

# Hillsboro Inlet District

Financial Statements  
and Additional Information  
For the Year Ended September 30, 2024

## Hillsboro Inlet District

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INDEPENDENT AUDITOR

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Hillsboro Inlet District

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Hillsboro Inlet District (the "District"), as of and for the year ended September 30, 2024, 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 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 District, as of September 30, 2024, and the respective changes in financial position for the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 opinions.

#### Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.



## Auditor's Responsibilities for 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

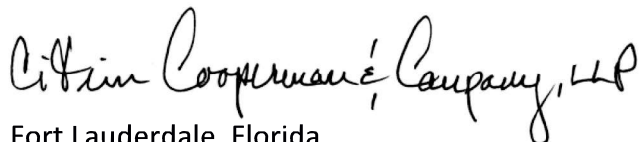
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## Required Supplementary Information

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025, 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 the District's internal control over financial reporting and compliance.



Fort Lauderdale, Florida  
June 27, 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Hillsboro Inlet District's (the "District") financial performance provides an overview of the District's financial activities for the years ended September 30, 2024 and 2023. Please read it in conjunction with the District's basic financial statements, which immediately follow this discussion.

### **Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2024:

- The District's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2024 by \$ 5,386,897, of which \$ 1,486,519 is unrestricted. This is an overall increase of \$ 603,170.
- The District's total revenues were \$ 2,534,309, which is comprised of \$ 2,433,471 from ad valorem taxes, \$ 52,579 from a capital grant and \$ 48,259 from interest income. The District's expenses for the year were \$ 1,931,139.

### **Overview of the Financial Statements**

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

**Government-Wide Financial Statements:** The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the 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 can be found on Pages 8 and 9 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District reports a governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic 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 balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

**Hillsboro Inlet District  
Management's Discussion and Analysis  
September 30, 2024**

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

The governmental fund financial statements can be found on pages 10 through 13 of this report.

**Notes to basic financial statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 14 through 28 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of September 30, 2024 and 2023:

		Hillsboro Inlet District Statements of Net Position	
		2024	2023
Current and other assets	\$	2,059,391	\$ 1,672,093
Capital assets, net		3,900,378	4,139,007
Total assets		5,959,769	5,811,100
Total deferred outflows of resources		182,369	148,920
Current liabilities		21,447	427,321
Other liabilities		8,803	20,302
Long-term liabilities		664,177	693,284
Total liabilities		694,427	1,140,907
Total deferred outflows of resources		60,814	35,386
Net position:			
Investment in capital assets		3,900,378	4,139,007
Unrestricted		1,486,519	644,720
Total net position	\$	5,386,897	\$ 4,783,727

**Hillsboro Inlet District  
Management's Discussion and Analysis  
September 30, 2024**

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Current and other assets increased mainly due to a rise in monies from tax assessment and investment income. Capital assets, net of depreciation decreased mainly due to the current year depreciation expense of \$ 341,145 offset by additions in machinery and equipment of \$ 102,516. Noncurrent liabilities increased due to the increased net pension liability.

**Governmental Activities:** Governmental activities increased the District's net position by \$ 603,170 and \$ 360,811 for 2024 and 2023 respectively, as reflected in the table below:

Hillsboro Inlet District Statements of Activities		2024	2023
<b>Revenues:</b>			
Program revenues:			
Capital grants and contributions	\$	52,579	\$ 95,000
General revenues:			
Ad valorem taxes		2,433,471	2,145,421
Interest income		48,259	9,615
Total revenues		2,534,309	2,250,036
<b>Expenses:</b>			
Physical environment		1,681,795	1,686,947
General government		249,344	202,278
Total expenses		1,931,139	1,889,225
Change in net position		603,170	360,811
<b>Net Position, beginning of year</b>		4,783,727	4,422,916
<b>Net Position, end of year</b>	\$	5,386,897	\$ 4,783,727

Revenues increased from a rise in tax assessment and interest income. Total expenses remained relatively consistent with the prior year.

**Analysis of the Governmental Fund**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. The General Fund is the District's only governmental fund.

The District's general fund reported an ending fund balance of \$ 2,037,944 an increase of \$ 793,172 from the prior year.

### **Capital Assets**

The District's investment in capital assets, less accumulated depreciation, for its governmental activities as of September 30, 2024, amounts to \$ 3,900,378 and consists of machinery and equipment and infrastructure. The only capital assets additions for the year are \$102,516 for machinery and equipment. Additional information on the District's capital assets can be found in Note 4 of this report.

### **General Fund Budgetary Highlights**

Actual revenues were approximately \$ 145,000 lower than budgeted in the current year. Actual expenditures were under budget by approximately \$ 939,000.

### **Economic Factors and Next Year's Budget**

Expenditures for the 2024-2025 budget year for the General Fund of the District are budgeted to be approximately \$ 2,680,000. This is approximately \$ 30,000 more than budgeted expenditures for the 2023-2024 budget year. Property tax values are expected to increase slightly in the up and coming year as real property values appear to be trending slightly upward.

### **Requests for Information**

This financial report is designed to provide a general overview of Hillsboro Inlet District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Hillsboro Inlet District, c/o Weiss, Serota, Helfman, Cole & Bierman, P.L., 2255 Glades Road, Suite 200-E, Boca Raton, FL 33431.

**Hillsboro Inlet District**  
**Statement of Net Position**  
**September 30, 2024**

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash	\$ 1,799,127
Investments	103,513
Due from other governments	52,579
Prepaid expenses	104,172
Capital assets, net of depreciation	<u>3,900,378</u>
Total assets	5,959,769
<b>Deferred Outflows of Resources</b>	
Deferred pension outflows	<u>182,369</u>
Total assets and deferred outflows of resources	<u>6,142,138</u>
<b>Liabilities:</b>	
Accounts payable	12,314
Accrued expenses	9,133
Long-term liabilities:	
Due within one year:	
Compensated absences payable	8,803
Due in more than one year:	
Net pension liability	628,964
Compensated absences payable	<u>35,213</u>
Total liabilities	694,427
<b>Deferred Inflows of Resources</b>	
Deferred pension inflows	<u>60,814</u>
Total liabilities and deferred inflows of resources	<u>755,241</u>
<b>Net Position:</b>	
Investment in capital assets	3,900,378
Unrestricted	<u>1,486,519</u>
Total net position	<u>\$ 5,386,897</u>

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

Hillsboro Inlet District  
Statement of Activities  
For the Year Ended September 30, 2024

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenues (Expenses) and Change in Net position</u>
<b>Functions/Programs:</b>					
Governmental activities:					
Physical environment	\$ 1,681,795	\$ -	\$ -	\$ 52,579	\$ (1,629,216)
General government	<u>249,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(249,344)</u>
Total governmental activities	<u>\$ 1,931,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,579</u>	<u>(1,878,560)</u>
General revenues:					
Taxes					2,433,471
Interest income					<u>48,259</u>
Total general revenues					<u>2,481,730</u>
Change in net position					603,170
Net Position, October 1, 2023					<u>4,783,727</u>
Net Position, September 30, 2024					<u>\$ 5,386,897</u>

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

**Hillsboro Inlet District  
Balance Sheet - Governmental Fund  
September 30, 2024**

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	<b>General Fund</b>
<b>Assets:</b>	
Cash	\$ 1,799,127
Investments	103,513
Due from other governments	52,579
Prepaid expenditures	<u>104,172</u>
Total assets	<u>\$ 2,059,391</u>
<b>Liabilities:</b>	
Accounts payable	\$ 12,314
Accrued expenses	<u>9,133</u>
Total liabilities	<u>21,447</u>
<b>Fund Balance:</b>	
Nonspendable:	
Prepaid expenditures	104,172
Committed:	
Future repairs and maintenance	500,000
Unassigned	<u>1,433,772</u>
Total fund balance	<u>2,037,944</u>
Total liabilities and fund balance	<u>\$ 2,059,391</u>

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

**Hillsboro Inlet District  
 Reconciliation of the Balance Sheet - Governmental Fund  
 To the Statement of Net Position  
 September 30, 2024**

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**Total Fund Balance - Governmental Fund** \$ 2,037,944

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital assets	7,238,623
Less: accumulated depreciation	(3,338,245)

Certain funds related to pension assets and liabilities are not reported in the governmental funds:

Deferred outflows of resources, relating to the net pension liability	182,369
Deferred inflows of resources, relating to the net pension liability	(60,814)

Long-term liabilities are not due and payable in the current period and therefore are not due in the funds:

Net pension liability	(628,964)
Compensated absences	<u>(44,016)</u>

**Net Position of Governmental Activities** \$ 5,386,897

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

**Hillsboro Inlet District  
Statement of Revenues, Expenditures and  
Change in Fund Balance - Governmental Fund  
For the Year Ended September 30, 2024**

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	<b>General Fund</b>
<b>Revenues:</b>	
Ad valorem taxes	\$ 2,433,471
Intergovernmental revenue	52,579
Investment income	<u>48,259</u>
Total revenues	<u>2,534,309</u>
<b>Expenditures:</b>	
Current:	
Physical environment	1,389,277
General government	249,344
Capital outlay	<u>102,516</u>
Total expenditures	<u>1,741,137</u>
Net change in fund balance	793,172
<b>Fund Balance, October 1, 2023</b>	<u>1,244,772</u>
<b>Fund Balance, September 30, 2024</b>	\$ <u><u>2,037,944</u></u>

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

**Hillsboro Inlet District  
Reconciliation of the Statement of Revenues,  
Expenditures and Change in Fund Balance -  
Governmental Fund to the Statement of Activities  
For the Year Ended September 30, 2024**

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<b>Net Changes in Fund Balances - Governmental Fund</b>	\$ 793,172
<p>Amounts reported for governmental activities in the statement of activities are difference because:</p>	
<p>Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense</p>	
Expenditures for capital outlay	102,516
Depreciation expense	(341,145)
<p>Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds.</p>	
Change in deferred outflows of resources	33,449
Change in deferred inflows of resources	(25,428)
<p>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.</p>	
Change in the net pension liability	(16,890)
Change in compensated absences payable	<u>57,496</u>
<b>Change in Net Position of Statement of Activities</b>	<u><u>\$ 603,170</u></u>

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

### Note 1 - Organization and Operations

Hillsboro Inlet District (the "District") is an independent special tax district, consisting of defined portions of Broward County, Florida as created by Chapter 57-1183 Laws of Florida, Acts of 1957 by the Legislature of the State of Florida, as amended. This District is considered to have continuous existence unless otherwise unsettled by the Legislature, as provided by law. The District is governed by an eight-member Board of Commissioners, who are appointed by various other governmental entities in accordance with the enabling legislation, and serve at the discretion of those governmental entities. The District was created to establish, construct, operate and maintain such improvements, facilities and equipment as is necessary for by-passing sand, for the maintenance of navigation and drainage at Hillsboro Inlet, which is located in northern Broward County, Florida.

### Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (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. The District's more significant accounting policies are described below:

**Reporting entity:** In evaluating how to define the District, for basic financial reporting purposes, management has considered all potential component units. The basic, but not the only criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has determined that there are no component units in determining the scope of the reporting entity for financial reporting purposes.

**Financial statements - government-wide statements:** The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund basic financial statement categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues and other revenue. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Financial statements - fund financial statements:** The accounts of the District are organized on the fund basis. The operations of the only fund are accounted for with separate self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures.

The General Fund is a major governmental fund employed in accounting for the financial activities of the District. It is a governmental fund type and is used to account for all the District's financial transactions.

**Measurement focus, basis of accounting and basis of presentation:** Measurement focus refers to what is being measured and basis of accounting refers to the point at which revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available.) "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current year except for federal and state grants, which are considered available if collection is expected within 12 months of year end

**Investments:** Investments are stated at estimated fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain money market investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

**Capital assets:** Capital assets, which include land and improvements, buildings, improvements other than buildings, infrastructure, and machinery and equipment are reported in the governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$ 750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated on the straight-line basis over the following estimated useful lives:

Machinery and equipment	5-30 years
Infrastructure	15-40 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**Note 2 - Summary of Significant Accounting Policies (continued)**

GASB encourages but does not require certain governments to retroactively report infrastructure assets. The District has elected not to retroactively report any unrecorded infrastructure that may exist.

**Deferred outflows/inflows of resources:**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2024, the District had deferred outflows of \$ 182,369, which is related to the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. At September 30, 2024, the District had deferred inflows of \$ 60,814 which is related to the net pension liability.

**Net position:**

*Government-wide statements*

Net Position is classified is classified in three categories. The general meaning of each is as follows:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

The District would typically use restricted net position first and then unrestricted net position.

*Fund statements:*

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Note 2 - Summary of Significant Accounting Policies (continued)**

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. In fiscal year 2024, this represents \$ 104,172.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. In fiscal year 2024, the District had no restricted balances.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Commissioners. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. Resources accumulated pursuant to stabilization arrangements are reported in this category. In fiscal year 2024, this represents \$ 500,000.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commission through the Commission delegating this responsibility to the Commissioner. In fiscal year 2024, the District had no assigned fund balances.

Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use restricted fund balances first, followed by committed fund balances, and then assigned fund balances.

**Budgets and budgetary accounting**: The District is required by state law to adopt an annual budget for the General Fund. The basis of accounting used to prepare the budget is not materially different from the modified accrual basis of accounting.

**Note 2 - Summary of Significant Accounting Policies (continued)**

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to September 30 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is filed with the Broward County Property Appraiser's office, opened for inspection by the public, and a public hearing is held pursuant to a notice published in a newspaper circulated in Broward County.
3. A meeting of the Board of Commissioners is then called for the purpose of adopting the proposed budget.
4. Prior to October 1, the budget is legally enacted through passage of a resolution by the Board of Commissioners.

The level of control, the level at which expenditures may not exceed the budget, is at the total fund level. The District may transfer budgeted amounts within and among accounts and departments.

**Encumbrances:** The District does not utilize encumbrance accounting.

**Property taxes:** Real and personal property values are assessed on a county-wide basis by the Broward County Property Appraiser as of January 1 each year. Taxable value of property within the District is certified by the Property Appraiser on July 1. The District levies a property tax millage rate upon that taxable value to provide revenue required for the fiscal year beginning October 1. The amount of tax levied by the District shall not exceed one half of one mill on the assessed valuation of such real property.

Property taxes levied by the District, and all other tax authorities within the County, are centrally billed and collected by Broward County, with monthly remittance to the District for collected amounts. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month decreasing discount for the period November through February and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent amounts are sold by Broward County, with remittance to the District for its share of those receipts.

**Compensated absences:** Permanent full-time employees working at least 40 hours per week accrue annual leave based on the employee's years of service as follows:

Years of Service	% of Hours Worked
Less than 5	4%
5 to 10	6%
Greater than 10	8%

**Note 2 - Summary of Significant Accounting Policies (continued)**

Non full-time employees, working at least twenty hours per week, earn annual leave at a rate of 0.04 days per month. Employees working less than 20 hours per week do not accrue annual or sick leave.

Annual leave can be carried over to the following year up to a maximum of 280 hours (35 days) per employee. Any hours in excess of the maximum will either be cashed out or transferred to the employee's sick leave account.

Sick leave is accrued for all employees and earned at a rate of 4.62% of the number of hours worked per week, regardless of their time in service. An employee may accrue sick leave up to a maximum of 1,040 hours (130 days). Accrued sick leave in excess of 940 hours may be cashed out at the end of the calendar year.

An employee who resigns or is terminated is entitled to payment of all days of accumulated annual leave. The District accrues for annual and sick leave based on anticipated use or payout. Expenditures are recorded in the Government-wide financial statements as labor expenditures are incurred. Accumulated and unpaid annual and sick leave are recorded as accrued expenses in the liability section of the Statement of Net Position. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources and only if they have matured.

**Date of management review:** Subsequent events have been evaluated by management through June 27, 2025, which is the date the financial statements were available for issuance.

**Note 3 - Deposits and Investments**

**Deposits:** At year end, the carrying amount and the bank balance of the District's deposits were \$ 1,798,627 and \$ 1,808,288, respectively.

State statutes require, and it is the District's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280, Florida Statutes. This statute requires that every qualified public depository institution maintains eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should need arise. The District's deposits of \$ 1,558,288, which are in excess of the federal insured level of \$ 250,000, are held in a qualified public depository and are collateralized with securities held by the State Treasurer pursuant to the collateral pool requirements under Chapter 280, Florida Statutes. In addition, the District had \$ 500 in petty cash.

**Investments:** As required by Florida Statutes, the District has adopted an investment policy designating the investments which are allowable. The authorized investments include direct obligations of the United States Treasury, its Agencies or Instrumentalities, fully insured or collateralized certificates of deposit, Securities and Exchange Commission ("SEC") registered money market funds, repurchase agreements secured by direct obligations of the United States Government, its Agencies or Instrumentalities, and the Local Government Surplus Funds Trust Fund. The investments follow the investment rules defined in Florida Statutes Chapter 215. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

**Note 3 - Deposits and Investments (continued)**

The Florida SBA Pool, herein referred to as “Florida PRIME”, is not a registrant with Securities and Exchange Commission (“SEC”); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. For the Florida PRIME, a 2a-7 like pool, the value of the District’s position is the same as the value of the pool shares and is recorded at amortized cost. In accordance with these requirements, the method used to determine the participant’s shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity.

The District’s account balance in the SBA is its amortized cost. The SBA is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA. The SBA accounts are not subject to custodial risk as these investments are not evidenced by securities that exist in physical or bank entry form.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the District’s investment in the Florida PRIME meets the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

As of September 30, 2024, the District’s amortized cost value of its investment in Florida PRIME was \$ 103,513.

**Interest rate risk:** Florida Statutes state that the investment portfolio be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. The dollar weighted average days to maturity and weighted average life of the securities held in Florida PRIME is 39 days and 74 days, respectively.

**Credit risk:** The District’s investment policy limits investments to the safest types of issuers. The Florida PRIME is rated AAAM by Standards and Poor’s.

**Hillsboro Inlet District  
Notes to Financial Statements  
September 30, 2024**

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**Note 4 - Capital Assets**

Capital assets activity for the year ended September 30, 2024 was as follows:

	Balance at October 1, 2023	Additions	Deletions	Balance at September 30, 2024
Capital assets, depreciable:				
Machinery and equipment	\$ 5,561,667	\$ 102,516	\$ -	\$ 5,664,183
Infrastructure	<u>1,574,440</u>	<u>-</u>	<u>-</u>	<u>1,574,440</u>
 Total capital assets, depreciable	 <u>7,136,107</u>	 <u>102,516</u>	 <u>-</u>	 <u>7,238,623</u>
Less accumulated depreciation for:				
Machinery and equipment	2,831,612	302,009	-	3,133,621
Infrastructure	<u>165,488</u>	<u>39,136</u>	<u>-</u>	<u>204,624</u>
 Total accumulated depreciation	 <u>2,997,100</u>	 <u>341,145</u>	 <u>-</u>	 <u>3,338,245</u>
 Net capital assets	 <u>\$ 4,139,007</u>	 <u>\$ (238,629)</u>	 <u>\$ -</u>	 <u>\$ 3,900,378</u>

The provision for depreciation for the year ended September 30, 2024 amounted to \$ 341,145. The District allocated 100% of the depreciation to physical environment.

**Note 5 – Contingencies and Commitments**

**Grant agreements:** Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

## Note 6 - Florida Retirement System

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

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

### Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service.

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

**Note 6 - Florida Retirement System (continued)**

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

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

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

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024, respectively, were as follows: Regular - 13.57% and 13.63%; Special Risk Administrative Support - 39.82% and 39.82%; Special Risk - 32.67% and 32.79%; Senior Management Service - 34.52% and 34.52%; Elected Officers' - 58.68% and 58.68%; and DROP participants - 21.13% and 21.13%. These employer contribution rates include 2% HIS Plan subsidy for both the periods October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024. The District's contributions to the FRS for the fiscal year ended September 30, 2024, totaled \$ 61,340.

**HIS Plan**

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Note 6 - Florida Retirement System (continued)**

Contributions - The HIS Plan is funded by required contributions from FRS participating employers asset by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution for the period October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024 was 2% for both periods. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. The District's contributions to the HIS Plan for the fiscal year ended September 30, 2024, totaled \$ 10,646

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2024, the District reported a liability of \$ 433,561 for its proportionate share of the FRS Plan's net pension liability and \$ 195,403 for the HIS Plan's net pension liability for a total net pension liability of \$ 628,964. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. At June 30, 2024, the District's proportion was 0.001120755 percent for the FRS Plan and 0.001302601 percent for the HIS Plan, which was an increase of 0.000079241 percent and an increase of 0.000061750 percent, respectively from its proportion measured as of June 30, 2023.

For the year ended September 30, 2024, the District recognized pension expense of \$ 71,500 for the FRS Plan and \$ 9,719 for the HIS Plan for a total pension expense of \$ 81,219.

At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	FRS Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 43,801	\$ 1,887	\$ 45,688
Changes of assumptions	59,423	3,458	62,881
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	45,356	12,401	57,757
District contributions subsequent to the measurement date	13,678	2,365	16,043
Total	<u>\$ 162,258</u>	<u>\$ 20,111</u>	<u>\$ 182,369</u>

**Note 6 - Florida Retirement System (continued)**

	Deferred Inflows of Resources		
	FRS Plan	HIS Plan	Total
Differences between expected and actual experience	\$ -	\$ 375	\$ 375
Changes of assumptions	-	23,133	23,133
Net difference between projected and actual earnings on pension plan investments	28,817	71	28,888
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>6,243</u>	<u>2,175</u>	<u>8,418</u>
<b>Total</b>	<b><u>\$ 35,060</u></b>	<b><u>\$ 25,754</u></b>	<b><u>\$ 60,814</u></b>

Deferred outflows of resources related to the Pension Plan, totaling \$ 16,043 related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2025.

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

<u>Year Ended September 30,</u>	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
2025	\$ 1,112	\$ (875)	\$ 237
2026	\$ 84,674	\$ (2,082)	\$ 82,592
2027	\$ 15,775	\$ (3,251)	\$ 12,524
2028	\$ 6,601	\$ (1,482)	\$ 5,119
2029	\$ 5,358	\$ (239)	\$ 5,119
Thereafter	\$ -	\$ (79)	\$ (79)

**Actuarial assumptions** - The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan’s valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Note 6 - Florida Retirement System (continued)**

	FRS Plan	HIS Plan
Inflation	2.40%	2.40%
Salary increases	3.50%, average, including inflation	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB2010 base table projected generationally with Scale MP-2021	PUB2010 base table projected generationally with Scale MP-2021

**Long-term expected rate of return** - The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	<u>100%</u>			
Assumed Inflation - Mean			2.4%	1.5%

\* As outlined in the FRS Pension Plan’s investment policy.

**Discount rate** – The discount rate used to measure the total pension liability was 6.70% for the FRS Plan. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.93% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Note 6 - Florida Retirement System (continued)**

**Sensitivity of the District’s proportion share of the net pension liability to changes in the discount rate** - The following table presents the District’s proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact of the District’s proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2024.

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability for FRS Plan	\$ 762,618	\$ 433,561	\$ 157,905
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
District's proportionate share of the net pension liability for HIS Plan	\$ 222,441	\$ 195,403	\$ 172,957

**Pension Plan Fiduciary Net Position** - Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Note 7 - Risk Management**

The District is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District places all insurance risk, less nominal deductibles, in the hands of commercial carriers. During the year ended September 30, 2024, there were no insurance claims settled for amounts in excess of the insurance deductibles or coverage.

**Note 8 - Line of Credit**

In August 2024, the District entered into an agreement for a revolving line of credit for \$ 500,000. The line of credit bears a variable interest rate based on the monthly PRIME rate (8.00% at September 30, 2024). At September 30, 2024, there was no outstanding balance on the line of credit. The agreement contains certain default provisions under which the bank may demand repayment of any outstanding balance. These include maintaining adequate books and records, maintaining District property and certain reporting requirements. No events of default occurred during the year ended September 30, 2024.

**Note 9 – Compensated Absences Payable**

The following is a schedule of the changes in compensated absences payable of the governmental activities:

	Balance at October 1, 2023	Net Increase (Decrease)	Balance at September 30, 2024	Due Within One Year
Capital assets, depreciable:				
Machinery and equipment	\$ <u>101,512</u>	\$ <u>(57,496)</u>	\$ <u>44,016</u>	\$ <u>8,803</u>

REQUIRED SUPPLEMENTARY  
INFORMATION

**Hillsboro Inlet District**  
**Schedule of Proportionate Share of Net Pension Liability -**  
**Florida Retirement System Pension Plan**  
**Last 10 Fiscal Years \***  
**(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the net pension liability	0.00105933%	0.00115105%	0.001090562%	0.001069148%	0.001012238%	0.000870003%	0.092315200%	0.000942338%	0.001041514%	0.001120755%
Proportionate share of the net pension liability	\$ 136,827	\$ 290,641	\$ 322,581	\$ 322,033	\$ 348,601	\$ 377,085	\$ 69,734	\$ 350,625	\$ 415,010	\$ 433,561
Covered-employee payroll	\$ 423,774	\$ 474,070	\$ 390,021	\$ 398,469	\$ 421,579	\$ 431,051	\$ 430,529	\$ 444,538	\$ 516,811	\$ 532,311
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.29%	61.31%	82.71%	80.82%	82.69%	87.48%	16.20%	78.87%	80.30%	81.45%
Plan fiduciary net position as a percentage of total pension liability	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%	94.97%	83.70%

\* These amounts are determined as of the measurement date which is 6/30.

**Hillsboro Inlet District  
Schedule of Proportionate Share of Net Pension Liability -  
Retiree Health Insurance Subsidy Program  
Last 10 Fiscal Years\*  
(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the net pension liability	0.00121420%	0.00132176%	0.001213710%	0.001211557%	0.001256559%	0.001119954%	0.001119954%	0.001212316%	0.001240851%	0.001302601%
Proportionate share of net pension liability	\$ 123,830	\$ 154,046	\$ 129,775	\$ 128,233	\$ 140,598	\$ 150,637	\$ 147,142	\$ 128,404	\$ 197,064	\$ 195,403
Covered-employee payroll	\$ 423,774	\$ 474,070	\$ 390,021	\$ 398,469	\$ 421,579	\$ 431,051	\$ 430,529	\$ 444,538	\$ 516,811	\$ 532,311
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.22%	32.49%	33.27%	32.18%	33.35%	34.95%	34.18%	28.88%	38.13%	36.71%
Plan fiduciary net position as a percentage of total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	3.54%	3.65%	4.80%

\* These amounts are determined as of the measurement date which is 6/30.

**Hillsboro Inlet District  
Schedule of Contributions  
Florida Retirement System Pension Plan  
Last 10 Fiscal Years \*  
(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 26,957	\$ 27,728	\$ 28,967	\$ 31,140	\$ 30,077	\$ 30,681	\$ 36,550	\$ 41,680	\$ 54,187	\$ 61,649
Contributions in related to the contractually required contribution	<u>(26,957)</u>	<u>(27,728)</u>	<u>(28,967)</u>	<u>(31,140)</u>	<u>(30,077)</u>	<u>(30,681)</u>	<u>(36,550)</u>	<u>(41,680)</u>	<u>(54,187)</u>	<u>(61,649)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 423,774	\$ 474,070	\$ 390,021	\$ 398,469	\$ 421,579	\$ 431,051	\$ 430,529	\$ 444,538	\$ 516,811	\$ 532,311
Contributions as a percentage of covered payroll	6.36%	5.85%	7.43%	7.81%	7.13%	7.12%	8.49%	9.38%	10.48%	11.58%

\* The amounts presented for each fiscal year were determined as of 9/30.

**Hillsboro Inlet District  
Schedule of Contributions  
Retiree Health Insurance Subsidy Program  
Last 10 Fiscal Years\*  
(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 5,286	\$ 6,531	\$ 6,476	\$ 6,616	\$ 7,000	\$ 7,156	\$ 7,148	\$ 7,097	\$ 8,996	\$ 10,701
Contributions in related to the contractually required contribution	<u>(5,286)</u>	<u>(6,531)</u>	<u>(6,476)</u>	<u>(6,616)</u>	<u>(7,000)</u>	<u>(7,156)</u>	<u>(7,148)</u>	<u>(7,097)</u>	<u>(8,996)</u>	<u>(10,701)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 423,774	\$ 474,070	\$ 390,021	\$ 398,469	\$ 421,579	\$ 431,051	\$ 430,529	\$ 444,538	\$ 516,811	\$ 532,311
Contributions as a percentage of covered payroll	1.25%	1.38%	1.66%	1.66%	1.66%	1.66%	1.66%	1.60%	1.74%	2.01%

\* The amounts presented for each fiscal year were determined as of 9/30.

**Hillsboro Inlet District  
Schedule of Revenues  
Budget and Actual - General Fund  
For the Year Ended September 30, 2024**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues:</b>			
Taxes:			
Ad valorem taxes - Broward County	\$ 2,834,716	\$ 2,573,070	\$ (261,646)
Discounts - early tax payment	(99,215)	(89,869)	9,346
Commissions - tax collector	<u>(56,694)</u>	<u>(49,730)</u>	<u>6,964</u>
Total taxes	2,678,807	2,433,471	(245,336)
Intergovernmental revenue	-	52,579	52,579
Investment income	<u>1,000</u>	<u>48,259</u>	<u>47,259</u>
Total revenues	<u>\$ 2,679,807</u>	<u>\$ 2,534,309</u>	<u>\$ (145,498)</u>

**Hillsboro Inlet District**  
**Schedule of Physical Environment and General Government Expenditures -**  
**Budget and Actual - General Fund**  
**For the Year Ended September 30, 2024**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Physical Environment Expenditures:</b>			
Project reserves and other improvements	\$ 1,236,929	\$ 102,516	\$ 1,134,413
Labor	510,000	553,670	(43,670)
Medical insurance	195,000	188,875	6,125
Supplies	100,000	220,836	(120,836)
Retirement plan contributions	62,500	136,628	(74,128)
Payroll taxes	40,800	47,703	(6,903)
Liability insurance	40,000	37,121	2,879
Workers' compensation insurance	40,000	22,148	17,852
Miscellaneous	15,000	52,458	(37,458)
Dredge repairs and materials	25,000	38,015	(13,015)
Rent	18,000	14,900	3,100
Engineering services	88,000	39,616	48,384
Fuels and lubricants	45,000	27,658	17,342
Telephone	1,913	7,049	(5,136)
Electricity	2,500	2,600	(100)
Repair and replace workboat	5,000	-	5,000
Dredge hose and mooring	5,000	-	5,000
	<u>2,430,642</u>	<u>1,491,793</u>	<u>938,849</u>
<b>General Government Expenditures:</b>			
Legal	95,929	90,963	4,966
Hull and equipment insurance	50,000	47,405	2,595
Accounting and audit	55,000	61,651	(6,651)
Property appraiser's commissions	13,936	13,842	94
Office supplies and postage	3,500	5,896	(2,396)
Bank charges	4,800	5,247	(447)
Secretarial services	9,000	7,400	1,600
Insurance	6,000	720	5,280
Environmental compliance	4,000	5,092	(1,092)
Licenses and permits	-	28	(28)
Miscellaneous administrative expenditures	2,200	11,100	(8,900)
Commissioners bonds	800	-	800
Travel	4,000	-	4,000
	<u>249,165</u>	<u>249,344</u>	<u>(179)</u>
Total administrative expenditures	<u>249,165</u>	<u>249,344</u>	<u>(179)</u>
Total expenditures	<u>\$ 2,679,807</u>	<u>\$ 1,741,137</u>	<u>\$ 938,670</u>

# BASIC FINANCIAL STATEMENTS

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

To the Board of Commissioners  
Hillsboro Inlet District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Hillsboro Inlet District (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 27, 2025.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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Hillsboro Inlet District

## Report on Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fort Lauderdale, Florida  
June 27, 2025

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

To the Board of Commissioners  
Hillsboro Inlet District

### Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of the Hillsboro Inlet District (the "District"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 27, 2025.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent's Auditor's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 27, 2025, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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

### 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 has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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.

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Hillsboro Inlet District

**Financial Condition and Management (Continued)**

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 the review of financial information provided by same.

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

**Property Assessed Clean Energy (PACE) Programs**

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the District is required to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the District's geographical boundaries during the fiscal year under audit. The District did not operate a PACE program within its geographical boundaries during the fiscal year under audit.

**Specific Information**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported the specific information in Exhibit 1 accompanying this report. The information for compliance with Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)7, Rules of the Auditor General, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Additional Matters**

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

**Purpose of this Letter**

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

Fort Lauderdale, Florida

June 27, 2025

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**Hillsboro Inlet District**

**Exhibit 1**

**Data Elements Required By Section 218.39(3)(c), Florida Statutes and Sections 10.554(1)(i)6 and 10.554(1)(i)7, Rules of the Auditor General (Unaudited)**

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<b>Data Element</b>	<b>Comments</b>
Number of district employees compensated at 9/30/2024	6
Number of independent contractors compensated in September 2024	1
Employee compensation for FYE 9/30/2024 (paid/accrued)	\$619,817
Independent contractor compensation for FYE 9/30/2024 (paid/accrued)	\$7,900
Each construction project to begin on or after October 1; (>\$65K)	None in this audit cycle
Budget variance report	Pages 31 and 32
Ad valorem taxes:	
Millage rate FYE 9/30/2024	0.1024
Ad valorem taxes collected FYE 9/30/2024	\$2,585,719
Outstanding Bonds	None
Non ad valorem special assessments:	
Special assessment rate FYE 9/30/2024	Not applicable
Special assessments collected FYE 9/30/2024	Not applicable

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

To the Board of Commissioners  
Hillsboro Inlet District

We have examined Hillsboro Inlet District’s (the “District”) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* (the “specified requirements”), during the year ended September 30, 2024. Management is responsible for the District’s compliance with specified requirements. Our responsibility is to express an opinion on the District’s compliance with the specified requirements based on our examination.

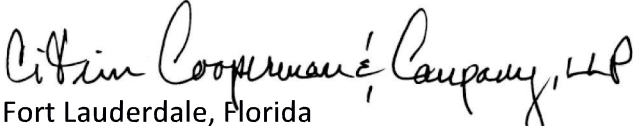
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, 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 of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to the examination engagement.

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

In our opinion, the District complied, in all material respects, with the specified requirements for the year ended September 30, 2024.

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

  
Fort Lauderdale, Florida  
June 27, 2025

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