of Net Position discussed previously shows a snapshot of balances as of a certain date, the Statement of Revenues, Expenses, and Changes in Net Position focuses on changes in the fiscal operating period.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, non-capital and capital financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Finally, the accompanying Notes to the Financial Statements provide required disclosures and other information pertinent to understanding and explaining the financial statements. The notes contain information such as accounting policies, explanations, and descriptions of significant account balances, expanded detail on summarized data in the financial statements, as well as required disclosures about the District.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position may serve over time as a useful indicator of a government's financial position. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help determine the District's financial position at September 30, 2023. The District's net position is one way to measure the financial health or financial position of the District. Over time, increases and decreases in the District's net position indicate whether the District's financial health is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, and new or changed governmental legislation also impact the fiscal condition.

Net Position

We begin our analysis by providing a condensed summary of the District's statements of net position for the fiscal years ended September 30, 2023, 2022, and 2021. The analysis below shows the District net position (Table 1) and changes in net position (Table 2) during the year in a condensed format.

	2023	2022	%	2021	%
Current and other assets	\$ 59,825,383	\$ 60,871,381	(1.72)	\$ 58,814,098	3.50
Capital assets, net	126,579,314	122,895,010	3.00	122,527,302	0.30
Total assets	<u>\$ 186,404,697</u>	<u>\$ 183,766,391</u>	1.44	<u>\$ 181,341,400</u>	1.34
Noncurrent liabilities	\$ 1,145,346	\$ 972,567	17.77	\$ 933,235	4.21
Other liabilities	5,122,611	4,394,465	16.57	2,763,065	59.04
Total liabilities	<u>\$ 6,267,957</u>	<u>\$ 5,367,032</u>	16.79	<u>\$ 3,696,300</u>	45.20
Net position:					
Net investment in capital assets	\$ 124,152,628	\$ 121,680,199	2.03	\$ 122,143,333	(0.38)
Unrestricted	55,984,112	56,719,160	(1.30)	55,501,767	2.19
Total net position	<u>\$ 180,136,740</u>	<u>\$ 178,399,359</u>	0.97	<u>\$ 177,645,100</u>	0.42

As illustrated in the table above, the District's assets exceeded liabilities by \$180,136,740, \$178,399,359, and \$177,645,100, at September 30, 2023, 2022, and 2021, respectively. A broad array of factors contributed to this positive increase in net position: conscientious collection practices, careful attention to cost control, sizable capital contributions. The largest portion of the District's net position (69.0%) reflects its net investment in capital assets (land, right to use asset, treatment and disposal systems, collection and transmission systems, equipment and construction in progress), net of related debt. The District uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Current and other assets include \$9.0 million in noncurrent special assessments receivable.

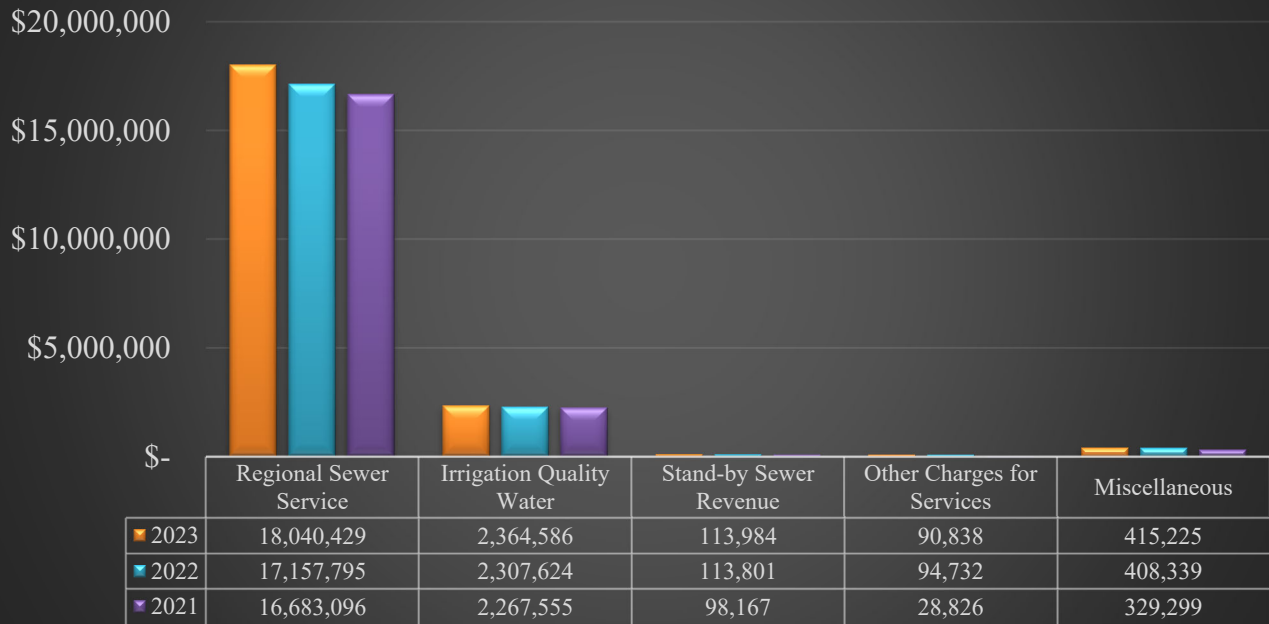
Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022	%	2021	%
Operating revenues:					
Charges for services	\$ 20,609,837	\$ 19,673,952	4.76	\$ 19,077,644	3.13
Miscellaneous	415,225	408,339	1.69	329,299	24.00
Total operating revenues	<u>21,025,062</u>	<u>20,082,291</u>	4.69	<u>19,406,943</u>	3.48
Operating expenses:					
Personal services	10,427,671	9,207,293	13.25	8,193,390	12.37
Operational	3,663,411	3,428,115	6.86	3,055,824	12.18
Supplies and chemicals	1,387,961	1,161,338	19.51	975,258	19.08
Repairs and maintenance	1,518,971	1,621,574	(6.33)	1,427,301	13.61
Contractual services	492,150	552,686	(10.95)	783,509	(29.46)
Depreciation and amortization	7,108,950	7,154,369	(0.63)	7,528,150	(4.97)
Total operating expenses	<u>24,599,114</u>	<u>23,125,375</u>	6.37	<u>21,963,432</u>	5.29
Operating loss	(3,574,052)	(3,043,084)	17.45	(2,556,489)	19.03
Nonoperating revenues					
(expenses):					
Grant revenue	5,126	351,500	(98.54)	270,000	30.19
Interest income	2,018,876	754,712	167.50	722,220	4.50
Net income (loss) on fair value of investments	41,273	(152,397)	(127.08)		100.00
Net income (loss) on disposal of capital assets	37,071	(28,603)	(229.61)	(14,652)	95.22
Interest expense	(5,616)	(6,086)	(7.72)		100.00
Total nonoperating revenues					
(expenses)	<u>2,096,730</u>	<u>919,126</u>	128.12	<u>977,568</u>	(5.98)
Income (loss) before capital contributions	(1,477,322)	(2,123,958)	(30.44)	(1,578,921)	34.52
Capital contributions	3,214,703	2,878,217	11.69	1,661,848	73.19
Change in net position	1,737,381	754,259	130.34	82,927	809.55
Net position, beginning of year	178,399,359	177,645,100	0.42	177,562,173	0.05
Net position, end of year	<u>\$ 180,136,740</u>	<u>\$ 178,399,359</u>	0.97	<u>\$ 177,645,100</u>	0.42

While the statements of net position show the change in financial position of the District, the statements of revenues, expenses and changes in net position provide answers as to the nature and source of these changes.

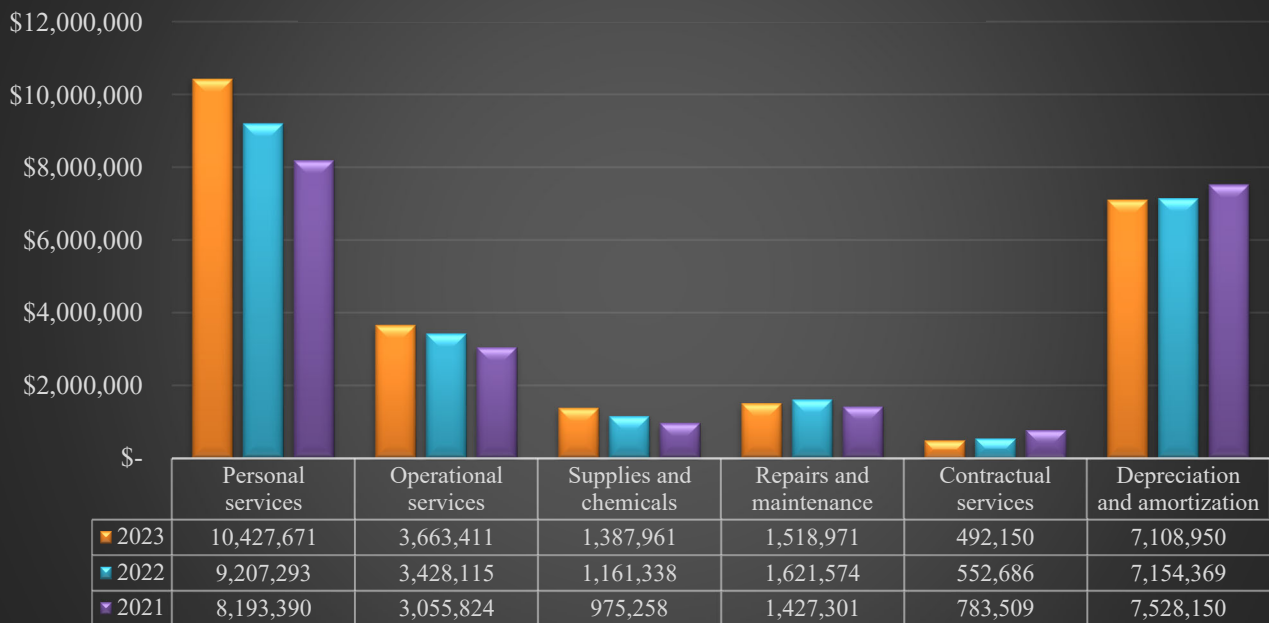
Operating revenue increased by \$942,771 or 4.69% compared to fiscal year 2022 and increased \$1,618,119 or 8.34% comparing fiscal year 2023 to 2021. The chart below compares operating revenues by source for the fiscal years 2023, 2022, and 2021. The increase in Regional Sewer Service is largely due to a 4% rate increase effective April 1, 2023, and an increase in commercial business usage after a decline in 2021 due to COVID-19 closures. Commercial sewer sales are billed based on their average prior year usage; therefore, there is a lag between the COVID-19 effects and the reported revenues. Other charges include charges for late fees, interest, etc. During fiscal year 2021, the District forgave all delinquency fees, charges, interest, and all lien processing fees. These charges were reinstated during fiscal year 2022, causing the level to increase back to a more normal amount. In fiscal year 2021, Irrigation Quality Water agreements were curtailed due to dry weather conditions. Curtailed agreements offset by a rate increase effective April 1, 2022 and another rate increase effective April 1, 2023, caused Irrigation Quality Water sales to increase from fiscal year 2021.

Revenue Comparisons



Operating expenses increased from \$21,963,432 in fiscal year 2021 to \$23,125,375 in fiscal year 2022 and \$24,599,114 in fiscal year 2023. The chart below presents operating expenses for the comparative years ending September 30, 2023, 2022, and 2021. Of the increases driving fiscal year 2023 higher, inflation was the principal factor, but not the only factor. Personal Services have increased largely due to a cost-of-living increase of 9.1%. The increase in Supplies and Chemicals is related to the cost of chlorine more than doubling from fiscal year 2021 to fiscal year 2023. The decrease in Contractual Services in fiscal year 2023 is primarily related to the conclusion of the Nano Bubble Ozone Technology (NBOT) water quality project, which started in fiscal year 2021, concluded in 2022, and was grant funded. Also, in 2023, the District no longer had to pay for wastewater surveillance to test trends of SARS-CoV-2 within the raw sewage we treat.

Operating Expense Categories



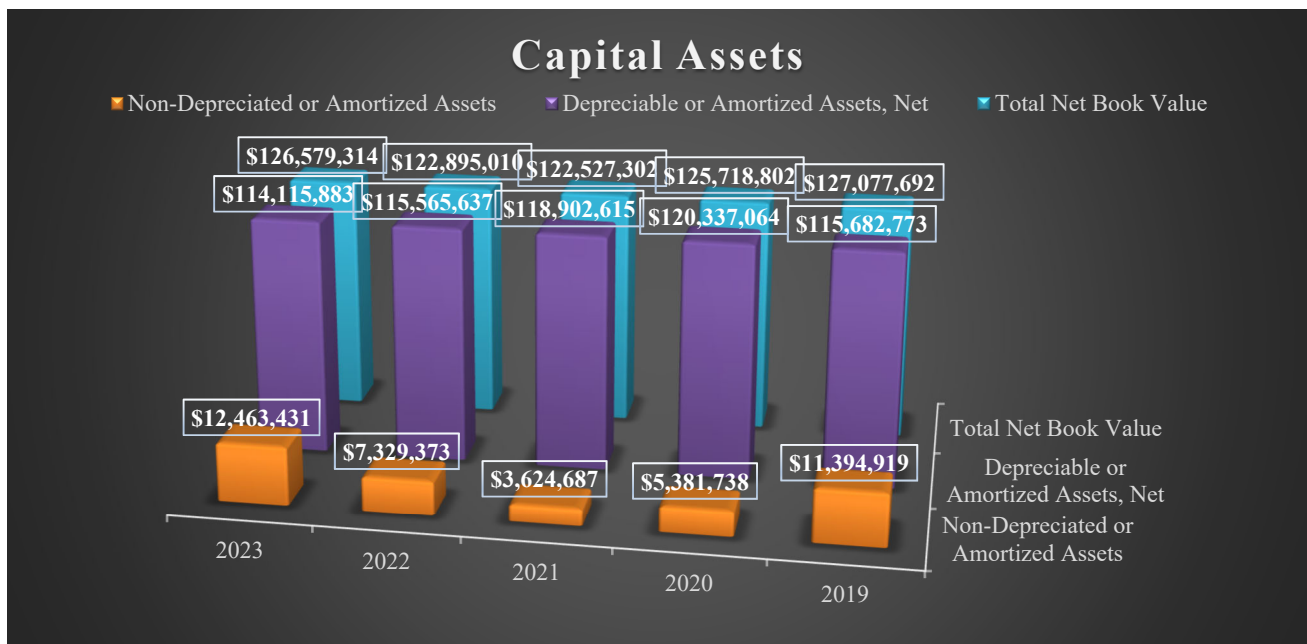
Non-operating revenues and expenses increased to \$2,096,730 in fiscal year 2023 from \$919,126 in fiscal year 2022 and \$977,568 in fiscal year 2021. This increase is driven by a significant increase in investment earnings. Market conditions, investable surplus, and cash flow needs dictate the District's investment earnings. Changing interest rate market conditions between fiscal year 2021 and fiscal year 2023 resulted in an increase in interest income. The Fed raised interest rates eleven times between March 2022 and July 2023, increasing rates by 5%. During fiscal year 2022, the District invested in government backed bond funds. However, the impacts of COVID-19 weakened the bond market, sending rates on potential authorized investments to historical lows resulting in a decrease in the fair value of investments of \$152,397. In fiscal year 2023, the bond market started to strengthen resulting in an increase in the fair value of investments of \$41,273. The District received grant revenue of \$270,000 for a completed neighborhood sewerage project during fiscal year 2021 and grant revenue of \$350,000 to fund the Nano Bubble Ozone Technology (NBOT) water quality project during fiscal year 2022. The District received no significant grant revenues in the current year. The District continues to renew and replace its aging infrastructure. When capital items are replaced before they are fully depreciated, the resulting typical write-offs result in accounting losses, the amount of which will vary from year to year. District staff seeks to maximize cash recovery for disposed assets by public sale. Fiscal year 2023 had a profit on the disposal of assets totaling \$37,071, while fiscal years 2022 and 2021 had losses of \$28,603 and \$14,652, respectively. Interest expense in fiscal years 2023 and 2022 is a result of the District implementing GASB 87, *Accounting for Leases* in fiscal year 2022.

Capital Contributions are composed of special assessments related to neighborhood sewerage, connection charges, and donated infrastructure. Consequently, capital contributions can fluctuate from one fiscal year to the next. Substantial completion of the Jupiter Inlet Lighthouse Outstanding Natural Area septic to sewer project and reimbursement by the Bureau of Land management caused the increase in capital contribution revenues in fiscal year 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of September 30, 2023, in the amount of \$126,579,314 (net of accumulated depreciation and amortization) has increased 3.0% over the prior year. This investment in capital assets includes land, right to use asset, treatment and reuse/disposal system, collection and transmission system, equipment, and construction in progress. There were \$10.7 million in capital additions, but the decrease of \$7.0 million due to normal scheduled depreciation, amortization, and asset disposals left an increase in capital assets of approximately \$3.7 million.



Major capital asset events during the current year included the following:

- Construction work in progress as of the close of the fiscal year ended September 30, 2023, was \$11,608,987. Of this amount, notable projects include: \$1,732,248 for septic to sewer conversions; \$6,754,822 for lift station improvements; \$780,744 for IQ Pump Station improvements; \$599,359 for site planning; \$548,620 for Loxahatchee River Subaqueous Replacement Project; \$531,426 for lining projects; and \$399,880 for network and software replacement projects.
- Construction of new treatment and disposal features and renewal of existing features completed and booked during fiscal year 2023 totaled \$670,116.
- Construction of new collection and transmission systems and renewal of existing features completed and recorded in fiscal year 2023 totaled \$3,976,361.
- Construction of IQ system improvements completed in fiscal year 2023 totaled \$39,295.

Also, presented in Note 5 to the financial statements are additional details of the District’s Capital Assets.

Long-term Debt

As shown in Table 3 below, the District’s long-term liabilities consists of compensated absences and lease liability.

	2023	2022	%	2021	%
Compensated Absences	\$ 1,189,610	\$ 1,037,346	14.68%	\$ 1,028,286	0.88%
Lease Liability	127,235	115,162	10.48%		100.00%
Total long-term liabilities	1,316,845	1,152,508	14.26%	1,028,286	12.08%
Less Current Portion	(171,499)	(179,941)	-4.69%	(95,051)	89.31%
Long-term liabilities (net of current portion)	<u>\$ 1,145,346</u>	<u>\$ 972,567</u>	17.77%	<u>\$ 933,235</u>	4.21%

Compensated absences include estimated accrued vacation and sick leave to be paid at retirement. Lease liability include right to use leases for certain equipment. New lease agreements totaling \$105,613 were entered into during the current year. Principal payments totaling \$93,540 were made on leases during fiscal year 2023. The District incurred \$5,616 and \$6,086 of interest charges for the fiscal years ended 2023 and 2022, respectively.

Additional information on the District’s long-term liabilities can be found in Note 6 to the financial statements.

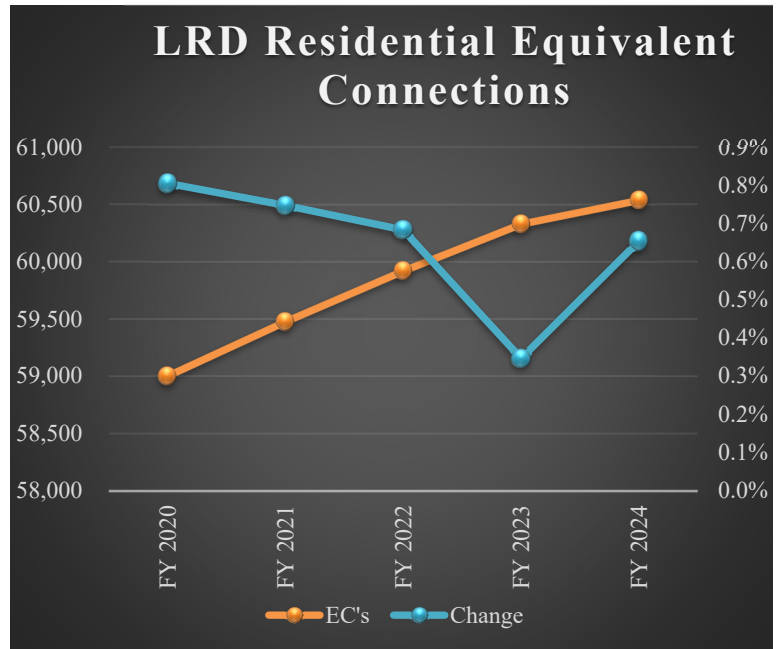
ECONOMIC FACTORS AND RATES

The District operates in a stable economic environment evidenced by a steadily growing customer base along with some of the most affordable rates in South Florida. Numerous economic factors, such as increasing operating costs, the need for new or renewed facilities, the pace of growth, cost of financing, etc., are evaluated when determining the District’s budget and rates. Charges for services continue to be the District’s largest single source of revenue, as wastewater treatment is a public necessity. Revenue typically remains stable as long as the number of equivalent connections does not decline.

The following information summarizes the financial conditions anticipated over the next few years and the core assumptions that produced these conditions.

Rates and System Growth

In March, 2023, the District approved the revised District Rule 31-10 which included an annual rate increase of 4.0% in 2023 and 3.0% in 2024 through 2027 for Quarterly Services Charges. Plant Connection Charges, Regional Transmission System Line Charges, and Administrative Charges increase based upon the annual increase (or decrease) in the Engineering News Records (ENR) Utility Cost Construction Index published in the February edition each year, which equaled 3.88% for February 2023. These rate increases were implemented in an effort to provide funding for anticipated future expenses while balancing a desire to reduce the unrestricted cash balance. The figure on the right shows the change in residential equivalent connections over the last 5 years (based on October billing). Once the remaining developable land is consumed this growth rate is anticipated to fall to near zero.



Significant neighborhood sewerage projects have been ongoing for over 20 years, so we are starting to experience a decline in assessment revenues. However, low pressure sewers were completed and assessed on Olympus Drive during fiscal year 2023, for a total assessment of \$25,507. Other ongoing neighborhood sewerage projects include Rolling Hills and Jamaica Drive. Excluding private roads, neighborhood sewerage east of I-95 will be completed in 2024.

System Renewal and Replacement

Over the last few years, the District initiated several major construction projects that focus on renewal and replacement of its facilities and infrastructure. The District's capital improvements will continue to be funded primarily through existing cash reserves, grants, and rate revenue. No additional debt is expected to be issued. Approved capital improvements include:

- Fiscal year 2024 neighborhood sewerage projects include Island Way and Old Jupiter Beach Road. The District will continue to pay 10% of associated neighborhood sewerage costs.
- Gravity System Lining.
- Loxahatchee River Subaqueous Replacement Project.
- Rehabilitation of Lift Station #82.
- Lift Station Cellular Telemetry.
- IQ511 Pump Station Piping Improvements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 2500 Jupiter Park Drive, Jupiter, Florida 33458.

FINANCIAL STATEMENTS

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2022)

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 22,618,868	\$ 23,672,396
Cash and cash equivalents - restricted	86,973	78,945
Investments	20,962,731	19,839,185
Receivables:		
Accounts	586,253	465,495
Special assessments	815,954	1,155,632
Accrued interest	513,892	565,080
Due from other governments	131,585	476,614
Inventories	2,999,322	2,689,221
Prepaid expenses	602,519	369,893
Total Current Assets	<u>49,318,097</u>	<u>49,312,461</u>
Noncurrent Assets		
Receivables		
Accounts	640,607	614,711
Accounts - allowance	(157,185)	(157,185)
Special assessments	8,995,713	9,897,400
Investment in joint venture	1,028,151	1,203,994
Capital assets:		
Non-depreciable	12,463,431	7,329,373
Depreciable (net of depreciation)	113,992,863	115,456,998
Right to use lease assets (net of amortization)	123,020	108,639
Total Noncurrent Assets	<u>137,086,600</u>	<u>134,453,930</u>
Total Assets	<u>\$ 186,404,697</u>	<u>\$ 183,766,391</u>

Continued

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2022)

	2023	2022
Liabilities		
Current Liabilities		
Accounts payable	\$ 533,301	\$ 627,716
Construction contracts payable	2,299,451	1,099,649
Accrued liabilities:		
Wages and payroll taxes	335,562	289,882
Pension	47,591	43,007
Compensated absences	107,701	108,056
Unearned revenue	1,648,234	2,075,325
Lease liability	63,798	71,885
Total Current Liabilities (payable from current assets)	<u>5,035,638</u>	<u>4,315,520</u>
Payable from restricted assets:		
Customer deposits	86,973	78,945
Total Current Liabilities (payable from restricted assets)	<u>86,973</u>	<u>78,945</u>
Total Current Liabilities	<u>5,122,611</u>	<u>4,394,465</u>
Noncurrent Liabilities		
Compensated absences	1,081,909	929,290
Lease liability	63,437	43,277
Total Noncurrent Liabilities	<u>1,145,346</u>	<u>972,567</u>
Total Liabilities	<u>6,267,957</u>	<u>5,367,032</u>
Net Position		
Net investment in capital assets	124,152,628	121,680,199
Unrestricted	55,984,112	56,719,160
Total Net Position	<u>\$ 180,136,740</u>	<u>\$ 178,399,359</u>

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
Operating Revenues		
Charges for services	\$ 20,609,837	\$ 19,673,952
Miscellaneous	415,225	408,339
Total Operating Revenues	<u>21,025,062</u>	<u>20,082,291</u>
Operating Expenses		
Personal services	10,427,671	9,207,293
Operational	3,663,411	3,428,115
Supplies and chemicals	1,387,961	1,161,338
Repairs and maintenance	1,518,971	1,621,574
Contractual services	492,150	552,686
Depreciation and amortization	7,108,950	7,154,369
Total Operating Expenses	<u>24,599,114</u>	<u>23,125,375</u>
Operating Loss	<u>(3,574,052)</u>	<u>(3,043,084)</u>
Non-operating Revenues (Expenses)		
Grants	5,126	351,500
Interest income	2,018,876	754,712
Net increase (decrease) in fair value of investments	41,273	(152,397)
Gain (loss) on disposal of capital assets	37,071	(28,603)
Interest expense	(5,616)	(6,086)
Total Non-operating Revenues (Expenses)	<u>2,096,730</u>	<u>919,126</u>
Loss Before Capital Contributions	(1,477,322)	(2,123,958)
Capital Contributions	<u>3,214,703</u>	<u>2,878,217</u>
Change in Net Position	1,737,381	754,259
Net Position - Beginning of Year	<u>178,399,359</u>	<u>177,645,100</u>
Net Position - End of Year	<u>\$ 180,136,740</u>	<u>\$ 178,399,359</u>

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
Cash Flows from Operating Revenues		
Receipts from customers	\$ 20,455,155	\$ 19,777,755
Payments to employees	(10,630,199)	(9,128,950)
Payments for goods and services	(7,510,805)	(6,720,589)
Other receipts	1,187,345	988,535
Net Cash Provided by Operating Activities	3,501,496	4,916,751
Cash Flows from Non-capital Financing Activities		
Grants	5,126	351,500
Net Cash Provided by Non-capital Financing Activities	5,126	351,500
Cash Flows from Capital and Related Financing Activities		
Contributed capital	2,306,465	1,118,258
Acquisition and construction of capital assets	(10,576,912)	(5,168,011)
Cash received from the sale of capital assets	73,396	50,069
Payment paid on leasing activities	(12,073)	(67,336)
Interest paid on leasing activities	(5,616)	(6,086)
Proceeds from collections of special assessments	1,241,365	1,296,273
Net Cash Used in Capital and Related Financing Activities	(6,973,375)	(2,776,833)
Cash Flows from Investing Activities		
Purchase of investments	28,114,865	(25,989,282)
Proceeds from sales of investments	(27,763,676)	16,629,989
Interest and dividends on investments	2,070,064	790,141
Net Cash Provided by (Used in) Investing Activities	2,421,253	(8,569,152)
Net Decrease in Cash and Cash Equivalents	(1,045,500)	(6,077,734)
Cash and Cash Equivalents - Beginning of Year	23,751,341	29,829,075
Cash and Cash Equivalents - End of Year	\$ 22,705,841	\$ 23,751,341

Continued

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (3,574,052)	\$ (3,043,084)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	7,108,950	7,154,369
(Increase) decrease in assets:		
Accounts receivable	(146,654)	111,321
Due from other governments	345,029	(3,148)
Inventory	(310,101)	(133,333)
Prepaid expenses	(232,626)	(9,264)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(108,113)	234,102
Developer deposits	(8,028)	(7,518)
Unearned revenue	427,091	613,306
Net Cash Provided By Operating Activities	<u>\$ 3,501,496</u>	<u>\$ 4,916,751</u>
Noncash Investing, Capital and Financing Activities		
Contributions of lift stations, lines and equipment	\$ 908,238	\$ 1,358,717
Book value of assets disposed	\$ 57,880	\$ 78,672
Equity in joint venture	\$ 175,843	\$ 175,843

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

NOTES TO FINANCIAL STATEMENTS

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – NATURE OF ORGANIZATION

Loxahatchee River Environmental Control District (the “District”) was created by Chapter 71-822, Special Acts of Florida, 1971, as amended, and codified pursuant to Chapter 2021-249, Laws of Florida, as a separate local agency of government to provide for the management of sewage, storm drainage, and water supply, and conduct environmental monitoring, education, and enhancements in an area of approximately 73 square miles in portions of northern Palm Beach and southern Martin Counties generally defined as the Loxahatchee River Basin. An elected five-member board governs the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting principles and policies used in the preparation of these financial statements.

REPORTING ENTITY

As required by GAAP, the financial statements present the government and its component units. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District’s financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization’s governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government.

Based on the application of the criteria set forth by the GASB, the District has determined that there are no legally separate entities to consider as potential component units.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION AND ACCOUNTING

On October 1, 2002, the District adopted the provisions of GASB Statement No. 34 (“Statement 34”) “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*” Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net investment in capital assets – this component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – this component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There was no restricted net position at September 30, 2023.

Unrestricted net position – component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The District’s financial statements are presented on the full accrual basis. All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION AND ACCOUNTING (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 revenues of the District's wastewater treatment enterprise fund are charges for the operation of the plant facilities. The District recognizes charges for services (revenue) that are earned and measurable on the accrual basis of accounting. Operating expenses for the enterprise fund include the cost of the operation of the plant facilities, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

BUDGETARY ACCOUNTING

The District's procedures for establishing budgetary data are as follows:

- The District's Executive Director submits a proposed operating budget to the governing board for the fiscal year commencing the following October 1.
- Public meetings and a public hearing are conducted to obtain comments.
- Formal budget integration is employed as a management control device during the fiscal year. The accounting principles applied for the purpose of developing data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles in that the District does not provide for depreciation expense in its budget.
- The Governing Board approves the budget appropriations. Any revisions that increase the total appropriations must be approved by the Governing Board.
- Unused appropriations for budgeted funds lapse at the end of the fiscal year.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible assets. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For the purposes of the financial statements, the District considers all highly liquid investments including cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

RESTRICTED ASSETS

As of September 30, 2023, the District had \$86,973 of cash and investments restricted for customer deposits. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

INVESTMENTS

The District's investments consist of U.S. Government and Agency securities, fixed income mutual funds, non-negotiable certificates of deposit, and investments with authorized Florida intergovernmental investment pools. Investments in the U.S. Government and Agency securities and fixed income mutual funds are valued at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Florida intergovernmental investment pools authorized by the District include the Florida PRIME Fund (Florida PRIME) and the Florida Fixed Income Trust ("FIT"). Participants in the investment pools are limited to governmental entities in the State of Florida. Florida PRIME is operated by the Florida State Board of Administration in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC registered mutual funds to use amortized cost, rather than fair value, to report net position used to compute share prices if certain conditions are met. Those conditions include restrictions on

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS (CONTINUED)

the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount. The fair value of the position in the pool is considered to be the same as the District’s account balance (amortized cost) in the pool.

FIT is organized by Florida public agencies under Florida Statutes Section 163, the Florida Interlocal Cooperation Act, for the purpose of operating independent investment pools for local governments in Florida and are administered by a Board of Trustees elected by the participants in the pool. FIT is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investors Protection Act. FIT operates four fixed income funds with differing cash management and investment goals. The fair value of investments in FIT is the net asset value (“NAV”) of each fund based on the fair value of the fund’s underlying investment portfolio as determined by the fund administrator at the end of each month.

Investments in non-negotiable certificates of deposits and the Florida PRIME are stated at amortized cost, which approximates fair value. Investments in FIT are valued at net asset value, which approximates fair value.

Florida PRIME and FIT are reported as cash and cash equivalents.

Purchases and sales of investments are recorded on the trade date. Realized and unrealized gains and losses on investments are reflected in current operating results as investment earnings. Realized gains and losses on investments held at the end of the prior year and sold during the current year include the change in fair value from the beginning of the year to the date sold.

INVENTORIES

Inventories are valued at cost (as determined by the first-in/first-out method).

PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments on the statement of net position.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Property, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at acquisition value. All assets greater than \$5,000 are capitalized. Expenditures for maintenance and repairs are expensed as incurred, while expenditures for renewals and improvements are capitalized. Construction costs of new collection and transmission facilities that are reimbursed by users or financed by developers and property owners are capitalized and recorded as revenues.

Depreciation has been provided over the useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Lakes and retention ponds	50-100 years
Buildings	10-40 years
Improvements other than buildings	20-60 years
Equipment	3-10 years

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The District's enabling legislation gives the District the authority to place liens on properties in the event that fees or charges are not paid when due. An allowance for uncollectible accounts is maintained at a level the District believes is sufficient to cover potential losses. A portion of the accounts receivable is classified as a noncurrent asset. These represent accounts that currently have liens or are anticipated to have liens placed on them in the future.

SPECIAL ASSESSMENTS

The District levies special assessments against benefited property owners for design, construction and other expenses necessary to complete wastewater and sewerage system improvements constructed in their assessment area. The property owners have an option to pay the assessment in full at the time of connection or have installment payments added to their real estate taxes over a period of 20 years with a rate of Wall Street Journal Prime Rate plus 2% at the time assessed. A portion of the balance is reclassified as a current special assessment receivable. The current portion of the special assessment receivable and accrued interest is billed and collected by the Palm Beach County and Martin County Tax Collectors. No allowance is recorded because liens are recorded against the assessed property, which provides the District the expectation that all amounts are fully collectible over time.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as an intangible right to use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right to use leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Lease contracts that provide an external entity with control of a District's non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased receivable with a related lease deferred inflow of resources. The lease receivable is recorded at the present value of future lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The lease deferred inflow of resources is recorded for the same amount as the related lease receivable less any lease incentives. Leased deferred inflow of resources are amortized over the lease term. The lease receivable is reduced for lease payments made, less the interest portion of the lease payment.

The District, as lessor, leases 400 square feet of land to Sprint Spectrum L.P. (tenant) for a communications service equipment. The land is used by the tenant for installing, maintaining and operating a communication service system facility and related antenna equipment and fixtures. The lease agreement initially commenced in April 2000 and was amended in October 2007. The lease agreement provides for four additional renewal terms of five (5) years each term. The current and final renewal term pursuant to this lease agreement is the period of April 18, 2022 to April 17, 2027. The agreement requires that the rent be prepaid in advance of the commencement of the lease term. The tenant has prepaid the District rent of \$375,417 for the term April 18, 2022 through April 17, 2027. See Unearned Revenues note below.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District has implemented GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” and has determined that the District is not required to provide any benefits that qualify as other postemployment benefits (“OPEB”) under the provisions of GASB Statement No. 75. District management has received a legal opinion from external counsel to support such conclusion.

UNEARNED REVENUES

Unearned revenues primarily represent capital connection and inspection fees and service payments that are paid in advance by customers. These fees will be recognized as income in subsequent years as the services are performed.

The prepaid rent on the land lease with Sprint Spectrum, L.P. is also recorded and included in unearned revenues. The balance of advance rent paid under this lease agreement is \$266,336 and included in unearned revenues in the accompanying statement of net position at September 30, 2023.

CAPITAL CONTRIBUTIONS

Capital contributions are recognized in the statement of revenues, expenses, and changes in net position when earned and include capital grants or contributions from developers, customers, or other governmental agencies.

COMPENSATED ABSENCES

It is the District’s policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation from the District’s service. The District uses the vesting method in accruing vacation and sick leave as the benefits are earned by the employee if it is probable that the employee will be compensated for the benefits through payments conditioned on termination or retirement.

IMPLEMENTATION OF GASB STATEMENTS

The District considered the new accounting standards which effective dates are applicable for the fiscal year ended September 30, 2023. The implementation of GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*, did not have a significant impact on the District’s financial statements.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPARATIVE FINANCIAL STATEMENTS

The financial statements included certain prior summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the fiscal year ended September 30, 2022, from which the summarized information was derived.

RECLASSIFICATIONS

Certain amounts derived from the September 30, 2022 financial statements were reclassified to conform to the current year presentation.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments of the District at September 30, 2023, including unrestricted and restricted assets, are summarized as follows:

	<u>2023</u>
Deposits with financial institutions	\$ 7,051,667
Petty cash	10,925
Investments	<u>36,605,980</u>
Total Cash, Cash Equivalents and Investment	<u>\$ 43,668,572</u>
Reported in the Statement of Net Position	
Cash and cash equivalents - unrestricted	\$ 22,618,868
Cash and cash equivalents - restricted	86,973
Investments	<u>20,962,731</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 43,668,572</u>

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

DEPOSITS

At September 30, 2023, the carrying amount of the District’s deposits were \$7,051,667 and the related bank balance was \$7,953,365. The District also had petty cash and cash on hand of \$10,925. Deposits included non-negotiable certificates of deposit with financial institutions with original maturities greater than three months in the amount of \$5,371,419. The non-negotiable certificates of deposit are reported as investments.

In addition to insurance provided by the Federal Depository Insurance Corporation (“FDIC”), all deposits are held in banking institutions approved by the Treasurer of the State of Florida. Under Florida Statutes, Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of the failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The District’s deposits are considered insured for custodial credit risk purposes.

INVESTMENTS

The investment of surplus public funds is governed by an investment policy approved by the Board. The policy limits investments to the following securities:

- a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statutes s. 163.01.
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c) Interest-bearing time deposits, savings accounts, or money market accounts in qualified public depositories as defined in Florida Statutes s. 280.02.
- d) Direct obligations of the United States Treasury.
- e) Federal agencies and instrumentalities.
- f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

- g) Repurchase agreements collateralized by obligations of the United States Government.
- h) Authorized deposits up to the amount guaranteed by the U.S. Government under FDIC limits where:
 - 1. Funds are initially deposited in a qualified public depository, as defined in Florida Statutes, 280.02 selected by the District;
 - 2. The selected depository arranges for depositing the funds in financial deposit instruments insured by the FDIC in one or more federally insured banks or savings and loan associations, wherever located, for the account of the unit of local government;
 - 3. The full amount of the principal and accrued interest of each financial deposit instrument is insured by the FDIC; and
 - 4. The selected depository acts as custodian for the unit of local government with respect to each financial deposit instrument issued for its account.
- i) Other investments authorized by law or by resolution of the Governing Board.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. The District does not have any investments categorized as Level 2.

Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable. The District does not have any investments categorized as Level 3.

The level to which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Valuation Methodologies: The valuation methods and assumptions used by the District in estimating the fair value of financial instruments measured at fair value on a recurring basis under GASB Statement No. 72, were as follows:

U.S. Government and Agency: Valued at the closing price or net asset value reported on the active exchange on which the individual securities or funds are actively traded. Securities that are not actively traded are valued by the investment manager using a matrix pricing technique based on the securities' relationship to quoted benchmark prices. Certain fixed income investment funds include private corporate obligations that are not traded and are valued by the investment manager using proprietary models.

Fixed income mutual funds: Valued at the closing price or net asset value reported on the active exchange on which the individual securities and mutual funds are actively traded.

Investments measured at net asset value (NAV): The Florida FIT is valued at the unadjusted NAV per share and calculated in a manner consistent with GAAP for external governmental investment pools based on the fair value of the underlying fund investments as determined by the fund manager.

The Florida PRIME and the non-negotiable certificate of deposits are exempt from reporting under the fair value hierarchy. The fair value of the Florida PRIME is measured at amortized cost in accordance with GASB Statement No. 79. The fair value of the certificates of deposit is measured at cost.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

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

Investments by Level	Weighted Average Maturity	Fair Value	Fair Value Measurement	
			Level 1	Level 2
U.S. Government and Agency	67 days	\$ 12,148,120	\$ 12,148,120	\$ --
Fixed income mutual funds	N/A	3,443,192	3,443,192	--
		15,591,312	<u>\$ 15,591,312</u>	<u>\$ --</u>
<u>Investments reported at Net Asset Value</u>				
Florida FIT	2 days	6,601,924		
<u>Investments reported at Amortized Cost</u>				
Non-negotiable certificates of deposit	55 days	5,371,419		
Cash equivalent:				
Florida PRIME	35 days	9,041,325		
Total Investments		<u>\$ 36,605,980</u>		

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District limits its exposure to fair value losses resulting from rising interest rates by structuring the investment portfolio to remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated and structuring the portfolio so that securities mature concurrent with cash needs. The District's investment policy does not specifically limit the maturity of investments.

CREDIT RISK

Credit risk is the risk that an issuer will not fulfill its obligations. The District's investment policy addresses credit risk by limiting allowable investments in U.S. Agencies and Instrumentalities, Local Government Surplus Funds Trust Fund, Local Government Investment Pools, Authorized Deposits, Repurchase Agreements, and High-Quality Investments. The security rating by a Nationally Recognized Statistical Rating Organization

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

CREDIT RISK (CONTINUED)

(“NRSRO”) is also an indication of credit risk. The table below outlines the credit ratings for the District’s investments with certain investments not specifically rated by both Standards & Poor’s (S&P) and Moody’s.

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

	S&P Rating	Moody's Rating	Fair Value
U.S. Government and Agency	AA+	AAAa	\$ 12,148,120
Fixed income mutual funds	NR	NR	3,443,192
Non-negotiable certificates of deposit	NR	NR	5,371,419
Florida FIT	S1	AAAf	6,601,924
Florida PRIME	AAAm	NR	<u>9,041,325</u>
Total Investments			<u><u>\$ 36,605,980</u></u>

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policy limits its investments to high quality investments to control custodial credit risk. Investment held at year end are registered and held in the name of the District.

CONCENTRATION OF RISK

The District’s investment policy permits up to 100% of the portfolio to be invested in Qualified Public Depository Money/Saving Accounts, Certificate of Deposits, U.S. Treasury Notes, Bonds or Bills and 50% in U.S. Agency and Instrumentalities, Local Government Surplus Funds Trust Funds and Local Government Investment Pools.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

CONCENTRATION OF RISK (CONTINUED)

As of September 30, 2023, the investments of the District include the following holdings that exceed 5% of total investments:

	Fair Value	Percentage of Portfolio
U.S. Government and Agency	\$ 12,148,120	33%
Fixed income mutual funds	3,443,192	9%
Non-negotiable certificates of deposit	5,371,419	15%
Florida Fixed Income Trust (FIT)	6,601,924	18%
Florida PRIME	9,041,325	25%
Total	\$ 36,605,980	100%

NOTE 4 – INVESTMENT IN JOINT VENTURE

BIOSOLIDS PROCESSING AND RECYCLING FACILITY

On June 7, 2005, the District entered into an interlocal agreement (Agreement) with the Solid Waste Authority (“SWA”) to fund a portion of the cost to design, build, and operate a Biosolids Processing and Recycling Facility (“BPF”). There have been three amendments to the original agreement. The first amendment dated June 15, 2006, adjusted the original capital costs of the BPF and the second amendment dated June 21, 2012 set forth the total net capital costs for the BPF. In the third amendment dated July 18, 2013, the District sold 1.54% of its share of the original capacity to another government agency, thereby reducing the District’s share of the total capacity to 8.96%. Proceeds from the sale were \$448,282, which reduced the District’s original capital cost to \$3,311,772. In addition, capital costs were incurred in the fiscal year ended September 30, 2014 in the amount of \$68,944; in the fiscal year ended September 30, 2018 in the amount of \$84,224; and in the fiscal year ended September 30, 2021 in the amount of \$5,232, increasing the District’s portion of its capital cost to \$3,470,172.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 – INVESTMENT IN JOINT VENTURE (CONTINUED)

BIOSOLIDS PROCESSING AND RECYCLING FACILITY (CONTINUED)

The District's purchase price of \$3,470,172 in the BPF has been recorded as an investment in joint venture in the statement of net position and is being amortized over the 20-year life of the agreement. Amortization expense was \$175,843 for the fiscal year ended September 30, 2023. Accumulated amortization totaled \$2,442,021 and the net investment in joint venture was \$1,028,151 for the fiscal year ended September 30, 2023.

The BPF processes certain wastewater treatment residuals (biosolids) which is necessary to comply with increasingly stringent environmental regulations that have significantly decreased the number of land application sites available for the disposal of biosolids. Prior to August 2009, bulk land application was the primary method of disposing of the biosolids.

The Agreement is for a period of 20 years beginning on August 1, 2009 when operations commenced. Upon the conclusion of the term of the agreement, the BPF will remain the property of SWA with each participating entity owning its share of the BPF, in perpetuity, for the life of the plant. Under GAAP, the District is required to account for this arrangement as a joint venture. Therefore, an asset in the BPF is reported on the District's financial statements under the caption "Investment in joint venture." Since the BPF agreement does not state that the participants are to share in the profits and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather the investment in joint venture will be amortized using the straight-line method over the 20-year life of the agreement. The District's total operating costs were \$747,548 for the fiscal year ended September 30, 2023. The District's pro rata share of the construction costs is shown as an asset – investment in joint venture – on the accompany statement of net position.

The SWA is responsible for the design, construction, operation, and maintenance of the BPF. On April 12, 2005, the SWA approved a contract with a private company, NEFCO, to design/build/operate the BPF. The District, along with the other participating entities, are in turn responsible for delivering wastewater biosolids to the BPF and for paying their pro rata share of the capital and net operating costs. This provision helps to ensure that the BPF venture does not accumulate assets that may result in a financial benefit to the District or cause the District to experience fiscal stress from the BPF.

No separate financial statements are prepared for the BPF, which is reported as part of the SWA operations. Financial statements for the SWA may be obtained at the following address: Solid Waste Authority, 7501 North Jog Road, West Palm Beach, Florida 33412.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets				
Capital assets, not being depreciated and amortized				
Land and land rights	\$ 854,434	\$ 10	\$ --	\$ 854,444
Construction in progress	<u>6,474,939</u>	<u>8,516,498</u>	<u>(3,382,450)</u>	<u>11,608,987</u>
Total capital assets, not being depreciated and amortized	<u>7,329,373</u>	<u>8,516,508</u>	<u>(3,382,450)</u>	<u>12,463,431</u>
Capital assets being depreciated and amortized				
Plant	70,471,268	670,116	(832,593)	70,308,791
Lakes	1,211,079	--	--	1,211,079
Lines	121,836,862	1,597,792	--	123,434,654
Lift stations	31,892,088	2,417,864	(342,677)	33,967,275
Equipment	10,389,216	749,848	(811,479)	10,327,585
Right-to-use lease	<u>245,868</u>	<u>105,613</u>	<u>--</u>	<u>351,481</u>
Total capital assets being depreciated and amortized	<u>236,046,381</u>	<u>5,541,233</u>	<u>(1,986,749)</u>	<u>239,600,865</u>
Less accumulated depreciation and amortization:				
Plant	(41,374,974)	(2,145,364)	816,189	(42,704,149)
Lakes	(539,382)	(12,121)	--	(551,503)
Lines	(50,051,640)	(3,163,563)	--	(53,215,203)
Lift stations	(20,807,819)	(1,099,473)	314,042	(21,593,250)
Equipment	(7,569,700)	(421,354)	798,638	(7,192,416)
Right-to-use lease	<u>(137,229)</u>	<u>(91,232)</u>	<u>--</u>	<u>(228,461)</u>
Total accumulated depreciation and amortization	<u>(120,480,744)</u>	<u>(6,933,107)</u>	<u>1,928,869</u>	<u>(125,484,982)</u>
Total capital assets being depreciated and amortized, net	<u>115,565,637</u>	<u>(1,391,874)</u>	<u>(57,880)</u>	<u>114,115,883</u>
Capital Assets, Net	<u><u>\$ 122,895,010</u></u>	<u><u>\$ 7,124,634</u></u>	<u><u>\$ (3,440,330)</u></u>	<u><u>\$ 126,579,314</u></u>

Depreciation expense was \$6,841,875 for the fiscal year ended September 30. Amortization expense was \$267,075 for the fiscal year ended September 30, 2023, which includes \$175,843 of amortization related to the investment in joint venture for the Biosolids Processing Facility (see Note 4).

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – LONG-TERM LIABILITIES

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

	September 30, 2023				
	Balance October 1, 2022	Additions	Reductions	Balance September 30, 2023	Due Within One Year
Compensated absences	\$ 1,037,346	\$ 224,246	\$ (71,982)	\$ 1,189,610	\$ 107,701
Lease liability	<u>115,162</u>	<u>105,613</u>	<u>(93,540)</u>	<u>127,235</u>	<u>63,798</u>
Total	<u>\$ 1,152,508</u>	<u>\$ 329,859</u>	<u>\$ (165,522)</u>	<u>\$ 1,316,845</u>	<u>\$ 171,499</u>

RIGHT TO USE LEASE

In January 2019, the District entered into a right-to-use lease for certain biofilter and odor control scrubber equipment. Under the terms of the agreement, the lease is paid monthly with a term of 64 months. The discount rate was 4% using the District’s estimated incremental borrowing rate. In fiscal year 2023, the District entered into a right-to-use lease for a GPS Tracking System. The lease agreement requires 36 monthly payments of \$1,649 through August 2025. The discount rate was 0.23% using the District’s estimated incremental borrowing rate. The District also entered into a right-to-use lease for copiers and a postal machine. The copiers require 60 monthly payments of \$106 through April 2027. The postal machine requires 12 quarterly payments of \$314 through March 2028. The discount rate was 0.19% on the copier and 0.61% on the postal machine.

The principal and interest requirements to maturity for the District’s leases as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 63,798	\$ 2,460	\$ 66,258
2025	21,130	1,357	22,487
2026	21,668	819	22,487
2027	19,931	271	20,202
2028	<u>708</u>	<u>7</u>	<u>715</u>
	<u>\$ 127,235</u>	<u>\$ 4,914</u>	<u>\$ 132,149</u>

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 7 – CONSTRUCTION CONTRACTS PAYABLE

Construction contracts of the District at September 30, 2023 are as follows:

	September 30, 2023			
	Total			
	Project Authorization	Total Expended	Contracts Payable	Balance to Complete
Lift station rehabilitations	\$ 2,603,340	\$ 476,901	\$ 360,370	\$ 1,766,069
Septic to sewer conversions	1,564,801	1,204,118	159,041	201,642
Sewering line lining	4,983,121	2,410,756	1,323,256	1,249,109
Lift Station telemetry	3,521,768	923,586	148,075	2,450,107
Other construction contracts	<u>2,909,420</u>	<u>1,751,932</u>	<u>308,709</u>	<u>848,779</u>
Total	<u>\$ 15,582,450</u>	<u>\$ 6,767,293</u>	<u>\$ 2,299,451</u>	<u>\$ 6,515,706</u>

NOTE 8 – RESTRICTED ASSETS, LIABILITIES AND RESERVES

Restricted assets and liabilities consist of customer deposits. Assets restricted for these purposes represent cash and investments totaling \$86,973 for the fiscal year ended September 30, 2023.

The following is a summary of restricted assets, related liabilities, and restricted net position at September 30, 2023:

	Liabilities		
	Restricted Assets	Payable from Restricted Assets	Restricted Net Position
Customer Deposits	<u>\$ 86,973</u>	<u>\$ 86,973</u>	<u>\$ --</u>

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 – DEFINED CONTRIBUTION PLAN

The District contributes to the Loxahatchee River Environmental Control District Money Purchase Plan and Trust, a defined contribution pension plan, for its full-time employees. The Plan is administered by an Administrative Committee that reports to the Governing Board. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Governing Board. The District is required to contribute 12% of annual salary to individual employee accounts for each participating employee. Employees contribute 4% of their eligible compensation. For the fiscal year ended September 30, 2023, employee contributions totaled \$260,508 and the District's recognized pension expense was \$1,040,298.

Employees are required to participate in the District's mandatory plan after attainment of 18 years of age and completion of one year of continuous service. Employees are fully vested after two years of plan participation. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce employer contributions. There were \$40,377 in forfeiture balances as of September 30, 2023.

The District had a liability to the Plan at September 30, 2023 in the amount of \$47,591 for required employer contributions related to fiscal year 2023.

NOTE 10 – COMMITMENTS

SERVICE AGREEMENT

The District entered into an agreement with Synagro South, LLC starting October 1, 2018 for the hauling and disposal of wastewater sludge to the SWA Pelletization Facility; that contract expired September 30, 2023. The contract provided for the hauling and disposal of wastewater sludge from the District's facility to the SWA Pelletization Facility at an agreed upon distance of 16 miles at a rate of \$10.42 per mile effective October 1, 2022. The District paid \$158,083 for the fiscal year ended September 30, 2023.

The District entered into an agreement with Merrell Bros for the hauling and disposal of wastewater sludge to the SWA Pelletization Facility for a 24-month period starting October 1, 2023. The contract provided for the hauling and disposal of wastewater sludge from the District's facility to the SWA Pelletization Facility at an agreed upon distance of 16 miles at a rate of \$10.90 per mile. The contract also provided for the hauling and disposal of wastewater sludge from the District's facility to an undesignated site within a 60-mile radius at a rate of \$7.36 per mile.

PURCHASE COMMITMENTS

The District had outstanding purchase orders totaling approximately \$231,964 for the fiscal year ended September 30, 2023.

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Specifically, the District purchases commercial insurance for property, medical benefits, workers' compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of government agencies to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There were no changes in insurance coverage for the fiscal year ended September 30, 2023. There were no settlements that exceeded insurance coverage in the last three years.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</i>	
Schedule of Net Position by Component	37
Schedule of Changes in Net Position	38
Revenue Capacity	
<i>These schedules contain service and infrastructure data to help the reader understand how information in the government’s financial report relates to the services the District provides and the activities it performs.</i>	
Schedule of Revenues by Source	39
Total Sewer Units by Category	40
Total Sewer Revenue by Category	41
Schedule of Sewer Rates	42
Wastewater Treated	43
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.</i>	
Ratio of Outstanding Debt	44
Schedule of Pledged Revenue Coverage	45
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.</i>	
Demographic and Economic Statistics	46
Principal Employers	47

Operating Information

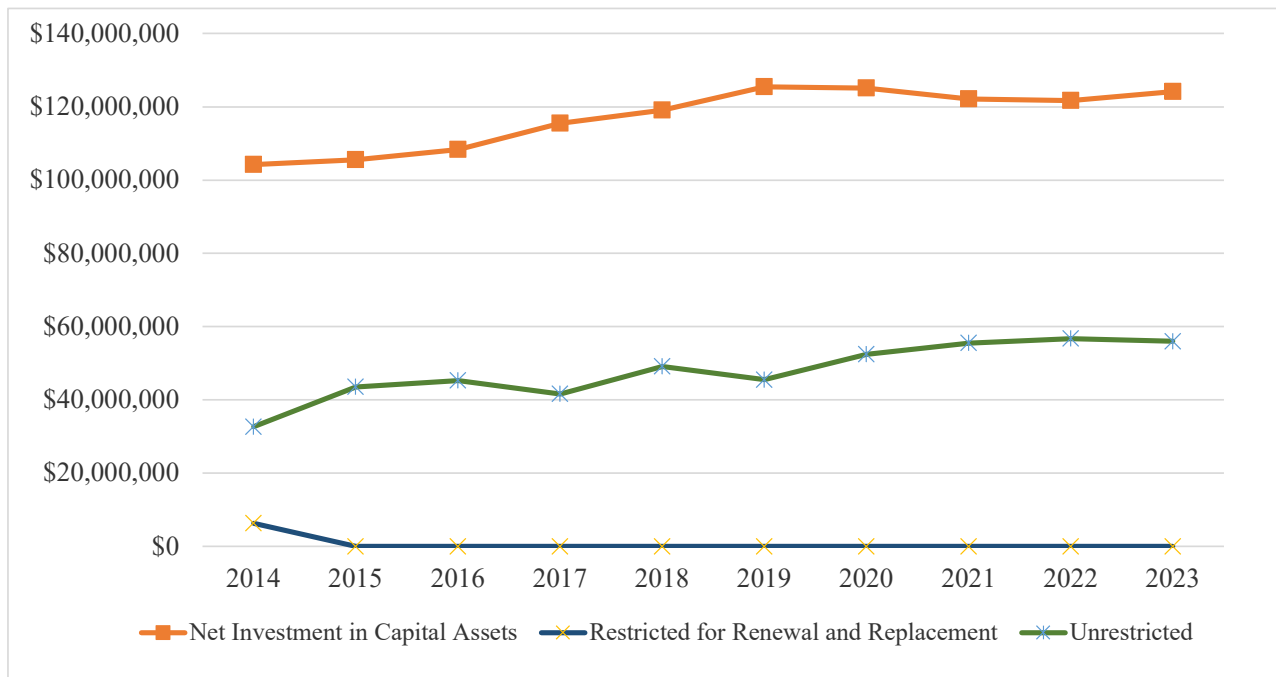
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the District provides and the activities it performs.

Full-Time Equivalent Employees by Function	48
Schedule of Wastewater Treatment Capacity	49
Capital and Infrastructure Statistics	50

Sources: Unless otherwise noted, the information in these schedules is derived from the District's records.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF NET POSITION BY COMPONENT
For the Last Ten Fiscal Years

Fiscal Year Ended September 30,	Net Investment in Capital Assets	Restricted for Renewal and Replacement	Unrestricted	Total Net Position	Change from Prior Year
2014	\$ 104,210,176	\$ 6,300,000	\$ 32,666,737	\$ 143,176,913	2.93%
2015	105,523,262	-	43,503,660	149,026,922	4.09%
2016	108,348,576	-	45,289,111	153,637,687	3.09%
2017	115,529,222	-	41,618,783	157,148,005	2.28%
2018	119,058,082	-	49,135,460	168,193,542	7.03%
2019	125,449,146	-	45,506,795	170,955,941	1.64%
2020	125,138,836	-	52,423,337	177,562,173	3.86%
2021	122,143,333	-	55,501,767	177,645,100	0.05%
2022	121,680,199	-	56,719,160	178,399,359	0.42%
2023	124,152,628	-	55,984,112	180,136,740	0.97%



Source: Loxahatchee River Environmental Control District

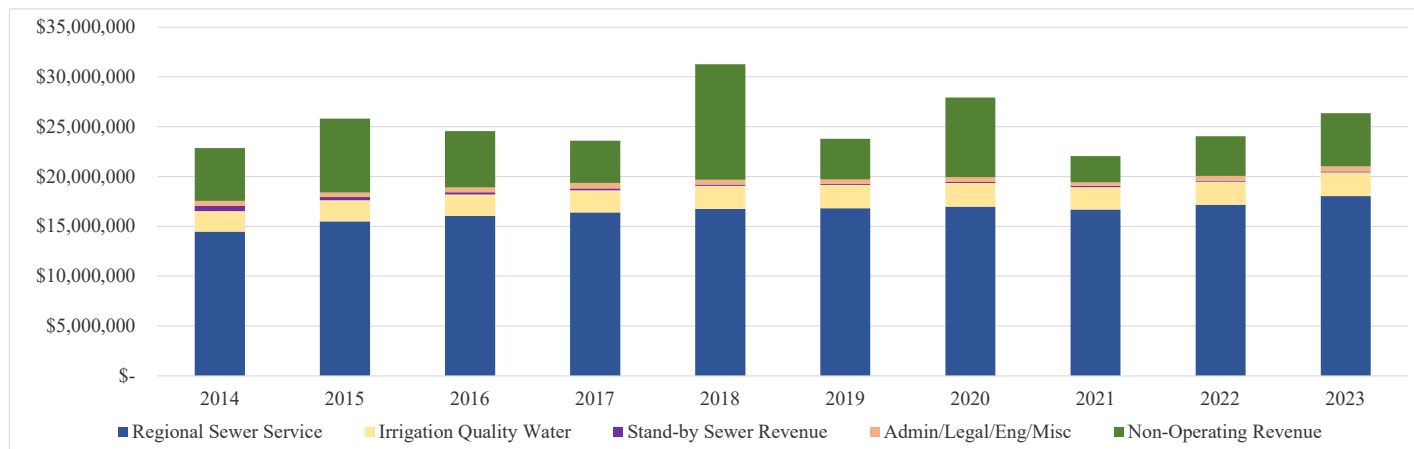
LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET POSITION
For the Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
OPERATING REVENUES:										
Charges for services	\$ 17,068,443	\$ 17,955,155	\$ 18,439,733	\$ 18,929,914	\$ 19,269,413	\$ 19,387,399	\$ 19,531,720	\$ 19,077,644	\$ 19,673,952	\$ 20,609,837
Miscellaneous	500,866	420,734	472,844	436,024	416,191	314,265	386,857	329,299	408,339	415,225
Total operating revenues	<u>17,569,309</u>	<u>18,375,889</u>	<u>18,912,577</u>	<u>19,365,938</u>	<u>19,685,604</u>	<u>19,701,664</u>	<u>19,918,577</u>	<u>19,406,943</u>	<u>20,082,291</u>	<u>21,025,062</u>
OPERATING EXPENSES:										
Personal services	6,322,100	6,933,959	7,183,021	7,382,421	7,486,707	7,652,362	7,994,898	8,193,390	9,207,293	10,427,671
Operational	2,688,221	2,700,888	2,751,449	2,895,600	3,182,510	3,037,405	2,928,535	3,055,824	3,428,115	3,663,411
Supplies and chemicals	1,404,409	1,350,463	1,538,706	1,454,776	1,285,931	1,199,984	1,034,064	975,258	1,161,338	1,387,961
Repairs and maintenance	2,030,502	2,051,192	1,731,117	1,719,023	1,479,091	1,723,423	1,685,351	1,427,301	1,621,574	1,518,971
Contractual services	353,989	228,673	209,288	294,311	392,387	421,393	401,169	783,509	552,686	492,150
Depreciation and amortization	5,885,015	6,067,532	6,221,487	6,348,091	6,365,385	6,532,952	7,262,858	7,528,150	7,154,369	7,108,950
Total operating expenses	<u>18,684,236</u>	<u>19,332,707</u>	<u>19,635,068</u>	<u>20,094,222</u>	<u>20,192,011</u>	<u>20,567,519</u>	<u>21,306,875</u>	<u>21,963,432</u>	<u>23,125,375</u>	<u>24,599,114</u>
OPERATING INCOME (DEFICIT)	<u>(1,114,927)</u>	<u>(956,818)</u>	<u>(722,491)</u>	<u>(728,284)</u>	<u>(506,407)</u>	<u>(865,855)</u>	<u>(1,388,298)</u>	<u>(2,556,489)</u>	<u>(3,043,084)</u>	<u>(3,574,052)</u>
NONOPERATING REVENUES (EXPENSES)										
Grants	10,000	62,060	33,329	13,550	190,980	-	-	270,000	351,500	5,126
Interest income	784,574	871,896	936,584	988,965	1,079,754	1,381,134	969,565	722,220	754,712	2,018,876
Net gain (loss) on fair value of investments	(7,386)	-	-	-	-	-	-	-	(152,397)	41,273
Loss on extinguishment of debt	-	(419,797)	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	(83,934)	(198,364)	(318,769)	33,630	(33,294)	(456,428)	63,860	(14,652)	(28,603)	37,071
Interest expense	(5,834)	-	-	-	-	-	-	-	(6,086)	(5,616)
Total nonoperating revenue (expenses)	<u>697,420</u>	<u>315,795</u>	<u>651,144</u>	<u>1,036,145</u>	<u>1,237,440</u>	<u>924,706</u>	<u>1,033,425</u>	<u>977,568</u>	<u>919,126</u>	<u>2,096,730</u>
INCOME (DEFICIT) BEFORE CAPITAL CONTRIBUTIONS	<u>(417,507)</u>	<u>(641,023)</u>	<u>(71,347)</u>	<u>307,861</u>	<u>731,033</u>	<u>58,851</u>	<u>(354,873)</u>	<u>(1,578,921)</u>	<u>(2,123,958)</u>	<u>(1,477,322)</u>
CAPITAL CONTRIBUTIONS	4,497,472	6,491,032	4,682,112	3,202,457	10,314,504	2,703,548	6,961,105	1,661,848	2,878,217	3,214,703
INCREASE (DECREASE) IN NET POSITION	4,079,965	5,850,009	4,610,765	3,510,318	11,045,537	2,762,399	6,606,232	82,927	754,259	1,737,381
NET POSITION, BEGINNING OF PERIOD	139,096,948	143,176,913	149,026,922	153,637,687	157,148,005	168,193,542	170,955,941	177,562,173	177,645,100	178,399,359
NET POSITION, END OF PERIOD	<u>\$ 143,176,913</u>	<u>\$ 149,026,922</u>	<u>\$ 153,637,687</u>	<u>\$ 157,148,005</u>	<u>\$ 168,193,542</u>	<u>\$ 170,955,941</u>	<u>\$ 177,562,173</u>	<u>\$ 177,645,100</u>	<u>\$ 178,399,359</u>	<u>\$ 180,136,740</u>

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF REVENUE BY SOURCE
For the Last Ten Fiscal Years**

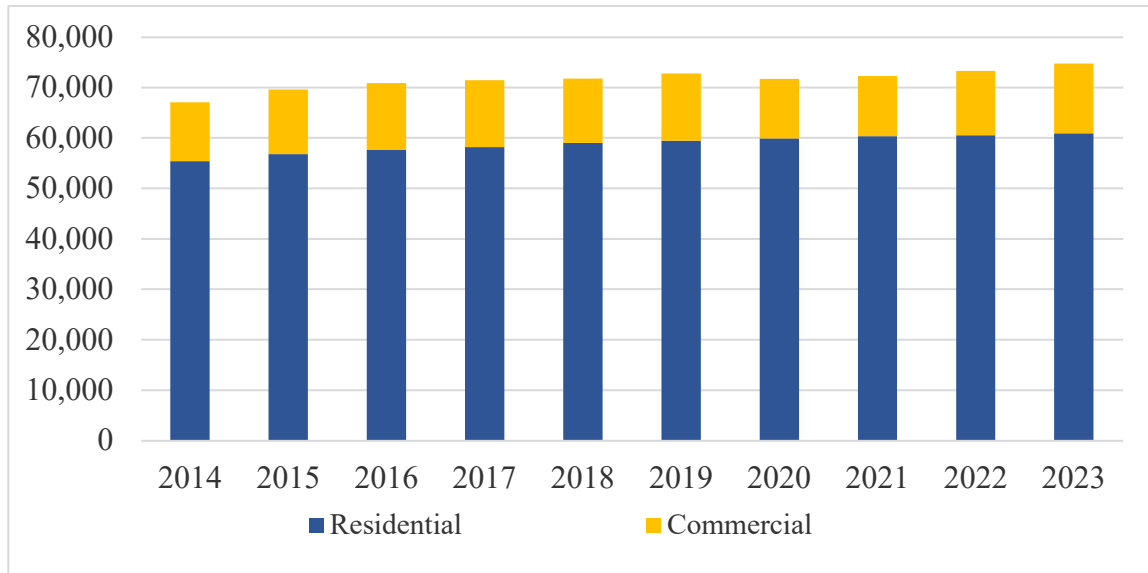
Fiscal Year Ended September 30,	Operating Revenues					Non-Operating Revenues							Total Non-Operating Revenues	Total Revenues
	Regional Sewer Service	Irrigation Quality Water	Stand-by Sewer Revenue	Admin/Legal Engineering Fees and Miscellaneous	Total Operating Revenues	Assessment Revenue	Connection Charges	Line Charges	Investment Income	Grants/Contributed Capital	Other			
2014	\$ 14,478,093	\$ 2,059,339	\$ 496,829	\$ 535,048	\$ 17,569,309	\$ 327,432	\$ 2,569,441	\$ 670,857	\$ 784,574	\$ 939,742	\$ -	\$ 5,292,046	\$ 22,861,355	
2015	15,502,465	2,131,578	305,107	436,739	18,375,889	2,571,005	2,455,424	279,076	871,896	1,247,587	-	7,424,988	25,800,877	
2016	16,051,221	2,154,339	221,965	485,052	18,912,577	2,035,390	1,073,180	369,122	936,584	1,237,749	-	5,652,025	24,564,602	
2017	16,408,048	2,221,586	175,916	560,388	19,365,938	388,857	854,526	286,500	988,965	1,686,124	33,630.00	4,238,602	23,604,540	
2018	16,751,205	2,307,946	120,034	506,419	19,685,604	6,508,665	1,409,475	547,129	1,079,754	1,849,235	190,980.00	11,585,238	31,270,842	
2019	16,806,144	2,361,783	99,294	434,443	19,701,664	733,072	573,255	241,047	1,381,134	1,156,174	-	4,084,682	23,786,346	
2020	16,971,526	2,379,798	93,741	473,512	19,918,577	5,118,705	675,485	412,140	969,565	754,775	63,860	7,994,530	27,913,107	
2021	16,683,096	2,267,555	98,167	358,125	19,406,943	454,670	658,413	303,397	722,220	515,368	-	2,654,068	22,061,011	
2022	17,157,795	2,307,624	113,801	473,109	20,052,329	287,035	571,288	181,071	754,712	2,190,323	-	3,984,429	24,036,758	
2023	18,040,429	2,364,586	113,984	506,063	21,025,062	37,577	791,865	517,398	2,018,876	1,872,989	78,344	5,317,049	26,342,111	



Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
TOTAL SEWER UNITS BY CATEGORY
For the Last Ten Fiscal Years**

Fiscal Year	Residential		Commercial		Total
	Equivalent Connections	% of Annual Total	Equivalent Connections	% of Annual Total	
2014	55,417	83%	11,675	17%	67,092
2015	56,794	82%	12,836	18%	69,630
2016	57,579	81%	13,276	19%	70,855
2017	58,196	81%	13,269	19%	71,465
2018	59,002	82%	12,784	18%	71,786
2019	59,478	82%	13,276	18%	72,754
2020	59,923	84%	11,784	16%	71,707
2021	60,333	83%	11,958	17%	72,291
2022	60,542	83%	12,728	17%	73,270
2023	60,938	82%	13,775	18%	74,714

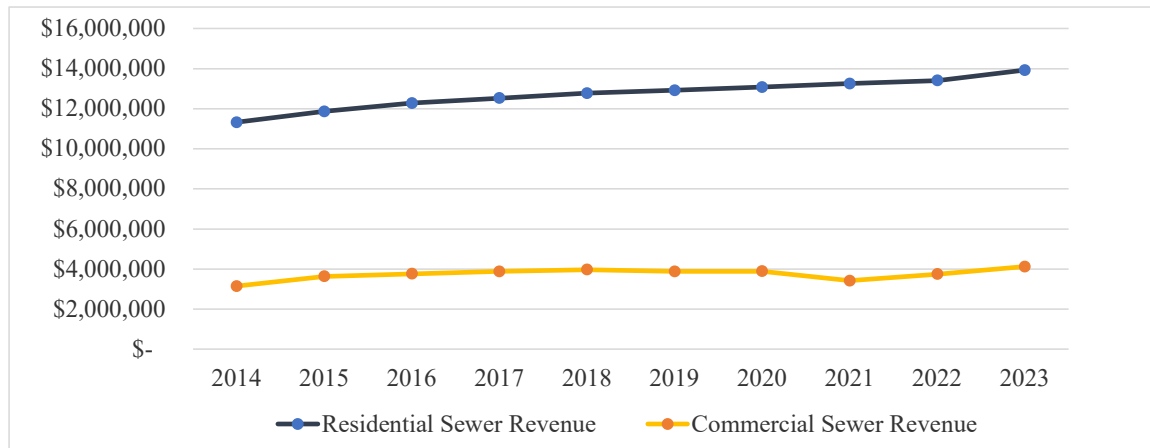


Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
TOTAL SEWER REVENUE BY CATEGORY
For the Last Ten Fiscal Years**

Fiscal Year	Residential				Commercial				Total
	Regional Sewer Service Revenue	% of Annual Total	Number of Equivalent Connections	Rate per Equivalent Connection	Regional Sewer Service Revenue	% of Annual Total	Number of Equivalent Connections	Rate per Equivalent Connection	
2014	\$ 11,325,317	78%	54,864	\$ 206.43	\$ 3,152,776	22%	11,156	\$ 282.61	\$ 14,478,093
2015	11,864,990	77%	55,931	212.14	3,637,475	23%	12,450	292.17	15,502,465
2016	12,284,659	77%	57,199	214.77	3,766,562	23%	12,850	293.12	16,051,221
2017	12,527,978	76%	57,853	216.55	3,880,070	24%	13,180	294.39	16,408,048
2018	12,776,079	76%	58,533	218.27	3,975,126	24%	13,319	298.46	16,751,205
2019	12,919,575	77%	59,201	218.23	3,886,569	23%	13,015	298.62	16,806,144
2020	13,079,358	77%	59,625	219.36	3,892,168	23%	12,956	300.41	16,971,526
2021	13,256,092	79%	60,128	220.46	3,427,004	21%	11,348	301.99	16,683,096
2022	13,408,178	78%	60,408	221.96	3,749,617	22%	12,292	305.05	17,157,795
2023	13,923,096	77%	60,688	229.42	4,117,333	23%	13,100	314.30	18,040,429

Note: The Schedule of Principal Payors is not presented. The District bills residential customers by Equivalent Connection, therefore all residential customers pay approximately the same amount.



Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF SEWER RATES
As of September 30, 2023**

Quarterly Service Charge

<u>Residential</u>		<u>Non-Residential</u>
<u>Equivalent Connection</u>	<u>Rate</u>	
1.00	\$ 58.50	\$6.68 / 1,000 gallons or minimum of \$80.06/quarter
1.25	73.13	
1.50	87.75	
1.75	102.38	
2.00	117.00	
2.25	131.63	
2.50	146.25	
2.75	160.88	

Quarterly Stand-by Sewer Revenue Charge

Residential	\$	39.78	\per Equivalent Connection
Non-Residential		54.44	\per Equivalent Connection

Connection Charges

<u>Equivalent Connection</u>	<u>Rate</u>
1.00	\$ 3,258.59
1.25	4,073.24
1.50	4,887.89
1.75	5,702.53
0.25	814.65

Rates effective April 1, 2023

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
WASTEWATER TREATED
For the Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Annual Influent Treated (MGD)	Regional Sewer Service Revenue	Total Direct Sewer Rates (1)
2014	2,479	\$ 14,478,093	\$ 5.84
2015	2,474	15,502,465	6.27
2016	2,453	16,051,221	6.54
2017	2,386	16,408,048	6.88
2018	2,493	16,751,205	6.72
2019	2,476	16,806,144	6.79
2020	2,611	16,971,526	6.50
2021	2,617	16,683,096	6.56
2022	2,508	17,157,795	6.84
2023	2,522	18,040,429	7.15

(1) per thousand gallons influent treated.

MGD = Millions of gallons per day.

Source: Loxahatchee River Environmental Control District

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
RATIO OF OUTSTANDING DEBT
For the Last Ten Fiscal Years

Fiscal Year Ended September 30,	2009 Revenue Bonds	2022-2023 Lease Liability (1)	Total Debt Outstanding	Debt Per Equivalent Connection
2014	\$ 2,648,163	\$	\$ 2,648,163	\$ 38.03
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	115,162	115,162	1.57
2023	-	127,235	127,235	1.70

(1) In fiscal year 2022, the District implemented GASB 87 and recorded a lease liability for right to use leases.

Note: Bonds were paid off during fiscal year 2015.

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF PLEDGED REVENUE COVERAGE
For the Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Total Debt Service Requirement	Gross Revenues	Operating Expenses Before Depreciation	Net Revenue Available (1)	Debt Service Coverage (2)	Capital Charges	Net Revenue Available	Debt Service Coverage (3)
2014	\$ 915,791	\$ 18,272,563	\$ 12,799,221	\$ 5,473,342	5.98	\$ 4,497,472	\$ 9,970,814	10.89
2015	331,540	18,691,684	13,265,175	5,426,509	16.37	6,491,032	11,917,541	35.95
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-

(1) Net revenue available before capital charges

(2) In accordance with the Bond Resolutions, required debt service coverage is 1.10 times

(3) In accordance with the Bond Resolutions, required debt service coverage is 1.25 times

Note: Bonds were paid off during fiscal year 2015.

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
For the Last Ten Fiscal Years**

Fiscal Year	Population (1)				Personal Income (2)		Per Capita Personal Income (2)		Unemployment Rate (3)	
	Town of Jupiter	Village of Tequesta	Town of Juno Beach	Town of Jupiter Inlet Colony	Palm Beach County	Martin County	Palm Beach County	Martin County	Palm Beach County	Martin County
2014	57,263	5,629	3,194	396	\$ 92,842,100	\$ 10,666,979	\$ 66,218	\$ 69,607	5.9%	6.1%
2015	59,108	5,665	3,240	396	100,579,513	11,397,001	70,415	73,189	5.3%	5.3%
2016	60,615	5,699	3,351	411	104,108,093	12,078,164	71,613	76,211	5.0%	5.0%
2017	61,388	5,731	3,400	407	109,973,732	12,650,502	74,754	79,104	4.1%	4.0%
2018	62,100	5,857	3,427	409	118,519,249	13,496,101	79,760	83,873	3.1%	3.0%
2019	62,497	5,850	3,442	406	124,632,614	13,748,480	83,268	85,394	3.2%	2.9%
2020	63,188	5,874	3,463	414	131,881,463	14,455,817	87,478	89,185	6.6%	4.6%
2021	61,121	6,152	3,862	403	150,737,459	16,357,821	100,627	102,273	4.1%	3.4%
2022	61,341	6,152	3,869	406	165,598,174	17,875,112	109,055	110,336	3.5%	2.9%
2023	61,333	6,179	3,883	400	N/A	N/A	N/A	N/A	3.3%	3.2%

Data Sources:

- (1) University of Florida, Bureau of Economic and Business Research.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.
- (3) U.S. Department of Labor Statistics - based on not seasonally adjusted September rates.

N/A - Data not available

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County						
Palm Beach County School District	22,426	1	2.98%	21,449	1	3.20%
Palm Beach County - BOCC	5,753	2	0.76%	11,020	2	1.65%
Tenet Coastal Division of Palm Beach County	5,734	3	0.76%	6,100	3	0.91%
NextEra Energy/Florida Power & Light	5,330	4	0.71%	3,804	4	0.57%
Florida Atlantic University	5,059	5	0.67%	2,980	6	0.45%
Boca Raton Regional Hospital	3,135	6	0.42%	2,250	10	0.34%
Veterans Health Administration	2,600	7	0.35%	2,700	8	0.40%
Hospital Corporation of America - HCA	2,419	8	0.32%	2,714	7	0.41%
The Breakers	2,300	9	0.31%			
Baptist Health of South Florida	2,282	10	0.30%			
G4S (Wackenhut Corp)				3,000	5	0.45%
Bethesda Memorial Hospital				2,643	9	0.39%
Totals	57,038		7.57%	58,660		8.77%
Martin County						
Martin Memorial Health Systems	3,762	1	4.95%	3,120	1	4.71%
Martin County School District	2,749	2	3.62%	2,528	2	3.81%
Publix	1,565	3	2.06%			
Martin County Government	1,166	4	1.54%	1,634	3	2.47%
Martin Memorial Physicians Corp	874	5	1.15%			
Home Depot	409	6	0.54%			
Walmart	392	7	0.52%			
Department of Corrections	346	8	0.46%			
Wellpath Recovery	328	9	0.43%			
HealthPro Heritage LLC	320	10	0.42%			
State of Florida				506	4	0.76%
Paradigm Precision				369	5	0.56%
Triumph Group - Vought Aircraft Division				324	6	0.49%
Liberator Medical Holding, Ins.				316	7	0.48%
Florida Power & Light				302	8	0.46%
Seacoast National Bank				302	9	0.46%
City of Stuart				254	10	0.38%
Totals	11,911		15.68%	9,655		14.58%

Source: Palm Beach County data from Business Development Board of Palm Beach County. Data is for Palm Beach County. Martin County data is from Martin County.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
For the Last Ten Fiscal Years**

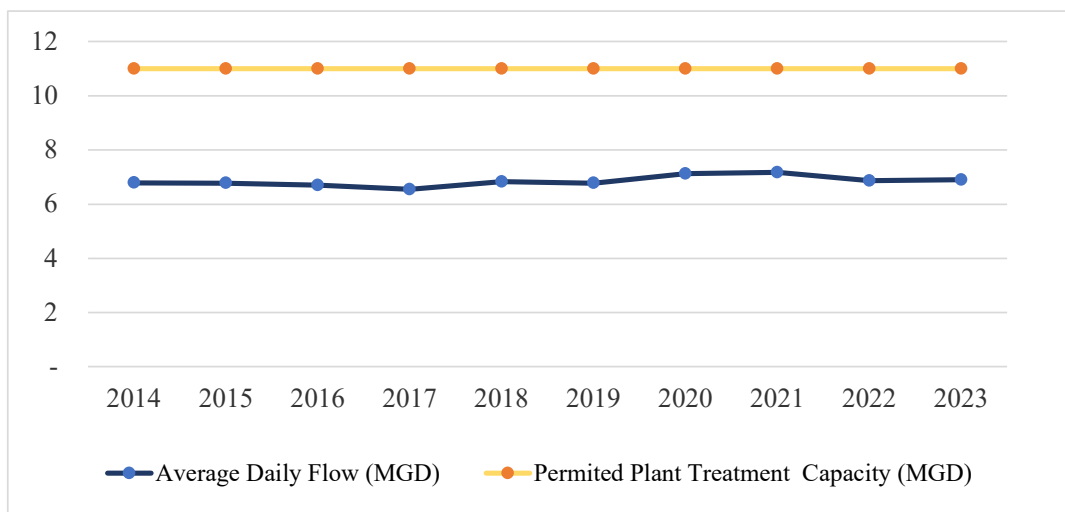
Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Executive	3	3	4	4	4	4	5	5	5	5
Finance	8	8	7	7	7	6	6	6	6	6
Public Education	3	3	3	3	3	3	3	3	3	3
WildPine Lab	7	7	7	7	7	7	7	7	7	7
Customer Service	-	4	4	4	4	4	4	4	4	4
Information Technology	-	4	4	4	4	4	5	4	4	4
Engineering and Inspection	9	8	8	9	9	10	10	10	10	10
Construction	6	7	7	6	6	6	6	7	7	7
Operations Administration	9	3	4	4	3	3	2	3	3	3
Collection and Transmission	13	13	11	11	11	11	11	13	13	13
Treatment and Disposal	16	16	17	18	19	19	19	18	18	18
Reuse	2	2	2	2	2	2	2	2	2	2
Biosolids	2	2	2	2	2	2	2	2	2	2
Total	78	80	80	81	81	81	82	84	84	84

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF WASTEWATER TREATMENT CAPACITY
For the Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Permitted Plant Treatment Capacity (MGD)	Average Daily Flow (MGD)	Max Daily Flow (MGD)	Annual Influent Treated (MGD)	Percent Capacity
2014	11	6.79	8.55	2,479.42	62%
2015	11	6.78	8.76	2,473.96	62%
2016	11	6.70	9.89	2,453.35	61%
2017	11	6.54	8.30	2,386.16	59%
2018	11	6.83	9.35	2,492.55	62%
2019	11	6.78	8.70	2,475.53	62%
2020	11	7.13	11.74	2,610.69	65%
2021	11	7.17	9.98	2,617.27	65%
2022	11	6.87	8.32	2,507.52	62%
2023	11	6.90	8.39	2,522.21	63%

MGD = Millions of gallons per day.



Note: Improvements in water use efficiency and decreasing infiltration and intrusion (due to rehabilitation of gravity sewer systems) have contributed to stable average daily flows in the face of increasing number of equivalent connections served

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
CAPITAL AND INFRASTRUCTURE STATISTICS
For the Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Low Pressure Main (miles)	Low Pressure Services	Force Main (miles)	Gravity Sewer (miles)	Gravity Sewer Services	Irrigation Quality (miles)	Number of Lift Stations	Number of Manholes
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	27.03	N/A	103.95	294.12	N/A	26.70	224	7,944
2019	27.03	1,390	103.95	294.12	15,666	34.66	224	7,944
2020	29.56	1,420	104.77	296.84	15,689	34.81	226	8,032
2021	29.91	1,453	105.24	299.98	15,248	34.85	227	8,068
2022	30.28	1,526	105.12	299.07	15,341	35.16	233	8,414
2023	30.81	1,567	106.16	300.03	15,327	35.16	234	8,451

Infrastructure information is provided by the District's Geographical Information System

* Information is not available for year prior to 2018

N/A - Data not available.

OTHER INFORMATION

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
OTHER INFORMATION - INFORMATION REQUIRED BY SECTION 218.39(3)(C), FLORIDA STATUTES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)**

As required by Section 218.39(3)(c), Florida Statutes, the District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 84.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 10.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$7,175,523.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$97,393.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

Project	Budget	Expenditures
20 Acre Site Remediation	\$ 100,000	\$ 113,509
BLM House Demo and Construction	850,000	10,256
Network Replacement	315,000	377,980
2500 Jupiter Park Drive Site Planning	75,000	82,951
Rolling Hills Neighborhood Sewering	100,000	139,507
Jupiter Inlet Lighthouse Septic to Sewer Conversion	140,000	562,162
Lift Station Control Panel Replacement	250,000	246,065
Lift Station Conversion #82	800,000	128,931
Lift Station General Construction Services	400,000	638,306
Main Line and Service Lateral Renewal or Replacement	3,150,000	3,489,788
Cleaning and TV Inspection	100,000	-
24" Subaqueous Replacement	1,298,955	100,954
Lift Station 160 and 296 Emergency Generator	215,000	118,468
Lift Station 050 Emergency Generator	150,000	71,073
Lift Station Telemetry	2,395,500	1,134,137
Maintenance Facility - Design	125,000	-
Warehouse - Design	125,000	-
Plant Site Traffic Flow and Parking - Design	100,000	-
Jupiter Park Drive and Central Blvd. Intersection Improvements	100,000	-
IW Pump Station Emergency Generator Connect	200,000	141,262
Headworks Generator Installation	75,000	76,717
Clarifier # 4 Dewatering and Inspection	80,000	-
MCC Condition Assessment	80,000	-
Arc Flash Study	80,000	133,123
Clarifier #3 Rehabilitation	150,000	137,013
County Line Road Bridge IQ Main Relocation	100,000	95,245
Interconnect "B" Structure to 511	300,000	29,808

- 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, see Budget to Actual statement on page 52. The District did not amend its final adopted budget for fiscal year 2023.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Loxahatchee River Environmental Control District reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as 8.0%.
- b. The total amount of special assessments collected by or on behalf of the district as \$1,241,365.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. The district has no outstanding bonds.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
OTHER INFORMATION - BUDGET VARIANCE REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)**

	Original/Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Revenues			
Operating Revenues			
Administration and engineering fees	\$ 17,501,000	\$ 18,040,429	\$ 539,429
IQ water charges	2,352,000	2,364,586	12,586
Standby sewer services	108,000	113,984	5,984
Administration and engineering fees	63,000	75,838	12,838
Other revenue	<u>516,265</u>	<u>430,225</u>	<u>(86,040)</u>
Total Operating Revenues	<u>20,540,265</u>	<u>21,025,062</u>	<u>484,797</u>
Capital Revenues			
Line charges	465,000	517,398	52,398
Assessments	1,411,000	37,577	(1,373,423)
Plant charges	686,000	791,865	105,865
Capital contributions	<u>140,000</u>	<u>1,867,863</u>	<u>1,727,863</u>
Total Capital Revenues	<u>2,702,000</u>	<u>3,214,703</u>	<u>512,703</u>
Other Revenues			
Interest income	560,700	2,018,876	1,458,176
Net increase (decrease) in fair value of investments	--	41,273	41,273
Grant revenue	--	5,126	5,126
Gain (loss) on disposal of capital assets	--	37,071	37,071
Carryforward of surplus	<u>7,774,425</u>	<u>--</u>	<u>(7,774,425)</u>
Total Other Revenues	<u>8,335,125</u>	<u>2,102,346</u>	<u>(6,232,779)</u>
Total Revenues	<u>\$ 31,577,390</u>	<u>\$ 26,342,111</u>	<u>\$ (5,235,279)</u>
Expenses			
Operating Expenses			
Salaries and wages	\$ 7,381,800	\$ 7,175,523	\$ 206,277
Payroll taxes	530,500	519,488	11,012
Retirement contributions	1,107,000	1,040,298	66,702
Employee health insurance	1,542,500	1,626,772	(84,272)
Workers' compensation insurance	77,800	65,590	12,210
General insurance	423,520	442,635	(19,115)
Supplies and expenses	1,105,382	1,065,064	40,318
Utilities	1,555,116	1,680,906	(125,790)
Chemicals	634,000	625,522	8,478
Repairs and maintenance	1,940,780	1,518,971	421,809
Outside services	2,312,578	1,729,395	583,183
Contingency	225,000	--	225,000
Depreciation and amortization	<u>--</u>	<u>7,108,950</u>	<u>(7,108,950)</u>
Total Operating Expenses	<u>18,835,976</u>	<u>24,599,114</u>	<u>(5,763,138)</u>
Other Expenses			
Interest expense	<u>--</u>	<u>5,616</u>	<u>(5,616)</u>
Capital	<u>12,741,414</u>	<u>9,668,664</u>	<u>3,072,750</u>
Total Expenses	<u>\$ 31,577,390</u>	<u>\$ 34,273,394</u>	<u>\$ (2,696,004)</u>

REPORTING SECTION

**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 Governing Board and Executive Director
Loxahatchee River Environmental 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 (*Government Auditing Standards*), the financial statements of the Loxahatchee River Environmental Control District (the "District"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

West Palm Beach, Florida

March 14, 2024

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

To the Governing Board and Executive Director
Loxahatchee River Environmental Control District

Report on the Financial Statements

We have audited the financial statements of the Loxahatchee River Environmental Control District (the “District”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 14, 2024.

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 March 14, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 2 to the financial statements. There are no component units related to the District.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the 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 District. It is management's responsibility to monitor the 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. This assessment was performed as of the fiscal year end.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statute.

Specific Information for Special Districts

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the required information in Other Information found on pages 51 and 52.

Additional Matters

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

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 Governing Board, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

West Palm Beach, Florida
March 14, 2024

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
PURSUANT TO SECTION 218.415 FLORIDA STATUTES**

To the Governing Board and Executive Director
Loxahatchee River Environmental Control District

We have examined Loxahatchee River Environmental Control District's (the "District"), compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2023. Management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

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

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

Marcum LLP

West Palm Beach, Florida
March 14, 2024