

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SOUTH CENTRAL REGIONAL WASTEWATER TREATMENT AND DISPOSAL BOARD

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
South Central Regional Wastewater and Disposal Board
Delray Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the South Central Regional Wastewater Treatment and Disposal Board (the "Board") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Board'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 governmental activities and each major fund of the Board as of September 30, 2023, and the respective changes in financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Board'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Board'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 Board'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 8 and budgetary comparison schedule on page 35 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 Data Elements required by Florida Statute 219.39 (3)(c) but does not include the basic financial statements and our auditors' report thereon. Our opinions 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024 on our consideration of the Board'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 Board'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 Board's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, Florida
February 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the South Central Regional Wastewater Treatment and Disposal Board (the "Board") provides a narrative overview of the Board's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the Board's Independent Auditors' Report, basic financial statements, accompanying notes and required supplementary information to the basic financial statements themselves.

Financial Highlights

- The assets of the Board exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year resulting in a net position balance of \$31,111,765.
- The Board's total net position decreased \$186,491 as compared to the prior year. The key components of the Board's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 20, 2023, the Board's governmental funds reported a fund balance of \$5,873,253 a decrease of \$1,213,182 in comparison with the prior year. A portion of fund balance is restricted for repair and replacement and capital improvements; non-spendable for prepaid items and inventory; and the remainder is unassigned fund balance which is available for spending at the Board's discretion.

Overview of the Financial Statements

This discussion and analysis are intended to serve as the introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

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

The statement of net position (page 9) presents information on all the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The statement of activities (page 10) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the Board that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the Board include general government related to operations and the basic services it provides. The Board does not have any business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board has one fund category: governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Board's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Board's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities (pages 12 and 14).

The Board maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the repair and replacement fund and the capital projects fund. The repair and replacement fund and capital projects fund (both capital projects funds) are considered major funds. The governmental funds can be found on pages 11 and 13 of this report.

The Board adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (page 35) has been provided for the general fund to demonstrate compliance with the budget.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15-34.

Government-wide Financial Analysis

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

Key components of the Board’s net position are reflected in the following table:

**SUMMARY OF NET POSITION
SEPTEMBER 30, 2023 AND 2022**

	2023	2022	(\$) Change	(%) Change
Assets				
Current and other assets	\$ 8,358,994	\$ 10,841,692	(2,482,698)	-22.9%
Capital assets, net	<u>35,956,972</u>	<u>35,817,116</u>	139,856	0.4%
Total Assets	<u>44,315,966</u>	<u>46,658,808</u>	(2,342,842)	-5.0%
Liabilities				
Current liabilities	2,031,221	3,203,538	(1,172,317)	-36.6%
Long-term liabilities	<u>9,653,385</u>	<u>10,616,625</u>	(963,240)	-9.1%
Total Liabilities	<u>11,684,606</u>	<u>13,820,163</u>	(2,135,557)	-15.5%
Deferred Inflows of Resources				
Lease	<u>1,519,595</u>	<u>1,540,389</u>	(20,794)	100.0%
Net Position				
Net investment in capital assets	25,401,972	24,367,116	1,034,856	4.2%
Restricted	3,162,750	4,754,227	(1,591,477)	-33.5%
Unrestricted	<u>2,547,043</u>	<u>2,176,913</u>	370,130	17.0%
Total Net Position	<u>\$ 31,111,765</u>	<u>\$ 31,298,256</u>	(186,491)	-0.6%

Current and other assets decreased by approximately \$2,500,000 or 23% primarily due to a \$3 million decrease in cash balances as the Board used funds for capital projects including an ongoing deep injection well and centrifuge projects during fiscal year 2023. The decrease in cash was offset by an a \$494,000 increase in amounts due to the Board related to a rebate from the Solid Waste Authority and a grant receivable from the Florida Department of Agriculture in fiscal year 2023 that were not applicable in prior year.

Liabilities decreased by approximately \$2,100,000 or 15.5% due to the payment of bonds and a decrease in contracts and retainage payable related to projects in the prior year.

The largest portion of the Board’s net position (82%) reflects its net investment in capital assets (e.g., land, building, machinery, equipment, vehicles, and intangible assets) less any related debt and deferred inflows/outflows used to acquire those assets that is still outstanding. The Board uses these capital assets to provide wastewater treatment and disposal service to the City of Delray Beach and the City of Boynton Beach. Accordingly, these assets are not available for future spending. Although the Board’s investment in capital assets is reported net of related debt,

it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Board's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is an unrestricted net position of \$2,547,043 (8%).

The Board's net position decreased \$186,491 during the most recent fiscal year. The decrease represents the extent to which the cost of operations and depreciation expense exceeded ongoing program revenues.

The key elements of the changes in net position are reflected in the following table:

**SUMMARY OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022	(\$) Change	(%) Change
Revenues				
Program revenues:				
Charges for services	\$ 7,344,675	\$ 7,486,655	\$ (141,980)	-1.9%
Operating grants and contributions	1,400,597	1,200,000	200,597	16.7%
Capital grants and contributions	1,729,482	1,375,121	354,361	25.8%
General revenues	<u>162,989</u>	<u>81,031</u>	81,958	101.1%
Total Revenues	<u>10,637,743</u>	<u>10,142,807</u>	494,936	4.9%
Expenses				
Physical environment	10,499,794	10,685,153	(185,359)	-1.7%
Interest	<u>324,440</u>	<u>351,191</u>	(26,751)	-7.6%
Total Expenses	<u>10,824,234</u>	<u>11,036,344</u>	(212,110)	-1.9%
Change in Net Position	(186,491)	(893,537)	707,046	-79.1%
Net Position - Beginning	<u>31,298,256</u>	<u>32,191,793</u>	(893,537)	-2.8%
Net Position - Ending	<u>\$ 31,111,765</u>	<u>\$ 31,298,256</u>	(186,491)	-0.6%

As noted in the table above and in the statement of activities, the cost of all government activities during the fiscal year ended September 30, 2023, was \$10,824,234. The costs of the Board's activities were funded by program revenues consisting primarily of charges for services. The remainder of the current fiscal year revenue includes related-party operating and capital grants and contributions, interest revenue, and miscellaneous income. The majority of the increase in program revenue was primarily due to a increase in operating and capital grants and contributions in the current fiscal year as compared to the prior year. The decrease in current fiscal year expenses is primarily the result of lower maintenance and operation costs in the current fiscal year.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital assets. At September 30, 2023, the Board had \$132,781,280 invested in capital assets for its governmental activities. In the government-wide financial statements, depreciation of \$96,824,308 has been taken, resulting in a net book value of \$35,956,972. More detailed information regarding the Board's capital assets is included in the notes to the basic financial statements. The details of capital assets can be found in Note 8 to the financial statements.

Debt Obligations. At September 30, 2023, the Board had \$10,555,000 in a Note Payable outstanding and approximately \$84,000 in compensated absences. More detailed information about the Board's debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budget

The following economic factors were considered in establishing the budget for the 2024 fiscal year.

- O&M user rates increased from \$1.07 to \$1.11 per 1,000 gallons beginning October 1, 2023.
- Reclaim water wholesale user rates increased from \$0.18 to \$0.19 per 1,000 gallons beginning October 1, 2023.
- R&R user rates increased from \$0.05 to \$0.06 per 1,000 gallons beginning October 1, 2023.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Plant Manager, at 1801 North Congress Avenue, Delray Beach, FL 33445.

BASIC FINANCIAL STATEMENTS

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Governmental Activities
Assets	
Cash	\$ 3,429,614
Investments	420,315
Due from Cities	1,184,507
Lease receivable	1,519,595
Inventories	100,850
Prepays	211,652
Restricted assets:	
Cash	1,492,461
Capital assets:	
Nondepreciable	7,371,896
Depreciable, net	28,585,076
Total Assets	44,315,966
Liabilities	
Accounts payable and accrued liabilities	480,339
Contracts and retainage payable	289,568
Due to Cities	188,092
Unearned revenue	8,147
Accrued interest payable	79,426
Noncurrent liabilities:	
Due within one year	985,649
Due in more than one year	9,653,385
Total Liabilities	11,684,606
Deferred Inflows of Resources	
Lease	1,519,595
Net Position	
Net investment in capital assets	25,401,972
Restricted for repair and replacement	2,041,466
Restricted for capital improvements	1,121,284
Unrestricted	2,547,043
Total Net Position	\$ 31,111,765

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

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2023

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Physical environment	\$10,499,794	\$ 7,344,675	\$ 200,597	\$ 1,729,482	\$(1,225,040)
Interest	<u>324,440</u>	<u>--</u>	<u>1,200,000</u>	<u>--</u>	<u>875,560</u>
Total Governmental Activities	<u>\$10,824,234</u>	<u>\$ 7,344,675</u>	<u>\$ 1,400,597</u>	<u>\$ 1,729,482</u>	<u>(349,480)</u>
General Revenues					
					20,885
					<u>142,104</u>
					<u>162,989</u>
					(186,491)
					<u>31,298,256</u>
					<u>\$31,111,765</u>

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

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Major Funds			Total Governmental Funds
	General	Repair and Replacement	Capital Projects	
Assets				
Cash	\$ 1,731,155	\$ 1,698,459	\$ 1,492,461	\$ 4,922,075
Investments	--	420,315	--	420,315
Lease receivable	1,519,595	--	--	1,519,595
Due from Cities	1,184,507	--	--	1,184,507
Due from other funds	89,158	25,763	20	114,941
Inventories	100,850	--	--	100,850
Prepaid items	47,289	--	164,363	211,652
Total Assets	<u>\$ 4,672,554</u>	<u>\$ 2,144,537</u>	<u>\$ 1,656,844</u>	<u>\$ 8,473,935</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 384,796	\$ 13,914	\$ 81,629	\$ 480,339
Due to Cities	188,092	--	--	188,092
Due to other funds	25,784	89,157	--	114,941
Unearned revenue	8,147	--	--	8,147
Contracts and retainage payable	--	--	289,568	289,568
Total Liabilities	<u>606,819</u>	<u>103,071</u>	<u>371,197</u>	<u>1,081,087</u>
Deferred Inflows of Resources				
Lease	<u>1,519,595</u>	--	--	<u>1,519,595</u>
Fund Balances				
Non-Spendable:				
Inventories	100,850	--	--	100,850
Prepaid items	47,289	--	164,363	211,652
Restricted for:				
Repair and replacement	--	2,041,466	--	2,041,466
Capital improvement	--	--	1,121,284	1,121,284
Unassigned	<u>2,398,001</u>	--	--	<u>2,398,001</u>
Total Fund Balance	<u>2,546,140</u>	<u>2,041,466</u>	<u>1,285,647</u>	<u>5,873,253</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,672,554</u>	<u>\$ 2,144,537</u>	<u>\$ 1,656,844</u>	<u>\$ 8,473,935</u>

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

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

Fund Balance - Governmental Funds \$ 5,873,253

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation and amortization, in the net position of the government as a whole.

Cost of capital assets	\$ 132,781,280	
Accumulated depreciation and amortization	<u>(96,824,308)</u>	35,956,972

Liabilities not due and payable with current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(79,426)	
Note payable	(10,555,000)	
Accrued compensated absences	<u>(84,034)</u>	<u>(10,718,460)</u>

Net Position of Governmental Activities **\$ 31,111,765**

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

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Major Funds			Total Governmental Funds
	General	Repair and Replacement	Capital Projects	
Revenues				
Charges for services	\$ 7,034,788	\$ 309,887	\$ --	\$ 7,344,675
Contribution from other governments	1,200,000	--	1,729,482	2,929,482
Grant revenue	200,597	--	--	200,597
Investment earnings	332	19,974	579	20,885
Miscellaneous revenues	142,104	--	--	142,104
Total Revenues	<u>8,577,821</u>	<u>329,861</u>	<u>1,730,061</u>	<u>10,637,743</u>
Expenditures				
Current:				
Personnel services	1,910,405	--	--	1,910,405
Service contracts	2,617,278	--	--	2,617,278
Operations and maintenance	1,402,917	--	--	1,402,917
Supplies and chemicals	1,094,408	--	--	1,094,408
Return of excess	56,125	--	--	56,125
Debt service:				
Principal	895,000	--	--	895,000
Interest	331,175	--	--	331,175
Capital outlay	6,581	536,165	3,000,871	3,543,617
Total Expenditures	<u>8,313,889</u>	<u>536,165</u>	<u>3,000,871</u>	<u>11,850,925</u>
Excess (Deficiency) of revenues over expenditures	263,932	(206,304)	(1,270,810)	(1,213,182)
Other Financing Sources (Uses)				
Transfers	--	(1,000,000)	1,000,000	--
Net Change in Fund Balances	263,932	(1,206,304)	(270,810)	(1,213,182)
Fund Balances - Beginning	<u>2,282,208</u>	<u>3,247,770</u>	<u>1,556,457</u>	<u>7,086,435</u>
Fund Balances - Ending	<u>\$ 2,546,140</u>	<u>\$ 2,041,466</u>	<u>\$ 1,285,647</u>	<u>\$ 5,873,253</u>

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

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Governmental Funds	\$ (1,213,182)
Amounts reported for governmental activities in the statement of activities are different because:	
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	895,000
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	3,543,617
Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.	(3,403,761)
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds. The details of the differences are as follows:	
Change in long-term compensated absences	(14,900)
Change in accrued interest	<u>6,735</u>
Change in Net Position of Governmental Activities	<u>\$ (186,491)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

SOUTH CENTRAL REGIONAL WASTEWATER TREATMENT AND DISPOSAL BOARD

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The South Central Regional Wastewater Treatment and Disposal Board (the “Board”) was established by an interlocal agreement as a joint venture between the Cities of Boynton Beach, Florida and Delray Beach, Florida (the “Cities”) on December 26, 1974. The Board was established as an Independent Special District pursuant to Section 163.01 of the Florida Statutes and the Florida Interlocal Cooperation Act of 1969. The agreement created a legal entity which provides wastewater treatment and disposal services to the South Central region of Palm Beach County without regard to political or governmental boundaries.

The Board is governed by a body composed of the Commission members from each City. The Board has the authority to accept and disburse funds, transact business, and enter into contracts for budgeted items. In addition, the Board has the authority, subject to approval by a majority vote of each City Commission before becoming effective, to adopt an annual budget, establish rates and charges for operations, maintenance, expansions and construction, enter into contracts for non-budgeted items, and authorize the return of any excess funds or levy additional charges for deficits of the Board to the respective cities.

The basic financial statements of the Board 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.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that no component units exist which would require inclusion in this report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting principles and policies used in the preparation of these financial statements are described below.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Board. For the most part, the effect of interfund activity has been removed from these statements.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL PRESENTATION

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

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

Charges billed to the Cities are based on each City's flow for the month. At the end of the fiscal year any excess or deficiency of program revenue over operational expenses is calculated. The excess or deficiency is shared proportionately based on each City's flow. See Note 13 for a more detailed explanation of "Return of Excess".

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The Board reports the following major governmental funds:

General Fund

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

Repair and Replacement Fund (Capital Projects Fund)

This fund accounts for the financial resources to be used for the acquisition, construction, or repair of major infrastructure.

Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of assets for specific projects.

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

CASH AND INVESTMENTS

The Board's cash is considered to be cash on hand and demand deposits (interest and non-interest bearing).

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

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS (CONTINUED)

The State Board of Administration’s (“SBA”) Local Government Surplus Funds Trust Fund (“Florida PRIME”) is a “2a-7 like” pool. A “2a-7 like” pool is an external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The Board has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

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

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

INVENTORIES AND PREPAID ITEMS

Inventories are recorded as expenditures when consumed rather than when purchased. Inventories are valued at cost using the first-in, first-out (FIFO) method and consist of expendable chemicals and fuel.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

RESTRICTED ASSETS

These assets represent cash set aside pursuant to Note covenants and contractual restrictions.

LEASE RECEIVABLE

The Board has a lease agreement of real property together with an easement of ingress and egress for a communication tower (cell phone tower). The Board recognized a lease receivable and a deferred inflow of resources under this lease agreement. At the commencement of the lease, the Board initially measured the lease receivable and the

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASE RECEIVABLE (CONTINUED)

deferred inflow of resources at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. Key estimates related to the lease include the discount rate used to discount the expected lease payments to present value, lease term and renewals and lease payments. The Board estimated the incremental borrowing rate as the discount rate. The Board monitors changes in circumstances that would require a remeasurement of the lease and will remeasure a lease receivable and deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Intangible assets are recorded at cost. When purchased or acquired, the intangible asset is recorded as an expenditure in the governmental fund and capitalized as an asset in the government-wide statement of net position. The balance of intangible assets represent the processing capacity rights owned by the Board in the Solid Waste Authority's pelletization plant.

Capital assets of the Board are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40 years
Machinery and equipment	5-10 years
Intangible assets	5-7 years
Furniture, fixtures and office equipment	3 years

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

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

COMPENSATED ABSENCES

It is the Board's policy to permit employees to accumulate, within certain limits, earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from the Board service. Vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Board will compensate the employees in some manner (e.g., in cash or in paid time-off, prior to termination or retirement). The Board uses the vesting method in accruing sick leave liability for employees who are eligible to receive termination benefits upon separation and/or sick bank cash out benefit.

Vacation and sick pay are accrued when earned in the government-wide financial statements. A liability for those amounts is reported in the governmental funds if they have matured as a result of employee resignations, cash payouts, termination or retirements. A liability for accrued compensated absences of the governmental activities is not reported in the balance sheet of the governmental funds and, accordingly, represents a reconciling item between the fund and government-wide presentations. Payments are generally made out of the general fund.

UNEARNED REVENUE

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt issuance costs are expensed when incurred. Note premiums and discounts are deferred and amortized ratably over the life of the loan. The Board did not report any unamortized note premiums or discounts as of the fiscal year ended September 30, 2023.

SOUTH CENTRAL REGIONAL WASTEWATER TREATMENT AND DISPOSAL BOARD

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM OBLIGATIONS (CONTINUED)

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures. There were no debt issuance costs during the fiscal year ended September 30, 2023.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will occasionally report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board did not have any deferred outflows of resources as of September 30, 2023.

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

FUND BALANCE/NET POSITION

In the fund financial statements, governmental funds report fund balance classification that comprise a hierarchy based primarily on the extent to which the Board is legally bound to honor the specific purposes for which the amounts in fund balance may be spent. The fund balance classifications are summarized below:

Nonspendable – nonspendable fund balance includes amounts that cannot be spent because they are either 1) not in spendable form; or 2) legally or contractually required to be maintained intact.

Restricted – restricted fund balances includes amounts that are restricted to specific purposes wither by 1) constraints placed on the use of resources by creditors, grantor, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY/NET POSITION (CONTINUED)

Committed – committed fund balance includes amounts that can be used only for the specific purposes to constraints imposed by the Board through formal action (resolution). Committed fund balance may be changed or lifted only by the Board taking the same formal action (resolution) that imposed the constraint originally.

Assigned – assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year’s appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

Unassigned – unassigned fund balance includes amounts that have not been restricted, committed or assigned to specific purposes.

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

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents capital assets net of accumulated depreciation and amortization and related long-term debt. Restricted net position represents the assets restricted by the Board’s bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

USE OF ESTIMATES

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

SOUTH CENTRAL REGIONAL WASTEWATER TREATMENT AND DISPOSAL BOARD

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPLEMENTATION OF GASB STATEMENTS

The Board 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 Board's financial statements.

NOTE 3 – BUDGETARY INFORMATION

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

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

- In July of each year, the Plant Manager submits a proposed operating budget to the Board for the fiscal year commencing October 1st.
- When the operating budget is approved by the Board, it is submitted to the Commissions of the Cities of Boynton Beach and Delray Beach for ratification.

NOTE 4 – DEPOSITS AND INVESTMENTS

DEPOSITS

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

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

The Board’s investments were as follows at September 30, 2023:

	<u>Amortized cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
Florida PRIME	\$ 420,315	S&P AAAM	Weighted average life of the fund portfolio: 75 days
Total Investments	<u>\$ 420,315</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration of Credit risk – The Board places no limit on the amount the Board may invest in any one issuer.

Interest rate risk – The Board does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Fair Value Measurement – When applicable, the Board follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring the fair value of financial instruments in a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Board has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an assets or liability, either directly or indirectly.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets that are not directly comparable to the subject asset.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments include amounts with the State Board of Administration (“SBA”) which administers the Florida PRIME that is an investment pool created by Section 218.405 and 218.417, Florida Statutes. Florida PRIME consists of equity in an external investment pool administered by the State of Florida pursuant to statutory requirements and operated 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.

According to the SBA, the pool follows GASB No. 31, *Accounting and Financial Reporting for Certain Investment and for External Investment Pools*, and GASB No. 79, *Certain External Investment Pools and Pool Participants*, where the Board owns a share of the respective pool, not the underlying securities. Accordingly, the Board's investment in Florida PRIME is stated at amortized cost. Florida PRIME is exempt from the GASB No. 72 fair value hierarchy disclosures. Additionally, the investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2023 were as follows:

Fund	Receivable	Payable
General	\$ 89,158	\$ 25,784
Repair and Replacement	25,763	89,157
Capital Projects	<u>20</u>	<u>--</u>
Total	<u>\$ 114,941</u>	<u>\$ 114,941</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Monies are either transferred from Repair and Replacement (“R&R”) Fund to pay General Fund for R&R’s expenditures or transferred from the General Fund to the R&R Fund for reserves. Monies are also transferred to the Capital Projects from the other funds for the construction and acquisition of capital projects. During the fiscal year ended September 30, 2023, the R&R Fund transferred \$1,000,000 to the Capital Projects Fund for future capital projects.

NOTE 6 – LEASE RECEIVABLE

The Board, as a lessor, leases a real property of approximately 10,000 square feet of land and all access and utility easements (the “Premises”) for a communication tower (cell phone tower) with a telephone company (“lessee”). The lessee has the right to erect, maintain and operate a radio communication facility on the Premises. The lease agreement commenced beginning February 5, 1998 and provided the lessee the option to extend the lease and the lease was extended through February 4, 2023. The Board and lessee entered into an amendment to the Lease Agreement which provided the lessee an option to extend the agreement for four (4) additional options periods of five (5) years each. The multiple options period extended the lease agreement maturity through February 4, 2043. Rent under the agreement shall increase 3% annually. The Board expects the lessee to extend the lease agreement for the additional option renewal periods and the lease term has been calculated based on the renewal of the options through February 4, 2043.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – LEASE RECEIVABLE (CONTINUED)

During the fiscal year ended September 30, 2023, the Board recognized the following related to this lease agreement:

Lease revenue	\$	20,794
Interest income on lease receivable		68,905
Total		\$ 89,699

Future principal and interest payment requirements related to the Board’s lease receivable at September 30, 2023 are as follows:

Fiscal Year Ending September 30	Principal Receipt	Interest Revenue	Future Minimum Rent
2024	\$ 24,496	\$ 67,894	\$ 92,390
2025	28,395	66,767	95,162
2026	32,442	65,574	98,017
2027	36,934	64,023	100,957
2028	41,722	62,263	103,986
2029-2033	292,000	276,638	568,637
2034-2038	466,596	192,611	659,207
2039-2043	597,010	64,060	661,071
Total	\$ 1,519,595	\$ 859,831	\$ 2,379,426

Lease revenue and interest income on the lease receivable are included in miscellaneous revenues in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances as of the fiscal year ended September 30, 2023.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 7 – SOLID WASTE AUTHORITY BIOSOLIDS PROCESSING CAPACITY

On June 7, 2005, amended on July 20, 2006 and July 18, 2013, the Board entered into an Interlocal agreement with Palm Beach County, City of Boca Raton, Loxahatchee River Environmental Control District, Village of Royal Palm Beach, Solid Waste Authority, and East Coast Regional Wastewater Treatment Facilities and formed a partnership to participate in the development and operation of the Biosolids Processing Facility. This facility will assist in eliminating tons of phosphorus discharges per year to land areas that drain into Lake Okeechobee.

On July 18, 2013, the Board entered into an Interlocal Agreement with the Solid Waste Authority (SWA) of Palm Beach County for the purchase of biosolids processing and recycling capacity in the SWA's biosolids processing facility. Under the terms of the agreement, the Board acquired ownership capacity in the SWA's biosolids processing facility equal to a maximum of 13,459 wet tons of acceptable deliveries annually, or 14.75% of the total biosolids processing facility capacity. The Board owns this share of the SWA's biosolids processing facility's capacity for the life of the biosolids processing facility. The agreement details the Board's commitment to supply biosolids and the SWA's commitment to accept and process biosolids and extends until August 9, 2029 unless terminated sooner or extended in accordance with the terms therein. The Board's capacity purchase price of the biosolids processing capacity of \$5,109,192 has been recorded as an intangible capital asset and is being amortized over the life of the agreement. As of September 30, 2023, accumulated amortization totaled \$3,594,945. See Note 8 – Capital Assets.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 8 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land and land improvements	\$ 70,750	\$ --	\$ --	\$ 70,750
Construction in progress	<u>4,916,471</u>	<u>2,980,372</u>	<u>(595,697)</u>	<u>7,301,146</u>
Total capital assets, not being depreciated	<u>4,987,221</u>	<u>2,980,372</u>	<u>(595,697)</u>	<u>7,371,896</u>
Capital Assets, being depreciated/amortized				
Buildings and improvements	91,622,621	459,786	--	92,082,407
Machinery and equipment	26,983,182	663,140	--	27,646,322
Intangible assets (see Note 7)	5,109,192	--	--	5,109,192
Furniture, fixtures and office equipment	<u>535,447</u>	<u>36,016</u>	<u>--</u>	<u>571,463</u>
Total Capital Assets Being Depreciated/Amortized	<u>124,250,442</u>	<u>1,158,942</u>	<u>--</u>	<u>125,409,384</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	(64,859,219)	(2,541,368)	--	(67,400,587)
Machinery and equipment	(24,708,497)	(587,454)	--	(25,295,951)
Intangible assets (see Note 7)	(3,335,915)	(259,030)	--	(3,594,945)
Furniture, fixtures and office equipment	<u>(516,916)</u>	<u>(15,909)</u>	<u>--</u>	<u>(532,825)</u>
Total accumulated depreciation and amortization	<u>(93,420,547)</u>	<u>(3,403,761)</u>	<u>--</u>	<u>(96,824,308)</u>
Total capital assets, being depreciated/amortized, net	<u>30,829,895</u>	<u>(2,244,819)</u>	<u>--</u>	<u>28,585,076</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,817,116</u>	<u>\$ 735,553</u>	<u>\$ (595,697)</u>	<u>\$ 35,956,972</u>

Depreciation and amortization expense of \$3,403,761 was charged to Physical Environment for the fiscal year ended September 30, 2023.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 – LONG-TERM LIABILITIES

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ 11,450,000	\$ --	\$ (895,000)	\$ 10,555,000	\$ 920,000
Compensated absences	69,134	116,526	(101,626)	84,034	65,649
Total	<u>\$ 11,519,134</u>	<u>\$ 116,526</u>	<u>\$ (996,626)</u>	<u>\$ 10,639,034</u>	<u>\$ 985,649</u>

PROMISSORY NOTE PAYABLE

In September 2018, the Board obtained a \$15,070,000 Promissory Note, Series 2018 (“Note”) with a financial institution to finance the acquisition and construction of certain plant improvements. The Note matures on January 1, 2033 and bears a fixed interest rate of 3.1%. Interest is to be paid semiannually on each January 1 and July 1. Principal on the Note is to be paid annually commencing January 1, 2019 through January 1, 2033.

The Loan Agreement established a renewal and replacement fund requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements. The Note is secured by a pledge of the net revenues of the system. The Board agrees to set rates and charges in amounts that will provide “Net Revenues” in each fiscal year equal to 125% of the annual debt service requirement for that fiscal year and to adopt annual budgets to meet this and other debt covenants.

At September 30, 2023, the scheduled debt service requirements on the long-term debt were as follows:

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 920,000	\$ 303,860	\$ 1,223,860
2025	950,000	275,716	1,225,716
2026	975,000	246,745	1,221,745
2027	1,005,000	216,946	1,221,946
2028	5,505,000	604,634	6,109,634
2029-2033	<u>1,200,000</u>	<u>18,060</u>	<u>1,218,060</u>
Total	<u>\$ 10,555,000</u>	<u>\$1,665,961</u>	<u>\$ 12,220,961</u>

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 10 – DEFINED CONTRIBUTION PLAN

The South Central Regional Wastewater Treatment and Disposal Board Retirement Plan is a defined contribution 401(a) plan established by the Board to provide benefits at retirement to the employees of the Board. The plan is administered by an independent third-party administrator.

Full time employees are eligible to participate from the date of employment. Effective June 2017, the plan was amended and adopted with changes to the employer contribution percentage based on years of service:

- 0-5 years – 12% employer contribution
- 6-10 years – 15% employer contribution
- 11-15 years – 18% employer contribution
- 16-20 years – 21% employer contribution
- 21+ years – 24% employer contribution

The employee contribution is 6%. Both employee and employer contributions are based on services actually rendered in the course of employment with the exception of bonuses and overtime. The Board's contributions for each employee (and interest allocated to the employee's account) vest over a six year period of service in 20% increments (0% year 1, 20% year 2, 40% year 3, 60% year 4, 80% year 5) and employees are fully vested after six years of continuous service. Board contributions for, and interest forfeited by, employees who leave employment before six years of service are used to reduce the Board's current period contribution amount. There were no forfeiture amounts applied during the current fiscal year. Plan revisions and contribution requirement are established and may be amended by the governing board.

The Board's total payroll for the fiscal year ended September 30, 2023 was \$1,275,075. The Board's contributions were calculated on the amount of \$1,093,038. Both the Board and covered employees made the required contribution of \$158,946 and \$65,582, respectively.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 11 – COMMITMENTS

SLUDGE DISPOSAL

For the fiscal year ended September 30, 2023, the Board was charged \$310,208 for sludge hauling.

INTERLOCAL AGREEMENT – SOLID WASTE AUTHORITY

As noted in Note 7 (Solid Waste Authority Biosolids Processing Capacity), the Board’s participation in the Biosolids Processing Facility and the agreement with SWA details the Board’s commitment to supply biosolids which includes delivery of a minimum of 13,459 Wet Tons of acceptable deliveries of wastewater sludge per fiscal year.

CONTRACT COMMITMENTS

The Board has various long-term contractual obligations for construction projects on which work has not been completed. The balances of these contracts and related commitments as of September 30, 2023, are as follows:

	General Fund	Repairs and Replacement Fund	Capital Projects Fund	Total
Total contract amount	\$202,426	\$ 947,603	\$ 600,000	\$1,750,029
Interim payments on contracts	<u>29,158</u>	<u>97,099</u>	<u>164,363</u>	<u>290,620</u>
Remaining Contract Commitments	<u>\$173,268</u>	<u>\$ 850,504</u>	<u>\$ 435,637</u>	<u>\$1,459,409</u>

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 12 – RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2023, the Cities of Boynton Beach and Delray Beach incurred user charges in the following amounts:

	Boynton Beach	Delray Beach	Total
Sewer Service - operations and maintenance	\$ 3,771,868	\$ 2,859,725	\$ 6,631,593
Debt service	600,000	600,000	1,200,000
Total Related Party Transactions	\$ 4,371,868	\$ 3,459,725	\$ 7,831,593

At September 30, 2023 there is a receivable of \$1,184,507 from the Cities and a \$188,092 payable to the Cities for return of excess amounts due. See Note 13 – Return of Excess.

NOTE 13 – RETURN OF EXCESS

On December 26, 1974 the Board entered into an interlocal agreement with the Cities of Boynton Beach and Delray Beach to establish and provide the basis of operation, supervision, management, maintenance, repair and replacement costs determination and billing of the Regional Plant. The City of Boynton Beach and City of Delray Beach have agreed to pay to the Board a proportional part of the Board’s “operating costs”. The operational costs are paid by each City based on the ratio of each city’s flow to the total amount of flows. Any excess or deficiency for the fiscal year is shared in the same manner.

During the fiscal year ended September 30, 2023, the Board made the decision to retain excess fund of \$56,125 that are to be returned to the cities to fund certain plant improvement projects.

As of the September 30, 2023, the total excess amount due to the Cities of Boynton Beach and Delray Beach is as follows:

	Boynton Beach	Delray Beach	Total
Excess to be Returned	\$ 32,283	\$ 23,842	\$ 56,125

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 14 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There was no reduction in insurance coverage from coverage in the prior year and there have been no claims from these risks that exceeded commercial insurance coverage over the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts	Actual Amounts	Variance with Final Budget -
	Original and Final	Budgetary Basis (See Note 2)	Positive (Negative)
Revenues			
Charges for services	7,340,632	\$ 7,034,788	\$ (305,844)
Contribution from other governments	1,200,000	1,200,000	--
Grant revenue	--	200,597	200,597
Investment earnings	--	332	332
Miscellaneous revenues	86,407	142,104	55,697
Total Revenues	<u>8,627,039</u>	<u>8,577,821</u>	<u>(49,218)</u>
Expenditures			
Current:			
Personnel services	2,344,913	1,910,405	434,508
Service contracts	2,685,390	2,617,278	68,112
Operations and maintenance	1,537,945	1,402,917	135,028
Supplies and chemicals	1,031,800	1,094,408	(62,608)
Debt service:			
Principal	895,000	895,000	--
Interest	357,739	331,175	26,564
Capital outlay	7,500	6,581	919
Total Expenditures	<u>8,860,287</u>	<u>8,257,764</u>	<u>602,523</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(233,248)</u>	<u>320,057</u>	<u>553,305</u>
Other financing sources			
Use of prior years surplus	233,248	--	(233,248)
Total Other Financing Sources	<u>233,248</u>	<u>--</u>	<u>(233,248)</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ 320,057</u>	<u>\$ 320,057</u>

See note to required supplementary information.

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING

The Board is required to establish a budgetary system and an approved Annual Budget for the General Fund. The Board’s budgeting process is based on estimates of cash receipts and expenditures which are approved by the Board. The General Fund budget is prepared on the modified accrual basis of accounting.

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

NOTE 2 – RECONCILIATION OF GAAP BASIS TO BUDGETARY BASIS

At the end of the fiscal year any excess or deficiency of program revenue over operational expenses is calculated. The excess or deficiency is shared proportionately based on each City’s flow. Such excess or deficiency is not budgeted. As a result, General Fund expenditures reported in the budgetary comparison schedule differ from the expenditures reported on the GAAP. The budget to actual difference of the General Fund can be reconciled as follows:

Expenditures Reported on a GAAP Basis	\$ 8,313,889
Less: Return of excess	<u>(56,125)</u>
Expenditures Reported on a Budgetary Basis	<u>\$ 8,257,764</u>

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OTHER INFORMATION

**SOUTH CENTRAL REGIONAL WASTEWATER
TREATMENT AND DISPOSAL BOARD**

**OTHER INFORMATION - DATA ELEMENTS REQUIRED BY
FLORIDA STATUTE 218.39(3)(c)
(UNAUDITED)**

Number of district employees compensated at 9/30/2023	19
Number of independent contractors compensated in September 2023	13
Employee compensation for FYE 9/30/2023 (paid/accrued)	\$1,275,075
Independent contractor compensation for FYE 9/30/2023	\$3,194,320
Construction projects to begin on or after October 1; (>\$65K)	
Deep Well Injection #2	\$3,813,673
Gravity Belt Thickener	\$1,000,000
Generator Load Bank	\$120,000
Budget variance report	See page 35
Ad Valorem taxes:	
Millage rate FYE 9/30/2023	Not applicable
Ad valorem taxes collected FYE 9/30/2023	Not applicable
Outstanding Bonds	Not applicable
Non ad valorem special assessments:	
Special assessment rate FYE 9/30/2023	Not applicable
Special assessments collected FYE 9/30/2023	Not applicable
Outstanding Bonds	Not applicable

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 Board of Commissioners
South Central Regional Wastewater Treatment and Disposal Board
Delray Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the South Central Regional Wastewater Treatment and Disposal Board (the "Board"), as of September 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
February 20, 2024



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

To the Board of Commissioners
South Central Regional Wastewater Treatment and Disposal Board
Delray Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the South Central Regional Wastewater Treatment and Disposal Board (the “Board”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 20, 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 February 20, 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 1 to the financial statements. There were no component units of the Board.

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 Board 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 Board 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 Board. It is management's responsibility to monitor the Board'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 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. The District is not a component unit and does not have any component units.

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 Board reported the required information in Other Information found on page 37.

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 Board of Commissioners, 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, FL
February 20, 2024

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

To the Board of Commissioners
South Central Regional Wastewater Treatment and Disposal Board
Delray Beach, Florida

We have examined the South Central Regional Wastewater Treatment and Disposal Board's (the "Board"), compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2023. Management of the Board is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board'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 Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board 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 Board's compliance with specified requirements.

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

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes, and is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
February 20, 2024