

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NORTHWEST FLORIDA WATER MANAGEMENT  
DISTRICT OFFICIALS  
SEPTEMBER 30, 2025**

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Jerry Pate, Vice Chair

John Alter

Gus Andrews

Ted Everett

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**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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SEPTEMBER 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Governing Board,  
Northwest Florida Water Management District:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Northwest Florida Water Management District (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents, 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.

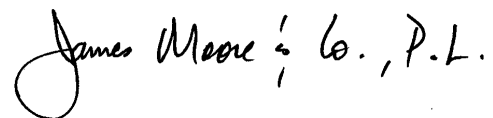
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northwest Florida Water Management District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida  
May 5, 2026

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

As management of the Northwest Florida Water Management District, we offer readers of the Northwest Florida Water Management District's financial statements this narrative overview and analysis of the financial activities of the Northwest Florida Water Management District for the fiscal year ended September 30, 2025.

**Financial Highlights**

At the end of the most recent fiscal year, the Northwest Florida Water Management District's:

- Assets exceeded its liabilities by \$215,338,043 (*net position*). Of this amount, \$9,285,071 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental funds reported combined ending fund balances of \$35,441,450, a decrease of \$19,848 from the previous year.
- Unassigned fund balance for the general fund was \$0 and assigned fund balance was \$12,307,532 for all funds.

**Overview of the Financial Statements**

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

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

The statement of net position presents information on all of the Northwest Florida Water Management 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 Northwest Florida Water Management District is improving or declining.

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 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., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Northwest Florida Water Management District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Northwest Florida Water Management District include: water resources planning and monitoring; land acquisition, restoration and public works; operation and maintenance of works and lands; regulation; outreach; and management and administration.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Overview of the Financial Statements** *(Continued)*

**Government-wide financial statements**—*(Concluded)* The government-wide financial statements include only the Northwest Florida Water Management District, a component unit of the State of Florida.

**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 Northwest Florida Water Management District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Northwest Florida Water Management District are in one category: governmental funds.

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

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

The Northwest Florida Water Management District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Projects Fund, Capital Projects Fund, Land Management Fund, Regulation Fund, and Mitigation Fund, all of which are considered to be major funds.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Northwest Florida Water Management District's budgetary comparison for its major funds as well as the other post-employment benefits retirement healthcare plan schedule of funding progress and schedule of employer contributions. The Northwest Florida Water Management District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the general fund and each major fund to demonstrate compliance with this budget as noted in the table of contents.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**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 Northwest Florida Water Management District, assets exceeded liabilities by \$215,338,043 at the close of the most recent fiscal year. See notes for numbers below.

**STATEMENT OF NET POSITION**

	<u>2025</u>	<u>2024</u>
<b>Assets:</b>		
Current and other assets	\$ 53,985,949	\$ 57,000,969
Capital assets	191,010,406	188,821,635
<b>Total assets</b>	<u>244,996,355</u>	<u>245,822,604</u>
<b>Deferred outflow of resources</b>	<u>1,790,308</u>	<u>2,352,626</u>
<b>Liabilities:</b>		
Long-term liabilities outstanding	2,799,387	2,896,243
Net pension liability	6,466,922	7,954,957
Total OPEB liability	338,327	370,615
Other liabilities	18,544,499	21,539,671
<b>Total liabilities</b>	<u>28,149,135</u>	<u>32,761,486</u>
<b>Deferred inflow of resources</b>	<u>3,299,485</u>	<u>2,995,757</u>
<b>Net position:</b>		
Net investment in capital assets	190,234,373	187,957,166
Restricted	15,818,599	15,779,115
Unrestricted	9,285,071	8,681,706
<b>Total net position</b>	<u>\$ 215,338,043</u>	<u>\$ 212,417,987</u>

By far the largest portion of the Northwest Florida Water Management District's net position (89 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Northwest Florida Water Management District uses these capital assets to protect environmentally sensitive lands and to provide services to citizens; consequently, these assets are not available for future spending. As part of GASB 87 implementation in fiscal year 2021, the District recorded a right to use lease in capital assets and related long term liability. As of September 30, 2025, the value of the lease liability was \$776,033.

An additional portion of the Northwest Florida Water Management District's net position (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$9,285,071 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Northwest Florida Water Management District is able to report positive balances in all three categories of net position.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**CHANGE IN NET POSITION**

	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,405,300	\$ 1,656,300
Operating grants and contributions	31,931,894	32,916,612
Capital grants and contributions	1,623,404	1,238,084
General revenues:		
Property taxes	3,943,638	3,989,840
Investment earnings	1,504,348	1,709,331
Other revenues	35,259	2,312
<b>Total revenues</b>	<b>40,443,843</b>	<b>41,512,479</b>
<b>Expenses:</b>		
Water Resources Planning and Monitoring	6,620,583	4,922,399
Acquisition, Restoration, and Public Works	18,525,907	20,487,751
Operation and Maintenance of Lands and Works	6,183,827	7,059,615
Regulation	3,572,415	3,635,857
Outreach	142,073	145,706
Administration	2,478,982	2,394,052
<b>Total expenses</b>	<b>37,523,787</b>	<b>38,645,380</b>
<b>Changes in net position</b>	<b>2,920,056</b>	<b>2,867,099</b>
<b>Net position - beginning of year, restated</b>	<b>212,417,987</b>	<b>210,444,485</b>
<b>Restatement</b>	<b>-</b>	<b>(893,597)</b>
<b>Net position - end of year</b>	<b>\$ 215,338,043</b>	<b>\$ 212,417,987</b>

**Governmental activities**—Governmental activities at the end of the most recent fiscal year increased Northwest Florida Water Management District’s net position by \$2,920,056. Total revenues decreased by \$1,068,636 (2.6%) from the previous year. The decrease is primarily attributed to the \$984,718 (3.0%) decrease in Operating Grants and contributions, due to progress on or completion of water supply development, watershed improvements, and springs projects. Charges for services decreased by \$251,000 (15%) largely due to a decrease in timber sales. Capital grants and contributions increased by \$385,320 (31%) due to progress on or completion of springs related land acquisition activities. Ad valorem property taxes decreased \$46,202 (1.2%) due to lower than anticipated collections based on the tax rolls provided by the 16 counties within the District’s boundary during the Truth in Millage process. Other revenue increased by \$32,947 (1,425%) due in part to sales of fixed assets.

Total expenses decreased marginally by \$1,121,593 (2.9%) from the previous year primarily due to progress made on or completion of water supply development, watershed improvements, and springs projects in the prior fiscal year.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Financial Analysis of the Government's Funds**

As noted earlier, the Northwest Florida Water Management District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—The focus of the Northwest Florida Water Management 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 Northwest Florida Water Management 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.

As of the end of the most recent fiscal year, the Northwest Florida Water Management District's governmental funds reported combined ending fund balances of \$35,441,452 an decrease of \$19,848 in comparison with the prior year. Currently, there is \$0 unassigned fund balance. The District's fund balance is in restricted, committed, or assigned form to indicate that it is not available for new spending because it has already been committed to activities associated with the general fund, various special revenue funds, and the capital projects fund.

The general fund is the chief operating fund of the Northwest Florida Water Management District. At the end of the most recent fiscal year, unassigned fund balance was \$0 and total fund balance of the general fund was \$19,622,851, a decrease of \$59,332 from FY 2024. The decrease is largely attributed to use of fund balance for grants to local governments. The District's other fund balances increased by a combined total of \$39,484 primarily due to interest earnings. The lands management and capital projects funds had a combined decrease in fund balance of \$214,880 primarily due to expenditures incurred in the District's last quarter that were not reimbursed through the revenue agreement with DEP which ended on June 30, 2025.

**Capital Asset and Debt Administration**

**Capital assets**—The Northwest Florida Water Management District's investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$191,010,406 (net of accumulated depreciation), an increase of \$2,188,771 over the prior year. This investment in capital assets includes land, easements, building, infrastructure, vehicles, office equipment, field equipment, and computer equipment.

The increase is driven by the District having recorded the value of additional furniture and equipment (\$1,104,670) and land (\$1,515,031).

**Long-Term Debt**—The District's long-term debt consists of one right-to-use lease building liability as detailed in Notes 6 and 7 of the financial statements.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

**Long-Term Debt**—The District’s long-term debt consists of one right-to-use lease building liability as detailed in Notes 6 and 7 of the financial statements.

**Economic Factors and Next Year’s Budgets and Rates**

The District’s primary revenue sources for recurring operations are state appropriations and ad valorem (property) taxes. State appropriations are provided for each of the following activities: the Environmental Resource Permitting Program, Minimum Flows and Minimum Water Levels, Land Management, and general District operations. Ad valorem is levied using the rolled-back rate and is collected from the 16 counties encompassed by the District. Additional recurring revenue has been derived from the sale of timber on District lands used to support land management operations and permitting fees and fines used for ongoing costs of the District’s regulatory program.

The FY 2024-2025 Adopted Budget was \$113.7 million, an decrease of \$11.7 million or 9.3 percent below the FY 2023-2024 Amended Budget. The FY 2024-2025 adopted millage rate was 0.0218 which is 56.4 percent below the constitutional and statutory cap of 0.05 mills. The FY 2024-2025 Adopted Budget decrease is primarily attributable to completion of Hurricane Michael recovery efforts and progress made on springs restoration and alternative water supply projects. Total funding consisted of \$28.7 million in new revenue, \$79.6 million in revenue received and/or appropriated in prior years, and \$5.4 million in fund balance. Just under one-quarter (24.3 percent) of the \$113.6 million represented recurring needs.

The District plans to continue to develop future budgets using annual state appropriations and ad valorem as the primary revenue sources for supporting recurring operations. However, less reliance has been placed on the collection of timber sales revenue since 2018. Prior to Hurricane Michael’s impact in October 2018 and starting in FY 2021-2022, annual timber revenues were projected to decline from \$2.0 million to \$750,000, due to the make-up and nature of the District’s timber inventory. After Hurricane Michael however, timber revenues have fluctuated greatly due to the number of remaining timber stands to harvest, market demand, and weather conditions. Beginning in FY 2020-2021, additional state appropriations of \$4.0 million have been provided annually to assist with hurricane recovery efforts and to support District land management operations. Going forward, we will no longer receive additional Hurricane Michael funding. However, in FY 2025-26, the Lands Management appropriation was increased by \$3,500,000 for a total non-recurring appropriation of \$5,110,000. As such, the District will continue to seek recurring revenue sources from State appropriations to address the ongoing shortfall in timber revenues that support land management operations.

**Requests for Information**

This financial report is designed to provide a general overview of the Northwest Florida Water Management District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Northwest Florida Water Management District, Bureau of Accounting, 81 Water Management Drive, Havana, Florida 32333.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 4,820,881
Investments	36,791,016
Accounts receivable	26,283
Due from other governments	12,315,324
Prepays	30,362
Deposits	2,083
Capital assets:	
Non-depreciable	182,587,093
Depreciable, net	8,423,313
Total assets	<u>244,996,355</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred outflows related to pensions	1,445,119
Deferred outflows related to OPEB	345,189
Total deferred outflows of resources	<u>1,790,308</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	2,049,930
Due to other governments	4,667,205
Deposits	245,864
Unearned revenue	11,581,500
Noncurrent liabilities:	
Due within one year:	
Compensated absences	772,850
Lease liability	89,414
Due in more than one year:	
Compensated absences	1,250,504
Net pension liability	6,466,922
Total OPEB liability	338,327
Lease liability	686,619
Total liabilities	<u>28,149,135</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred inflows related to pensions	1,422,992
Deferred inflows related to OPEB	1,876,493
Total deferred inflows of resources	<u>3,299,485</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	190,234,373
Restricted for:	
Regulatory, permitting, licensing, and enforcement activities	4,899,676
Mitigation projects	5,173,193
Minimum flow and minimum levels	3,353,628
Operation & maintenance of lands & works	2,218,455
Capital improvement and land acquisition and restoration	173,647
Unrestricted	9,285,071
<b>Total net position</b>	<b><u>\$ 215,338,043</u></b>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Change in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental activities</b>					
Water resources planning and monitoring	\$ 6,620,583	\$ 35,749	\$ 7,296,402	\$ -	\$ 711,568
Acquisition, restoration, and public works	18,525,907	187,770	16,804,727	1,623,404	89,994
Operation and maintenance of lands and works	6,183,827	296,905	6,360,878	-	473,956
Regulation	3,572,415	884,672	1,469,887	-	(1,217,856)
Outreach	142,073	204	-	-	(141,869)
Administration	2,478,982	-	-	-	(2,478,982)
<b>Total</b>	<b>\$ 37,523,787</b>	<b>\$ 1,405,300</b>	<b>\$ 31,931,894</b>	<b>\$ 1,623,404</b>	<b>(2,563,189)</b>
<b>General revenues</b>					
Property taxes					3,943,638
Unrestricted investment earnings					1,504,348
Miscellaneous					35,259
<b>Total general revenues</b>					<b>5,483,245</b>
<b>Change in net position</b>					
					2,920,056
<b>Net position, beginning of year</b>					
					212,417,987
<b>Net position, end of year</b>					
					<b>\$ 215,338,043</b>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	<b>General Fund</b>	<b>Mitigation Fund</b>	<b>Projects Fund</b>	<b>Lands Management Fund</b>	<b>Regulation Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,725,391	\$ -	\$ -	\$ -	\$ 95,490	\$ -	\$ 4,820,881
Investments	6,349,883	16,639,870	4,241,116	3,566,319	4,899,676	1,094,152	36,791,016
Accounts receivable	5,166	54	255	20,368	440	-	26,283
Due from other governments	20,067	-	12,226,201	327	1,077	67,652	12,315,324
Due from other funds	9,091,702	-	-	-	27,787	-	9,119,489
Prepays	2,404	871	9,276	5,959	11,852	-	30,362
Deposits	953	-	-	-	1,130	-	2,083
Total assets	<u>\$ 20,195,566</u>	<u>\$ 16,640,795</u>	<u>\$ 16,476,848</u>	<u>\$ 3,592,973</u>	<u>\$ 5,037,452</u>	<u>\$ 1,161,804</u>	<u>\$ 63,105,438</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 537,033	\$ 1,793	\$ 1,423,679	\$ 51,471	\$ 22,912	\$ 13,042	\$ 2,049,930
Due to other governments	7,895	20,194	4,548,404	71,338	19,374	-	4,667,205
Due to other funds	27,787	879,809	7,044,700	1,081,781	-	85,412	9,119,489
Deposits	-	-	-	150,374	95,490	-	245,864
Unearned revenues	-	10,565,806	106,437	19,554	-	889,703	11,581,500
Total liabilities	<u>572,715</u>	<u>11,467,602</u>	<u>13,123,220</u>	<u>1,374,518</u>	<u>137,776</u>	<u>988,157</u>	<u>27,663,988</u>
<b>Fund balances</b>							
<b>Nonspendable:</b>							
Prepays	2,404	871	9,276	5,959	11,852	-	30,362
<b>Restricted:</b>							
Regulatory services	-	-	-	-	4,887,824	-	4,887,824
Mitigation projects	-	5,172,322	-	-	-	-	5,172,322
Min. flows & levels	-	-	3,344,352	-	-	-	3,344,352
Capital improvement and land acquisition and restoration	-	-	-	-	-	173,647	173,647
Operation & maintenance of lands & works	-	-	-	2,212,496	-	-	2,212,496
<b>Committed:</b>							
Economic stabilization fund	4,382,655	-	-	-	-	-	4,382,655
Water resource evaluations	121,125	-	-	-	-	-	121,125
Water supply development assistance	1,785,819	-	-	-	-	-	1,785,819
Surface water projects	1,023,316	-	-	-	-	-	1,023,316
<b>Assigned:</b>							
General fund deficiencies	4,000,000	-	-	-	-	-	4,000,000
Hurricane recovery	1,000,000	-	-	-	-	-	1,000,000
District short-term projects	1,000,000	-	-	-	-	-	1,000,000
Resource management programs and projects	6,050,032	-	-	-	-	-	6,050,032
District renovations and fleet purposes	155,000	-	-	-	-	-	155,000
Lake Jackson facility improvements	102,500	-	-	-	-	-	102,500
Total fund balances	<u>19,622,851</u>	<u>5,173,193</u>	<u>3,353,628</u>	<u>2,218,455</u>	<u>4,899,676</u>	<u>173,647</u>	<u>35,441,450</u>
<b>Total liabilities and fund balances</b>	<u>\$ 20,195,566</u>	<u>\$ 16,640,795</u>	<u>\$ 16,476,848</u>	<u>\$ 3,592,973</u>	<u>\$ 5,037,452</u>	<u>\$ 1,161,804</u>	<u>\$ 63,105,438</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

**Total fund balances - governmental funds** \$ 35,441,450

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

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

Total governmental capital assets - nondepreciable	182,587,093	
Total governmental capital assets - depreciable	15,358,556	
Less: accumulated depreciation	<u>(6,935,243)</u>	191,010,406

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the District's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(6,466,922)	
Deferred outflows related to pensions	1,445,119	
Deferred inflows related to pensions	<u>(1,422,992)</u>	(6,444,795)

On the governmental fund statements, an OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the District's OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Total OPEB liability	(338,327)	
Deferred outflows related to OPEB	345,189	
Deferred inflows related to OPEB	<u>(1,876,493)</u>	(1,869,631)

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated absences		(2,023,354)
Lease liability		(776,033)

**Net position of governmental activities** \$ 215,338,043

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2025**

	<b>General Fund</b>	<b>Mitigation Fund</b>	<b>Projects Fund</b>	<b>Land Management Fund</b>	<b>Regulation Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Revenues</b>							
Property taxes	\$ 1,126,343	\$ -	\$ 1,847,969	\$ -	\$ 969,326	\$ -	\$ 3,943,638
Permits and licenses	-	-	-	-	652,932	-	652,932
Timber sales	-	-	-	271,393	-	-	271,393
Intergovernmental revenue	720,751	902,612	18,584,355	6,352,761	2,759,060	1,623,404	30,942,943
Federal grants	-	-	3,049,697	-	-	-	3,049,697
Investment income	190,467	753,756	184,339	161,068	204,005	10,720	1,504,355
Miscellaneous revenues	455	90	193	78,549	10,384	-	89,671
<b>Total revenues</b>	<u>2,038,016</u>	<u>1,656,458</u>	<u>23,666,553</u>	<u>6,863,771</u>	<u>4,595,707</u>	<u>1,634,124</u>	<u>40,454,629</u>
<b>Expenditures</b>							
Current:							
Salaries	1,667,241	180,096	2,024,365	1,239,865	1,969,121	43,498	7,124,186
Employee benefits	891,212	96,657	891,868	646,237	999,324	24,141	3,549,439
Professional/contractual services	181,170	386,941	4,822,451	2,970,310	180,850	113,308	8,655,030
Services	455,691	45,028	209,620	583,427	367,881	160	1,661,807
Commodities	78,230	40,506	281,998	349,170	92,368	-	842,272
Capital outlay	124,923	113,760	123,877	926,447	177,933	1,458,294	2,925,234
Grants and aids	-	-	15,754,220	-	-	-	15,754,220
Debt service:							
Principal	-	-	-	-	88,436	-	88,436
Interest	-	-	-	-	9,064	-	9,064
Administrative overhead allocated	(1,731,330)	39,733	626,734	408,119	641,939	14,805	-
<b>Total expenditures</b>	<u>1,667,137</u>	<u>902,721</u>	<u>24,735,133</u>	<u>7,123,575</u>	<u>4,526,916</u>	<u>1,654,206</u>	<u>40,609,688</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>370,879</u>	<u>753,737</u>	<u>(1,068,580)</u>	<u>(259,804)</u>	<u>68,791</u>	<u>(20,082)</u>	<u>(155,059)</u>
<b>Other financing sources (uses)</b>							
Sale of general capital assets	37,352	20	3,981	65,006	28,852	-	135,211
Transfers in	-	-	467,563	-	-	-	467,563
Transfers out	(467,563)	-	-	-	-	-	(467,563)
<b>Total other financing sources (uses)</b>	<u>(430,211)</u>	<u>20</u>	<u>471,544</u>	<u>65,006</u>	<u>28,852</u>	<u>-</u>	<u>135,211</u>
<b>Net change in fund balance</b>	<u>(59,332)</u>	<u>753,757</u>	<u>(597,036)</u>	<u>(194,798)</u>	<u>97,643</u>	<u>(20,082)</u>	<u>(19,848)</u>
<b>Fund balance, beginning of year</b>	19,682,183	4,419,436	3,950,664	2,413,253	4,802,033	193,729	35,461,298
<b>Fund balance, end of year</b>	<u>\$ 19,622,851</u>	<u>\$ 5,173,193</u>	<u>\$ 3,353,628</u>	<u>\$ 2,218,455</u>	<u>\$ 4,899,676</u>	<u>\$ 173,647</u>	<u>\$ 35,441,450</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<b>Net change in fund balances-total governmental funds</b>		\$ (19,848)
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 cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures	3,145,894	
Depreciation expense	(811,126)	2,334,768
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net position.		
Loss on sale of capital assets		(145,997)
Lease proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt		88,436
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in net pension liability and deferred inflows/outflows related to pensions	480,373	
Change in total OPEB liability and deferred inflows/outflows related to OPEB	173,904	
Change in compensated absences liability	8,420	662,697
<b>Change in net position of governmental activities</b>		<b>\$ 2,920,056</b>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(1) **Summary of Significant Accounting Policies:**

The Northwest Florida Water Management District (the District) was established by the Florida Water Resources Act of 1972, Chapter 72-299, Laws of Florida, and operates under Chapter 373, Florida Statutes. It was the State of Florida Legislature's stated intent in establishing the District and other Districts to: provide for the management of water and related land resources; promote the conservation, development, and proper utilization of surface and ground water; develop and regulate dams, impoundments, reservoirs, and other works, and to provide water storage for beneficial purposes; prevent damage from floods, soil erosion, and excessive drainage; preserve natural resources, fish and wildlife; promote recreational development, protect public lands, and assist in maintaining the navigability of rivers and harbors; and otherwise promote the health, safety, and the general welfare of the people of the State of Florida.

The District encompasses all or part of sixteen counties in the northwestern part of Florida. There are nine members of the District Governing Board. Each member resides within the District and is appointed by the Governor and confirmed by the Senate. The Board members are appointed for a four-year term.

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

(a) **Reporting entity**—As required by accounting principles generally accepted in the United States of America, these financial statements present the District as a component unit of the State of Florida. Based on the criteria listed below the State of Florida is considered the primary government.

A primary government is financially accountable for an organization if: (1) it appoints a voting majority of the organization's governing board; (2) it is able to impose its will on the organization; or (3) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based upon these criteria, the District is considered to be a component unit of the State of Florida and is disclosed in the State of Florida's financial statements.

The accompanying financial statements present the primary government only since there are no component units for which the government is considered to be financially accountable.

(b) **Financial reporting structure**—The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements.

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The focus of the government-wide statements is on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(1) **Summary of Significant Accounting Policies:** (Continued)

The governmental-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Administrative overhead, including centralized expenses, are directly allocated to specific functions and are included in direct expenses. 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 or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Program revenues are netted within program expenses in the statement of activities to present the net cost of each program.

**Fund Financial Statements**

The emphasis of fund financial statements is on the District's major funds, each presented in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District's transactions are recorded in the following fund types:

- General Fund—the principal operating fund used to account for most of the District's general activities.
- Special Revenue Funds—accounts for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.
- Capital Projects Fund—accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following major governmental funds:

General Fund—is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Projects Fund—is a special revenue fund and accounts for all resources management projects and activities funded through dedicated revenue sources from grants and contracts with state, federal, local government entities, or water utility authorities.

Lands Management Fund—is a special revenue fund and accounts for activities associated with the management, improvement, and maintenance of District owned lands. State appropriations, sales of timber, and use of fund balance provide the primary funding source for District land management activities.

Regulation Fund—is a special revenue fund and accounts for all regulatory activities including consumptive use permitting and monitoring; well construction permitting and plugging, construction and repair of dams; and environmental resource permitting program (ERP). These activities are primarily funded by State appropriation, permit fees and fines, and ad valorem taxes.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(1) **Summary of Significant Accounting Policies:** (Continued)

Mitigation Fund—is a special revenue fund and accounts for all resource management mitigation projects and activities funded through dedicated Florida Department of Transportation funding sources. Expenditures include land acquisitions, restorations, monitoring, and other water resource related activities.

Capital Projects Fund—accounts for the acquisition of fixed assets or construction of major capital projects.

(c) **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 related cash flows. Nonexchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are received. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Property taxes, intergovernmental revenues, licenses, and interest 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 government.

(d) **Deposits and investments**—The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1968, SEC registered money market funds with the highest credit quality rating and savings and interest-bearing time deposits or savings accounts in qualified public depositories.

Investments for the District are reported at fair value. The Local Government Surplus Fund Investment Pool (Florida PRIME) operates in accordance with appropriate state laws and regulations. As a Florida PRIME participant, the District invests in pools of investments whereby the District owns a share of the respective pool, not the underlying securities.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

(f) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. Prepaid items are recognized as expenses when the related expenses are incurred.

(g) **Property taxes**—The District is authorized by Section 373.503, Florida Statutes, to levy ad valorem taxes on all real and personal property located within the District not to exceed .05 mills. The rate for the 2024-2025 fiscal year was 0.0218 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the sixteen counties comprising the District. Commissions are paid to the counties for these appraisal and collection services.

(h) **Capital assets**—Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as equipment assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life of one year or more, and other assets with an initial, individual cost of more than \$50,000 (amount not rounded) and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost, plus any ancillary charges (freight and transportation charges, site preparation costs, installation costs, and professional fees) necessary to place the asset into its intended location and condition for use. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	50
Buildings	40
Leasehold Improvements	10
Right-To-Use Leased Building	13
Field Equipment	7
Office Equipment	7
Vehicles and Watercraft	7
Lawn Maintenance Equipment	5
Computer and Technical Equipment and Software	3

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Long-term obligation**—In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

(j) **Leases**—The District currently leases a building and determines if an arrangement is a lease at inception. The District recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount rate – Unless explicitly stated in the lease agreement, known by the District, or the District is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the District's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year. The District's lessee agreements do not contain any material residual value guarantees or material restrictive covenants.

(k) **Compensated absences**—It is the District's policy to permit employees to accumulate earned but unused vacation, sick, personal holiday, maternity, and care and bonding benefits. The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

(l) **Deferred outflows/inflows of resources**—Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense) until that future time. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that future time. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(1) **Summary of Significant Accounting Policies:** (Continued)

Pension and OPEB related deferred inflows and outflows represent the difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension liability, and the differences between expected and actual earnings on pension plan investments, and changes in the District's proportionate share of pension contributions. These amounts are reported as deferred inflows or outflows of resources, to be recognized in expense over time. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note (10) for more information on pension related deferred inflows and outflows, and Note (11) for OPEB related deferred inflows and outflows.

(m) **Fund balances**—The following classifications describe the relative strength of the spending constraints of the District's fund balance:

- **Nonspendable Fund Balance**—Includes amounts that cannot be spent because they are either: (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.
- **Restricted Fund Balance**—Includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance**—Includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Governing Board. These amounts cannot be used for any other purpose unless the District's Governing Board removes or changes the specified use by taking the same type of action (Resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District established an Economic Stabilization Reserve equal to two months of the tentative operating expenditure budget. Use of the Economic Stabilization Fund is limited to the following circumstances:
  - When a state of emergency is declared by the Governor of Florida or the President of the United States that impacts the region served by the District.
  - When the Governing Board determines through the adoption of a resolution that: (a) an emergency or other extreme circumstance has arisen that creates an unanticipated need for additional revenues that are not available through other funding sources; (b) the underlying condition directly impacts the citizens and/or environment within District boundaries; and (c) remedial action cannot wait until the next fiscal year. In the event of an emergency, the Executive Director or his/her designee may take necessary action as a time sensitive matter.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(1) **Summary of Significant Accounting Policies:** (Continued)

- **Assigned Fund Balance**—Assigned fund balance consists of amounts that are constrained by a less than formal action of the District’s Governing Board, or by an individual body to whom the Governing Board has delegated this responsibility. The District has delegated this responsibility to the Executive Director. Assignment of fund balance may be made for a specific purpose that is narrower than the general purposes of the fund and to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year’s budget including any amendments thereto.
  - **Unassigned Fund Balance**—Includes the residual fund balance that may be used for yet to be determined purposes in the general fund only.
- (n) **Flow assumption**—The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the Economic Stabilization Reserve established by the District’s Governing Board.
- (o) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) **Deposits and Investments:**

*Deposits*—At year-end, the District had carrying amounts of deposits of \$4,725,141 and bank balances of \$4,907,172. The District also had cash on hand of \$250. In addition, the District had \$95,490 that is being held in escrow with the Florida Department of Financial Services on behalf of a company whose permit requires certain mitigation be performed. Of the bank balances, \$4,907,172 is covered by Federal depository insurance or by collateral held by the District’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

*Investments*—The foremost objective of the District’s investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The District’s investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the District manages credit risk, interest rate risk, and custodial credit risk is as follows:

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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(2) **Deposits and Investments:** (Continued)

Investments of \$36,791,016 represent amounts held with the Florida State Board of Administration, Local Government Surplus Funds Trust (PRIME Fund). The fund invests in money market and U.S. treasury notes, collateralized mortgage obligations, asset backed securities, agency notes, agency ARM pass-through, corporate bonds, government related securities, and certificates of deposit. This fund is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. The State Board of Administration (SBA)'s interpretation of GASB Statement No. 79 is that the Florida PRIME investment pool currently meets all necessary criteria to measure its investments at amortized cost. Therefore, as a participant in the Florida SBA's Florida PRIME investment pool, the District's investments in Florida PRIME were also measured at amortized cost for fiscal year 2024-2025. There were no limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, and the pool's authority to impose liquidity fees or redemption gates.

- **Credit Risk**—The District minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. The Local Government Surplus Funds Trust (PRIME Fund) is rated by Standards & Poors. The current rating is AAAM. The Investment Manager of Florida PRIME managements credit risk by purchasing only high quality securities, performing a credit analysis to develop a database of issuers and securities that meet the Investment manager's minimum standard and by regularly reviewing the portfolio's securities financial data, issuer news and developments, and ratings of the nationally recognized statistical rating organizations.
- **Interest Rate Risk**—The District manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities and the Florida SBA's Florida PRIME. The weighted average days to maturity of the Local Government Surplus Funds Trust at September 30, 2025, was 47 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity. The weighted average life of Florida PRIME at September 30, 2025, is 73 days.
- **Custodial Credit Risk**—Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District's name, and are held by the party that either sells to or buys for the District. No investments held at year-end were subject to custodial credit risk. The Florida SBA's Florida PRIME does participate in securities lending, but the District owns shares of the Florida PRIME and not the underlying investments. Neither the District nor Florida Prime has participated in securities lending program in the fiscal year ended September 30, 2025.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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**(3) Unearned Revenue:**

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<b>Unearned</b>
Grant drawdowns prior to meeting all eligibility requirements	\$ 10,672,243
Advance payment received prior to meeting revenue recognition requirements	909,257
Unearned Revenue for Governmental Funds	\$ 11,581,500

**(4) Interfund Receivables / Payables and Transfers:**

Interfund receivables/payables represent loans to fund expenditures of other funds. Transfers are used to move monies from various funds for various programs and grant matching. At September 30, 2025, the balances in these accounts consists of the following:

	<b>Receivable</b>	<b>Payable</b>
General Fund	\$ 9,091,702	\$ 27,787
Projects Fund	-	7,044,700
Lands Management Fund	-	1,081,781
Regulation Fund	27,787	-
Mitigation Fund	-	879,809
Capital Projects Fund	-	85,412
Total	\$ 9,119,489	\$ 9,119,489

	<b>Transfer in</b>	<b>Transfer out</b>
General Fund	\$ -	\$ 467,563
Projects Fund	467,563	-
Land Management Fund	-	-
Mitigation Fund	-	-
Capital Projects Fund	-	-
Total	\$ 467,563	\$ 467,563

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**(5) Capital Assets:**

Capital asset activity for the year ended September 30, 2025, was as follows:

<u>Governmental Activities:</u>	<u>Balance 10/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/25</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 154,767,444	\$ 1,515,031	\$ -	\$ 156,282,475
Capital Easements	25,945,017	168,008	-	26,113,025
Construction in Progress	158,678	32,915	-	191,593
<b>Total Capital Assets Not Being Depreciated</b>	<b>180,871,139</b>	<b>1,715,954</b>	<b>-</b>	<b>182,587,093</b>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,585,607	62,645	-	3,648,252
Right-to-Use Leased Building	1,209,719	-	-	1,209,719
Infrastructure	4,170,786	262,625	(200,914)	4,232,497
Furniture and Equipment	6,613,397	1,104,670	(1,449,979)	6,268,088
<b>Total Capital Assets Being Depreciated</b>	<b>15,579,509</b>	<b>1,429,940</b>	<b>(1,650,893)</b>	<b>15,358,556</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	1,693,086	75,040	-	1,768,126
Right-to-Use Leased Building	372,220	93,055	-	465,275
Infrastructure	877,413	81,855	(54,917)	904,351
Furniture and Equipment	4,686,294	561,176	(1,449,979)	3,797,491
<b>Total Accumulated Depreciation</b>	<b>7,629,013</b>	<b>811,126</b>	<b>(1,504,896)</b>	<b>6,935,243</b>
<b>Total Capital Assets Being Depreciated, Net of Depreciation</b>	<b>7,950,496</b>	<b>618,814</b>	<b>(145,997)</b>	<b>8,423,313</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 188,821,635</b>	<b>\$ 2,334,768</b>	<b>\$ (145,997)</b>	<b>\$ 191,010,406</b>

Depreciation expense was charged to functions of the District as follows:

<b>Governmental Activities</b>	
Water Resources Planning and Monitoring	\$ 63,253
Operation and Maintenance of Lands and Works	402,237
Regulation	163,238
Administration	154,679
Acquisition, Restoration, and Public Works	27,719
<b>Total Governmental Activities</b>	<b>\$ 811,126</b>

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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**(6) Long Term Debt:**

Changes in Long-term Liabilities—The change in compensated absences below is a net change for the year. Long-term liability activity for the year ended September 30, 2025, was as follows:

	<u>Balance 9/30/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2025</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated Absences	\$ 2,031,774	\$ -	\$ (8,420)	\$ 2,023,354	\$ 772,850
Lease Obligation	864,469	-	(88,436)	776,033	89,414
Total	<u>\$ 2,896,243</u>	<u>\$ -</u>	<u>\$ (96,856)</u>	<u>\$ 2,799,387</u>	<u>\$ 862,264</u>

**(7) Leases:**

In 2017 the Northwest Florida Water Management District entered into a fifteen-year lease agreement as lessee for use of an office building. The lessor is a member of the governing board of the district. The initial lease liability of \$1,124,016 was recorded as of October 1, 2021. As of September 30, 2025, the value of the lease liability was \$776,033. The Northwest Florida Water Management District is required to make monthly principal and interest payments of \$8,125. The lease has an interest rate of 1.1%. The building has a 30-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$1,209,719 and had accumulated amortization of \$465,275. Future minimum lease payments for lease are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 89,414	\$ 8,086	\$ 97,500
2027	90,403	7,097	97,500
2028	91,398	6,102	97,500
2029	92,411	5,089	97,500
2030	93,433	4,067	97,500
2031 – 2034	318,974	6,026	325,000
Total	<u>\$ 776,033</u>	<u>\$ 36,467</u>	<u>\$ 812,500</u>

**(8) Mitigation Bank Financial Responsibility Assurances:**

The District is authorized by Section 373.4136, Florida Statutes, to permit the establishment of mitigation banks. As part of the permit application, the establishment of a mitigation bank is required to demonstrate the financial ability to conduct the mitigation activities, any necessary management of the site, monitoring of the mitigation, and any necessary correction action indicated by the monitoring. The mitigation banks can provide the demonstrated financial assurance by obtaining a surety bond, performance bond, irrevocable letter of credit, or establishing a trust fund. If a bond or an irrevocable letter of credit is used, a standby trust fund shall be established in which all payments under the bonds or letters of credit shall be directly deposited. If the mitigation bank fails to comply with the terms and conditions of the permit, the District may draw upon the financial assurance provided by the mitigation bank. As of September 30, 2025, the District had \$0 of financial assurances provided by the various mitigation banks.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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(9) **Other Disclosures:**

**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 government carries commercial insurance.

**Contingent Liabilities**—Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures, if any, which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**Contractual Commitments**—

As of September 30, 2025, the District had the following commitments related to unfinished projects:

<u>Projects</u>	<u>Expended as of September 30, 2025</u>	<u>Remaining Commitment</u>
Local Infrastructure Improvement Projects	\$ 36,733,618	\$ 20,946,302
Agricultural Cost Sharing Agreement	170,888	39,429

(10) **Employees' Retirement Plans:**

A. **Florida Retirement System**

**Plan Description and Administration**

The District participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the District's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the District are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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(10) **Employees' Retirement Plans:** (Continued)

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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. 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.

Members of both Plans may include up to four 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. 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 plan and/or class to which the member belonged when the service credit was earned.

Deferred Retirement Option Program (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 employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months.

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement, Research and Education Services  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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(10) **Employees' Retirement Plans:** (Continued)

**Contributions**

Employers may participate in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2025</u>	<u>After June 30, 2025</u>
Regular Class	13.63%	14.03%
DROP	21.13%	22.02%
Senior Management	34.52%	33.24%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2025, actual contributions made for District employees participating in FRS and HIS for the plan year ended June 30, 2025, were as follows:

District Contributions – FRS	\$ 864,562
District Contributions – HIS	137,578
Employee Contributions – FRS	206,367

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2025, the District reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 4,493,920
HIS	1,973,002
Total	<u>\$ 6,466,922</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the District's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2025</u>	<u>2024</u>
FRS	0.014480106%	0.014493178%
HIS	0.015393100%	0.015654409%

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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(10) **Employees' Retirement Plans:** (Continued)

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 500,603
HIS	<u>18,650</u>
Total	<u>\$ 519,253</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2025, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 479,998	\$ -	\$ 11,778	\$ (3,130)
Changes of assumptions	521,861	-	17,463	(477,219)
Net difference between projected and actual investment earnings	-	(750,305)	-	(1,642)
Change in proportionate share	144,599	(99,370)	39,075	(91,326)
Contributions subsequent to measurement date	198,935	-	31,410	-
Total	\$ 1,345,393	\$ (849,675)	\$ 99,726	\$ (573,317)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2026	\$ 776,395	\$ (115,481)	\$ 660,914
2027	(116,711)	(129,056)	(245,767)
2028	(202,344)	(106,992)	(309,336)
2029	(160,557)	(93,118)	(253,675)
2030	-	(60,354)	(60,354)
Thereafter	-	-	-
	\$ 296,783	\$ (505,001)	\$ (208,218)

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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(10) **Employees' Retirement Plans:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. 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. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2024, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Expected Rate of Return</b>
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equities	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	100.0%	

*Sensitivity of the net pension liability to changes in the discount rate:*

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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(10) **Employees' Retirement Plans:** (Continued)

The following presents the proportionate shares of the FRS and HIS net pension liability (asset) of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<b>Plan</b>	<b>Current Discount Rate</b>	<b>NPL with 1% Decrease</b>	<b>NPL at Current Discount Rate</b>	<b>NPL with 1% Increase</b>
FRS	6.70%	\$ 8,819,248	\$ 4,493,920	\$ 867,627
HIS	5.20%	2,224,877	1,973,002	1,761,759

(11) **Other Post-Employment Benefits (OPEB):**

**Plan Description**—No assets are held in trust for payment of the OPEB liability as the District had no OPEB liability other than as arising from the implicit rate subsidy, as discussed in the following paragraph.

Retirees and their dependents are permitted to remain covered under the District's respective health care plans as long as they pay a full premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report.

**Benefits Provided**—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the District. Retirees are charged the entire premium the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the District is subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB No. 75 calls this the "implicit rate subsidy."

**Plan Membership**—At September 30, 2024, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	81
Inactive Employees receiving benefits	3
	84

**Total OPEB Liability**—The District's total OPEB liability of \$338,327 was measured as of September 30, 2025, and was determined by an actuarial valuation as of September 30, 2024.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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**(11) Other Post-Employment Benefits (OPEB):** (Continued)

**Actuarial Assumptions and Other Inputs**—The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.4% - 8.2%
Investment rate of return	N/A; plan is not pre-funded
20-year AA Municipal bond rate	4.9%
Mortality	PUB-2010 General headcount weighted mortality table with MP-2018 improvement scale

The District does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based the 20-year AA Municipal bond rate as of September 30, 2025.

Changes in the OPEB liability for the fiscal year ended September 30, 2025, were as follows:

	<b>Total OPEB Liability</b>
Balance at September 30, 2024	\$ 370,615
Changes for a year:	
Service cost	17,837
Interest	14,024
Differences between expected and actual experience	-
Changes of actuarial assumptions	(23,429)
Benefit payments	(40,720)
Net changes	(32,288)
Balance at September 30, 2025	<u>\$ 338,327</u>

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the District calculated using the discount rate of 4.90%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.90%) or 1% higher (5.90%) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 359,770	\$ 338,327	\$ 316,971

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:*

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**(11) Other Post-Employment Benefits (OPEB):** (Continued)

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates. Based on the Getzen Model, with trends starting at 6.00% for 2025 and gradually decreasing to an ultimate trend rate of 4.00%:

	<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 299,497	\$ 338,327	\$ 383,696

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended September 30, 2025, the District recognized OPEB expense (benefit) of \$(133,184). At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Experience (Gains)/Losses	\$ -	\$ 395,822
Changes of assumptions	345,189	1,480,671
Total	\$ 345,189	\$ 1,876,493

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in succeeding years as follows:

<b>Year Ending</b>	<b>Amount</b>
2026	\$ (165,045)
2027	(165,045)
2028	(165,045)
2029	(165,045)
2030	(172,580)
Thereafter	(698,544)
Total	\$ (1,531,304)

**(12) New Accounting Pronouncements:**

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 amends GASB Statement No. 62 regarding the disclosure of a government's vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024. The implementation of this standard had no impact on the District.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(12) New Accounting Pronouncements:** (Continued)

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the District's fiscal year beginning October 1, 2025. The objective of Statement No. 103 is to improve the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, as well as certain application issues. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement also continues the requirements that the basic financial statements be preceded by the MD&A and that information included in the MD&A distinguish between the primary government and its discretely presented component units. Next, this Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. This Statement further requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Additionally, this Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present variances between original and final budget amounts and variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. Finally, this Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if doing so does not reduce the readability of the statements. The overall intent of Statement No. 103 is to improve the quality, clarity, and comparability of the financial statements. The District has early implemented this statement effective for fiscal year ending September 30, 2025.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the District's fiscal year beginning October 1, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Finally, this Statement requires that capital assets held for sale be evaluated each reporting period. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The District has early implemented this statement effective for fiscal year ending September 30, 2025.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(12) **New Accounting Pronouncements:** (Continued)

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, effective for the District's fiscal year beginning October 1, 2025. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This requirement is satisfied by issuing financial statements in a form that is complete and complies with GAAP along with obtaining the necessary approvals for issuance of the financial statements. This Statement also clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events.

**REQUIRED SUPPLEMENTAL INFORMATION**

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		<u>Variance with Original Budget - Over</u>	<u>Actual</u>	<u>Variance with Final Budget - Over</u>
	<u>Original</u>	<u>Final</u>	<u>(Under)</u>		<u>(Under)</u>
<b>Revenues</b>					
Property taxes	\$ 1,630,117	\$ 1,630,117	\$ -	\$ 1,126,343	\$ (503,774)
Intergovernmental revenue	-	-	-	720,751	720,751
Investment income	-	-	-	190,467	190,467
Miscellaneous revenues	-	-	-	455	455
<b>Total revenues</b>	<u>1,630,117</u>	<u>1,630,117</u>	<u>-</u>	<u>2,038,016</u>	<u>407,899</u>
<b>Expenditures</b>					
Salaries	1,958,570	1,958,570	-	1,667,241	291,329
Employee benefits	1,092,868	1,092,868	-	891,212	201,656
Professional/contractual services	361,250	349,750	(11,500)	181,170	168,580
Services	615,048	625,048	10,000	455,691	169,357
Commodities	96,507	98,007	1,500	78,230	19,777
Capital outlay	224,989	224,989	-	124,923	100,066
Administrative overhead allocated	(2,190,070)	(2,190,070)	-	(1,731,330)	(458,740)
<b>Total expenditures</b>	<u>2,159,162</u>	<u>2,159,162</u>	<u>-</u>	<u>1,667,137</u>	<u>492,025</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(529,045)</u>	<u>(529,045)</u>	<u>-</u>	<u>370,879</u>	<u>899,924</u>
<b>Other financing sources (uses)</b>					
Sale of capital assets	-	-	-	37,352	37,352
Transfers in	213,908	213,908	-	-	(213,908)
Transfers out	(4,702,221)	(4,702,221)	-	(467,563)	4,234,658
<b>Total other financing sources (uses)</b>	<u>(4,488,313)</u>	<u>(4,488,313)</u>	<u>-</u>	<u>(430,211)</u>	<u>4,058,102</u>
<b>Net change in fund balance</b>	<u>(5,017,358)</u>	<u>(5,017,358)</u>	<u>-</u>	<u>(59,332)</u>	<u>4,958,026</u>
<b>Fund balance, beginning of year</b>	19,682,183	19,682,183	-	19,682,183	-
<b>Fund balance, end of year</b>	<u>\$ 14,664,825</u>	<u>\$ 14,664,825</u>	<u>\$ -</u>	<u>\$ 19,622,851</u>	<u>\$ 4,958,026</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Variance with Original Budget - Over	Actual	Variance with Final Budget - Over
	Original	Final	(Under)		(Under)
<b>Revenues</b>					
Property taxes	\$ 2,394,883	\$ 2,378,212	\$ (16,671)	\$ 1,847,969	\$ (530,243)
Intergovernmental revenue	72,941,789	72,941,789	-	18,584,355	(54,357,434)
Federal grants	4,429,944	4,429,944	-	3,049,697	(1,380,247)
Investment income	-	-	-	184,339	184,339
Miscellaneous revenues	-	-	-	193	193
<b>Total revenues</b>	<u>79,766,616</u>	<u>79,749,945</u>	<u>(16,671)</u>	<u>23,666,553</u>	<u>(56,083,392)</u>
<b>Expenditures</b>					
Salaries	2,362,944	2,346,273	(16,671)	2,024,365	321,908
Employee benefits	1,193,450	1,193,450	-	891,868	301,582
Professional/contractual services	15,710,880	15,710,880	-	4,822,451	10,888,429
Services	355,571	355,571	-	209,620	145,951
Commodities	505,085	505,085	-	281,998	223,087
Capital outlay	235,146	235,146	-	123,877	111,269
Grants and aids	63,083,559	63,083,559	-	15,754,220	47,329,339
Administrative overhead allocated	808,294	808,294	-	626,734	181,560
<b>Total expenditures</b>	<u>84,254,929</u>	<u>84,238,258</u>	<u>(16,671)</u>	<u>24,735,133</u>	<u>59,503,125</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,488,313)</u>	<u>(4,488,313)</u>	<u>-</u>	<u>(1,068,580)</u>	<u>3,419,733</u>
<b>Other financing sources (uses)</b>					
Sale of capital assets	-	-	-	3,981	3,981
Transfers in	4,488,313	4,488,313	-	467,563	(4,020,750)
<b>Total other financing sources (uses)</b>	<u>4,488,313</u>	<u>4,488,313</u>	<u>-</u>	<u>471,544</u>	<u>(4,016,769)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(597,036)</u>	<u>(597,036)</u>
<b>Fund balance, beginning of year</b>	3,950,664	3,950,664	-	3,950,664	-
<b>Fund balance, end of year</b>	<u>\$ 3,950,664</u>	<u>\$ 3,950,664</u>	<u>\$ -</u>	<u>\$ 3,353,628</u>	<u>\$ (597,036)</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LAND MANAGEMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Budgeted Amounts</b>		<b>Variance with Original Budget - Over</b>	<b>Actual</b>	<b>Variance with Final Budget - Over</b>
	<b>Original</b>	<b>Final</b>	<b>(Under)</b>		<b>(Under)</b>
<b>Revenues</b>					
Timber sales	\$ 250,000	\$ 250,000	\$ -	\$ 271,393	\$ 21,393
Intergovernmental revenue	8,002,985	8,002,985	-	6,352,761	(1,650,224)
Investment income	16,250	16,250	-	161,068	144,818
Miscellaneous revenues	95,565	95,565	-	78,549	(17,016)
<b>Total revenues</b>	<b>8,364,800</b>	<b>8,364,800</b>	<b>-</b>	<b>6,863,771</b>	<b>(1,501,029)</b>
<b>Expenditures</b>					
Salaries	1,529,439	1,529,439	-	1,239,865	289,574
Employee benefits	872,376	872,376	-	646,237	226,139
Professional/contractual services	3,337,658	3,387,160	49,502	2,970,310	416,850
Services	721,163	721,163	-	583,427	137,736
Commodities	454,764	454,764	-	349,170	105,594
Capital outlay	985,985	936,483	(49,502)	926,447	10,036
Administrative overhead allocated	463,415	463,415	-	408,119	55,296
<b>Total expenditures</b>	<b>8,364,800</b>	<b>8,364,800</b>	<b>-</b>	<b>7,123,575</b>	<b>1,241,225</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(259,804)</b>	<b>(259,804)</b>
<b>Other financing sources (uses)</b>					
Sale of general fixed assets	-	-	-	65,006	65,006
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,006</b>	<b>65,006</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(194,798)</b>	<b>(194,798)</b>
<b>Fund balance, beginning of year</b>	<b>2,413,253</b>	<b>2,413,253</b>	<b>-</b>	<b>2,413,253</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 2,413,253</b>	<b>\$ 2,413,253</b>	<b>\$ -</b>	<b>\$ 2,218,455</b>	<b>\$ (194,798)</b>

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - REGULATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Variance with Original Budget - Over	Actual	Variance with Final Budget - Over
	Original	Final	(Under)		(Under)
<b>Revenues</b>					
Property taxes	\$ -	\$ 16,671	\$ 16,671	\$ 969,326	\$ 952,655
Permits and licenses	655,000	655,000	-	652,932	(2,068)
Intergovernmental revenue	4,548,640	4,548,640	-	2,759,060	(1,789,580)
Investment income	45,000	45,000	-	204,005	159,005
Miscellaneous revenues	-	-	-	10,384	10,384
<b>Total revenues</b>	<u>5,248,640</u>	<u>5,265,311</u>	<u>16,671</u>	<u>4,595,707</u>	<u>(669,604)</u>
<b>Expenditures</b>					
Salaries	2,296,954	2,238,625	(58,329)	1,969,121	269,504
Employee benefits	1,279,635	1,279,635	-	999,324	280,311
Professional/contractual services	204,820	318,820	114,000	180,850	137,970
Services	653,864	653,864	-	367,881	285,983
Commodities	137,511	137,511	-	92,368	45,143
Capital outlay	244,067	205,067	(39,000)	177,933	27,134
Debt service:			-		
Principal	-	-	-	88,436	(88,436)
Interest	-	-	-	9,064	(9,064)
Administrative overhead allocated	812,883	812,883	-	641,939	170,944
<b>Total expenditures</b>	<u>5,629,734</u>	<u>5,646,405</u>	<u>16,671</u>	<u>4,526,916</u>	<u>1,119,489</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(381,094)</u>	<u>(381,094)</u>	<u>-</u>	<u>68,791</u>	<u>449,885</u>
<b>Other financing sources (uses)</b>					
Sale of general fixed assets	-	-	-	28,852	28,852
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,852</u>	<u>28,852</u>
<b>Net change in fund balance</b>	<u>(381,094)</u>	<u>(381,094)</u>	<u>-</u>	<u>97,643</u>	<u>478,737</u>
<b>Fund balance, beginning of year</b>	4,802,033	4,802,033	-	4,802,033	-
<b>Fund balance, end of year</b>	<u>\$ 4,420,939</u>	<u>\$ 4,420,939</u>	<u>\$ -</u>	<u>\$ 4,899,676</u>	<u>\$ 478,737</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - MITIGATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Variance with Original Budget - Over (Under)	Actual	Variance with Final Budget - Over (Under)
	Original	Final			
<b>Revenues</b>					
Intergovernmental revenue	\$ 1,828,494	\$ 1,828,494	\$ -	\$ 902,612	\$ (925,882)
Investment income	35,000	35,000	-	753,756	718,756
Miscellaneous revenues	-	-	-	90	90
<b>Total revenues</b>	<u>1,863,494</u>	<u>1,863,494</u>	<u>-</u>	<u>1,656,458</u>	<u>(207,036)</u>
<b>Expenditures</b>					
Salaries	218,487	218,487	-	180,096	38,391
Employee benefits	119,489	119,489	-	96,657	22,832
Professional/contractual services	1,179,863	1,179,863	-	386,941	792,922
Services	110,224	110,224	-	45,028	65,196
Commodities	16,219	16,219	-	40,506	(24,287)
Capital outlay	142,448	142,448	-	113,760	28,688
Administrative overhead allocated	76,764	76,764	-	39,733	37,031
<b>Total expenditures</b>	<u>1,863,494</u>	<u>1,863,494</u>	<u>-</u>	<u>902,721</u>	<u>960,773</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>753,737</u>	<u>753,737</u>
<b>Other financing sources (uses)</b>					
Sale of General Fixed Assets	-	-	-	20	20
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>753,757</u>	<u>753,757</u>
<b>Fund balance, beginning of year</b>	4,419,436	4,419,436	-	4,419,436	-
<b>Fund balance, end of year</b>	<u>\$ 4,419,436</u>	<u>\$ 4,419,436</u>	<u>\$ -</u>	<u>\$ 5,173,193</u>	<u>\$ 753,757</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
SEPTEMBER 30, 2025**

(1) **Budgetary Basis of Accounting:**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end.

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

In accordance with Florida Statutes, as amended July 1, 2012, prior to January 15 of each year, Water Management Districts must submit a preliminary budget for the next fiscal year for legislative review. The preliminary budget will be used as the basis for developing the tentative budget. The tentative budget must be submitted to the District's Governing Board prior to July 15 and to the Executive Office of the Governor (EOG) and Legislature no later than August 1. The tentative budget proposes the operating budget for the fiscal year commencing the following October 1. The budget includes the proposed expenditures and the means of financing them for the upcoming year, along with the estimates for the current year and actual data for the prior year.

The budget is prepared at the Program and Activity level per the requirements of Section 373.536, Florida Statutes and presented to the Board by fund and budget category as required by Chapters 373 and 189, Florida Statutes.

- Public hearings are conducted to allow for taxpayer comment.
- Prior to September 30, the budget is legally enacted through adoption of a resolution by the District's Governing Board in a public hearing.
- The Director of Administrative Services is required by the District to present a monthly financial report and schedule of disbursements to the Board.
- Revisions that alter the total expenditures of any fund or increase an activity by a cumulative amount in excess of \$1,000,000 must be approved by the Executive Office of the Governor and noticed to the Legislative Budget Commission prior to noticing the budget amendment for a District's Governing Board meeting. Budget amendments must be approved under the requirement of Chapter 373 and 189, Florida Statutes.
- Formal budgetary integration is employed as a management control device during the year.
- Budgets for the governmental fund types are presented on a basis consistent with accounting principles generally accepted in the United States of America.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
SEPTEMBER 30, 2025**

(2) **General Fund Budgetary Highlights:**

- (a) **Original budget compared to final budget**—Adjustments in the General Fund were to shift budget from professional services to services and commodities to allow for non-contractual repairs and supplies for the Lake Jackson facility.
- (b) **Final budget compared to actual results**—The District experienced a decrease in ad valorem tax revenues of approximately \$81,360 compared to the final budget. This variance is attributable to lower-than-anticipated collections based on tax roll estimates provided by the counties within the District’s boundary during the Truth in Millage (TRIM) process.

Investment earnings in the General Fund exceeded budgeted amounts due to higher-than-expected interest rates during the fiscal year.

Expenditures for salaries and benefits were lower than the final budget primarily due to vacant positions and the hiring of new employees at salary levels lower than those of previous incumbents.

Services expenditures were below budget primarily due to lower-than-anticipated costs in the Facilities department for repairs and maintenance of District buildings. Additionally, the Information Technology department budgeted for services, including server and software maintenance and cloud-based subscriptions, that were either not needed or were procured at lower-than-expected costs.

Capital outlay expenditures were also below the final budget, largely due to planned facility repairs and improvements that were not required during the fiscal year.

(3) **Special Revenue Funds Budgetary Highlights:**

- (a) **Original budget compared to final budget**—The District’s original budget was amended during the fiscal year to address operational needs and reallocate resources among funds. A total of \$16,671 in property tax revenues was reallocated from the Projects Fund to the Regulatory Fund to partially fund increased expenditures related to staff augmentation.

Expenditure budgets in the Projects and Regulatory Funds were amended to reallocate salary and benefits appropriations to professional services within the Regulatory Fund. This adjustment reflects an approximate \$114,000 increase in professional services costs due to the unanticipated need for staff augmentation.

Additional amendments were made within the Lands Management Fund to support road and bridge repair activities.

Overall, the budget amendments represent routine reallocations between funds and expenditure categories to address changing operational requirements during the fiscal year.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
SEPTEMBER 30, 2025**

(3) **Special Revenue Funds Budgetary Highlights:** (Continued)

(b) **Final budget compared to actual results**—The District experienced a decrease in ad valorem tax revenues of approximately \$81,360 compared to the final budget due to lower-than-anticipated collections based on tax roll estimates provided by the counties within the District's boundary during the Truth in Millage (TRIM) process.

Intergovernmental revenues were below budget by approximately \$57,797,238, primarily due to unspent grant and aid funding associated with project activity. These funds have been rebudgeted in the subsequent fiscal year. Similarly, federal revenues were below budget by approximately \$1,380,247 due to the timing and status of project completion at year-end. These amounts have also been rebudgeted in the current fiscal year.

Investment earnings exceeded budgeted amounts due to higher-than-expected interest rates during the fiscal year.

Expenditures for salaries and benefits were lower than the final budget primarily due to vacant positions and the hiring of new employees at salary levels lower than those of previous incumbents.

Professional services expenditures were below budget largely due to the timing of multi-year consulting projects in the Projects Fund for surface water initiatives, as well as lands improvement activities in the Lands Management and Mitigation Funds, which were not completed during the fiscal year. The related appropriations have been rebudgeted in the current fiscal year.

Certain services expenditures were also below budget due to lower-than-anticipated costs for information technology services, including server and software maintenance and cloud-based subscriptions, which were either not required or were procured at reduced costs. As these costs are allocated across multiple funds, the related variances are reflected throughout the funds.

In the Projects Fund, commodities expenditures were under budget by approximately \$223,087, primarily due to planned equipment purchases that were either not completed or acquired at lower-than-expected costs, as well as software that was not purchased. Similarly, the Lands Management Fund reported an under-budget variance of approximately \$105,594 in commodities due to lower spending on road and bridge repair supplies, fuel, and information technology equipment.

Capital outlay expenditures in the Projects Fund were below budget due to a reduced need for computer hardware and monitoring equipment, as well as the acquisition of replacement vehicles at costs lower than originally anticipated.

Finally, grants and aids expenditures in the Projects Fund were below budget due to the stage of completion of water supply development assistance and surface water projects at year-end. These amounts have been rebudgeted in the subsequent fiscal year.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Florida Retirement System (FRS)</b>										
Proportion of the net pension liability	0.014480106%	0.014493178%	0.014840438%	0.014028475%	0.014392154%	0.013232255%	0.013963889%	0.014350464%	0.014547660%	0.016537167%
Proportionate share of the net pension liability	\$ 4,493,920	\$ 5,606,643	\$ 5,913,445	\$ 5,219,720	\$ 1,087,164	\$ 5,735,054	\$ 4,808,969	\$ 4,322,434	\$ 4,303,100	\$ 4,175,648
Covered payroll	6,878,920	6,626,742	6,328,646	5,598,822	5,516,744	5,367,770	5,356,024	5,325,095	5,279,199	5,628,494
Proportionate share of the net pension liability as a percentage of covered payroll	65.33%	84.61%	93.44%	93.23%	19.71%	106.84%	89.79%	81.17%	81.51%	74.19%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
<b>Health Insurance Subsidy Program (HIS)</b>										
Proportion of the net pension liability	0.015393100%	0.015654409%	0.015970310%	0.015359919%	0.015579759%	0.015462820%	0.016011499%	0.016300234%	0.016710517%	0.017533971%
Proportionate share of the net pension liability	\$ 1,973,002	\$ 2,348,314	\$ 2,536,298	\$ 1,626,861	\$ 1,911,092	\$ 1,887,985	\$ 1,791,527	\$ 1,725,235	\$ 1,786,766	\$ 2,043,512
Covered payroll	6,878,888	6,626,742	6,328,646	5,598,822	5,516,744	5,367,770	5,356,024	5,325,095	5,279,199	5,628,494
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.85%	36.31%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	For the year ended September 30, 2023									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Florida Retirement System (FRS)</b>										
Contractually required contribution	\$ 862,745	\$ 843,338	\$ 701,505	\$ 622,941	\$ 575,032	\$ 439,649	\$ 432,981	\$ 408,977	\$ 370,750	\$ 426,894
Contributions in relation to the contractually required contribution	(862,745)	(843,338)	(701,505)	(622,941)	(575,032)	(439,649)	(432,981)	(408,977)	(370,750)	(426,894)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,844,009	\$ 6,750,700	\$ 6,182,951	\$ 5,706,061	\$ 5,516,744	\$ 5,367,770	\$ 5,356,024	\$ 5,325,095	\$ 5,279,199	\$ 5,628,494
Contributions as a percentage of covered payroll	12.61%	12.49%	11.35%	10.92%	10.42%	8.19%	8.08%	7.68%	7.02%	7.58%
<b>Health Insurance Subsidy Program (HIS)</b>										
Contractually required contribution	\$ 136,880	\$ 135,014	\$ 107,674	\$ 94,721	\$ 92,867	\$ 89,105	\$ 88,910	\$ 88,397	\$ 87,653	\$ 93,433
Contributions in relation to the contractually required contribution	(136,880)	(135,014)	(107,674)	(94,721)	(92,867)	(89,105)	(88,910)	(88,397)	(87,653)	(93,433)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,844,009	\$ 6,750,700	\$ 6,182,951	\$ 5,706,061	\$ 5,516,744	\$ 5,367,770	\$ 5,356,024	\$ 5,325,095	\$ 5,279,199	\$ 5,628,494
Contributions as a percentage of covered payroll	2.00%	2.00%	1.74%	1.66%	1.68%	1.66%	1.66%	1.66%	1.66%	1.66%

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service cost	\$ 17,837	\$ 23,275	\$ 23,136	\$ 163,980	\$ 156,919	\$ 142,307	\$ 140,539	\$ 93,471
Interest	14,024	23,180	22,002	58,008	52,165	88,874	84,738	57,559
Experience (gains)/losses	-	(79,315)	-	-	-	(597,625)	-	(137,900)
Changes of assumptions	(23,429)	(53,462)	(5,576)	(1,899,769)	(169,092)	354,659	41,998	455,324
Benefit payments - implicit rate subsidy	(40,720)	(40,886)	(37,292)	(99,685)	(95,392)	(114,472)	(106,218)	(71,493)
Net change in total OPEB liability	(32,288)	(127,208)	2,270	(1,777,466)	(55,400)	(126,257)	161,057	396,961
Total OPEB liability - beginning of year	370,615	497,823	495,553	2,273,019	2,328,419	2,454,676	2,293,619	1,896,658
<b>Total OPEB liability - end of year</b>	<b>\$ 338,327</b>	<b>\$ 370,615</b>	<b>\$ 497,823</b>	<b>\$ 495,553</b>	<b>\$ 2,273,019</b>	<b>\$ 2,328,419</b>	<b>\$ 2,454,676</b>	<b>\$ 2,293,619</b>
Covered-employee payroll	\$ 7,124,092	\$ 5,691,833	\$ 6,543,742	\$ 5,488,742	\$ 5,601,990	\$ 5,481,704	\$ 5,479,323	\$ 5,192,251
Total OPEB liability as a percentage of covered-employee payroll	4.75%	6.51%	7.61%	9.03%	40.58%	42.48%	44.80%	44.17%

Notes to Schedule:

There are no assets accumulated in a trust that pay for related benefits.

*Valuation date:*

9/30/2024

Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.64%
2019	3.58%
2020	2.14%
2021	2.43%
2022	4.40%
2023	4.63%
2024	3.81%
2025	4.90%

*Benefit Payments.* The Plan sponsor did not provide actual net benefits paid by the Plan for each fiscal year shown above. Expected net benefits payments produced by the valuation model for the same periods are shown in the table above.

\*10 years of data will be presented as it becomes available.

**OTHER REPORTS AND SCHEDULES**

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Contract Number	Expenditures	Amounts Provided to Subrecipients
<b><u>FEDERAL AWARDS</u></b>				
<b>U.S. Department of Commerce- National Oceanic and Atmospheric Administration</b>				
Passed through Florida Department of Environmental Protection:				
Coastal Zone Management Administration Awards	11.419	CZ631	\$ 34,878	\$ 34,878
Office of Coastal Management	11.473	CZR02	32,623	32,623
			<u>67,501</u>	<u>67,501</u>
<b>U.S. Environmental Protection Agency</b>				
Direct:				
Gulf of Mexico Program	66.475	02D01521	140,004	-
Passed through Florida Department of Environmental Protection:				
Water Quality Management Planning	66.454	MN031	55,556	-
Total U.S Environmental Protection Agency			<u>195,560</u>	<u>-</u>
<b>U.S Department of Homeland Security</b>				
Direct:				
Cooperating Technical Partners	97.045	EMA-2010-CA-5085	59	-
Cooperating Technical Partners	97.045	EMA-2011-CA-5142	1,927	-
Cooperating Technical Partners	97.045	EMA-2016-CA-00003	190,247	-
Cooperating Technical Partners	97.045	EMA-2017-CA-00003	561,567	-
Cooperating Technical Partners	97.045	EMA-2018-CA-00016	941,627	-
Cooperating Technical Partners	97.045	EMA-2019-CA-00005	186,610	-
Cooperating Technical Partners	97.045	EMA-2020-CA-00005	261,537	-
Cooperating Technical Partners	97.045	EMA-2021-CA-00007	30,136	-
Cooperating Technical Partners	97.045	EMA-2022-CA-00018	122,724	-
Cooperating Technical Partners	97.045	EMA-2023-CA-05001	436,202	-
Cooperating Technical Partners	97.045	EMA-2024-CA-05011	54,000	-
			<u>2,786,636</u>	<u>-</u>
Total U.S Department of Homeland Security			<u>2,786,636</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,049,697</u>	<u>\$ 67,501</u>
State Grantor/Pass Through Grantor/Program Title	CSFA Number	Contract Number	Expenditures	Amounts Provided to Sub-recipients
<b><u>STATE FINANCIAL ASSISTANCE</u></b>				
<b>Florida Department of Environmental Protection</b>				
Direct:				
Water Management Districts - Land Acquisition and Improvement	37.022	WP022	\$ 203,585	\$ -
Water Management Districts - Land Acquisition and Improvement	37.022	WP026	4,149,485	-
Water Management Districts - Land Acquisition and Improvement	37.022	WP026	862,168	-
			<u>5,215,238</u>	<u>-</u>
Water Management District Permitting Assistance	37.030	WP026	1,690,750	-
Water Management District Operations	37.037	WP026	3,360,000	-
Statewide Surface Water Restoration and Wastewater Projects	37.039	MN023	126,262	-
Florida Springs Grant Program- LATF	37.052	LP01101	199,419	199,419
Florida Springs Grant Program- LATF	37.052	LP01103	54,051	54,050
Florida Springs Grant Program- LATF	37.052	LP01105	3,294,116	3,294,116
Florida Springs Grant Program- LATF	37.052	LPS0022	893,756	893,756
Florida Springs Grant Program- LATF	37.052	LPS0041	1,531,512	-
Florida Springs Grant Program- LATF	37.052	LP01101	32,915	-
Florida Springs Grant Program	37.052	LPS0031	2,191,680	2,191,680
Florida Springs Grant Program	37.052	LPS0036	3,998,681	3,998,681
Florida Springs Grant Program	37.052	LPS0043	921,822	921,822
Florida Springs Grant Program	37.052	LPS0084	2,827	-
Florida Springs Grant Program	37.052	LPS0103	169,688	169,688
			<u>13,290,467</u>	<u>11,723,212</u>
Early Restoration Deepwater Horizon Oil Spill	37.081	DH010	195,280	195,280
Resilient Florida Programs	37.098	24PLN63	47,000	-
Alternative Water Supply	37.100	WS037	107,599	107,599
Alternative Water Supply	37.100	WS059	941,450	941,450
Alternative Water Supply	37.100	WS092	2,029,990	2,029,990
			<u>3,079,039</u>	<u>3,079,039</u>
Water Quality Enhancement and Accountability	37.105	AT003	247,195	-
Water Quality Enhancement and Accountability	37.105	AT026	53,530	-
			<u>300,725</u>	<u>-</u>
Water Management Districts Hurricane Recovery	37.109	WP031	2,297,861	-
Total Florida Department of Environmental Protection			<u>29,602,622</u>	<u>14,997,531</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 29,602,622</u>	<u>\$ 14,997,531</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state award activity of Northwest Florida Water Management District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes, *Florida Single Audit Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Pass-through entity identifying numbers are presented where available.

(2) **De Minimis Indirect Cost Rate Election:**

The District did not elect to use the de minimis indirect cost rate as covered in §200.414, Indirect (F&A) costs, of the Uniform Guidance.

(3) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**Section I. Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major Federal programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Type of auditors' report issued on compliance for major federal awards programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.561(a)        Yes   X   No

Identification of major Federal programs: Assistance Listing No. 97.045, Cooperating Technical Partners

Dollar threshold used to distinguish between type A and type B Federal awards programs: \$1,000,000

Auditee qualified as a low-risk auditee?   X   Yes        No



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

To the Honorable Governing Board,  
Northwest Florida Water Management District:

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited Northwest Florida Water Management District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the District's major federal programs and major state projects for the year ended September 30, 2025. The District's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Office of the Auditor General. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs and state projects.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

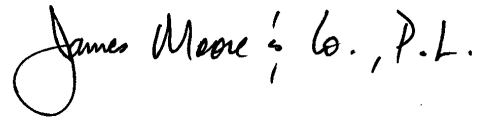
### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.550, Rules of the State of Florida Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Tallahassee, Florida  
May 5, 2026

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

The Honorable Governing Board,  
Northwest Florida Water Management District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Northwest Florida Water Management District (the District) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 5, 2026.

***Report on Internal Control over Financial Reporting***

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

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

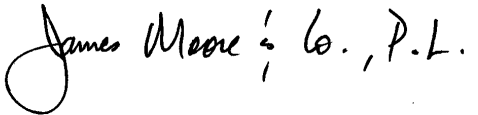
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***Report on Compliance and Other Matters***

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

## **Purpose of this Report**

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

James Moore & Co., P.L.

Tallahassee, Florida  
May 5, 2026

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER  
10.550, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Honorable Governing Board,  
Northwest Florida Water Management District:

**Report on the Financial Statements**

We have audited the financial statements of Northwest Florida Water Management District (the District), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 5, 2026.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Each Major State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 5, 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 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. The disclosure of this information is included in Note (1) of the financial statements.

## **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

## **Special District Component Units**

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

## **Specific Information**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Northwest Florida Water Management District reported:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as 101 with pay and no terminal leave payouts.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 7 based on vendors that received a 1099 NEC and received payment in September 2025.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$7,101,515. Annual, sick, personal holiday, maternity, as well as care and bonding leave payout accrual balances total \$1,836,312. Compensated time earned balance is \$5,024.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$9,549,277 based on the sum of invoice payments paid in FY2024-25 to vendors.

- 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: Cypress Springs restoration is an ongoing project with life to date expenses totaling \$185,353 as of 9/30/2025.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: The District's original budget totaled \$113,670,532 and was amended during the year to reallocate expenditures among funds with no change to total final budgeted expenditures of \$113,670,532.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8., Rules of the Auditor General, the Northwest Florida Water Management District reported:

- a) The mileage rate or rates imposed by the district as 0.0218, refer to resolution 944.
- b) The total amount of ad valorem taxes collected by or on behalf of the district as \$3,943,640.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as no outstanding bonds issued by the District.

### **Monthly Financial Statements**

Section 10.554(1)(i)10.a. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District provided monthly financial statements to its governing board and made such monthly statements available for public access on its website. In connection with our audit, we determined that the District provided monthly financial statements to its governing board and made such monthly statements available for public access on its website.

### **Transparency**

Sections 10.554(1)(i)10.b. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its Web site to the Florida Department of Financial Service's Web site to view the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its website to the Florida Department of Financial Service's Web site.

Sections 10.554(1)(i)10.c. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District posted its tentative and final budgets on its Web site.

### **Additional Matters**

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

**Purpose of this Letter**

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

*James Moore & Co., P.L.*

Tallahassee, Florida  
May 5, 2026

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

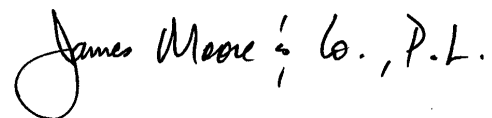
To the Honorable Board of District Commissioners,  
Northwest Florida Water Management District

We have examined the compliance of Northwest Florida Water Management District (the District) with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025. The District's management is responsible for the District's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating compliance with the above mentioned requirements for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating the District's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement or evaluation of the District's compliance for the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the District is not in compliance with those requirements in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the District complied with the aforementioned requirements for the year ended September 30, 2025, in all material respects.



Tallahassee, Florida  
May 5, 2026