SUWANNEE WATER AND SEWER DISTRICT

FINANCIAL STATEMENTS

For the Year Ended September 30, 2025

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SUWANNEE WATER AND SEWER DISTRICT

DISTRICT OFFICIALS

September 30, 2025

OFFICIALS	POSITION, SEAT
Board Members	
Ben West	Secretary, Seat 1
Pat Miles	Vice chairman, Seat 2
Karen Ross	Member, Seat 3
William “Bill” Brooks	Treasurer, Seat 4
Allen Clark	Chairman, Seat 5
Manager	
Raelynn Brownell	
Attorney	
Lindsey B. Lander	

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SUWANNEE WATER AND SEWER DISTRICT

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September 30, 2025

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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107 2nd Ave S.E. **Fax 386-792-1925**
Jasper, FL 32052 **kmdcpa@windstream.net**

INDEPENDENT AUDITOR'S REPORT

Board Members
Suwannee Water and Sewer District
Suwannee, Florida

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities and the major fund of the Suwannee Water and Sewer District (the District) as of and for the year ended September 30, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Suwannee Water and Sewer District, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and pension trend information on pages 33-34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 2026, on my consideration of the Suwannee Water and Sewer District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Suwannee Water and Sewer District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Suwannee Water and Sewer District's internal control over financial reporting and compliance.

Kenneth M. Daniels
Certified Public Accountant
June 25, 2026

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MANAGEMENT'S

DISCUSSION &

ANALYSIS

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SUWANNEE WATER AND SEWER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2025

Our discussion and analysis of the Suwannee Water and Sewer District's financial performance provides an overview of District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District's financial statements, which begin in page 9.

USING THIS ANNUAL REPORT

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

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

Fund financial statements report the District's operations in more detail than the government–wide statements.

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

Reporting the District as a Whole

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

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

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

In the Statement of Net Position and the Statement of Activities, the District's activities are considered business-type: the District charges fees to customers to help it cover the cost of certain utility services it provides. The District's water and sewer/wastewater services are included in the business-type activities.

Reporting the District's Fund

Our analysis of the District's fund (one major) begins on page 6. The fund financial statements begin on page 11 and provide detailed information about the District's Proprietary Fund. A description of the District's Fund follows:

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

The District as a Whole

As indicated below, the District's net position decreased approximately $1 million. Depreciation on the District's capital assets, $489,700, and repair and maintenance expense of $238,444 due to Hurricanes Idalia and Helene (not including labor) were the primary reasons for the decrease.

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

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

Table 1
NET POSITION
(In Thousands)

	Business-type Activities	
	2025	2024
Current and other assets	$ 1,125	$ 1,874
Capital assets	5,678	6,167
Total assets	6,803	8,041
Deferred outflows of resources	83	110
Total assets and deferred outflows of resources	$ 6,886	$ 8,151
Other liabilities	$ 170	$ 269
Long term liabilities	2,741	2,886
Total liabilities	2,911	3,155
Deferred inflows of resources	62	49
Net position		
Invested in Cap Assets	3,139	3,537
Unrestricted	774	1,410
Total net position	3,913	4,947
Total liabilities, deferred inflows of resources, and net position	$ 6,886	$ 8,151

Explanation of Significant Changes Table 1

Current and other assets decreased $749,000, due to Idalia and Helene hurricane related expense of $319,640 (includes prior year payables) along with increases in insurance - $21,000; grinder pumps and related parts - $124,211; distribution repairs - $105,728; water and sewer supplies - $129,460; and wages - $20,420. Capital assets, net, decreased $489,000, due to depreciation on the District's assets.

Other liabilities decreased approximately $99,000 which was due to prior year hurricane related payables. Long term liabilities decreased $145,000 and was due to a decrease of $51,558 in the pension liability and debt service principal payments of $91,100.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Business-type Activities	
Statement of Activities		
Program revenues	2025	2024
Water utility services	$ 485	$ 730
Sewer/wastewater services	591	848
General revenues		
Interest	10	21
Miscellaneous	16	15
Total revenues	1,102	1,614
Program expenses		
Water utility services	420	268
Sewer/wastewater services	576	421
Water/sewer combination services	1,140	1,050
Total expenses	2,136	1,739
Change in net position	(1,034)	(125)
Beginning net position	4,947	5,072
Ending net position	$ 3,913	$ 4,947

Explanation of Significant Changes Table 2

Business-type revenues decreased approximately $502,000. Increased utility billings of $42,500 (minimal billings for a period of five months due to hurricane damage in the prior year) partially offset the federal and state grants received in the prior year - $570,600. The District's water/wastewater expenses increased $397,000 due to increases in insurance - $21,000; grinder pumps and related parts - $124,211; distribution repairs - $105,728; water and sewer supplies - $129,460; and wages - $20,420.

The District's Fund's Net Position

The District's fund net position decreased as indicated above.

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

Proprietary Fund
Change in Net Position:
Invested in Capital Assets

2025	2024	$ Change	Percent Change
$ 3,139	$ 3,537	$ (398)	-11.3%

Unrestricted

2025	2024	$ Change	Percent Change
$ 774	$ 1,410	$ (636)	-45.1%

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2025, the District had $18.44 million invested in capital assets, including equipment and water and sewer plants. See Table 4 below.

Table 4
CAPITAL ASSETS (in Thousands)

	Business-type Activities	
	2025	2024
Land and construction in progress	$ 31	$ 31
Plant and equipment	1,360	1,360
Water System	7,695	7,695
Sewer System	9,355	9,355
Total capital assets, gross	$ 18,441	$ 18,441

Debt

At year-end, the District had $2.7 million in outstanding debt. A net decrease of approximately $144,000 from the prior year. The decrease was largely due to bond payments (a reduction of $91,000) and the pension liability (a decrease of $51,000).

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

	Business-type Activities	
	2025	2024
Compensated absences	$ 5	$ 7
Revenue bonds payable	2,539	2,630
Pension liability	198	249
Totals	$ 2,742	$ 2,886

CURRENTLY KNOWN FACTS

The District's Proprietary Fund budget for the fiscal year 2025-26 budgeted $1.02 million in revenues; water operating expenses of $119,000; sewer operating expense of $46,500; administrative expenses of $169,260; personal services of $303,000; water/sewer operating expense of $146,300; and loan payments of $207,365.

CONTACTING THE DISTRICT 'S FINANCIAL MANAGEMENT

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

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

Sincerely,

Raelynn Brownell

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BASIC

FINANCIAL

STATEMENTS

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SUWANNEE WATER AND SEWER DISTRICT

STATEMENT OF NET POSITION

September 30, 2025

		Business-type Activities
Assets		
Cash	$	127,200
Accounts receivable, net		62,447
Inventory		61,336
Restricted assets		
Cash		874,457
Capital assets		
Land		30,916
Other capital assets, net of depreciation		5,646,778
Total capital assets, net		5,677,694
Total assets		6,803,134
Deferred outflows of resources		
Pensions		83,012
Total assets and deferred outflows of resources	$	6,886,146
Liabilities		
Accounts payable	$	12,589
Accrued interest		9,444
Customer deposits		131,914
Unearned revenue		15,726
Long-term liabilities		
Due within one year		
Compensated absences		4,939
Revenue bonds payable		94,300
Due in more than one year		
Revenue bonds payable		2,444,500
Pension liability		197,535
Total liabilities		2,910,947
Deferred inflows of resources		
Pensions		62,083
Net position		
Net investment in capital assets		3,138,894
Unrestricted		774,222
Total net position		3,913,116
Total liabilities, deferred inflows of resources, and net position	$	6,886,146

See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Business type activities					
Water utility services	$ 419,987	$ 476,550	$ 8,245	$ -	$ 64,808
Sewer/wastewater services	576,050	582,864	8,246	-	15,060
Water/sewer combination services	1,139,883	-	-	-	(1,139,883)
Total business type activities	$ 2,135,920	$ 1,059,414	$ 16,491	$ -	(1,060,015)
General revenues					
Interest					9,595
Rents					13,414
Miscellaneous					3,090
Total general revenues					26,099
Change in net position					(1,033,916)
Net position - beginning					4,947,032
Net position - ending					$ 3,913,116

See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

September 30, 2025

Assets		
Current assets		
Cash and cash equivalents	$	127,200
Accounts receivable		83,947
Allowance for doubtful accounts		(21,500)
Inventory		61,336
Total current assets		250,983
Noncurrent assets		
Restricted assets		
Cash - certificates of deposit		430,851
Cash		443,606
Total restricted assets		874,457
Capital assets		
Land		30,916
Water plant		7,695,088
Sewage treatment plant		9,354,687
Equipment		1,360,442
Accumulated depreciation		(12,763,439)
Total capital assets		5,677,694
Total noncurrent assets		6,552,151
Total assets		6,803,134
Deferred outflows of resources		
Pensions		83,012
Total assets and deferred outflows of resources	$	6,886,146
Liabilities		
Current liabilities		
Accounts payable	$	12,589
Accrued interest		9,444
Accrued leave		4,939
Customer deposits		131,914
Unearned revenue		15,726
Revenue bonds payable, current portion		94,300
Total current liabilities		268,912
Noncurrent liabilities		
Revenue bonds payable		2,444,500
Pension liability		197,535
Total noncurrent liabilities		2,642,035
Total liabilities		2,910,947
Deferred inflows of resources		
Pensions		62,083
Net position		
Net investment in capital assets		3,138,894
Unrestricted		774,222
Total net position		3,913,116
Total liabilities, deferred inflows of resources, and net position	$	6,886,146

See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

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

For the Year Ended September 30, 2025

Operating revenues		
Charges for services		
Water	$	463,960
Sewer		567,466
Other		27,988
Total operating revenues		1,059,414
Operating expenses		
Water utility services		
Operating expenses		419,987
Sewer/wastewater services		
Operating expenses		576,050
Water-sewer combination services		
Personal services		443,830
Operating expenses		580,128
Total water-sewer combination services		1,023,958
Total operating expenses		2,019,995
Operating income (loss)		(960,581)
Nonoperating revenues (expenses)		
Interest earnings		9,595
Rents		13,414
Miscellaneous		3,090
Federal grants		14,135
State grants		2,356
Interest expense		(115,925)
Total nonoperating revenues (expense)		(73,335)
Change in net position		(1,033,916)
Net position - beginning		4,947,032
Net position - ending	$	3,913,116

See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended September 30, 2025

Cash flows from operating activities	
Cash received from customers and users	$ 1,041,214
Cash payments for employees and benefits	(461,068)
Cash payments for goods and services	(1,121,854)
Net cash provided by (used for) operating activities	(541,708)
Cash flows from noncapital financing activities	
Rents	13,414
Federal and state grants	16,491
Miscellaneous	3,090
Net cash provided by (used for) noncapital financing activities	32,995
Cash flows from capital and related financing activities	
Interest paid	(116,265)
Payment of long-term debt	(91,100)
Net cash provided by (used for) capital and related financing activities	(207,365)
Cash flows from investing activities	
Interest revenue	9,595
Purchases of certificates of deposit	(135)
Net cash provided by (used for) investing activities	9,460
Net increase (decrease) in cash	(706,618)
Cash and cash equivalents - beginning	1,277,424
Cash and cash equivalents - ending	$ 570,806
Reconciliation of operating loss to net cash provided by operating activities	
Operating income (loss)	$ (960,581)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	489,653
Changes in assets and liabilities	
Decrease (increase) in	
Accounts receivable, net	(4,168)
Inventory	45,853
Deferred outflows of resources - pensions	27,379
Increase (decrease) in	
Accounts payable	(81,195)
Accrued leave	(2,199)
Retirement/withholding payable	(3,448)
Deposits	(12,964)
Unearned revenue	(1,068)
Pension liability	(51,558)
Deferred inflows of resources - pensions	12,588
Total adjustments	418,873
Net cash provided by (used for) operating activities	$ (541,708)
Noncash transactions	$ -

(Continued)
See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended September 30, 2025

Reconciliation of cash reported on statement of net position to cash reported on the statement of cash flows:		
Per the statement of net position		
Cash and cash equivalents	$	127,200
Restricted assets		
Cash - certificates of deposit		430,851
Cash		443,606
Total cash		1,001,657
Less certificates of deposit		
Debt service		(430,851)
Cash reported on the statement of cash flows	$	570,806

See notes to financial statements.

SUWANNEE WATER AND SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE 1. – Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

For the year ended September 30, 2025, there were no other entities to consider for inclusion as a component unit within the District's reporting entity.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

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

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

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

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

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

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

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

The District reports the following major enterprise fund:

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

Basis of Accounting

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

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

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

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

Deposits

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

Cash and Cash Equivalents

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

Inventories

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

Capital Assets

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

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

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

Pensions

In the government-wide and fund statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

Compensated Absences

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

Deferred Outflows/Inflows of Resources

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

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

Net Position/Restricted-Unrestricted Resources

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

Change in Accounting Principles

The District adopted Statement of Governmental Accounting Standards (GASB Statement) No. 101, Compensated Absences and No. 102, Certain Risk Disclosures, in 2025. The adoptions had no effect on the financial statements at the beginning of the year.

Restricted Assets

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

		Amount
Debt service reserve	$	693,662
Customer deposits		180,795
Total	$	874,457

NOTE 2. Deposits

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

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

At September 30, 2025, the District's deposits held in Qualified Public Depositories totaled $1,040,216. Of this balance, $500,000 was covered by federal depository insurance. The remainder of $540,216 is insured through the Bureau of Collateral Management, Division of Treasury, Department of Financial Services under *Florida Statutes* Chapter 280.

The District has four CDs at September 30, 2025:

Qualified Public Depository		Balance/Fair Value
Seacoast Bank	$	38,402
Seacoast Bank		45,957
Seacoast Bank		109,916
Seacoast Bank		236,576
Total certificates of deposit	$	430,851

The CDs mature at various two-year intervals.

NOTE 3. Receivables

At September 30, 2025, the District was owed $83,947, for utilities provided. The amount and established allowance for uncollectible accounts are indicated below:

		Accounts
Gross accounts receivable	$	83,947
Allowance for doubtful accounts		(21,500)
Net accounts receivable	$	62,447

NOTE 4. Capital Assets

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

Business-type activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	$ 30,916	$ -	$ -	$ 30,916
Other capital assets				
Plant and equipment	1,360,442	-	-	1,360,442
Water System	7,695,088	-	-	7,695,088
Sewer System	9,354,687	-	-	9,354,687
Total other capital assets	18,410,217	-	-	18,410,217
Less accumulated depreciation for				
Plant and equipment	824,974	49,664	-	874,638
Water System	4,467,702	185,032	-	4,652,734
Sewer System	6,981,110	254,957	-	7,236,067
Total accumulated depreciation	12,273,786	489,653	-	12,763,439
Other capital assets, net	6,136,431	489,653	-	5,646,778
Business-type activities capital assets, net	$ 6,167,347	$ 489,653	$ -	$ 5,677,694

Depreciation expense was charged the various functions as follows:

Business-type activities	
Water utility services	$ 209,864
Sewer/wastewater services	279,789
Total physical environment	$ 489,653

NOTE 5. Long-term Obligations

Revenue bonds payable

The District has the following revenue bonds payable at September 30, 2025:

A. Series 2007 issued September 26, 2007, in the amount of $1,400,000. Forty annual payments average $73,181, and include interest of 4.25%

B. Series 2011 issued January 27, 2011, in the amount of $1,134,000. Forty annual payments average $59,504, including interest of 4.375%

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

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

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

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

At September 30, 2025, $693,662 was held in the sinking funds for debt service and reserve purposes exceeding the required amount.

The District incurred interest expense of $115,925 on the above revenue bonds during the year ending September 30, 2025. The amount is included in the direct expense of the Town’s Water and Sewer/wastewater Department.

Debt service requirements on long-term debt at September 30, 2025, are as follows:

	Series 2007		Series 2011		Series 1996		Series 1996A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 29,300	$ 43,894	$ 20,000	$ 39,069	$ 25,000	$ 16,110	$ 20,000	$ 13,069	$ 94,300	$ 112,142
2027	30,500	42,649	21,000	38,194	26,500	14,985	21,000	12,044	99,000	107,872
2028	31,800	41,353	22,000	37,275	28,000	13,793	22,000	10,968	103,800	103,389
2029	33,200	40,001	23,000	36,312	30,000	12,532	24,000	9,840	110,200	98,685
2030	34,600	38,590	24,000	35,306	31,000	11,183	25,000	8,610	114,600	93,689
2031-2035	196,400	169,596	138,000	159,775	177,500	33,683	143,000	22,755	654,900	385,809
2036-2040	241,800	124,168	171,000	126,788	40,000	1,800	-	-	452,800	252,756
2041-2045	297,700	68,230	212,000	85,881	-	-	-	-	509,700	154,111
2046-2050	137,500	8,827	262,000	35,394	-	-	-	-	399,500	44,221
	$ 1,032,800	$ 577,308	$ 893,000	$ 593,994	$ 358,000	$ 104,085	$ 255,000	$ 77,286	$ 2,538,800	$ 1,352,672

Pledged future revenues for the loan above are as follows:

Pledged Future Revenues:	
Collateralized Debt - Revenue Bonds	
Pledged revenue required for future principal and interest on existing notes payable	$3,891,472
Term of commitment fiscal year ending September 30, 2025	25
Percentage of gross water/sewer system revenue pledged	100%
Current fiscal year pledged revenue	$1,059,414
Current fiscal year principal and interest paid	$207,365

Long-term debt activity for the year ended September 30, 2025, was as follows:

	10/1/2024	Additions	Deductions	9/30/2025	Amounts due within One Year
Revenue bonds	$ 2,629,900	$ -	$ 91,100	$ 2,538,800	$ 94,300
Compensated absences	7,138	8,679	10,878	4,939	4,939
Totals	$ 2,637,038	$ 8,679	$ 101,978	$ 2,543,739	$ 99,239

NOTE 6. Risk Management

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

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

General Information

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

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

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

The District's pension expense, FRS ($9,094) and HIS ($2,497) totaled ($11,591) for the fiscal year ended September 30, 2025.

FRS Pension Plan:

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

Regular Class – Members of the FRS who do not qualify for membership in the other classes.
Elected County Officers Class – Members who hold specified elective offices in local government.
Senior Management Service Class (SMSC) – Members in senior management level positions.
Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class

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

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

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

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

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

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

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

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2024-25 fiscal year were as follows:

Class	Percent of Gross Salary Employee	Employer (1)	Total Contribution Rate
FRS, Regular	3.00%	13.63%	16.63%
FRS, Elected County Officers	3.00%	58.68%	61.68%
FRS, Senior Management Service	3.00%	34.52%	37.52%
FRS, Special Risk Regular	3.00%	32.79%	35.79%
FRS, Special Risk Administrative	3.00%	39.82%	42.82%
DROP - Applicable to member from all of the above classes	N/A	21.13%	21.13%

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

The District's contributions, including employee contributions, to the Plan totaled $17,748, (District $14,135; Employees $3,612) for the fiscal year ended September 30, 2025.

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 $116,557 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 June 30, 2025.

The District's proportionate share of the net pension liability was based on the District's 2024-25 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the District's proportionate share was .000376209 percent, which was an decrease of .00000901 percent from its proportionate share of .000385217 percent measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of ($9,094).

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

Description	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 12,471	$ -
Changes in assumptions	13,558	-
Net difference between projected and actual Investment earnings	-	(19,493)
Employer specific amounts due to changes in employer proportion	27,283	(12,858)
Total	$ 53,312	$ (32,351)

The deferred outflows of resources related to pensions, totaling $6,698, 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending September 30,		Amount
2026	$	(614)
2027		(614)
2028		(614)
2029		(614)
2030		(430)
Thereafter		-

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date.

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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

The long-term expected rate of return on pension plan investments was not based on historical returns but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate: The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 valuation was unchanged from the previous valuation.

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

	1% Decrease 5.70%	Current Discount 6.70%	1% Increase 7.70%
District's proportionate share of the net pension liability	$ 228,741	$ 116,557	$ 22,503

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

Payables to the Pension Plan: At September 30, 2025, the District reported no amounts owed for contributions required for the fiscal year ended September 30, 2025.

HIS Pension Plan

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

Benefits Provided: For the fiscal year ended June 30, 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 $45 and a maximum HIS payment of $225 per month, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2025, the contribution rate was 2 percent of payroll pursuant to section 112.363, *Florida Statutes*. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled $5,441 for the fiscal year ended September 30, 2025.

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 $80,978, for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

The District's proportionate share of the net pension liability was based on the District's 2024-25 fiscal year contributions relative to June 30, 2025, fiscal year contributions of all participating members.

At June 30, 2025, the District's proportionate share was .000631776 percent, which was an decrease of .00003534 percent from its proportionate share of .000667113 percent measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of ($2,497). In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 483	$ (128)
Changes in assumptions	717	(19,586)
Net difference between projected and actual Investment earnings	-	(67)
Employer specific amounts due to changes in employer proportion	28,500	(9,951)
Total	$ 29,700	$ (29,732)

The deferred outflows of resources, totaling $1,488 was related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending September 30,	Amount
2026	$ (999)
2027	(999)
2028	(999)
2029	(999)
2030	(799)
Thereafter	-

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

Inflation	2.40%
Salary increases	3.50%
Municipal bond rate	5.20%

Salary increases did not change from the previous valuation of 3.50 percent.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.20 percent) or 1 percentage-point higher (6.20 percent) than the current rate:

	1% Decrease 4.20%	Current Discount 5.20%	1% Increase 6.20%
District's proportionate share of the net pension liability	$ 91,316	$ 80,978	$ 72,308

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

Payables to the Pension Plan At September 30, 2025, the District reported no payable for contributions to the HIS Plan required for the fiscal year ended September 30, 2025.

FRS – Defined Contribution Pension Plan

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

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

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

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

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

Allocations to the investment member's accounts during the 2024-25 fiscal year were as follows:

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

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

Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled $22,351, (District $17,802; Employees $4,549) for the fiscal year ended September 30, 2025.

Payables to the Investment Plan At September 30, 2025, the District reported no payables for contributions required for the fiscal year ended September 30, 2025.

NOTE 8. Current/Future Accounting Pronouncements

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

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

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

The District is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2026, and beyond.

Note 9. Subsequent Events

The District's Management has evaluated subsequent events through the date of the audit report – June 25, 2026, the date which the financial statements were available for issuance and reports the following:

On September 26, 2024, Hurricane Helene made landfall in Florida causing significant damage to the District's water wells and meters. Repairs were made during fiscal year 2024-25 and continue. The District expects to receive funding to assist with the repairs and is awaiting FEMA approval.

REQUIRED

SUPPLEMENTARY

INFORMATION

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Suwannee Water and Sewer District

Schedule of the Proportionate Share of Net Pension Liability

Last 10 Fiscal Years

Florida Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.000376%	0.000385%	0.000266%	0.000344%	0.000296%	0.000320%	0.000348%	0.000437%	0.000497%	0.000507%
District's proportionate share of the net pension liability (asset)	$ 116,557	$ 149,020	$ 105,991	$ 128,085	$ 22,325	$ 138,676	$ 119,722	$ 131,558	$ 146,942	$ 127,971
District's covered-employee payroll	$ 272,054	$ 280,422	$ 213,953	$ 169,744	$ 164,169	$ 178,550	$ 186,589	$ 202,081	$ 218,814	$ 247,106
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.84%	53.14%	49.54%	75.46%	13.60%	77.67%	64.16%	65.10%	67.15%	51.79%
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%

Health Insurance Subsidy Program

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.000632%	0.000667%	0.000424%	0.000463%	0.000441%	0.000523%	0.000561%	0.000633%	0.000748%	0.000771%
District's proportionate share of the net pension liability (asset)	$ 80,978	$ 100,073	$ 67,383	$ 49,014	$ 54,103	$ 63,813	$ 62,765	$ 66,981	$ 80,030	$ 89,894
District's covered-employee payroll	$ 272,054	$ 280,422	$ 213,953	$ 169,744	$ 164,169	$ 178,550	$ 186,589	$ 202,081	$ 218,814	$ 247,106
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.77%	35.69%	31.49%	28.88%	32.96%	35.74%	33.64%	33.15%	36.57%	36.38%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Notes to Schedules:
Note 1: The information in this schedule was determined as of June 30, 20xx, the measurement date of the collective net pension liability.

Suwannee Water and Sewer District

Schedule of Contributions

Last 10 Fiscal Years

Florida Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 17,748	$ 20,995	$ 16,101	$ 13,064	$ 12,522	$ 12,610	$ 12,191	$ 12,666	$ 17,962	$ 18,834
Contributions in relation to the contractually required contribution	17,748	20,995	16,101	13,064	12,522	12,610	12,191	12,666	17,962	18,834
Contribution deficiency (excess)	$ (0)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 272,054	$ 280,422	$ 213,953	$ 169,744	$ 164,169	$ 186,589	$ 186,589	$ 202,081	$ 218,814	$ 247,106
Contributions as a percentage of covered-employee payroll	6.52%	7.49%	7.53%	7.70%	7.63%	6.76%	6.53%	6.27%	8.21%	7.62%

Health Insurance Subsidy Program

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 5,441	$ 5,608	$ 3,829	$ 2,818	$ 2,725	$ 2,964	$ 3,073	$ 3,354	$ 3,632	$ 4,102
Contributions in relation to the contractually required contribution	5,441	5,608	3,829	2,818	2,725	2,964	3,073	3,354	3,632	4,102
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 272,054	$ 280,422	$ 213,953	$ 169,744	$ 164,169	$ 178,550	$ 186,589	$ 202,081	$ 218,814	$ 247,106
Contributions as a percentage of covered-employee payroll	2.00%	2.00%	1.79%	1.66%	1.66%	1.66%	1.65%	1.66%	1.66%	1.66%

Notes to Schedules:
Note 1: Covered employee payroll includes defined benefit actives, investment plan members, and members in DROP as applicable.
Note 2: The amounts presented for each fiscal year were determined as of June 30, 20xx.

COMPLIANCE

SECTION

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Suwannee Water and Sewer District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Suwannee Water and Sewer District's basic financial statements, and have issued my report thereon dated June 25, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Kenneth M. Daniels
Certified Public Accountant
June 25, 2026

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INDEPENDENT ACCOUNTANT'S REPORT

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

I have examined Suwannee Water and Sewer District's compliance with *Florida Statues* 218.415 during the period October 1, 2024, to September 30, 2025. Management of the Suwannee Water and Sewer District is responsible for the District's compliance with the specified requirements. My responsibility is to express an opinion on the Suwannee Water and Sewer District's compliance based on my examination.

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

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

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

In my opinion, the Suwannee Water and Sewer District, complied in all material respects, with the specified requirements indicated above during the period October 1, 2024, to September 30, 2025.

Kenneth M. Daniels
Certified Public Accountant
June 25, 2026

KENNETH M. DANIELS
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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of the Suwannee Water and Sewer District, as of and for the fiscal year ended September 30, 2025, and have issued my report thereon dated June 25, 2026.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 25, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Prior Year Findings

All prior year findings were cleared.

Current Year Findings

There were no current year findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1. The District's financial statements included no component units.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5b. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Suwannee Water and Sewer District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was performed as of September 30, 2025.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, Suwannee Water and Sewer District, affirms that a PACE program authorized pursuant to Section 163.081 or Section 163.082 *Florida Statutes*, did not operate within District's geographical boundaries during the fiscal year ending September 30, 2025.

Special District Component Units

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

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

a. The total number of district employees compensated in the last pay period of the district's fiscal year as "six."

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as "five."
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $336,572.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $31,563.
e. Each construction project with a total cost of at least $65,000, approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as "none."
f. A budget variance based on the budget adopted under Section 189.046(4), *Florida Statutes*, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), *Florida Statutes*, as: the district did not amend its original budget: budgeted expenses $1,114,700; actual expenses $2,019,995; variance ($905,295).

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

USDA Rural Development Department of Agriculture Requirements

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

Purpose of this Letter

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

Kenneth M. Daniels
Certified Public Accountant
June 25, 2026