NORTH PALM BEACH HEIGHTS
WATER CONTROL DISTRICT

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT THEREON

September 30, 2025

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT

September 30, 2025

TABLE OF CONTENTS

NOWLEN, HOLT & MINER, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
North Palm Beach Heights Water Control District
Jupiter, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the North Palm Beach Heights Water Control District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the North Palm Beach Heights Water Control Dist1rict's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the North Palm Beach Heights Water Control District, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 North Palm Beach Heights Water Control 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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 and the budgetary comparison information on pages and 23 through 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information presented for compliance with Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)7-9, Rules of the Auditor General but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2026, on our consideration of the North Palm Beach Heights Water Control 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 North Palm Beach Heights Water Control 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 North Palm Beach Heights Water Control District's internal control over financial reporting and compliance.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
May 27, 2026

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Management's Discussion and Analysis

Our discussion and analysis of North Palm Beach Heights Water Control District ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the information provided in this entire report.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the fiscal year ended September 30, 2025.

- ♦ The District's total assets exceeded its liabilities at September 30, 2025 by $475,452 (net position), $449,531 of which is unrestricted and may be used to meet the District's ongoing obligations.

- ♦ The District's total net position increased by $47,153. The decrease is primarily due to depreciation expense.

- ♦ At September 30, 2025, the District's general fund reported an ending fund balance of $449,531, an increase of $83,519 in comparison with the prior year. Of the total amount, $198,223 is unassigned and available for spending at the District's discretion.

- ♦ At September 30, 2025, unassigned fund balances for the general fund was $198,223, or approximately 74% of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements begin on page 11. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The notes to the financial statements (on pages 15-22) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements and is required by the Accounting Principles Generally Accepted in the United States of America. This report also contains other supplementary information in addition to the basic financial statements starting on page 25.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. 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.

For financial reporting purposes, the District is considered a special-purpose government engaged in a single governmental program. As such, the Statement of Activities is presented utilizing the alternative format presenting a single column that reports expenses first followed by revenues.

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

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

These two statements report the District's net position and changes in them. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds. The District's only fund is the General Fund, which is classified as a governmental fund.

Governmental funds — All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's needs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the end of the related fund financial statement.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for and can be found on page 23 of the report.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15 to 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, generating tax revenue has kept the District with positive operational inflows. Assets exceeded liabilities by $475,452 at the close of the fiscal year.

Net Position

	2025	2024
Current and other assets	$ 454,026	$ 387,959
Capital assets	25,921	62,287
Total Assets	$ 479,947	$ 450,246
Total liabilities	$ 4,495	$ 21,947
Investment in capital assets	$ 25,921	$ 62,287
Unrestricted	449,531	366,012
Total net position	$ 475,452	$ 428,299

Governmental Activities
The change in net position from last fiscal year to this fiscal year was a increase of $47,153. Key elements of the District's changes in net position are as follows:

Changes in Net Position

	2025	2024
Revenues		
Assessments	$ 319,135	$ 287,299
Other	32,068	40,946
Total Revenues	351,203	328,245
Expenditures		
General government	128,604	153,831
Physical environment	175,446	234,845
Total expenditures	304,050	388,675
Increase (decrease) in net position	47,153	(60,430)
Net position – beginning of the year	428,299	488,729
Net position – end of the year	$ 475,452	$ 428,299

Special Assessments are the District's main source of revenue and represent approximately 97 percent of the revenue for governmental activities. The decrease in expenses was primarily due to increased maintenance required to the District's canals in the prior year due to hurricanes.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Governmental Funds - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2025, the District's governmental funds reported ending fund balances of $449,531, an increase of $83,519 in comparison with the prior year. This was primarily due to an increase in revenue.

Budgetary Highlights

The budget to actual comparison statement for the general fund is presented on page 23. The budget and actual schedules show the original budgets, the final budget, actual results, and the variance between the final budget and actual results. Total expenditures were $330,316 less than budgeted.

CAPITAL ASSETS

At the end of fiscal year 2025, the District had $25,921 invested in capital assets. These assets are primarily canals and improvements. More detailed information about the District's policies concerning capital assets is presented in Note 1 and Note 4 of the Notes to the Financial Statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND SPECIAL ASSESSMENTS

The District Members considered many factors when setting the fiscal year 2026 budget and assessment rates. The District Members continue to be very cautious in raising rates, weighing their desire to meet the need for services against the service provider capacity to deliver quality services. The District is also mindful of the present fund balance.

A snapshot of the local economy presents a more stable picture and has reversed from the downward trends of the past few years. Unfortunately, this economic trend does not translate into a decline in the need for services. The District however, maintains a consistent level of service and sees no need for any major adjustments in the near future.

At present, the supervisors shape District goals and objectives and the budget is developed around those identified service needs.

Special Assessments are the main source of revenues for governmental activities and represent approximately 97% of the General Fund budgeted revenues. Assessments are expected to remain stable in FY 2025/2026.

REQUESTS FOR INFORMATION

This financial report has been designed to provide taxpayers with a general overview of District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Chairman at: 601 Heritage Dr. #130A Jupiter, Florida 33458.

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Statement of Net Position
September 30, 2025

	Total Governmental Activities
Assets	
Current assets:	
Cash	$ 442,718
Prepaids	11,308
Total current assets	454,026
Noncurrent assets:	
Capital assets	
Non-depreciable	410
Depreciable (net of depreciation)	25,511
Total noncurrent assets	25,921
Total assets	479,947
Liabilities	
Current liabilities:	
Accounts payable	4,495
Total liabilities	4,495
Net position	
Investment in capital assets	25,921
Unrestricted	449,531
Total net position	$ 475,452

See notes to the financial statements

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Statement of Activities
For the Fiscal Year Ended September 30, 2025

	Total Governmental Activities
Expenses:	
General government	$ 128,604
Physical environment	175,446
Total expenses	304,050
Total government activities	(304,050)
General Revenues:	
Property assessments	319,135
Miscellaneous	32,068
Total general revenues	351,203
Change in net position	47,153
Net position - beginning of the year	428,299
Net position - end of the year	$ 475,452

See notes to the financial statements

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Balance Sheet
Governmental Fund
September 30, 2025

	General Fund
Assets	
Cash	$ 442,718
Prepaids	11,308
Total assets	$ 454,026
Liabilities and fund balances	
Liabilities	
Accounts payable	$ 4,495
Total liabilities	4,495
Fund balances	
Nonspendable:	
Prepaids	11,308
Assigned for	
Subsequent year's expenditures	240,000
Unassigned	198,223
Total fund balances	449,531
Total liabilities and fund balances	$ 454,026

See notes to the financial statements

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
Governmental Fund
September 30, 2025

Fund balances governmental funds	$	449,531
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets		25,921
Net position of governmental activities	$	475,452

See notes to the financial statements

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT

Statement of Revenues, Expenditures and

Changes in Fund Balances

Governmental Fund

For the Fiscal Year Ended September 30, 2025

	General Fund
Revenues	
Assessments	$ 319,135
Miscellaneous	32,068
Total revenues	351,203
Expenditures	
Current	
General government	128,604
Physical environment	139,080
Total expenditures	267,684
Excess of revenues over (under) expenditures	83,519
Fund balances - beginning of year	366,012
Fund balances - end of year	$ 449,531

See notes to the financial statements

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities
For the Fiscal Year Ended September 30, 2025

Net change in fund balances	$	83,519
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is depreciated over their estimated useful life.		
Less current year depreciation		(36,366)
Change in net position	$	47,153

See notes to the financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Palm Beach Heights Water Control District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Reporting Entity

The District is an independent water control district that was created September 12, 1958 by a 15th Judicial Circuit Court Decree pursuant to the provisions of Chapter 298, Florida Statutes, 1957, commonly known as the General Drainage Law.

As required by generally accepted accounting principles, these financial statements include the District (the primary government) and its component units. Component units are legally separate entities for which the District is financially accountable. The District is financially accountable if:

a) the District appoints a voting majority of the organization's governing board and (1) the District is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District, or

b) the organization is fiscally dependent on the District and (1) there is a potential for the organization to provide specific financial benefits to the District or (2) impose specific financial burdens on the District.

Organizations for which the District is not financially accountable are also included when doing so is necessary in order to prevent the District's financial statements from being misleading.

Based upon application of the above criteria, the District has determined that no component units exist which would require inclusion in this report. Further, the District is not aware of any entity that would consider the District to be a component unit.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by assessments and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

Fund financial statements are provided for governmental funds. The District has no fund types other than governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The District does not accrue property assessment revenues since the collection of these assessments coincides with the fiscal year in which they are levied, and since the District consistently has no material uncollected property assessments at year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough afterwards to pay liabilities of the current period. The District considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments, are recorded only when payment is due.

Fines and permit revenues are not susceptible to accrual because, generally, they are not measurable until received in cash. Property assessments, franchise assessments, licenses, interest revenue, intergovernmental revenues, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. It is used to account for all financial resources applicable to the general operations of the District government except those required to be accounted for in another fund.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in demand accounts, money market accounts, and certificates of deposit with original maturities of three months or less.

Prepaids

Payments made to vendors for services that will benefit future periods are reported as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting an expenditure in the year in which the services are consumed

Investments

Investments include certificates of deposit with original maturities greater than three months. Investments are reported at fair value as required by generally accepted accounting principles. The fair value of an investment is the amount that the District could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. The District categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application.*

Capital Assets

Capital assets, which include plant, property, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks) are reported in the applicable governmental columns in the governmental-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than $500. Such assets are recorded at cost. Donated capital assets are recorded at acquisition value. Depreciation has been provided over the useful lives using the straight line method. The estimated useful life of canal improvements is 5-10 years.

Deferred Outflow of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District does not report any deferred outflows of resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflow of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District does not report any Deferred Inflows of Resources.

Compensated Absences

The District has no policies accruing vacation or sick leave; therefore, there is no accrual for compensated absences.

Other Postemployment Benefits

The District does not provide any postemployment benefits; therefore, there is no accrual for OPEB liability.

Fund Balance

Fund balance is assets plus deferred outflows less liabilities plus deferred inflows reported in governmental funds. There are five possible components of fund balance:

- Nonspendable fund balance represents amounts that are not spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external providers (e.g. creditors, grantors, contributor, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance represents amounts that can be used only for the specific purposes determined by formal action (resolution) of the District Board. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally.
- Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes, as expressed by the District Board, that are neither considered restricted or committed. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.
- Unassigned fund balance is the residual fund balance classification for the general fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the District's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the District's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Net Position

Equity in the government-wide statement of net position is displayed in three categories: 1) net investment in capital assets, 2) restricted, 3) unrestricted. Net investment in capital assets consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by outside parties. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

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

Revenue Recognition

Assessments

The general operating assessments are assessed and liened as of January 1 and billed the following October. They are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. These assessments are usually included on the ad valorem tax bills and collected by the Tax Collector. All unpaid assessments become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The assessments paid in March are without discount.

Other Revenues

Other revenues are recognized when received in cash because they generally are not measurable until then. Investment income is recognized when earned, at which time it is considered measurable and available.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

State of Florida statutes require that all municipal governments establish budgetary systems and approve balanced annual operating budgets. The District annually adopts an operating budget and appropriates funds for the General Fund.

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

1. At the regular monthly meeting in June, the Treasurer and Chairman of the Board submit to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following October 1.

2. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

4. The Board of Supervisors approves any transfers or amendments to the budget.

Appropriations, neither expended, encumbered nor specifically designed to be carried over, lapse at the end of the fiscal year. Appropriations are controlled at the fund level and expenditures may not exceed budgeted appropriations at that level.

Changes or amendments to the budgeted expenditures of the District must be approved by the Board of Supervisors. However, in order to make the most effective use of the budgetary process, it is the policy of the District to make as few budget adjustments as possible. There were no budget amendments made during the year. Budgeted amounts presented are as originally adopted.

NOTE 3 – CASH AND INVESTMENTS

Deposits

As of September 30, 2025, the bank balance of the District’s deposits totaled $442,718 and the carrying amount was $442,718. Deposits are either covered by insurance provided by the Federal Depository Insurance Corporation or are qualified public depositories held in banking institutions approved by the Treasurer of the State of Florida. Under Florida Statutes, Chapter 280, ***Florida Security for Public Deposits Act***, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The District’s deposits at year end are considered insured for custodial credit risk purposes.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments

Florida statutes authorize the District to invest in the Local Government Surplus Funds Trust Fund administered by the State Treasurer; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits in financial institutions located in Florida and organized under Federal or Florida laws; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association and obligations of the Federal National Mortgage Association.

In 2016, the District implemented GASB Statement No. 72, Fair Value Measurement and Application issued in February 2015. The District categorizes its investments according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District's investment policies limit its investments to high quality investments to control credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

NOTE 4 – CAPITAL ASSETS

Capital assets, not being depreciated:	Beginning Balance	Additions	Deletions	Ending Balance
Canals	$ 410	$	$	$ 410
Construction in progress				
	410			410
Capital assets, being depreciated:				
Canal improvements	1,493,779			1,493,779
Office Equipment	2,060			2,060
	1,495,839			1,495,839
Less accumulated depreciation:				
Canal improvements	(1,431,902)	(36,366)		(1,468,268)
Office Equipment	(2,060)			(2,060)
	(1,433,962)	(36,366)		(1,470,328)
Total capital assets, being depreciated, net	61,877	(36,366)		25,511
Capital assets, net	$ 62,287	$ (36,366)	$	$ 25,921

Depreciation expense is charged to physical environment.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

Florida Statues limit the District's maximum loss for most liability claims to $200,000 per person and $300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual - General Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Assessments	$ 310,000	$ 310,000	$ 319,135	$ 9,135
Interest	4,000	4,000		(4,000)
Miscellaneous	42,000	42,000	32,068	(9,932)
Total revenues	356,000	356,000	351,203	(4,797)
General government				
Legislative				
Supervisor payroll and fees	25,000	25,000	38,100	(13,100)
Financial and administrative				
Payroll assessments	4,000	4,000	3,043	957
Tax roll preparation and collection	20,000	20,000	3,624	16,376
Utilities	6,000	6,000	849	5,151
Office rent and expenses	38,000	38,000	35,406	2,594
Contractual services	20,000	20,000	14,550	5,450
Insurance	15,000	15,000	6,325	8,675
Total financial and administrative	103,000	103,000	63,797	39,203
Legal				
Attorney fees	65,000	65,000	26,707	38,293
Total general government	193,000	193,000	128,604	64,396
Physical environment				
Canal maintenance	85,000	85,000	73,077	11,923
Canal engineering supervision	80,000	80,000	66,003	13,997
Total physical environment	165,000	165,000	139,080	25,920
Capital outlay	240,000	240,000		240,000
Total expenditures	598,000	598,000	267,684	330,316
Excess of revenues over (under) expenditures	$ (242,000)	$ (242,000)	83,519	$ 325,519
Fund balance, beginning of the year			366,012	
Fund balance, end of the year			$ 449,531	

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Notes to the Budgetary
Required Supplementary Information (RSI)
September 30, 2025

Note 1 - Basis of Accounting

Generally Accepted Accounting Principles (GAAP) serve as the budgetary basis of accounting.

Note 2 - Excess of expenditures over appropriations

The budgetary level of control is at the fund level, therefore there were no excess of expenditures over appropriations.

NORTH PALM BEACH HEIGHTS WATER CONTROL DISTRICT
Information Required by Section 218.39(3)(c), Florida Statutes
For the Fiscal Year Ended September 30, 2025
Unaudited

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

Required Information		**Reported**
The total number of district employees compensated in the last pay period of the District's fiscal year 2025:		3
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year 2025:		6
All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for fiscal year 2025:		$ 38,100
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for fiscal year 2025:		$ 176,395
Each construction project with a total cost of at least $65,000 approved by the District that was scheduled to begin on or after October 1 of the fiscal year 2025, together with the total expenditures for such project:		None
Project	Budget	Expenditures
A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year 2025 being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes:		See Page 23
The millage rate of ad valorem taxes imposed by the District for fiscal year 2025:		Not Applicable
Non ad valorem special assessments;		
Special assessment rate FYE 9/30/2025		$219.00 per Parcel
Special assessments collected FYE 9/30/2025		$ 319,135
Outstanding Bonds:		None

OTHER REPORTS

NOWLEN, HOLT & MINER, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
EDWARD T. HOLT, JR., PFS, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WILLIAM C. KISKER, CPA
NANCY V. SALIB, CPA

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

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*

The Board of Supervisors
North Palm Beach Heights Water Control District
Jupiter, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of North Palm Beach Heights Water Control District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the North Palm Beach Heights Water Control District's basic financial statements and have issued our report thereon dated May 27, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Nowlen, Holt + Miner, P.A.

West Palm Beach, Florida
May 27, 2026

NOWLEN, HOLT & MINER, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

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

The Board of Supervisors
North Palm Beach Heights Water Control District
Jupiter, Florida

Report on the Financial Statements

We have audited the financial statements of the North Palm Beach Heights Water Control District, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 27, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent 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 May 27, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the North Palm Beach Heights Water Control District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the North Palm Beach Heights Water Control District did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the fiscal year ended September 30, 2025.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the North Palm Beach Heights Water Control District. It is management's responsibility to monitor the North Palm Beach Heights Water Control District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes.

Based on the application of criteria in publications cited in Section 10.553, Rules of the Auditor General, there are no special district component units of the North Palm Beach Heights Water Control District.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7-9, Rules of the Auditor General, the District reported the required information in the other information section on page 25.

Additional Matters

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

Single Audits

The North Palm Beach Heights Water Control District expended less than $1,000,000 of federal awards and less than $750,000 of state financial assistance for the fiscal year ended September 30, 2025, and was not required to have a federal single audit or a state single audit.

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, and The Chairman and Members of the District Board and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
May 27, 2026

NOWLEN, HOLT & MINER, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
EDWARD T. HOLT, JR., PFS, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WILLIAM C. KISKER, CPA
NANCY V. SALIB, CPA

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

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

The Board of Supervisors
North Palm Beach Heights Water Control District
Jupiter, Florida

We have examined the North Palm Beach Heights Water Control District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2025. Management of the North Palm Beach Heights Water Control District is responsible for the North Palm Beach Heights Water Control District's compliance with the specified requirements. Our responsibility is to express an opinion on the North Palm Beach Heights Water Control District's compliance with the specified requirements based on our examination.

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

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

Our examination does not provide a legal determination on the North Palm Beach Heights Water Control District's compliance with the specified requirements.

In our opinion, the North Palm Beach Heights Water Control District complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2025.

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

Nowlen, Holt + Miner, P.A.

West Palm Beach, Florida
May 27, 2026