

SHAWANO WATER CONTROL DISTRICT
FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON
FISCAL YEAR ENDED SEPTEMBER 30, 2025



SHAWANO WATER CONTROL DISTRICT
SEPTEMBER 30, 2025

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SHAWANO WATER CONTROL DISTRICT
SEPTEMBER 30, 2025

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NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Shawano Water Control District
Belle Glade, Florida

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shawano Water Control District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the budgetary comparison information on pages 40 and 41, and the pension schedules on pages 42 through 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2026, on our consideration of the Shawano Water Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shawano Water Control District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Shawano Water Control District's internal control over financial reporting and compliance.

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 18, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Shawano Water Control District (“District”) provides a narrative overview of the District’s financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District’s Independent Auditor’s Report, basic financial statements, accompanying notes, and supplementary information to the basic financial statements.

This District is governed by a three-member Board of Supervisors. The Board members are elected by the landowners of the District for three-year terms. The Board has hired four consultants to represent the interests of the District; an engineer, an attorney, an auditor, and a manager to provide for the administration of the operations of the District. The District has one full time employee.

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- The District’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the fiscal year ended September 30, 2025, by \$3,287,527.
- The District’s total net position increased by \$131,746.
- The District’s total revenue (on an accrual basis) was \$561,964 for the year ended September 30, 2025.
- Total expenses (on an accrual basis) for all of the District’s activities were \$430,218 for the year.

District Highlights

- The District is currently in the maintenance mode of operations for the water control facilities of the District.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District’s financial statements. The 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 themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the 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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and water control functions.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financial 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. (See pages 13 and 15)

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds (Continued)

The District maintains one governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is a major fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget. (See pages 40 and 41)

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets and deferred outflows of resource exceeded liabilities and deferred outflows of resources by \$3,287,527 for the fiscal year ended September 30, 2025. The largest assets include cash and capital assets which are approximately 43% and 56% of the District's total assets, respectively, and are to be used to meet the financial obligations for the District's ongoing operations, except for capital assets. Capital assets are used to provide services to the District's citizens and are not available for future spending. The following table provides a summary of the net position as of September 30, 2025 and 2024:

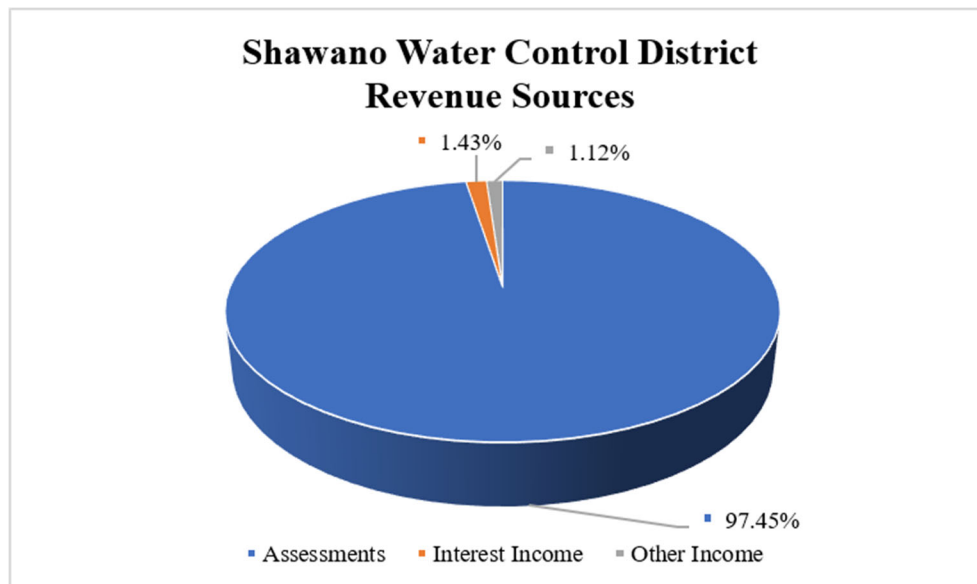
	<u>2025</u>	<u>2024</u>
Assets		
Current and other assets	\$ 1,494,557	\$ 1,350,690
Capital assets, net	<u>1,880,504</u>	<u>1,896,896</u>
Total assets	<u>3,375,061</u>	<u>3,247,586</u>
Deferred outflows of resources	<u>9,497</u>	<u>13,075</u>
Liabilities		
Current and other liabilities	38,511	38,480
Long-term liabilities	<u>44,838</u>	<u>57,583</u>
Total liabilities	<u>83,349</u>	<u>96,063</u>
Deferred inflows of resources	<u>13,682</u>	<u>8,817</u>
Net position		
Investment in capital assets	1,880,504	1,896,896
Unrestricted	<u>1,407,023</u>	<u>1,258,885</u>
Total net position	<u>\$ 3,287,527</u>	<u>\$ 3,155,781</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the changes in net position for the fiscal years ended September 30, 2025 and 2024:

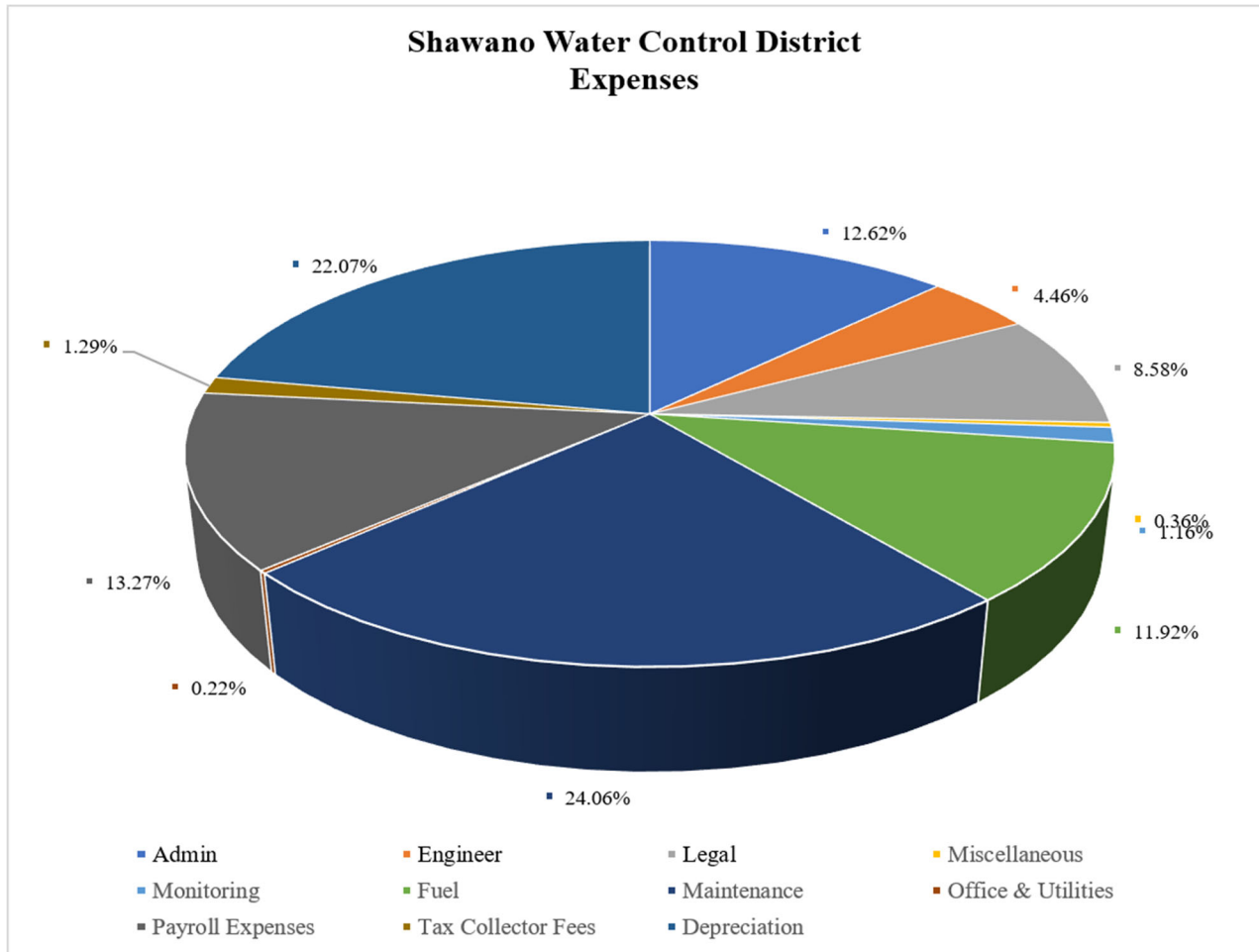
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 550,160	\$ 550,160
General revenues		
Investment income	8,211	8,058
Other income	3,593	6,327
Total revenues	<u>561,964</u>	<u>564,545</u>
Expenses		
Physical environment	430,218	535,384
Total expenses	<u>430,218</u>	<u>535,384</u>
Change in net position	131,746	29,161
Net position - beginning	3,155,781	3,126,620
Net position - ending	<u>\$ 3,287,527</u>	<u>\$ 3,155,781</u>

The chart below presents the revenues by sources for the governmental activities.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The chart below presents the expenses for the governmental activities.



CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of September 30, 2025, amounted to \$1,880,504 (net of accumulated depreciation). There were \$78,538 of capital additions and no capital disposals during 2025. The following table summarizes the District's capital assets as of September 30, 2025 and 2024:

	2025	2024
Buildings	\$ 12,249	\$ 12,861
Equipment	417,217	381,172
Improvements	1,451,038	1,502,863
	<u>\$ 1,880,504</u>	<u>\$ 1,896,896</u>

DEBT ADMINISTRATION

The following table presents the District's long-term liabilities as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Net pension liability	\$ 44,838	\$ 57,583
Total long-term liabilities	<u>\$ 44,838</u>	<u>\$ 57,583</u>

BUDGETARY HIGHLIGHTS

The District adopted the fiscal year 2024/2025 budget with the same assessment rate as fiscal year 2023/2024. Total expenditures budgeted for the fiscal year ended September 30, 2025 were \$588,400. Total assessment revenue budgeted was \$544,230.

Total actual expenditures were \$170,272 less than budgeted expenditures. This was mainly due to the following:

- Engine replacement was substantially less than expected.
- Building maintenance, canal cleaning and culverts expenditures were not needed.
- Fuel expenditures were less than expected.

Total actual revenues were \$16,734 more than budgeted. Additional budget comparison information is presented on pages 41 and 42.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The following highlights were considered in creating the 2025/2026 budget:

- The assessment rate remained at \$30 per acre for Unit 1 acres and \$15 per acre for Unit 2 and Unit 3 acres.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Charles F. Schoech, the District's General Counsel, 1555 Palm Beach Lakes Blvd., West Palm Beach, Florida 33401, Telephone No. (561) 655-0620.

Shawano Water Control District
Statement of Net Position
September 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,464,876
Due from other governments	3,542
Prepays	1,850
Inventory	24,289
Capital assets	
Depreciable (net of depreciation)	<u>1,880,504</u>
Total assets	<u>3,375,061</u>
Deferred Outflows of Resources	
Pension related items	<u>9,497</u>
Total deferred outflows of resources	<u>9,497</u>
Liabilities	
Current liabilities	
Accounts payable	36,933
Accrued liabilities	1,578
Non-current liabilities	
Due in more than one year	
Net pension liability	<u>44,838</u>
Total liabilities	<u>83,349</u>
Deferred inflows of resources	
Pension related items	<u>13,682</u>
Total deferred inflows of resources	<u>13,682</u>
Net Position	
Investment in capital assets	1,880,504
Unrestricted	<u>1,407,023</u>
Total net position	<u><u>\$ 3,287,527</u></u>

See notes to the financial statements

Shawano Water Control District
Statement of Activities
For the Year Ended September 30, 2025

Function / Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities					
Physical environment	\$ 430,218	\$ 550,160	\$	\$	\$ 119,942
Total governmental activities	<u>\$ 430,218</u>	<u>\$ 550,160</u>	<u>\$</u>	<u>\$</u>	119,942
General revenues					
Interest income - unrestricted					8,211
Miscellaneous income					3,593
Total general revenues					<u>11,804</u>
Change in net position					131,746
Net position, beginning of year					<u>3,155,781</u>
Net position, end of year					<u>\$ 3,287,527</u>

See notes to the financial statements

Shawano Water Control District
Balance Sheet
Governmental Funds
September 30, 2025

	General Fund
Assets	
Cash	\$ 1,464,876
Due from other governments	3,542
Prepaid items	1,850
Inventory	24,289
Total assets	<u>\$ 1,494,557</u>
Liabilities	
Accounts payable	\$ 36,933
Accrued liabilities	1,578
Total liabilities	<u>38,511</u>
Fund Balance	
Nonspendable - inventory	24,289
Nonspendable - prepaid items	1,850
Unassigned	1,429,907
Total fund balances	<u>1,456,046</u>
Total liabilities and fund balances	<u><u>\$ 1,494,557</u></u>

See notes to the financial statements

Shawano Water Control District
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2025

Fund balances total governmental funds		\$ 1,456,046
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 4,351,456	
Less accumulated depreciation	<u>(2,470,952)</u>	1,880,504

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

Net pension liability	(44,838)
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Deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans are applicable to future periods and are not reported in the governmental funds.

Pension related deferred outflows	\$ 9,497	
Pension related deferred inflows	<u>(13,682)</u>	<u>(4,185)</u>

Net position of governmental activities	<u><u>\$ 3,287,527</u></u>
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See notes to the financial statements

Shawano Water Control District
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2025

	General Fund
Revenues	
Assessments, net of discounts	\$ 550,160
Interest	8,211
Miscellaneous	3,593
Total revenues	<u>561,964</u>
Expenditures	
Current	
Physical environment	328,416
Capital outlay	89,712
Total expenditures	<u>418,128</u>
Net change in fund balance	143,836
Fund balances, beginning of year	<u>1,312,210</u>
Fund balances, end of year	<u><u>\$ 1,456,046</u></u>

See notes to the financial statements

Shawano Water Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2025

Net change in fund balances - total governmental funds	\$	143,836
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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 capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$	78,538	
Less: current year depreciation		(94,930)	(16,392)

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	\$	12,745	
Change in deferred outflows		(3,578)	
Change in deferred inflows		(4,865)	4,302

Change in net position	\$	131,746
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See notes to the financial statements

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Shawano Water Control District was created by Florida Statutes, Chapter 11864, Laws of Florida as Brown Drainage District. The name was changed to Shawano Drainage District and later to Shawano Water Control District. The District was created for the purpose of water management for reclaiming and improving the land within its boundaries to make the land available, acceptable, and habitable for settlement and agriculture.

The District is an independent special district created pursuant to the method authorized in Chapter 298 of the Florida Statutes. A three-member Board of Supervisors elected by the landowners of the District governs the District. The Board appoints a District Manager to administer the policies emanating from its statutory powers and authority.

The Board has the responsibility for:

- 1) Assessing and levying assessments.
- 2) Approving budgets.
- 3) Exercising control over facilities and properties.
- 4) Controlling the use of funds generated by the District.
- 5) Approving the hiring and firing of key personnel.
- 6) Financing improvements.

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

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

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

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

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

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, special assessments, and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The District has no business-type activities.

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

Fund financial statements are provided for governmental funds. The District has no fund types other than governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

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 recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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 afterwards to pay liabilities of the current period. The District considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

Assessments, charges for services, intergovernmental revenues, and investment income are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

The District reports the General Fund as a major governmental fund. The General Fund is the general operating fund of the District. It is used to account for all financial resources.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in demand accounts. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The District categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Accounts Receivable

Accounts receivable of the General Fund consists of billed and unbilled receivables. The District has not established an allowance for doubtful accounts because the District considers all receivables to be collectible.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates they do not constitute “available spendable resources”, even though they are a component of current assets.

Inventories

Inventories consist of expendable fuel held for the District's use and are carried at cost using the first-in, first-out method. The District accounts for inventories using the consumption method, under which expenditures are recognized only when inventory items are used. Reported inventory is equally offset by nonspendable fund balance which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets.

Capital Assets

Capital assets are defined by the District as assets with an estimated useful life in excess of two years and a value at the date of acquisition in excess of \$750. Capital assets are reported in the government-wide Statement of Net Position and include plant, property, equipment, and infrastructure assets (i.e., roads, bridges, canals, and pumping stations). Purchased capital assets are recorded at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation is computed using the straight-line method over the estimated useful lives for all reported capital assets, except land and construction in progress. The estimated useful lives are as follows:

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Improvements	10 - 20 years
General infrastructure	10 - 50 years

The District was classified as a Phase 3 government for the implementation of GASB Statement No. 34 and elected to report general infrastructure assets prospectively.

Unearned Revenue

The government reports unearned revenue on its government wide Statement of Net Position and governmental funds balance sheet. Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

Unavailable Revenue

The government reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available.

Deferred Outflows of Resources

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets applicable to future periods and will not be recognized as expenditures until the future period(s). The District has one item that qualifies for reporting in this category, pension related items.

Deferred Inflows of Resources

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred inflows of resources. This financial statement element represents the acquisition of net assets applicable to future periods and will not be recognized as revenue until the future period(s). The District has one item that qualifies for reporting in this category, pension related items.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts intended to be used by the District for specific purposes, but are neither restricted nor committed. In accordance with the District’s fund balance policy, assignments may be made by formal action of the District Board or authority may be delegated to the District Manager.
5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by any outstanding liabilities that are attributable to the acquisition, construction or improvement of those assets, excluding unexpended proceeds.
2. Restricted net position – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund. All budgets are legally enacted. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by appropriate action.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments

The assessment levy of the District is established by the Board of Supervisors, and becomes an enforceable lien on the property on January 1 of the following year. The District levied an assessment rate of \$30 per acre for Unit 1 acres and \$15 per acre for Unit 2 and Unit 3 acres for the fiscal year ended September 30, 2025.

All assessments are due and payable on November 1 of each year or as soon thereafter as the tax roll is delivered to the county tax collector. Liens are placed on property as of January 1. All unpaid assessments become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The assessments paid in March are without discount.

On or prior to June 1 following the assessment year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates become the property of the District, earning interest at a rate of 18% per year.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows of resources, deferred outflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 18, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Accounting Pronouncements

The District implemented the following Governmental Accounting Standards Board Statements during the current fiscal year.

GASB Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absences and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. Implementation of this Statement did not impact the District's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations and constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. Implementation of this Statement did not impact the District's financial statements.

Recently Issued Accounting Pronouncements

A brief description of new accounting pronouncements that might have a significant impact on the District's financial statements is presented below. Management is currently evaluating the impact of adoption of these statements in the District's financial statements.

In April 2024 the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement will improve 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. This Statement also addresses certain application issues. This Statement is effective for the fiscal year ending September 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. 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. Additionally, the disclosure requirements will improve consistency and comparability between governments. This Statement is effective for the for the fiscal year ending September 30, 2026.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. Those improvements will assist preparers and auditors in applying the requirements more consistently, thereby reducing diversity in practice and providing information that better meets the needs of financial statement users. This Statement is effective for the fiscal year ending September 30, 2027.

NOTE 2 – BUDGETARY INFORMATION

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

1. During May, the District Manager submits to the Board of Supervisors a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. During August, the budget is legally enacted through passage of a resolution.
4. Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations at that level.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
6. Total budgeted amounts reflect all amendments approved by the Board of Supervisors.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits are either covered by insurance provided by the Federal Depository Insurance Corporation or are held in banking institutions approved by the Treasurer of the State of Florida. Under Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The District's deposits at year end are considered insured for custodial credit risk purposes. As of September 30, 2025, the bank balance of the District's deposits was \$1,553,262 and the carrying amount was \$1,464,876.

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Assets Being Depreciated				
Buildings	\$ 228,172	\$	\$	\$ 228,172
Equipment	809,029	78,538		887,567
Improvements other than buildings	3,235,717			3,235,717
Assets Being Depreciated	4,272,918	78,538		4,351,456
Total Assets	4,272,918	78,538		4,351,456
Accumulated Depreciation				
Buildings	(215,311)	(612)		(215,923)
Equipment	(427,857)	(42,493)		(470,350)
Improvements other than buildings	(1,732,854)	(51,825)		(1,784,679)
Total Accumulated Depreciation	(2,376,022)	(94,930)		(2,470,952)
Assets Being Depreciated - Net	1,896,896	(16,392)		1,880,504
Total Capital Assets - Net	<u>\$ 1,896,896</u>	<u>\$ (16,392)</u>	<u>\$</u>	<u>\$ 1,880,504</u>

Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental activities:

Physical environment \$ 94,930

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 5 – LONG-TERM LIABILITIES

During the year ended September 30, 2025 the following changes occurred in long-term liabilities:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net Pension Liability	\$ 57,583	\$	\$ (12,745)	\$ 44,838	\$

NOTE 6 – FLORIDA RETIREMENT SYSTEM

General Information

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

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 escribed in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or calling toll free at 877-377-1737. The report is also available at the Florida Department of Management Services web site www.dms.myflorida.com.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (FRSP) and the Florida Retirement System Health Insurance Subsidy Program and additions to/deduction from the FRSP and HIS fiduciary net position have been determined on the same basis as they are reported by FRSP and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Plan

Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class
- Special Risk Class
- Elected Officials Class
- Senior Management Service Class

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.

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. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (continued)

Benefits Provided

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

The following table shows the percentage value for each year of service credit earned:

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

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

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the fiscal year ended September 30, 2025 were as follows:

Class	10/01/24 through 06/30/25	07/01/25 through 09/30/25
Regular Class	13.63%	14.03%
Senior Management Service Class	34.52%	33.24%
Special Risk Class	32.79%	35.19%
Elected Official Class	58.68%	54.57%
DROP	21.13%	22.02%

The employer contribution rates include a 2.00% HIS Plan subsidy. Except for the DROP, the rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ended September 30, 2025 the District made contributions of \$5,920 to the Pension Plan and the District's employee made contributions of \$1,514, for total contributions of \$7,434.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the District reported a liability of \$30,358 for its proportionate share of the Pension Plan's net pension liability. 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 July 1, 2025. The District's proportionate share of the net pension liability was based on the District's 2024-25 plan year contributions relative to the 2024-25 plan year contributions of all participating members. At June 30, 2025, the District's proportionate share was 0.000097818 percent, which was a decrease of 0.000004788 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of \$2,967 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,243	\$
Change of assumptions	3,525	
Net difference between projected and actual investment earnings		5,069
Change in proportion	712	2,472
Contributions subsequent to measurement date	1,511	
Total	<u>\$ 8,991</u>	<u>\$ 7,541</u>

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to the Pension Plan, totaling \$1,511 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Net Amortization
2026	\$ 4,727
2027	(1,422)
2028	(1,982)
2029	(1,384)
2030	-
Thereafter	-
	<u>\$ (61)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2025
Measurement date	June 30, 2025
Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Mortality	Generational PUB-2010 with Projection Scale MP-2021
Actuarial cost method	Individual Entry Age

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions that determined the total pension liability as of June 30, 2025, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) a long-term average annual inflation assumption of 2.40% as adopted in October 2025 by the FRS Actuarial Assumption Conference; and 2) an inferred real (in excess of inflation) return of 4.2%. Geometrically combining those building blocks generates an expected nominal return of 6.7%. In the opinion of the FRS consulting actuary, Milliman, both building block components and the overall 6.7% return assumption are reasonable and appropriate per Actuarial Standards of Practice.

For reference, the table below contains a summary of return assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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.

Asset Class	(1) Policy Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.5%

(1) As outlined in the Plan's investment policy

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 6.70%, which is the same as the rate used as of June 30, 2024. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
District's proportionate share of the net pension liability	\$ 59,578	\$ 30,358	\$ 5,861

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2025, the District reported a payable in the amount of \$583 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution was 2.00% for the period from October 1, 2024 through September 30, 2025. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$1,009 for the fiscal year ended September 30, 2025.

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of September 30, 2025, the District reported a liability of \$14,480 for its proportionate share of the HIS Plan's net pension liability. 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 July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2024-25 plan year contributions relative to the 2024-25 plan year contributions of all participating members. At June 30, 2025, the District's proportionate share was 0.000112968 percent, which was a decrease of .000006291 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension revenue of \$368. In addition, the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 86	\$ 23
Change of assumptions	128	3,502
Net difference between projected and actual investment earnings		12
Change in proportion	40	2,604
Contributions subsequent to measurement date	252	
Total	<u>\$ 506</u>	<u>\$ 6,141</u>

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to the HIS Plan, totaling \$252 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Net Amortization
2026	\$ (1,390)
2027	(1,475)
2028	(1,327)
2029	(1,091)
2030	(604)
Thereafter	-
	<u>\$ (5,887)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2024
Measurement date	June 30, 2025
Inflation	2.40 %
Salary increases	3.50%, average, including inflation
Municipal bond rate	5.20%
Investment rate of return	N/A
Mortality	Generational PUB-2010 with Projection Scale MP-2021
Actuarial cost method	Individual Entry Age

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions that determined the total pension liability as of June 30, 2025, were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 5.20%, which increased from the discount rate of 3.93% as of June 30, 2024. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
District's proportionate share of the net pension liability	\$ 16,328	\$ 14,480	\$ 12,929

SHAWANO WATER CONTROL DISTRICT
Notes to the Financial Statements
September 30, 2025

NOTE 6 – FLORIDA RETIREMET SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

HIS Plan Fiduciary Net Position

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

Payables to the HIS Plan

At September 30, 2025, the District reported a payable in the amount of \$78 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2025.

Summary Data

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2025.

Description	Pension Plan	HIS Program	Total
Total pension liability	\$ 238,305	\$ 15,463	\$ 253,768
Plan fiduciary net position	207,947	983	208,930
Net pension liability (asset)	30,358	14,480	44,838
Deferred outflows of resources	8,991	506	9,497
Deferred inflows of resources	7,541	6,141	13,682
Pension expense (revenue)	2,967	(368)	2,599

NOTE 7 – 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; natural disasters; and workers' compensation for which the District carries commercial insurance. Retention of risks is limited to those risks that are uninsurable and deductibles. The District has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years. Florida Statutes limit the District's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

Shawano Water Control District
Required Supplementary Information (RSI)
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended September 30, 2025

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Assessments	\$ 572,870	\$ 572,870	\$ 572,874	\$ 4
Tax discount	(28,640)	(28,640)	(22,714)	5,926
Interest	1,000	1,000	8,211	7,211
Miscellaneous revenues			3,593	3,593
Total revenues	545,230	545,230	561,964	16,734
Expenditures				
Accounting-Audit	19,000	19,000	14,200	4,800
Administration	43,000	43,000	2,500	40,500
Building Maintenance	18,000	18,000		18,000
Canals & Levees	24,000	24,000		24,000
Canal Cleaning	15,000	15,000		15,000
Culverts	9,000	9,000		9,000
Engine Replacement	5,000	130,000	51,215	78,785
Engineer	10,000	10,000	19,190	(9,190)
Equipment Replacement	10,000	10,000	34,600	(24,600)
Insurance	35,000	35,000	37,580	(2,580)
Legal	35,000	35,000	36,934	(1,934)
Miscellaneous Expenses	3,000	3,000	1,554	1,446
Monitoring	6,000	6,000	4,980	1,020
Motor & Pumps Fuel	80,000	80,000	51,298	28,702
Motor & Pumps Maintenance	80,000	80,000	92,325	(12,325)
Office & Utilities	3,000	3,000	926	2,074
Payroll Taxes	3,600	3,600	3,861	(261)
Retirement Contribution	2,400	2,400	6,930	(4,530)
Salaries	51,400	51,400	50,609	791
Roads	5,000	5,000		5,000
Tax Collector Fees	6,000	6,000	5,529	471
Truck			3,897	(3,897)
Total expenditures	463,400	588,400	418,128	170,272
Excess (deficiency) of revenues over (under) expenditures	81,830	(43,170)	143,836	187,006
Net change in fund balance	\$ 81,830	\$ (43,170)	143,836	\$ 187,006
Fund balance, beginning of year			1,312,210	
Fund balance, end of year			\$ 1,456,046	

See notes to the budgetary comparison schedule

Shawano Water Control District
Notes to the Budgetary Comparison Schedule
Required Supplementary Information (RSI)
General Fund
September 30, 2025

Note 1 - Budgets and Budgetary Accounting

Florida Statutes require all local governments to establish budgetary systems and adopt balanced annual operating budgets. The procedures for establishing budgetary data are as follows:

- (a) The District Manager submits a proposed operating budget to the Board of Supervisors for the next fiscal year commencing the following October 1st.
- (b) Prior to October 1st public hearings are held to obtain taxpayer comments.
- (c) Prior to October 1st the budget is legally adopted by the Board of Supervisors.
- (d) Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations at that level.
- (e) The budget is adopted on a basis consistent with generally accepted accounting principles.
- (f) Changes or amendments to the budget must be approved by the Board of Supervisors.

There were no budget amendments for the current fiscal year.

Note 2 - Stewardship, Compliance, and Accountability

Formal budgetary integration is employed within the accounting system as a management control device. For the year ended September 30, 2025, General Fund expenditures did not exceed appropriations.

**Shawano Water Control District
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System
Pension Plan
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Contractually Required Contribution	District's Contributions In Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	District's Covered Payroll	District's Contributions As a Percent of Covered Payroll
2016	\$ 1,726	\$ 1,726	\$	\$ 30,887	5.59%
2017	\$ 2,660	\$ 2,660	\$	\$ 45,492	5.85%
2018	\$ 2,948	\$ 2,948	\$	\$ 46,500	6.34%
2019	\$ 3,173	\$ 3,173	\$	\$ 47,700	6.65%
2020	\$ 3,383	\$ 3,383	\$	\$ 47,700	7.09%
2021	\$ 4,158	\$ 4,158	\$	\$ 48,650	8.55%
2022	\$ 4,857	\$ 4,857	\$	\$ 51,412	9.45%
2023	\$ 5,340	\$ 5,340	\$	\$ 50,470	10.58%
2024	\$ 5,847	\$ 5,847	\$	\$ 50,470	11.59%
2025	\$ 5,920	\$ 5,920	\$	\$ 50,470	11.73%

**Shawano Water Control District
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Pension Plan
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability As a Percent of Covered Payroll	Plan Fiduciary Net Position As a Percent of the Total Pension Liability
2016	0.000070306%	\$ 17,752	\$ 30,887	57.47%	84.88%
2017	0.000100705%	\$ 29,788	\$ 45,492	65.48%	83.89%
2018	0.000100465%	\$ 30,261	\$ 46,500	65.08%	84.26%
2019	0.000009999%	\$ 34,435	\$ 47,700	72.19%	82.61%
2020	0.000096919%	\$ 42,006	\$ 47,700	88.06%	78.85%
2021	0.000105051%	\$ 7,935	\$ 48,650	16.31%	96.40%
2022	0.000106804%	\$ 39,740	\$ 51,412	77.30%	82.89%
2023	0.000108983%	\$ 43,426	\$ 50,470	86.04%	82.38%
2024	0.000102606%	\$ 39,693	\$ 50,470	78.65%	83.70%
2025	0.000097818%	\$ 30,358	\$ 50,470	60.15%	87.26%

Changes in Assumptions

The discount rate changed as follows:

2016	7.60%
2017	7.10%
2018	7.00%
2019	6.90%
2020	6.80%
2021	6.80%
2022	6.70%
2023	6.70%
2024	6.70%
2025	6.70%

For 2019, the mortality assumption changed from Generational RP-2000 with Projection Scale BB to PUB-2010 base table projected generationally with Scale MP-2018.

For 2023, the mortality assumption changed from to PUB-2010 base table projected generationally with Scale MP-2018 to PUB-2010 base table projected generationally with Scale MP-2021.

The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Annual Comprehensive Financial Report.

**Shawano Water Control District
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Contractually Required Contribution	District's Contributions In Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	District's Covered Payroll	District's Contributions As a Percent of Covered Payroll
2016	\$ 513	\$ 513	\$	\$ 30,887	1.66%
2017	\$ 755	\$ 755	\$	\$ 45,492	1.66%
2018	\$ 772	\$ 772	\$	\$ 46,500	1.66%
2019	\$ 792	\$ 792	\$	\$ 47,700	1.66%
2020	\$ 792	\$ 792	\$	\$ 47,700	1.66%
2021	\$ 808	\$ 808	\$	\$ 48,650	1.66%
2022	\$ 853	\$ 853	\$	\$ 51,412	1.66%
2023	\$ 881	\$ 881	\$	\$ 50,470	1.75%
2024	\$ 1,009	\$ 1,009	\$	\$ 50,470	2.00%
2025	\$ 1,009	\$ 1,009	\$	\$ 50,470	2.00%

**Shawano Water Control District
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years**

Fiscal Year Ended September 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability As a Percent of Covered Payroll	Plan Fiduciary Net Position As a Percent of the Total Pension Liability
2016	0.000099874%	\$ 11,640	\$ 30,887	37.69%	0.97%
2017	0.000141790%	\$ 15,161	\$ 45,492	33.33%	1.64%
2018	0.000141373%	\$ 14,963	\$ 46,500	32.18%	2.15%
2019	0.000141732%	\$ 15,855	\$ 47,700	33.24%	2.63%
2020	0.000137439%	\$ 16,781	\$ 47,700	35.18%	3.00%
2021	0.000136505%	\$ 16,744	\$ 48,650	34.42%	3.56%
2022	0.000137409%	\$ 14,554	\$ 51,412	28.31%	4.81%
2023	0.000129849%	\$ 20,622	\$ 50,470	40.86%	4.12%
2024	0.000119259%	\$ 17,890	\$ 50,470	35.45%	4.80%
2025	0.000112968%	\$ 14,480	\$ 50,470	28.69%	6.36%

Changes in Assumptions

The discount rate changed as follows:

2016	2.85%
2017	3.58%
2018	3.87%
2019	3.50%
2020	2.21%
2021	2.16%
2022	3.54%
2023	3.65%
2024	3.93%
2025	5.20%

The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Annual Comprehensive Financial Report.

Shawano Water Control District
Other Information-Information Required by Section 218.39(3)(c), Florida Statutes
and Section 10.554(1)(i)7-9 Rules of the Auditor General
For the Fiscal Year Ended September 30, 2025
Unaudited

As required by Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)7-9, Rules of the Auditor General, the District reported:

Required Information	Reported
The total number of district employees compensated in the last pay period of the District's fiscal year 2025:	1
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year 2025:	-
All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for fiscal year 2025:	\$ 50,747
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for fiscal year 2025:	\$ -
Each construction project with a total cost of at least \$65,000 approved by the District that was scheduled to begin on or after October 1 of the fiscal year 2025, together with the total expenditures for such project:	Not applicable
A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year 2025 being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes:	See Page 40
The rate or rates of non-ad valorem special assessments imposed by the District for fiscal year 2025:	\$15-\$30/Acre
The total amount of special assessments collected by or on behalf of the District for fiscal year 2025:	\$ 550,160
The total amount of outstanding bonds issued by the district and the terms of such bonds:	Not applicable



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

Board of Supervisors
Shawano Water Control District
Belle Glade, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Shawano Water Control District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Shawano Water Control District's basic financial statements and have issued our report thereon dated June 18, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 18, 2026



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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NANCY V. SALIB, CPA

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

Board of Supervisors
Shawano Water Control District
Belle Glade, Florida

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

Report on the Financial Statements

We have audited the financial statements of the Shawano Water Control District, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 18, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 18, 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. Corrective actions have been taken to address findings and recommendations were made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information was disclosed in Note 1 to the financial statements. There are no component units included in the Shawano Water Control District's financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Shawano Water Control District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Shawano Water Control 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 Shawano Water Control District. It is management's responsibility to monitor the Shawano Water Control District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not note any matters that are required to be disclosed.

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.

Additional Matters

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7-9, Rules of the Auditor General, the Shawano Water Control District reported the required information in the other information section on page 46.

Single Audits

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

Purpose of this Letter

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 18, 2026



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

Board of Supervisors
Shawano Water Control District
Belle Glade, Florida

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

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

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

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

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

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

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 18, 2026