

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2025**

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
South Broward Drainage District  
Broward County, 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 South Broward Drainage District, Broward County, Florida ("District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 District as of September 30, 2025, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, schedules of pension contributions, and the schedule of changes in the District's net OPEB liability and related ratios 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 Included in the Financial Report***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) is not a required part of the basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Gran & Associates*

April 1, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of South Broward Drainage District, Broward County, Florida ("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.

### FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year resulting in a net position balance of \$24,544,519.
- The change in the District's total net position in comparison with the prior fiscal year was \$1,257,430, an increase. The key components of the District's net position and change in net position are reflected in the table in the following section.
- At September 30, 2025, the District's governmental fund reported ending fund balance of \$8,111,096, an increase of \$1,231,553 in comparison with the prior fiscal year. A portion of fund balance is non-spendable for prepaid items and inventories, committed for various reserves, assigned to subsequent year's expenditures, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

### DISTRICT HIGHLIGHTS

- Completed the following improvements under the District's 5-Year Capital Improvements Plan (CIP) during the 2024/2025 fiscal year:
  - Rebuilt five stormwater pumps: the #3 pump at the S-1 pump station; the #1 pump at the S-4 pump station; the #2 pump at the S-5 pump station; and the pumps for the B-1 and B-2 pump stations.
  - Purchased two (2) new gear drives: one for the S-1 pump station and one for the S-8 pump station.
  - Completed several renovations for the B-1 and B-2 pump station, including new shingle roofs for each structure, the painting of each station, and updates to the lighting system.
  - Installed trench drain and concrete entrance pad at the B-1 pump station.
  - Excavated the Taft St. Canal west of the B-1 pump station and installed fabric-formed revetment within the pump inflow channel.
  - Excavated the pump inflow channel at the B-2 pump station.
  - Purchased a replacement CAT 3056 engine for the B-1 pump station.
  - Completed the construction plans and specifications for the S-2 Roof Replacement Project and placed this project out for bid.
  - Completed the design phase for the SFWMD BRIC Grant projects at the S-2, S-7, Basin 3, and Basin 5 sluice gates with 90% of the permitting is complete.
  - Continued coordination with the City of Pembroke Pines on the Century Village Flood Gate project as well as the Seepage Management Pump Station at Hidden Lake. These are both joint projects with the City where the design has been completed and permits are in hand for the Century Village Flood Gate project.
  - Prepared a Request for Letters of Interest (LOI) for surveying and mapping services and awarded a surveying contract to update SBDD's vertical datum and to perform surveying services for an SBDD owned lake in Ivanhoe.
- Completed the following improvements as part of the District's annual maintenance, repairs, replacement and upgrades work during the 2024/2025 fiscal year:
  - Renovated the Maintenance Department's Field Office.
  - Installed a new security gate and access panel for entrance into SBDD's Maintenance Complex.
  - Purchased a new Ford F-450 Mechanic's Truck.
  - Purchased a new John Deere 60P Mini-Excavator.

## DISTRICT HIGHLIGHTS (Continued)

- Completed seven (7) cured-in place slip-liners to harden District infrastructure within the Cities of Miramar, Pembroke Pines and SW Ranches (Culvert ID #s 7-51, 3-64, 3-60, 3-58, 3-66, 3-67, and 8-42).
- Completed an emergency slip-liner repair on a partially collapsed pipe (Culvert ID # 1-29) as a project partner with the City of Pembroke Pines.
- Continued coordination with the Town of Southwest Ranches on the Southwest Meadows Sanctuary project. Construction plans are 100% complete and permits are being obtained.
- Excavated and cleared out the channel of five (5) culverts along SW 188th Avenue in SW Ranches. In addition, SBDD jetted the lines for the same culvert crossings.
- Excavated and restored the drainage ditch south of 6121 SW 188th Avenue in SW Ranches.
- Excavated and cleared out the east channel of two (2) culverts (ID #s 9-100 and 9-101) along SW 193rd Lane in SW Ranches. In addition, SBDD jetted the lines for the same culvert crossings.
- Completed the SBDD Tree Removal contract for locations within the City of Pembroke Pines and SW Ranches.
- Completed plumbing line repairs for Administration Building.
- Installed new pallet racks within the JC Maintenance Building.
- Excavated the outfalls of forty-five (45) locations in Pembroke Lakes # 1 (WB ID# 7-1).
- Installed LED Trash Rack lighting at each of the District's pump stations.
- Replaced the transfer switch at the S-4/S-5 pump station.
- Completed miscellaneous repair work on SBDD's grapple trucks. Including relining the bed of the truck # 32. Fabricated larger rear access doors on truck # 41.
- Distributed grass carp at miscellaneous locations during the fiscal year.
- Installed the manatee guards for the east sluice gate at the S-1 pump station, and two locations at the S-3 pump station.
- Continued with the development of the District's iamGIS database.
- Completed the replacement of the keel cooler piping system for the S-4 pump station engines.
- Issued a Purchase Order to repair the RTU and telemetry system at SBDD's Intermediate Control Structure 13 (ICS-13).
- Purchased numerous spare parts for SBDD equipment, pump stations, engines, telemetry, and flood gates.
- Performed miscellaneous tree removal and trimming throughout the District.
- Performed miscellaneous culvert inspections, culvert cleanings, and swale improvements throughout the District.
- Performed aquatics maintenance on District owned water bodies.
- Participated in miscellaneous outreach efforts including Water Matters Day and Broward County Water Leaders Academy.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic 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 of whether the financial position of the District is improving or deteriorating.

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

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Government-Wide Financial Statements (Continued)

The government-wide financial statements include all governmental activities that are principally supported by special assessments. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance 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 financing requirements.

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

The District maintains one governmental fund for external reporting. Information is presented 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 considered 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.

### 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

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key components of the District's net position are reflected in the following table:

NET POSITION SEPTEMBER 30,		
	2025	2024
Current and other assets	\$ 9,028,724	\$ 7,218,955
Capital assets, net of depreciation	17,969,402	18,083,867
Total assets	<u>26,998,126</u>	<u>25,302,822</u>
Deferred outflows of resources	273,844	378,185
Current liabilities	917,628	305,476
Long-term liabilities	1,434,913	1,829,521
Total liabilities	<u>2,352,541</u>	<u>2,134,997</u>
Deferred inflows of resources	374,910	258,921
Net position		
Net investment in capital assets	17,969,402	18,083,867
Unrestricted	6,575,117	5,203,222
Total net position	<u>\$ 24,544,519</u>	<u>\$ 23,287,089</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2025	2024
Revenues:		
Program revenues		
Charges for services	\$ 5,217,778	\$ 3,752,177
General revenues		
Investment earnings	312,898	329,732
Gain/(loss) on disposal of capital assets	(660)	(417,626)
Total revenues	<u>5,530,016</u>	<u>3,664,283</u>
Expenses:		
General government	1,551,394	1,626,084
Maintenance and operations	2,721,192	2,673,908
Total expenses	<u>4,272,586</u>	<u>4,299,992</u>
Change in net position	1,257,430	(635,709)
Net position - beginning	23,287,089	23,922,798
Net position - ending	<u>\$ 24,544,519</u>	<u>\$ 23,287,089</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2025 was \$4,272,586. The costs of the District's activities were primarily funded by program revenues. Program revenues, comprised primarily of assessments, increased during the fiscal year primarily as a result of an increase in assessment rates and increases in permit fees related to development projects. General revenues increased primarily due to a smaller loss on disposal of capital assets.

## GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2025, the District had \$25,275,837 invested in capital assets. In the government-wide financial statements depreciation of \$7,306,435 has been taken, which resulted in a net book value of \$17,969,402. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2025, the District had no capital debt.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

For the subsequent fiscal year, the District anticipates operation costs to remain fairly consistent.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the South Broward Drainage District at 6591 Southwest 160<sup>th</sup> Avenue, Southwest Ranches, Florida, 33331.

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 7,631,438
Investments	982,000
Interest receivable	39,456
Assessments receivable	8,365
Prepays	23,115
Inventories	189,106
Restricted assets:	
Cash	155,244
Capital assets:	
Nondepreciable	14,373,750
Depreciable, net	3,595,652
Total assets	26,998,126
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	273,844
Total deferred outflows of resources	273,844
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	728,432
Deposits payable from restricted assets	155,244
Compensated absences due within one year	33,952
Non-current liabilities:	
Compensated absences due in more than one year	77,698
Net OPEB liability	60,807
Net pension liability	1,296,408
Total liabilities	2,352,541
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	374,910
Total deferred inflows of resources	374,910
 <b>NET POSITION</b>	
Net investment in capital assets	17,969,402
Unrestricted	6,575,117
Total net position	\$ 24,544,519

See notes to the financial statements

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

<u>Functions/Programs</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Position
<u>Primary government:</u>	Expenses	Charges for Services	Governmental Activities
Governmental activities:			
General government	\$ 1,551,394	\$ 1,551,394	\$ -
Maintenance and operations	2,721,192	3,666,384	945,192
Total governmental activities	4,272,586	5,217,778	945,192
General revenues:			
Investment earnings			312,898
Gain/(loss) on disposal of capital assets			(660)
Total general revenues			312,238
Change in net position			1,257,430
Net position - beginning			23,287,089
Net position - ending			\$ 24,544,519

See notes to the financial statements

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	Major Fund General	Total Governmental Funds
<b>ASSETS</b>		
Cash	\$ 7,631,438	\$ 7,631,438
Investments	982,000	982,000
Interest receivable	39,456	39,456
Assessments receivable	8,365	8,365
Prepays	23,115	23,115
Inventories	189,106	189,106
Cash-restricted	155,244	155,244
Total assets	\$ 9,028,724	\$ 9,028,724
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 728,432	\$ 728,432
Compensated absences payable	33,952	33,952
Deposits payable	155,244	155,244
Total liabilities	917,628	917,628
 Fund Balances:		
Non-spendable:		
Prepays and inventories	212,221	212,221
Committed for:		
Reserve for Emergency Fund	3,246,749	3,246,749
Reserve for Capital improvement	1,267,394	1,267,394
Reserve for separation	171,031	171,031
Assigned to:		
Subsequent year's expenditures	1,629,644	1,629,644
Unassigned	1,584,057	1,584,057
Total fund balances	8,111,096	8,111,096
 Total liabilities and fund balances	 \$ 9,028,724	 \$ 9,028,724

See notes to the financial statements

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

Fund balance - governmental funds \$ 8,111,096

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	25,275,837	
Accumulated depreciation	<u>(7,306,435)</u>	17,969,402

Deferred outflows of resources related to pension are reported in the statement of net position.		273,844
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Deferred inflows of resources related to pension are reported in the statement of net position.		(374,910)
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Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Net OPEB liability	(60,807)	
Net pension liability	<u>(1,296,408)</u>	(1,357,215)

Compensated absences due and payable after the next fiscal year are not reported as a liability on the governmental funds balance sheet.		<u>(77,698)</u>
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Net position of governmental activities		<u><u>\$ 24,544,519</u></u>
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See notes to the financial statements

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	Major Fund General	Total Governmental Funds
<b>REVENUES</b>		
Assessments	\$ 4,457,372	\$ 4,457,372
Interest income	312,898	312,898
Permit revenue	120,150	120,150
Miscellaneous income	640,256	640,256
Total revenues	5,530,676	5,530,676
<b>EXPENDITURES</b>		
Current:		
General government	1,602,633	1,602,633
Maintenance and operations	2,201,900	2,201,900
Capital outlay	494,590	494,590
Total expenditures	4,299,123	4,299,123
Excess (deficiency) of revenues over (under) expenditures	1,231,553	1,231,553
Fund balances - beginning	6,879,543	6,879,543
Fund balances - ending	\$ 8,111,096	\$ 8,111,096

See notes to the financial statements

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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

Net change in fund balance - total governmental funds	\$ 1,231,553
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Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.	301,901
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The change in compensated absences between the current and prior fiscal year is reported in the statement of activities but is not reported as expenditures in governmental funds.	1,647
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The changes in the net OPEB liability and related deferred inflows and outflows of resources between the current and prior fiscal year is reported in the statement of activities but is not reported as expenditures in governmental funds.	8,568
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Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:

Loss on disposal of fixed assets	(660)
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The changes in the net pension liability and related deferred inflows and outflows of resources between the current and prior fiscal year is reported in the statement of activities but is not reported as expenditures in governmental funds.	130,127
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Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(415,706)
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Change in net position of governmental activities	<u>\$ 1,257,430</u>
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See notes to the financial statements

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

South Broward Drainage District ("District") exists pursuant to the provisions of Chapter 98-524 laws of Florida as amended, a Special Act of the Florida Legislature. The District was originally formed in 1927 and includes approximately 46,400 acres in southwest Broward County, Florida. The District was established for the purposes of constructing and maintaining systems of drainage and flood control within the District in Broward County, Florida. The District is governed by the Board of Commissioners ("Board"), which is composed of seven members. The Commissioners are elected by the owners of the property within the District. The Board of Commissioners exercises all powers granted to the District pursuant to Chapter 298, Florida Statutes.

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.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For grant revenue, amounts are recognized as revenues as soon as all eligibility requirements have been met. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

### **Assessments**

Assessments are non-ad valorem assessments levied on benefited lands within the District to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments are mostly billed and collected by the County Tax Assessor/Collector. The amounts remitted to the District are net of applicable discounts or fees. In addition, amounts remitted by the County Tax Assessor/Collector include interest on monies held from the day of collection to the day of distribution.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

### **General Fund**

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

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

### **Assets, Liabilities and Net Position or Equity**

#### **Restricted Assets**

These assets represent cash and investments set aside pursuant to contractual restrictions.

#### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

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

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, fences, canals and dikes and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, infrastructure and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Asset</u>	<u>Years</u>
	Building	40
	Water control structures/culverts	15-50
	Vehicles	5
	Equipment	5

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### Compensated Absences

It is the District's policy to permit employees to accumulate, within certain limits, earned but unused vacation and sick leave. Employees with 1-7 years full time service accumulate 2 weeks of vacation per year, employees with 7 to 14 years of service, accumulate 3 weeks per year, and over 14 years accumulate 4 weeks per year. Sick time accrues at a rate of ten days per year. Employees may rollover to the next fiscal year an amount of unused vacation and sick time equal to the amount earned in one year. Employees are paid out for their excess accrued sick and vacation time at fiscal year end. In addition, employees may choose to cash out a portion of unused vacation time at fiscal year end. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable for example, if employees resign or are terminated or excess accrued time to be paid out.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt. Loans payable are reported net of applicable premiums or discounts. Issuance costs are reported as an expense in the year incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Deferred Outflows/Inflows of Resources

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

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

#### Fund Equity/Net Position

In the fund financial statements, governmental funds report nonspendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Commissioners. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Commissioners that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget.

Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Other Disclosures

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

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

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

## NOTE 4 – DEPOSITS AND INVESTMENTS

### Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

### Investments

The District's investments were held as follows at September 30, 2025:

	Amortized Cost	Credit Risk	Maturities
Certificate of deposit - Ameris Bank	\$ 245,000	N/A	April 25, 2026
Certificate of deposit - Synovus Bank	245,000	N/A	February 25, 2026
Certificate of deposit - Synovus Bank	247,000	N/A	April 17, 2026
Certificate of deposit - U.S. Century Bank	245,000	N/A	March 8, 2026
	<u>\$ 982,000</u>		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

## NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

### Investments (Continued)

*Interest rate risk and Concentration of Credit Risk* – The District's policy authorizes investment allocation limits on security types, issuers, and maturity limitations. However, the District Director has the option to modify investment percentages from time-to-time based on market conditions, risk and diversification investment strategies after review and discussion with the District's treasurer and members of the investment committee.

## NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Transfers	Reductions	Ending Balance
<u>Governmental activities</u>					
Capital assets, not being depreciated					
Land	\$ 3,672,870	\$ -	\$ -	\$ -	\$ 3,672,870
Canal Improvements and Lakes	10,700,880	-	-	-	10,700,880
Total capital assets, not being depreciated	14,373,750	-	-	-	14,373,750
Capital assets, being depreciated					
Water control structures/culverts	6,782,873	67,553	-	(3,156)	6,847,270
Buildings - district headquarters	1,699,644	-	-	-	1,699,644
Vehicles	1,001,446	108,149	53,471	-	1,163,066
Equipment	1,131,148	126,199	(53,471)	(11,769)	1,192,107
Total capital assets, being depreciated	10,615,111	301,901	-	(14,925)	10,902,087
Less accumulated depreciation for:					
Water control structures/culverts	(4,293,510)	(199,526)	-	2,496	(4,490,540)
Buildings - district headquarters	(975,658)	(42,491)	-	-	(1,018,149)
Vehicles	(825,371)	(46,750)	(44,595)	-	(916,716)
Equipment	(810,455)	(126,939)	44,595	11,769	(881,030)
Total accumulated depreciation	(6,904,994)	(415,706)	-	14,265	(7,306,435)
Total capital assets, being depreciated, net	3,710,117	(113,805)	-	(660)	3,595,652
Governmental activities capital assets	\$ 18,083,867	\$ (113,805)	\$ -	\$ (660)	\$ 17,969,402

Depreciation expense was charged to the maintenance and operations function.

## NOTE 6 – LONG-TERM LIABILITIES

### Long-term Debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2025 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Net pension liability	\$ 1,646,865	\$ -	\$ (350,457)	\$ 1,296,408	\$ -
Total OPEB liability	69,375	-	(8,568)	60,807	-
Compensated absences	113,281	-	(1,631)	111,650	33,952
Total	\$ 1,829,521	\$ -	\$ (360,656)	\$ 1,468,865	\$ 33,952

## NOTE 7 – RETIREMENT PLAN

### General Information about the 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 under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

All regular employees of the District are eligible to enroll as members of the FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a 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. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's pension expense totaled \$74,332 for the fiscal year ended September 30, 2025.

### FRS Pension Plan

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

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.
- Elected Local Officers Class – Members who hold specified elective offices in local government.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

## NOTE 7 – RETIREMENT PLAN (Continued)

### FRS Pension Plan (Continued)

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

*Benefits Provided* – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC 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.

*Benefits Provided (Continued)* – The following chart shows the percentage value for each year of service credit earned:

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value</b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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 years of service	1.68
<b>Senior Management Service Class</b>	2.00
<b>Elected Local Officers</b>	3.00

Per 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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**NOTE 7 – RETIREMENT PLAN (Continued)**

**FRS Pension Plan (Continued)**

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2025 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2024 to June 30, 2025		Percent of Gross Salary July 1, 2025 to September 30, 2025	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	13.63	3.00	14.03
FRS, Elected Officials	3.00	58.68	3.00	54.57
FRS, Senior Management Service Class	3.00	34.52	3.00	33.24

(1) Employer rates include a postemployment HIS contribution rate of 2% for October 1, 2024 to September 30, 2025, and administrative costs of .06% for the Investment plan through September 30, 2025.

The District’s contributions to the Plan totaled \$130,157 for the fiscal year ended September 30, 2025. This excludes the HIS defined benefit pension plan contributions.

Payables to the Plan – At September 30, 2025, the District reported a liability of \$13,724 to the plan.

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 \$917,574 for its proportionate share of the 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 contributions for the year ended June 30, 2025, relative to the contributions made during the year ended June 30, 2025 of all participating members. At June 30, 2025, the District’s proportionate share was .00296%, which was a decrease of .0001% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of \$76,282 related to the Pension 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
Differences between expected and actual experience	\$ 98,007	\$ -
Change of assumptions	106,554	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(153,198)
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	9,459	(95,281)
District FRS contributions subsequent to the measurement date	46,740	-
Total	<u>\$ 260,760</u>	<u>\$ (248,479)</u>

The deferred outflows of resources related to pensions, totaling \$46,740, 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 pensions will be recognized in pension expense as follows:

## NOTE 7 – RETIREMENT PLAN (Continued)

### FRS Pension Plan (Continued)

Year ending September 30,	Amount
2026	\$ 120,204
2027	(57,803)
2028	(57,652)
2029	(39,209)
2030	1
Total	<u>\$ (34,459)</u>

**Actuarial Assumptions** – The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	6.70 percent

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2025, valuation 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 on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Arithmetic Return	Geometric Return	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 (property)	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%
<b>Total</b>	<b><u>100.0%</u></b>			
Assumed inflation - mean			2.4%	1.5%

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

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

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.7%) or 1-percentage-point higher (7.7%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.70%	6.70%	7.70%
Net Pension Liability	\$ 1,800,725	\$ 917,574	\$ 177,153

## NOTE 7 – RETIREMENT PLAN (Continued)

### FRS Pension Plan (Continued)

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

### HIS Pension Plan

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

*Benefits Provided* – For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions* – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the contribution rate was 2% from October 1, 2024 to September 30, 2025, pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District’s contributions to the HIS Plan totaled \$19,963 for the fiscal year ended September 30, 2025. This does not include contributions to the Investment Plan.

*Payables to the Plan* – At September 30, 2025, the District reported a liability of \$280 to the plan.

*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 net pension liability of \$378,834 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 year ended June 30, 2025 contributions relative to the year ended June 30, 2025 contributions of all participating members. At June 30, 2025, the District’s proportionate share was .00296%, which was a decrease of .00009% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of (\$1,950) related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## NOTE 7 – RETIREMENT PLAN (Continued)

### HIS Pension Plan (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,261	\$ (601)
Change of assumptions	3,353	(91,630)
Net difference between projected and actual earnings on HIS pension plan investments	-	(315)
Changes in proportion and differences between District's HIS contributions and proportionate share of HIS contributions	256	(33,885)
District HIS contributions subsequent to measurement date	7,214	-
Total	<u>\$ 13,084</u>	<u>\$ (126,431)</u>

The deferred outflows of resources related to pensions, totaling \$7,214, 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 pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2026	\$ (29,169)
2027	(32,600)
2028	(26,203)
2029	(20,057)
2030	(12,532)
Thereafter	-
Total	<u>\$ (120,561)</u>

**Actuarial Assumptions** – The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25% average, including inflation
Discount rate	5.20 percent

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2024, valuation 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 was 5.20%. 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 Pension Liability to Changes in the Discount Rate** – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 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 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	Current		
	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Net Pension Liability	\$ 427,196	\$ 378,834	\$ 338,273

## NOTE 7 – RETIREMENT PLAN (Continued)

### HIS Pension Plan (Continued)

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

### FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement. The report can be found online at:

<http://www.myfloridacfo.com/Division/AA/Reports>

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member’s accounts during the 2025 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2024 to 9/30/2025
FRS, Regular	8.30%
FRS, Elected Officials	13.34%
FRS, Senior Management Service Class	9.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% from October 1, 2024 – September 30, 2025 and by forfeited benefits of Investment Plan members.

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

The District’s Investment Plan pension expense totaled \$88,485 for the fiscal year ended September 30, 2025.

*Payables to the Plan* – At September 30, 2025, the District reported a liability of \$7,507 to the plan.

## NOTE 8 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

### Plan Description

The District administers an employee group medical insurance plan that provides medical insurance benefits to its employees. In accordance with Section 112.081 of the Florida Statutes, because the District provides a medical plan to active employees, the District must also provide retirees and their eligible dependents the option to participate in the District's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees must contribute an amount determined periodically by the insurance carrier equal to 100% of the applicable health insurance premium. There are no minimum required employer contributions. Benefit provisions are established and may be amended by the Board of Commissioners. The plan has no assets accumulated in a GASB-compliant trust. The plan does not issue separate financial statements.

At September 30, 2025, the following employees were covered by benefit terms:

Current retirees:	
Total current retirees	-
Active employees:	
Active participants	18
Total active employees	<u>18</u>
Total number of participants	<u><u>18</u></u>

### Changes in Net OPEB Liability

Sources of changes in the net OPEB liability were as follows:

	Increase (Decrease) in		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at September 30, 2024	\$ 69,375	\$ -	\$ 69,375
Changes due to:			
Service cost	2,612	-	2,612
Interest	2,848	-	2,848
Differences between expected and actual experience	3,932		3,932
Changes in assumptions	(14,214)	-	(14,214)
Benefit payments and refunds	(3,746)	-	(3,746)
Balance at September 30, 2025	<u>\$ 60,807</u>	<u>\$ -</u>	<u>\$ 60,807</u>

## NOTE 8 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

### Actuarial Assumptions

Significant actuarial assumptions used to calculate the net OPEB liability were as follows:

Actuarial valuation date	9/30/2025
Measurement date	9/30/2025
Actuarial cost method	Entry Age Cost Method (Level % of Pay)
Actuarial assumptions:	
Discount rate	4.50% per annum (The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used)
Projected salary increases	2.50%
Inflation rate	2.50%
Healthcare cost trend rate(s):	Initial rate of 6.5% in fiscal year 2025, grading down to the ultimate trend rate of 4.00% in fiscal year 2075.
Marital status	100% assumed married, with male spouses 3 years older than female spouses
Healthcare participation	20% participation assumed, with 50% electing spouse coverage
Mortality rate	For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019
Changes in assumptions	Change in the discount rate from 4.06% for the fiscal year ending September 30, 2024 to 4.50% for the fiscal year ending September 30, 2025. Updated healthcare costs and premiums are also included as assumption changes.

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current discount rate:

	<b>1% Decrease (3.50%)</b>	<b>Current Discount Rate (4.50%)</b>	<b>1% Increase (5.50%)</b>
Net OPEB liability	\$ 68,400	\$ 60,807	\$ 54,652

**NOTE 8 – OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Sensitivity of the Total OPEB Liability Using Alternative Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 3.00%) or 1-percentage-point higher (7.5% decreasing to 5.00%) than the current healthcare cost trend rates:

	<b>1% Decrease (5.5% grading down to 3%)</b>	<b>Healthcare Cost Trend (6.5% grading down to 4%)</b>	<b>1% Increase (7.5% grading down to 5%)</b>
Net OPEB liability	\$ 54,499	\$ 60,807	\$ 68,667

**OPEB Expense**

For the year ended September 30, 2025, the District recognized OPEB expense of (\$8,568).

**NOTE 9 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years that exceeded insurance coverage.

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Assessments	\$ 4,624,421	\$ 4,457,372	\$ (167,049)
Interest income	200,000	312,898	112,898
Permit revenue	103,500	120,150	16,650
Miscellaneous income	20,000	640,256	620,256
Total revenues	4,947,921	5,530,676	582,755
<b>EXPENDITURES</b>			
Current:			
General government	2,060,737	1,602,633	458,104
Maintenance and operations	2,772,331	2,201,900	570,431
Capital outlay	1,227,475	494,590	732,885
Total expenditures	6,060,543	4,299,123	1,761,420
Excess (deficiency) of revenues over (under) expenditures	(1,112,622)	1,231,553	2,344,175
<b>OTHER FINANCING SOURCES</b>			
Use of fund balance	1,112,622	-	(1,112,622)
Total other financing sources	1,112,622	-	(1,112,622)
Net change in fund balance	\$ -	1,231,553	\$ 1,231,553
Fund balances - beginning		6,879,543	
Fund balance - ending		\$ 8,111,096	

See notes to required supplementary information

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025.

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN DISTRICT'S NET OPEB LIABILITY  
AND RELATED RATIOS**

	2025	2024	2023	2022	2021
<b>Total OPEB Liability</b>					
Service cost	\$ 2,612	\$ 2,180	\$ 3,157	\$ 4,723	\$ 4,858
Interest	2,848	3,061	5,210	3,392	3,104
Difference between expected and actual experience	3,932	-	(46,860)	-	-
Assumption changes	(14,214)	5,240	(49)	(27,200)	(4,212)
Benefit payments and refunds	(3,746)	(3,501)	(10,113)	(9,407)	(8,751)
Net change in Total OPEB Liability	(8,568)	6,980	(48,655)	(28,492)	(5,001)
Total OPEB Liability - Beginning of Year	69,375	62,395	111,050	139,542	144,543
Total OPEB Liability - End of Year	<u>\$ 60,807</u>	<u>\$ 69,375</u>	<u>\$ 62,395</u>	<u>\$ 111,050</u>	<u>\$ 139,542</u>
<b>Net OPEB Liability</b>	<u>\$ 60,807</u>	<u>\$ 69,375</u>	<u>\$ 62,395</u>	<u>\$ 111,050</u>	<u>\$ 139,542</u>
Fiduciary net position as a % of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 1,278,566	\$ 1,284,840	\$ 1,253,503	\$ 1,153,938	\$ 1,125,793
Total OPEB liability as a percentage of covered payroll	4.76%	5.40%	4.98%	9.62%	12.39%

*(1) GASB 75 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is available.*

**Notes to Schedule:**

*Changes of assumptions:* The discount rate was changed as follows:

Fiscal year ending:	
9/30/2020	2.14%
9/30/2021	2.43%
9/30/2022	4.77%
9/30/2023	4.87%
9/30/2024	4.06%
9/30/2025	4.50%

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY  
SEPTEMBER 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the FRS net pension liability	0.00296%	0.00308%	0.00319%	0.00337%	0.00364%	0.00339%	0.00326%	0.00323%	0.00323%	0.00335%
District's proportionate share of the FRS net pension liability	917,574	1,189,946	1,272,776	1,254,929	274,665	1,469,127	1,121,936	973,914	955,966	1,702,790
District's covered payroll	1,320,952	1,290,420	1,235,181	1,153,580	1,178,902	1,257,006	1,165,282	1,099,834	1,116,252	2,130,494
Liability as a percentage of covered payroll	69.46%	92.21%	103.04%	108.79%	23.30%	116.88%	96.28%	88.55%	85.64%	79.92%
FRS plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Schedule of District's Proportionate Share of Net Pension Liability  
Health Insurance Subsidy Pension Plan  
Last 10 Years (Measurement Date)\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the HIS net pension liability	0.00296%	0.00305%	0.00311%	0.00317%	0.00339%	0.00344%	0.00345%	0.00336%	0.00351%	0.00365%
District's proportionate share of the HIS net pension liability	378,834	338,273	494,067	335,270	416,205	419,542	385,963	355,704	375,279	1,254,873
District's covered payroll	1,320,952	1,290,420	1,235,181	1,153,580	1,178,902	1,257,006	1,165,282	1,099,834	1,116,252	2,130,494
Liability as a percentage of covered payroll	28.68%	26.21%	40.00%	29.06%	35.30%	33.38%	33.12%	32.34%	33.62%	58.90%
HIS plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.56%	2.63%	2.15%	1.64%	0.97%

(1) The amounts presented for each year were determined as of the measurement date, June 30.

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FLORIDA RETIREMENT SYSTEM  
CONTRIBUTION SCHEDULES  
SEPTEMBER 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ 130,157	\$ 146,821	\$ 147,638	\$ 133,784	\$ 168,114	\$ 120,246	\$ 127,646	\$ 117,384	\$ 109,872	\$ 120,306
FRS contributions in relation to the contractually required contribution	(130,157)	(146,821)	(147,638)	(133,784)	(168,114)	(120,246)	(127,646)	(117,384)	(109,872)	(120,306)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,345,222	\$ 1,297,490	\$ 1,232,785	\$ 1,182,356	\$ 1,178,902	\$ 1,257,006	\$ 1,165,282	\$ 1,099,834	\$ 1,116,252	\$ 2,048,353
FRS contributions as a percentage of covered payroll	9.68%	11.32%	11.98%	11.32%	14.26%	9.57%	10.95%	10.67%	9.84%	5.87%

Schedule of District Contributions  
Health Insurance Subsidy Pension Plan  
Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	\$ 19,963	\$ 20,175	\$ 23,215	\$ 19,627	\$ 19,570	\$ 20,866	\$ 19,344	\$ 18,257	\$ 18,530	\$ 34,003
HIS contributions in relation to the contractually required contribution	(19,963)	(20,175)	(23,215)	(19,627)	(19,570)	(20,866)	(19,344)	(18,257)	(18,530)	(34,003)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,345,222	\$ 1,297,490	\$ 1,232,785	\$ 1,182,356	\$ 1,178,902	\$ 1,257,006	\$ 1,165,282	\$ 1,099,834	\$ 1,116,252	\$ 2,048,353
HIS contributions as a percentage of covered payroll	1.48%	1.55%	1.88%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

\*Information is not available for periods not presented

**SOUTH BROWARD DRAINAGE DISTRICT  
BROWARD COUNTY, FLORIDA  
OTHER INFORMATION – DATA ELEMENTS  
REQUIRED BY FL STATUTE 218.39(3)(C)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025  
UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	20
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	2
Employee compensation for last pay period of the District's fiscal year	\$50,298
Independent contractor compensation in the last month of the fiscal year	\$10,866
Construction projects with total cost ≥ \$65,000 scheduled to begin on or after October 1 of the reported fiscal year: approved budget and total expenditures during the reported fiscal year	
Rebuild 3 pumps	Approved Budget \$110,000 Total Fiscal Year Expenditures \$69,616
Upgrade B-1 Pump Station	Approved Budget \$80,000 Total Fiscal Year Expenditures \$82,830.52
Budget variance report	See the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	
Special assessment rate	Operations and maintenance - see below
Special assessments collected	\$4,457,372
Outstanding Bonds:	None

<b>Non-advalorem Assessment rates</b>	
<b>Category</b>	<b>Rate</b>
Single family home	\$ 43.00
Vacant land	\$ 35.10
Multi-family home	\$ 32.30
Residential condo	\$ 32.30
Commercial / Industrial	\$ 88.30
Mobile home	\$ 32.30



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

To the Board of Commissioners  
South Broward Drainage District  
Broward County, 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 South Broward Drainage District, Broward County, Florida ("District") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated April 1, 2026.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

*Grau & Associates*

April 1, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Commissioners  
South Broward Drainage District  
Broward County, Florida

We have examined South Broward Drainage District, Broward County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal 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 the Florida House of Representatives, the Florida Auditor General, management, and the Board of Commissioners of South Broward Drainage District, Broward County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

April 1, 2026



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Commissioners  
South Broward Drainage District  
Broward County, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of South Broward Drainage District, Broward County, Florida ("District"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 1, 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 Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 1, 2026, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Commissioners of South Broward Drainage District, Broward County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank South Broward Drainage District, Broward County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

April 1, 2026

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2024.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2025.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2025.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District did not meet any of the conditions enumerated in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and we noted no deteriorating financial conditions as of September 30, 2025. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 35.