

**SUWANNEE WATER AND SEWER
DISTRICT**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2024

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SUWANNEE WATER AND SEWER DISTRICT

DISTRICT OFFICIALS

September 30, 2024

OFFICIALS

TERM EXPIRATION

Board Members

Ben West, Secretary, Seat 1

November 2024

Hoyt Lamb, Chair, Seat 2

November 2026

Karen Ross, Vice Chair, Seat 3

November 2026

William "Bill" Brooks, Treasurer, Seat 4

November 2024

Allen Clark, Seat 5

November 2024

Manager

Steve Copeland

Attorney

Rhett Bullard

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SUWANNEE WATER AND SEWER DISTRICT

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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Jasper, FL 32052

Phone 386-792-1906
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kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

Board Members
Suwannee Water and Sewer District
Suwannee, Florida

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities and the major fund of the Suwannee Water and Sewer 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Suwannee Water and Sewer District, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Suwannee Water and Sewer District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I 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 Suwannee Water and Sewer 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 the Audit of the Financial Statements

My 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 my 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*, I:

- 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 Suwannee Water and Sewer 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Suwannee Water and Sewer District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 4-8 and pension trend information on pages 33-34 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. I 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 I obtained during our audit of the basic financial statements. I 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*, I have also issued my report dated June 25, 2025, on my consideration of the Suwannee Water and Sewer 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 Suwannee Water and Sewer 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 Suwannee Water and Sewer District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Ken M Daniels", written in a cursive style.

Kenneth M. Daniels
Certified Public Accountant
June 25, 2025

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**MANAGEMENT'S
DISCUSSION &
ANALYSIS**

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SUWANNEE WATER AND SEWER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2024

Our discussion and analysis of the Suwannee Water and Sewer District’s financial performance provides an overview of District’s financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District’s financial statements, which begin in page 9.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District’s finances.

Fund financial statements start on page 11. Proprietary fund financial statements offer short and long-term financial information about the water and sewer activities the District operates like a business.

Fund financial statements report the District’s operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 5. The Statement of Net Position and the Statement of Activities on pages 9 and 10 report information about the District as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

The above statements also report the District’s net position and changes in them. The District’s net position, the difference between assets and liabilities, is one way to measure the District’s financial health, or position. Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating.

Additional other nonfinancial factors such as changes in the area’s economic conditions and the condition of the District’s capital assets should be considered in assessing the District’s overall health.

In the Statement of Net Position and the Statement of Activities, the District’s activities are considered business-type: the District charges fees to customers to help it cover the cost of

certain utility services it provides. The District’s water and sewer/wastewater services are included in the business-type activities.

Reporting the District’s Fund

Our analysis of the District’s fund (one major) begins on page 7. The fund financial statements begin on page 11 and provide detailed information about the District’s Proprietary Fund. A description of the District’s Fund follows:

Proprietary funds – Services for which the District charges customers a fee is reported in a proprietary fund. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. The District’s Enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The District as a Whole

As indicated below, the District’s net position decreased approximately \$125,000. Depreciation on the District’s capital assets, \$453,600, was offset by Federal and State Disaster assistance of \$570,600, passed through the Florida Division of Emergency Management to assist with damage caused by Hurricane Idalia.

The analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) for the District’s business type activities.

Detailed comments follow the tables and explain the significant changes between the current and prior year.

**Table 1
NET POSITION
(In Thousands)**

	<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 1,874	\$ 1,636
Capital assets	<u>6,167</u>	<u>6,572</u>
Total assets	8,041	8,208
Deferred outflows of resources	<u>110</u>	<u>34</u>
Total assets and deferred outflows of resources	<u>\$ 8,151</u>	<u>\$ 8,242</u>
Other liabilities	\$ 269	\$ 223
Long term liabilities	<u>2,886</u>	<u>2,898</u>
Total liabilities	<u>3,155</u>	<u>3,121</u>
Deferred inflows of resources	<u>49</u>	<u>49</u>
Net position		
Invested in Cap Assets	3,537	3,855
Unrestricted	<u>1,410</u>	<u>1,217</u>
Total net position	<u>4,947</u>	<u>5,072</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,151</u>	<u>\$ 8,242</u>

Explanation of Significant Changes Table 1

Capital assets, net, decreased \$405,000, due to depreciation on the District’s assets in the amount of \$454,000 and purchases of capital assets in the amount of \$49,000.

Total liabilities increased approximately \$34,000, and was due to increases of \$26,500 in payables and \$75,000 in the Florida Retirement System (FRS) pension liability. Bond principal payments of \$91,100 were made in accordance with the bond agreements..

Table 2
CHANGES IN NET POSITION
(In Thousands)

Statement of Activities	<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>
Program revenues		
Water utility services	\$ 730	\$ 694
Sewer/wastewater services	848	390
General revenues		
Interest	21	1
Miscellaneous	<u>15</u>	<u>12</u>
Total revenues	<u>1,614</u>	<u>1,097</u>
Program expenses		
Water utility services	268	362
Sewer/wastewater services	421	395
Water/sewer combination services	<u>1,050</u>	<u>848</u>
Total expenses	<u>1,739</u>	<u>1,605</u>
Change in net position	(125)	(508)
Beginning net position	<u>5,072</u>	<u>5,580</u>
Ending net position	<u>\$ 4,947</u>	<u>\$ 5,072</u>

Explanation of Significant Changes Table 2

Business-type revenues increased approximately \$517,000. Decreased utility billings – minimal billings for a period of five months due to hurricane damage - were offset by federal and state grants in the amount of \$570,600. The District’s sewer/wastewater expenses increased due to repairs made to the water/wastewater system after Hurricane Idalia.

The District’s Net Position

The District’s net position decreased due to depreciation of its capital assets offset by federal and state disaster relief – see above).

TABLE 3
CHANGES IN MAJOR FUND'S NET POSITION
(in Thousands)

Proprietary Fund
Change in Net Position:
Invested in Capital Assets

	<u>2024</u>		<u>2023</u>		<u>\$ Change</u>	<u>Percent Change</u>
\$	3,537	\$	3,855	\$	(318)	-8.2%

Unrestricted

	<u>2024</u>		<u>2023</u>		<u>\$ Change</u>	<u>Percent Change</u>
\$	1,410	\$	1,217	\$	193	15.9%

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2024, the District had \$18.44 million invested in capital assets, including equipment and water and sewer plants. See Table 4 below. The increase in capital assets was due to the purchase of a ditch witch in the amount of \$48,800.

Table 4
CAPITAL ASSETS (in Thousands)

	Business-type <u>Activities</u>	
	<u>2024</u>	<u>2023</u>
Land and construction in progress	\$ 31	\$ 31
Plant and equipment	1,360	1,311
Water System	7,695	7,695
Sewer System	9,355	9,355
Total capital assets, gross	<u>\$ 18,441</u>	<u>\$ 18,392</u>

Debt

At year-end, the District had \$2.9 million in outstanding debt. A net decrease of approximately \$11,000 from the prior year. The increase was due to bond payments (a reduction) and the pension liability (an increase). See above.

TABLE 5
OUTSTANDING DEBT AT YEAR-END
(in Thousands)

	Business-type <u>Activities</u>	
	<u>2024</u>	<u>2023</u>
Compensated absences	\$ 7	\$ 7
Revenue bonds payable	2,630	2,717
Pension liability	249	173
Totals	<u>\$ 2,886</u>	<u>\$ 2,897</u>

CURRENTLY KNOWN FACTS

The District's Proprietary Fund budget for the fiscal year 2024-25 budgeted \$1.03 million in revenues; water operating expenses of \$108,000; sewer operating expense of \$94,500; personal services of \$580,000; water/sewer operating expense of \$239,100; and loan payments of \$207,000.

CONTACTING THE DISTRICT 'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, customers, and creditors, with a general overview of the District's finances and to show the District's accountability for the funds that it receives.

If you have questions about this report or need additional financial information, contact the District at PO Box 143/825 SE 327 Street, Suwannee, FL 32692.

Sincerely,



Diann Jones
District Manager

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**BASIC
FINANCIAL
STATEMENTS**

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SUWANNEE WATER AND SEWER DISTRICT

STATEMENT OF NET POSITION

September 30, 2024

	<u>Business-type Activities</u>
Assets	
Cash	\$ 857,222
Accounts receivable, net	58,279
Inventory	107,189
Restricted assets	
Cash	850,918
Capital assets	
Land	30,916
Other capital assets, net of depreciation	<u>6,136,431</u>
Total capital assets, net	<u>6,167,347</u>
Total assets	8,040,955
Deferred outflows of resources	
Pensions	<u>110,391</u>
Total assets and deferred outflows of resources	<u><u>\$ 8,151,346</u></u>
 Liabilities	
Accounts payable	\$ 93,784
Accrued interest	9,784
Retirement payable	3,448
Customer deposits	144,878
Unearned revenue	16,794
Long-term liabilities	
Due within one year	
Compensated absences	7,138
Revenue bonds payable	91,100
Pension liability	348
Due in more than one year	
Revenue bonds payable	2,538,800
Pension liability	<u>248,745</u>
Total liabilities	<u>3,154,819</u>
 Deferred inflows of resources	
Pensions	<u>49,495</u>
 Net position	
Net investment in capital assets	3,537,446
Unrestricted	<u>1,409,586</u>
Total net position	<u>4,947,032</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 8,151,346</u></u>

SUWANNEE WATER AND SEWER DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Business type activities					
Water utility services	\$ 268,530	\$ 445,149	\$ 285,306	\$ -	\$ 461,925
Sewer/wastewater services	421,349	562,260	285,306	-	426,217
Water/sewer combination services	<u>1,049,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,049,857)</u>
Total business type activities	<u>\$ 1,739,736</u>	<u>\$ 1,007,409</u>	<u>\$ 570,612</u>	<u>\$ -</u>	<u>(161,715)</u>
General revenues					
Interest					21,169
Rents					13,023
Miscellaneous					<u>2,096</u>
Total general revenues					<u>36,288</u>
Change in net position					(125,427)
Net position - beginning					<u>5,072,459</u>
Net position - ending					<u>\$ 4,947,032</u>

SUWANNEE WATER AND SEWER DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

September 30, 2024

Assets	
Current assets	
Cash and cash equivalents	\$ 857,222
Accounts receivable	79,779
Allowance for doubtful accounts	(21,500)
Inventory	107,189
Total current assets	<u>1,022,690</u>
Noncurrent assets	
Restricted assets	
Cash - certificates of deposit	430,716
Cash	420,202
Total restricted assets	<u>850,918</u>
Capital assets	
Land	30,916
Water plant	7,695,088
Sewage treatment plant	9,354,687
Equipment	1,360,442
Accumulated depreciation	(12,273,786)
Total capital assets	<u>6,167,347</u>
Total noncurrent assets	<u>7,018,265</u>
Total assets	<u>8,040,955</u>
Deferred outflows of resources	
Pensions	110,391
Total assets and deferred outflows of resources	<u>\$ 8,151,346</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 93,784
Accrued interest	9,784
Accrued leave	7,138
Retirement payable	3,448
Customer deposits	144,878
Unearned revenue	16,794
Revenue bonds payable, current portion	91,100
Pension liability, current portion	348
Total current liabilities	<u>367,274</u>
Noncurrent liabilities	
Revenue bonds payable	2,538,800
Pension liability	248,745
Total noncurrent liabilities	<u>2,787,545</u>
Total liabilities	<u>3,154,819</u>
Deferred inflows of resources	
Pensions	49,495
Net position	
Net investment in capital assets	3,537,446
Unrestricted	1,409,586
Total net position	<u>4,947,032</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,151,346</u>

SUWANNEE WATER AND SEWER DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND**

For the Year Ended September 30, 2024

Operating revenues	
Charges for services	
Water	\$ 445,149
Sewer	394,755
Grinder pumps	<u>167,505</u>
Total operating revenues	<u>1,007,409</u>
Operating expenses	
Water utility services	
Operating expenses	<u>268,530</u>
Sewer/wastewater services	
Operating expenses	<u>301,477</u>
Water-sewer combination services	
Personal services	451,025
Operating expenses	<u>598,832</u>
Total water-sewer combination services	<u>1,049,857</u>
Total operating expenses	<u>1,619,864</u>
Operating income (loss)	<u>(612,455)</u>
Nonoperating revenues (expenses)	
Interest earnings	21,169
Rents	13,023
Miscellaneous	2,096
Federal grants	489,096
State grants	81,516
Interest expense	<u>(119,872)</u>
Total nonoperating revenues (expense)	<u>487,028</u>
Change in net position	(125,427)
Net position - beginning	<u>5,072,459</u>
Net position - ending	<u><u>\$ 4,947,032</u></u>

See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2024

Cash flows from operating activities	
Cash received from customers and users	\$ 1,034,650
Cash payments for employees and benefits	(453,257)
Cash payments for goods and services	<u>(688,681)</u>
Net cash provided by (used for) operating activities	<u>(107,288)</u>
Cash flows from noncapital financing activities	
Rents	13,023
Federal and state grants	570,612
Miscellaneous	<u>2,096</u>
Net cash provided by (used for) noncapital financing activities	<u>585,731</u>
Cash flows from capital and related financing activities	
Interest paid	(120,196)
Purchase of equipment	(48,847)
Payment of long-term debt	<u>(86,900)</u>
Net cash provided by (used for) capital and related financing activities	<u>(255,943)</u>
Cash flows from investing activities	
Interest revenue	21,169
Purchases of certificates of deposit	<u>(426)</u>
Net cash provided by (used for) investing activities	<u>20,743</u>
Net increase (decrease) in cash	243,243
Cash and cash equivalents - beginning	<u>1,034,181</u>
Cash and cash equivalents - ending	<u>\$ 1,277,424</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating income (loss)	<u>\$ (612,455)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	453,639
Changes in assets and liabilities	
Decrease (increase) in	
Accounts receivable, net	5,398
Deferred outflows of resources - pensions	(76,109)
Increase (decrease) in	
Accounts payable	26,519
Accrued leave	(346)
Retirement/withholding payable	(1,873)
Deposits	12,581
Unearned revenue	9,262
Pension liability	75,719
Deferred inflows of resources - pensions	<u>377</u>
Total adjustments	<u>505,167</u>
Net cash provided by (used for) operating activities	<u>\$ (107,288)</u>
Noncash transactions	<u>\$ -</u>

(Continued)

See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended September 30, 2024

Reconciliation of cash reported on statement of net position
to cash reported on the statement of cash flows:

Per the statement of net position

Cash and cash equivalents	\$ 857,222
Restricted assets	
Cash - certificates of deposit	430,716
Cash	<u>420,202</u>
Total cash	1,708,140
Less certificates of deposit	
Debt service	<u>(430,716)</u>
Cash reported on the statement of cash flows	<u><u>\$ 1,277,424</u></u>

SUWANNEE WATER AND SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE 1. – Summary of Significant Accounting Policies

The Suwannee Water and Sewer District is a dependent special district established under Dixie County Ordinance 94-04, adopted May 5, 1994, to provide the community of Suwannee, Florida, with adequate water and sewer systems. The District is managed by a five-member elected Board which is governed by the Florida Constitution, Statutes, Administrative Code and its own ordinances.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are discussed below.

A. Reporting Entity

These financial statements present only the Suwannee Water and Sewer District. As defined by GASBS No. 14, component units are legally separate entities that are to be included in the District's reporting entity because of the significance of the operating or financial relationships with the District. For the purpose of the District's basic financial statements, the reporting entity consists of those functions and activities administered directly by the District.

For the year ended September 30, 2024, there were no other entities to consider for inclusion as a component unit within the District's reporting entity.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. All District activities are considered business-type.

In the government-wide statement of net assets, the business-type activities recognize all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets, restricted, and unrestricted.

The statement of activities presents a comparison, reporting the gross and net costs, between direct expenses and program revenues for the District's different business-type activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the District and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's Proprietary Fund and focus on the determination of financial position and changes in financial position rather than upon net income.

The emphasis of fund financial statements is on the District's one major enterprise fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund and consist only of those resulting directly from the provision of the service provided. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, grants, and investment earnings, result from nonexchange transactions or ancillary activities and represent all other receipts.

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The applicable generally accepted accounting principles are those similar to private sector businesses.

The District reports the following major enterprise fund:

Water and Sewer Utility Fund - this fund accounts for the operation, maintenance, and development of the District's water and sewer services.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus or accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. These transactions are recorded when reasonably estimable and likely to occur.

C. Assets, Liabilities Deferred Outflows/Inflows of Resources, and Net Position

Deposits

The District maintains one operating account for its water and sewer/waste water activities. All other deposit accounts are unique to the intended purpose (customer deposits and debt reserve). Interest earnings on all accounts, except the customer deposit account, are attributed to the specific account.

Cash and Cash Equivalents

For purposes of the Enterprise Fund’s Statement of Cash Flows, the District has defined cash and cash equivalents to include cash on hand, demand deposits, and certain certificates of deposit with original maturities of three months or less.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The enterprise fund uses the purchase method for accounting for the inventory.

Capital Assets

Capital assets purchased are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over their estimated useful lives. Estimated useful lives and the asset category’s capitalization threshold are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings	15-35 years	\$5,000
Infrastructure/improvements	10-40 years	5,000
Equipment	5-15 years	5,000
Vehicles	5 years	5,000

Pensions

In the government-wide and fund statement of net position, liabilities are recognized for the District’s proportionate share of each pension plan’s net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of

resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The District's retirement plan and related amounts are described in a subsequent note.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as paid time off. A liability for compensated absences is recorded when earned by the employee. The calculation for the accrued paid time off is based upon the hourly balances and the employee's rate of pay in effect at year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an expense/expenditure until then. The District only has one item(s) that qualifies for reporting in this category. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred outflows of resources related to pensions which are discussed in a subsequent note.

Net Position/Restricted-Unrestricted Resources

When the District incurs an expense that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Restricted Assets

The District is required by loan agreement to establish and maintain prescribed amounts of resources (cash and CDs) that can only be used to accumulate and pay for the subsequent year's debt service. Deposits placed by utility customers require that cash be restricted in the deposit amounts. The restricted amounts at year-end are as follows:

	<u>Amount</u>
Debt service reserve	\$ 672,900
Customer deposits	178,018
Total	<u>\$ 850,918</u>

NOTE 2. Deposits

Pursuant to Section 218.415(17), *Florida Statutes*, the District is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

At September 30, 2024, the District’s deposits held in Qualified Public Depositories totaled \$1,530,089. Of this balance, \$500,000 was covered by federal depository insurance. The remainder of \$1,030,089 is insured through the Bureau of Collateral Management, Division of Treasury, Department of Financial Services under *Florida Statutes* Chapter 280.

The District has four CDs at September 30, 2024:

Qualified Public Depository	<u>Balance/Fair Value</u>
Seacoast Bank	\$ 38,391
Seacoast Bank	45,949
Seacoast Bank	109,879
Seacoast Bank	<u>236,497</u>
Total certificates of deposit	<u>\$ 430,716</u>

The CDs mature at various two-year intervals.

NOTE 3. Receivables

At September 30, 2024, the District was owed \$79,779, for utilities provided. The amount and established allowance for uncollectible accounts are indicated below:

	<u>Accounts</u>
Gross accounts receivable	\$ 79,779
Allowance for doubtful accounts	<u>(21,500)</u>
Net accounts receivable	<u>\$ 58,279</u>

NOTE 4. Capital Assets

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 30,916	\$ -	\$ -	\$ 30,916
Other capital assets				
Plant and equipment	1,311,595	48,847	-	1,360,442
Water System	7,695,088	-	-	7,695,088
Sewer System	<u>9,354,687</u>	<u>-</u>	<u>-</u>	<u>9,354,687</u>
Total other capital assets	<u>18,361,370</u>	<u>48,847</u>	<u>-</u>	<u>18,410,217</u>
Less accumulated depreciation for				
Plant and equipment	817,043	7,931	-	824,974
Water System	4,276,951	190,751	-	4,467,702
Sewer System	<u>6,726,153</u>	<u>254,957</u>	<u>-</u>	<u>6,981,110</u>
Total accumulated depreciation	<u>11,820,147</u>	<u>453,639</u>	<u>-</u>	<u>12,273,786</u>
Other capital assets, net	<u>6,541,223</u>	<u>(404,792)</u>	<u>-</u>	<u>6,136,431</u>
Business-type activities capital assets, net	<u>\$ 6,572,139</u>	<u>\$ (404,792)</u>	<u>\$ -</u>	<u>\$ 6,167,347</u>

Depreciation expense was charged the various functions as follows:

Business-type activities	
Water utility services	\$ 194,716
Sewer/wastewater services	<u>258,923</u>
Total physical environment	<u>\$ 453,639</u>

NOTE 5. Long-term Obligations

Revenue bonds payable

The District has the following revenue bonds payable at September 30, 2024:

- A. Series 2007 issued September 26, 2007, in the amount of \$1,400,000. Forty annual payments average \$73,181, and include interest of 4.25%
- B. Series 2011 issued January 27, 2011, in the amount of \$1,134,000. Forty annual payments average \$59,504, including interest of 4.375%.

C. Series 1996 issued September 4, 1996, in the amount of \$750,000. Thirty-eight annual payments average \$41,609, including interest of 4.50%

D. Series 1996A issued July 17, 1996, in the amount of \$554,000. Forty annual payments average \$32,369, including interest of 5.125%

The above bonds are secured by the gross revenues from the combined water and sewer/waste water systems. The bonds mature annually on September 1.

A sinking fund is required by the bond ordinances to accumulate funds to meet principal and interest payments. Monthly deposits of one-twelfth of the annual payment are required. Within the sinking fund, a reserve account is also to be established and requires funding over a ten-year period of a “monthly reserve deposit amount” equal to 1/120th of the “maximum bond service requirement” or \$209,921. Funding of the reserve may cease when the maximum bond service requirement is equaled or exceeded.

At September 30, 2024, \$672,900 was held in the sinking funds for debt service and reserve purposes exceeding the required amount.

The District incurred interest expense of \$119,872, on the above revenue bonds during the year ending September 30, 2024. The amount is included in the direct expense of the Town’s Water and Sewer/wastewater Department.

Debt service requirements on long-term debt at September 30, 2024, are as follows:

	Series 2007		Series 2011		Series 1996		Series 1996A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 28,100	\$ 45,088	\$ 20,000	\$ 39,944	\$ 24,000	\$ 17,190	\$ 19,000	\$ 14,043	\$ 91,100	\$ 116,265
2026	29,300	43,894	20,000	39,069	25,000	16,110	20,000	13,069	94,300	112,142
2027	30,500	42,649	21,000	38,194	26,500	14,985	21,000	12,044	99,000	107,872
2028	31,800	41,353	22,000	37,275	28,000	13,793	22,000	10,968	103,800	103,389
2029	33,200	40,001	23,000	36,312	30,000	12,532	24,000	9,840	110,200	98,685
2030-2034	188,400	177,603	132,000	165,550	170,000	41,333	136,000	29,725	626,400	414,211
2035-2039	231,900	134,024	164,000	133,963	78,500	5,333	32,000	1,639	506,400	274,958
2040-2044	285,600	80,368	203,000	94,763	-	-	-	-	488,600	175,130
2045-2049	202,100	17,417	251,000	46,375	-	-	-	-	453,100	63,792
2050	-	-	57,000	2,494	-	-	-	-	57,000	2,494
	<u>\$ 1,060,900</u>	<u>\$ 622,396</u>	<u>\$ 913,000</u>	<u>\$633,938</u>	<u>\$ 382,000</u>	<u>\$ 121,275</u>	<u>\$ 274,000</u>	<u>\$ 91,328</u>	<u>\$ 2,629,900</u>	<u>\$1,468,936</u>

Pledged future revenues for the loan above are as follows:

Pledged Future Revenues:

Collateralized Debt - Revenue Bonds

Pledged revenue required for future principal and interest on existing notes payable	\$4,098,836
Term of commitment fiscal year ending September 30, 2024	26
Percentage of gross water/sewer system revenue pledged	100%
Current fiscal year pledged revenue	\$1,007,049
Current fiscal year principal and interest paid	\$207,096

Long-term debt activity for the year ended September 30, 2024, was as follows:

	<u>10/1/2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2024</u>	Amounts due within <u>One Year</u>
Revenue bonds	\$ 2,716,800	\$ -	\$ 86,900	\$ 2,629,900	\$ 91,100
Compensated absences	<u>7,485</u>	<u>9,763</u>	<u>10,110</u>	<u>7,138</u>	<u>7,138</u>
Totals	<u>\$ 2,724,285</u>	<u>\$ 9,763</u>	<u>\$ 97,010</u>	<u>\$ 2,637,038</u>	<u>\$ 98,238</u>

NOTE 6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance to mitigate the risk of property loss or other liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7. Florida Retirement System (FRS) - Defined Benefit Pension Plan

General Information

The FRS was created in Chapter 121, *Florida Statutes*, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, *Florida Statutes*, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, *Florida Statutes*; Chapter 112, Part IV, *Florida Statutes*; Chapter 238, *Florida Statutes*; and FRS Rules, Chapter 60S, *Florida Administrative Code*; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans and approximately 1,000 participating employers. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services’ web site (www.dms.myflorida.com).

The District’s pension expense, FRS \$161 and HIS (\$174) totaled (\$13) for the fiscal year ended September 30, 2024.

FRS Pension Plan:

Plan Description: The FRS Pension Plan (Plan) is a qualified retirement plan under Section 401(a) of the Internal Revenue Code, created to provide a defined benefit pension plan for participating public employees. A Deferred Retirement Option (DROP) was added in 1998 for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class – Members who hold specified elective offices in local government.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class

Special Risk Administrative Support Class – Former Special Risk Class members who are transferred or reassigned to nonspecial risk law district's enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service except for members classified as special risk that are eligible for normal retirement benefits at age 55 or at any age after 25 years of service.

All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk that are eligible for normal retirement benefits at age 60 or at any age after 30 years of service.

Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, *Florida Statutes*, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided: Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is

expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.33
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, *Florida Statutes*, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was 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 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2023-24 fiscal year were as follows:

Class	<u>Percent of Gross Salary</u>		Total <u>Contribution Rate</u>
	<u>Employee</u>	<u>Employer (1)</u>	
FRS, Regular	3.00%	13.57%	16.57%
FRS, Elected County Officers	3.00%	44.89%	47.89%
FRS, Senior Management Service	3.00%	34.52%	37.52%
FRS, Special Risk Regular	3.00%	32.67%	35.67%
FRS, Special Risk Administrative	3.00%	39.82%	42.82%
DROP - Applicable to member from all of the above classes	N/A	21.13%	21.13%

Notes

1. Rates include the normal cost and unfunded actuarial liability contributions but do not include the 2 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06 percent for administration of the FRS Investment Plan and retirement and financial planning for members of both plans.

The District's contributions, including employee contributions, to the Plan totaled \$20,995, (District \$16,677; Employees \$4,318) for the fiscal year ended September 30, 2024.

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 \$149,020 for its proportionate share of the Plan's net pension liability. 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 June 30, 2024.

The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2024, the District's proportionate share was .000385217 percent, which was an increase of .00011922 percent from its proportionate share of .000265996 percent measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the District recognized pension expense of \$161.

In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 15,055	\$ -
Changes in assumptions	20,425	-
Net difference between projected and actual investment earnings	-	(9,905)
Employer specific amounts due to changes in employer proportion	36,876	(18,322)
Total	<u>\$ 72,356</u>	<u>\$ (28,227)</u>

The deferred outflows of resources related to pensions, totaling \$6,029, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending September 30,	<u>Amount</u>
2025	\$ (7,163)
2026	(7,163)
2027	(7,163)
2028	(7,163)
2029	(2,149)
Thereafter	-

Actuarial Assumptions: The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions that determined the total pension liability as of June 30, 2024, were based on the results of an actuarial experience study July 1, 2018 – June 30, 2023.

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	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.30%	3.30%	1.10%
Fixed income	29.00%	5.74%	5.60%	3.90%
Global equity	45.00%	8.60%	7.00%	18.20%
Real estate	12.00%	8.10%	6.80%	16.60%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	<u>2.00%</u>	6.60%	6.20%	8.70%
	<u>100.00%</u>			
Assumed inflation - mean			2.40%	1.50%

Note 1. As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.

Discount Rate: The discount rate used to measure the total pension liability was 6.70 percent. The 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 calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.70 percent) or 1 percentage-point higher (7.70 percent) than the current rate:

	1% Decrease <u>5.70%</u>	Current Discount <u>6.70%</u>	1% Increase <u>7.70%</u>
District's proportionate share of the net pension liability	\$ <u>262,121</u>	\$ <u>149,020</u>	\$ <u>54,274</u>

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

Payables to the Pension Plan: At September 30, 2024, the District reported \$1,385, owed for contributions to the Plan required for the fiscal year ended September 30, 2024.

HIS Pension Plan

Plan Description: The HIS Pension Plan (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 June 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 \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2024, the contribution rate was 2 percent of payroll pursuant to section 112.363, *Florida Statutes*. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$5,608 for the fiscal year ended September 30, 2024.

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 net pension liability of \$100,073, for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

The District's proportionate share of the net pension liability was based on the District's 2023-24 fiscal year contributions relative to the June 30, 2024, fiscal year contributions of all participating members.

At June 30, 2024, the District's proportionate share was .000667113 percent, which was an increase of .000242820 percent from its proportionate share of .000424293 percent measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the District recognized pension expense of (\$174). In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 966	\$ (192)
Changes in assumptions	1,771	(11,847)
Net difference between projected and actual investment earnings	-	(36)
Employer specific amounts due to changes in employer proportion	<u>35,298</u>	<u>(9,193)</u>
Total	<u>\$ 38,035</u>	<u>\$ (21,268)</u>

The deferred outflows of resources, totaling \$1,693 was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending September 30,		<u>Amount</u>
2025	\$	6,412
2026		6,412
2027		6,412
2028		6,412
2029		6,412
Thereafter		1,924

Actuarial Assumptions The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Municipal bond rate	3.93 percent

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

While an experience study had not been completed for the HIS Plan, 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 FRS Plan.

Discount Rate The discount rate used to measure the total pension liability was 3.93 percent. 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. The discount rate changed from 3.65 percent to 3.93 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.93 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.93 percent) or 1 percentage-point higher (4.93 percent) than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>2.93%</u>	<u>3.93%</u>	<u>4.93%</u>
District's proportionate share of the net pension liability	<u>\$ 113,920</u>	<u>\$ 100,073</u>	<u>\$ 88,578</u>

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

Payables to the Pension Plan At September 30, 2024, the District reported a payable of \$415 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2024.

FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan.

Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

Allocations to the investment member’s accounts during the 2023-24 fiscal year were as follows:

Class	Contributions		
	Employee	Employer	Total
FRS, Regular	3.00%	8.30%	11.30%
FRS, Elected County/Local Officers	3.00%	13.34%	16.34%
FRS, Special Risk	3.00%	16.00%	19.00%
FRS, Senior Management Service	3.00%	9.67%	12.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$19,909, (District \$15,815; Employees \$4,094) for the fiscal year ended September 30, 2024.

Payables to the Investment Plan At September 30, 2024, the District reported a payable of \$1,648 for the outstanding amount of contributions required for the fiscal year ended September 30, 2024.

NOTE 8. Current/Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) effective dates of upcoming pronouncements are as follows:

Statement No. 101 Compensated Absences – effective for fiscal years beginning after December 15, 2023: FY 2024-25

Statement No. 102, *Certain Risk Disclosures* (December 2023, effective for fiscal years beginning after June 15, 2024, and reporting periods thereafter. Earlier application is encouraged.) Paragraphs 7 through 9: FY 2024-25

Statement No. 103, *Financial Reporting Model Improvements* (April 2024, effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. Earlier application is encouraged.) Paragraph 10: FY 2025-26

Statement No. 104, *Disclosure of Certain Capital Assets* (September 2024, effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. Earlier application is encouraged.) Paragraphs 4, 8, and 10: FY 2025-26

The District is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2025, and beyond.

Note 9. Subsequent Events

The District's Management has evaluated subsequent events through the date of the audit report – June 25, 2025, the date which the financial statements were available for issuance and reports the following:

On September 26, 2024, Hurricane Helene made landfall in Florida causing significant damage to the District's water wells and water meters. The repairs are ongoing. The District expects to receive funding to assist with the repairs from FEMA.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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Suwannee Water and Sewer District
Schedule of the Proportionate Share of Net Pension Liability
Last 10 Fiscal Years

Florida Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.000385%	0.000266%	0.000344%	0.000296%	0.000320%	0.000348%	0.000437%	0.000497%	0.000507%	0.000517%
District's proportionate share of the net pension liability (asset)	\$ 149,020	\$ 105,991	\$ 128,085	\$ 22,325	\$ 138,676	\$ 119,722	\$ 131,558	\$ 146,942	\$ 127,971	\$ 66,761
District's covered-employee payroll	\$ 280,422	\$ 213,953	\$ 169,744	\$ 164,169	\$ 178,550	\$ 186,589	\$ 202,081	\$ 218,814	\$ 247,106	\$ 223,290
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.14%	49.54%	75.46%	13.60%	77.67%	64.16%	65.10%	67.15%	51.79%	29.90%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Health Insurance Subsidy Program

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.000667%	0.000424%	0.000463%	0.000441%	0.000523%	0.000561%	0.000633%	0.000748%	0.000771%	0.000727%
District's proportionate share of the net pension liability (asset)	\$ 100,073	\$ 67,383	\$ 49,014	\$ 54,103	\$ 63,813	\$ 62,765	\$ 66,981	\$ 80,030	\$ 89,894	\$ 74,183
District's covered-employee payroll	\$ 280,422	\$ 213,953	\$ 169,744	\$ 164,169	\$ 178,550	\$ 186,589	\$ 202,081	\$ 218,814	\$ 247,106	\$ 223,290
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.69%	31.49%	28.88%	32.96%	35.74%	33.64%	33.15%	36.57%	36.38%	33.22%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Notes to Schedules:

Note 1: The information in these schedules was determined as of June 30th for a September 30th reporting date.

Suwannee Water and Sewer District
Schedule of Contributions
Last 10 Fiscal Years

Florida Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 20,995	\$ 16,101	\$ 13,064	\$ 12,522	\$ 12,610	\$ 12,191	\$ 12,666	\$ 17,962	\$ 18,834	\$ 17,902
Contributions in relation to the contractually required contribution	<u>20,995</u>	<u>16,101</u>	<u>13,064</u>	<u>12,522</u>	<u>12,610</u>	<u>12,191</u>	<u>12,666</u>	<u>17,962</u>	<u>18,834</u>	<u>17,902</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 280,422	\$ 213,953	\$ 169,744	\$ 164,169	\$ 186,589	\$ 186,589	\$ 202,081	\$ 218,814	\$ 247,106	\$ 223,290
Contributions as a percentage of covered-employee payroll	7.49%	7.53%	7.70%	7.63%	6.76%	6.53%	6.27%	8.21%	7.62%	8.02%

Health Insurance Subsidy Program

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,608	\$ 3,829	\$ 2,818	\$ 2,725	\$ 2,964	\$ 3,073	\$ 3,354	\$ 3,632	\$ 4,102	\$ 3,036
Contributions in relation to the contractually required contribution	<u>5,608</u>	<u>3,829</u>	<u>2,818</u>	<u>2,725</u>	<u>2,964</u>	<u>3,073</u>	<u>3,354</u>	<u>3,632</u>	<u>4,102</u>	<u>3,036</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 280,422	\$ 213,953	\$ 169,744	\$ 164,169	\$ 178,550	\$ 186,589	\$ 202,081	\$ 218,814	\$ 247,106	\$ 223,290
Contributions as a percentage of covered-employee payroll	2.00%	1.79%	1.66%	1.66%	1.66%	1.65%	1.66%	1.66%	1.66%	1.36%

Notes to Schedules:

Note 1: The information in these schedules was determined as of June 30th for a September 30th reporting date.

COMPLIANCE
SECTION

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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**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***

To the Board Members
Suwannee Water and Sewer District
Suwannee, Florida

I 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 Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Suwannee Water and Sewer District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Suwannee Water and Sewer District's basic financial statements, and have issued my report thereon dated June 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Suwannee Water and Sewer District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Suwannee Water and Sewer District's internal control. Accordingly, I do not express an opinion on the effectiveness of Suwannee Water and Sewer District's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamilton County, Florida's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth M. Daniels
Certified Public Accountant
June 25, 2025

KENNETH M. DANIELS
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INDEPENDENT ACCOUNTANT'S REPORT

To the Board Members
Suwannee Water and Sewer District
Suwannee, Florida

I have examined Suwannee Water and Sewer District's compliance with *Florida Statutes* 218.415 during the period October 1, 2023, to September 30, 2024. Management of the Suwannee Water and Sewer District is responsible for the District's compliance with the specified requirements. My responsibility is to express an opinion on the Suwannee Water and Sewer District's compliance based on my examination.

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

I am required to be independent of the Suwannee Water and Sewer District, and to meet my other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

My examination does not provide a legal determination on Suwannee Water and Sewer District's compliance with the specified requirements.

In my opinion, the Suwannee Water and Sewer District, complied in all material respects, with the specified requirements indicated above during the period October 1, 2023, to September 30, 2024.



Kenneth M. Daniels
Certified Public Accountant
June 25, 2025

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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MANAGEMENT LETTER

To the Board Members
Suwannee Water and Sewer District
Suwannee, Florida

Report on the Financial Statements

I have audited the financial statements of the Suwannee Water and Sewer District, as of and for the fiscal year ended September 30, 2024, and have issued my report thereon dated June 25, 2025.

Auditor's Responsibility

I conducted my 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.

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant'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 25, 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no prior year findings.

Current Year Findings

2024-001 Reconciliation of Cash

Criteria: Transactions per the District's books should be reconciled to the related bank statements in a timely manner (immediately after receiving the monthly bank statements). Due to the susceptibility of cash to loss, the performance of the reconciliation is particularly important.

Condition: Cash was reconciled post year end (February 2025) after a change in office staff.

Cause: The loss of the District's bookkeeper resulted in the failure to timely perform the reconciliations.

Effect: Unreconciled cash increases 1) the risk that accounting errors can occur without being promptly detected and 2) the risk of loss.

Context: The late reconciliations were noted via interviews and review of bank reconciliations for the twelve-month period ending September 30, 2024. The condition existed for periods ranging from five to seventeen months.

Recommendation: All transactions should be recorded in a timely manner preferably as they occur. Cash should be reconciled immediately after the monthly bank statements are received. The General Manager and Treasurer should review and approve the reconciliation and notate its agreement to the cash reported on the District's books (trial balance). The reconciled balance should be presented to the Board of Directors at its monthly board meeting noting that cash has been reconciled and the books are complete.

2024-002 Controls and Board Oversight

Criteria: Documentation of Board/Management involvement/review should be indicated on various documents to verify that review and approval has occurred.

Condition: Per review of the District's procedures the following was noted: no review and approval of bank reconciliation to trial balance amounts (See finding 2024-001), no specific approval of disbursements by the Board (check register provided as part of the monthly financial package) and no indication of approval of the biweekly payroll register (Paychex).

Cause: Ineffective controls as a result of failure to follow established protocol.

Effect: Failure to segregate duties and ensure agreement of bank cash to the reconciled amounts per the financial records.

Context: The failure to document the review and approval process was noted during the walk-through of the District's cash reconciliation/payroll procedures and review of the Board's minutes.

Recommendation: I recommend that the bank reconciliations/payroll registers be agreed to the trial balance amounts and noted approval/agreement indicated via the Treasurer's/board member's signature. A disbursement journal should be presented to the Board for review and approval at each month's meeting.

2024-003 Utility Customer Deposits

Criteria: The detailed listing of customer deposits held by the District should reconcile to the cash transactions and resulting balance monthly. In addition, the number of deposits held should reconcile to the number of accounts billed monthly.

Condition: From my audit of utility deposits, I noted that the customer deposit list did not agree to the deposit account cash balance: \$178,018 vs customer deposits of \$144,878. From the comparison of utility accounts billed (985) for September 2024 to the number of utility deposits held (1022) at September 30, 2024, I noted a difference of thirty-seven accounts.

Context: Examined the detailed utility customer deposit list and compared the total to the related bank statement and September 2024 utility billing.

Effect: Failure to agree the transactions to the detailed customer list and list of active customers could lead to an under/over statement of the associated liability.

Recommendation: To ensure that the utility deposit liability is correctly stated and supported by accurate documentation, I recommend that the District reconcile its list of utility deposits to the cash transactions in the deposit account and resulting balance as well as the active customers on a monthly basis.

2024-004 Water Pumped vs Water Billed

Criteria: To ensure the integrity of the District's water utility system, a monthly comparison of the gallons of water pumped through the District's master meter should be compared to the gallons of water billed in total.

Condition: There was no comparison of the gallons pumped vs the gallons billed during the 2023-24 fiscal year.

Cause: Change in administration resulted in the failure to produce the comparison.

Effect: Significant variance between the amounts. Per the audit comparison, the gallons pumped exceeded those billed by 31.59 million gallons.

Recommendation: Monthly the District Manager should perform a comparison of the above amounts and take action as needed. In addition, the comparison should be submitted to the Board of Directors at the monthly meeting for review and approval.

2024-005 Supplies Inventory

Criteria: An annual physical count of inventory is required to reduce the risk of inaccuracies in financial reporting, misstated balances, and possible misappropriation of assets.

Condition: There was no inventory of supplies taken at or near year end.

Cause: Hurricane Helene's disruption of operations.

Effect: Possible error in reported inventory balance.

Context: The District has historically taken inventory at year end. However, for fiscal year 2023-24, due to Hurricane Helene, it failed to take inventory at or near year end.

Recommendation: Inventory of significant supplies should be taken at or near year end. The amounts on hand should be reported to the Board at the October meeting.

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. See Note 1. The District's financial statements included no component units.

Financial Condition and Management

Section 10.554(1)(i)5a. and 10.556(7), *Rules of the Auditor General*, requires me to apply appropriate procedures and communicate the results of my determination as to whether or not the Suwannee Water and Sewer District, has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with my audit, I determined that the Suwannee Water and Sewer District, did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5b. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Suwannee Water and Sewer District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was performed as of September 30, 2024.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I communicate any recommendations to improve financial management. In connection with my audit, I 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*, Suwannee Water and Sewer District, affirms that a PACE program authorized pursuant to Section 163.081 or Section 163.082 *Florida Statutes*, did not operate within District's geographical boundaries during the fiscal year ending September 30, 2024.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with my audit, I did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b) *Florida Statutes*. (I determined that there were no applicable special district component units and, therefore, nothing to report.)

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as "six."
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as "three."
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$313,953.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$107,325.
- e. Each construction project with a total cost of at least \$65,000, approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as "none."
- f. A budget variance based on the budget adopted under Section 189.046(4), *Florida Statutes*, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), *Florida Statutes*, as: the district did not amend its original budget: budgeted expenses \$1,114,700; actual expenses \$1,739,736; variance (\$625,036).

Additional Matters

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

USDA Rural Development Department of Agriculture Requirements

1. The Suwannee Water and Sewer District adopted a budget in accordance with *Florida Statutes* 189.418.
2. The District had established a sinking fund in accordance with Article III, Section 3.04(C) Covenants, Special Funds and Application Thereof of the Bond Covenants.
3. The District's funds are collateralized in accordance with *Florida Statutes* 218.415.
4. Rates established by Rules and Regulations of the Suwannee Water and Sewer District are adequate to fund reserves and operating costs.
5. Insurance is carried on the District's real and personal property as well as dishonesty bonding on all employees who possess pledged funds.
6. The annual audit was performed using generally accepted accounting principles.
7. No instances of noncompliance with the Internal Revenue Code were noted.
8. No free utility services or preferential rates were provided by the District.
9. No significant instances of noncompliance were noted with the loan agreements.

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



Kenneth M. Daniels
Certified Public Accountant
June 25, 2025

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**RESPONSE TO
AUDIT FINDINGS**

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Suwannee Water & Sewer District
P.O. Box 143 (825 SE 327th Street)
Suwannee, FL. 32692
352 542 7570
swsd@suwanneewater.com

June 25, 2025

Kenneth M Daniels CPA
107 2nd Ave SE
Jasper, FL 32052

RE: 2024 Management Letter Findings

Dear Mr. Daniels:

Please find below the District's responses to the referenced findings as indicated in the Audit's Management Letter on pages 39 to 41:

2024-001 Reconciliation of cash

All future reconciliations will be performed timely (new staff has been hired). Further, the document and support will be approved by a member of the Board to ensure timeliness and accuracy. It will be submitted to the Board as part of its financial package.

2024-002 Controls and Board Oversight

As indicated above, the bank reconciliation will be reviewed by the Board's Treasurer on a monthly basis. The Treasurer will also approve the bi-weekly check registers noting rates of pay and hours worked. A disbursement journal will become part of the monthly Board package for review and approval.

2024-003 Utility Customer Deposits

Utility deposits and resulting transactions will be reconciled to the deposit cash account and subjected to the same review as operating cash above. The list of deposits held will be agreed to the monthly utility billing/number of active accounts.

2024-004 Water Pumped vs Water Billed

A monthly comparison of the gallons of water pumped, as reported to the Florida Department of Environmental Protection (DEP), to the monthly gallons billed will be performed and submitted to the Board as part of its monthly reporting package from District management. The comparison will be analyzed for any atypical variances.

2024-005 Supplies Inventory

On or near the fiscal year end, an inventory of significant supplies will be taken. The inventory will identify and price those items deemed significant.

The District remains committed to providing the highest quality financial records to its users and residents.

Sincerely,



Diann Jones
District Manager