



SUWANNEE RIVER WATER MANAGEMENT DISTRICT AUDIT COMMITTEE MEETING AGENDA

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Open to the Public

April 14, 2026
Following Board Meeting

District Headquarters
Live Oak, FL

1. Call to Order / Committee Roll Call
2. Public Comment

Discussion / Action Items

3. Fiscal Year 2024-2025 Financial Audit Report
4. Inspector General Report #26-01, Follow-up on District Corrective Actions Regarding Auditor General Audit Report No. 2026-022
5. Inspector General Report #26-02, Internal Audit of Timber Sales
6. Announcements
7. Adjournment

A person may not lobby the District until such person has registered as a lobbyist with the Contracts and Procurement Coordinator by filing a registration form.

Definitions:

•"Lobbies" is defined as seeking to influence a district policy or procurement decision or an attempt to obtain the goodwill of a district official or employee. (112.3261(1)(b), Florida Statutes [F.S.]

•"Lobbyist" is a person who is employed and receives payment, or who contracts for economic consideration, for the purpose of lobbying, or a person who is principally employed for governmental affairs by another person or governmental entity to lobby on behalf of that other person or governmental entity. (112.3215(1)(h), F.S.)

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

MEMORANDUM

TO: Audit Committee

FROM: Pam Shaw, Chief Financial Officer, Office of Finance

THRU: Tim Alexander, Assistant Executive Director, Business and Community Services

DATE: March 24, 2026

RE: Fiscal Year 2024–2025 Financial Audit Report

RECOMMENDATION

Accept the Fiscal Year 2024–2025 Financial Audit Report from Powell and Jones, CPA.

BACKGROUND

Powell and Jones, Certified Public Accountants, has prepared the Fiscal Year 2024–2025 Financial Audit Report. Staff provided support to Powell and Jones during the preparation of the report. This report:

1. Contains the District’s financial statements and accompanying notes and schedules;
2. Reflects the financial activities for Fiscal Year 2024–2025;
3. Contains the Auditor’s opinion that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2025; and
4. Contains no findings.

PS/rl
Attachment

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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FINANCIAL SECTION

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT OFFICIALS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2025**

| | |
|----------------------------|---|
| Chair | Virginia H. Johns |
| Vice Chair | Richard Schwab |
| Secretary-Treasurer | Charles Keith |
| Board Members | William Lloyd Larry Sessions Harry Smith Larry Thompson George Wheeler |
| Executive Director | Hugh Thomas |



Powell and Jones CPA

204 N. Marion Ave
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT AUDITOR'S REPORT

March 24, 2026

To the Honorable Board of Governors
Suwannee River Water Management District

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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

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

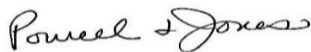
Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. The 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.



Powell & Jones CPA
Lake City, Florida
March 24, 2026

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
Management's Discussion and Analysis

The purpose of management's discussion and analysis (MD&A) is to help Suwannee River Water Management District's (the District) stakeholders and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Suwannee River Water Management District, 9225 CR 49, Live Oak, FL 32060.

Overview of the Financial Statements

The District's financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes required supplementary information.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting and provide a long-term view of the District's financial position and changes in net position. The statement of net position presents the District's assets and liabilities, while the statement of activities reports how net position changed during the year.

The District's activities are primarily supported by ad valorem property taxes and intergovernmental revenues and include the District's functions of water resource planning and monitoring, land acquisition, restoration and public works, operation and maintenance of works and lands, regulation, outreach, and management and administration.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting and present information on the District's governmental funds, focusing on near-term inflows and outflows of spendable resources and balances available at year-end. The District reports five governmental funds:

- General Fund
- Land Management and Operations Fund
- District Special Revenue Fund
- State Special Revenue Fund
- Federal Special Revenue Fund

The notes to the financial statements provide additional detail necessary to understand the financial statements. *Required supplementary information* includes budgetary comparisons and pension and other postemployment benefit schedules.

Financial Summary

SUWANNEE RIVER WATER MANAGEMENT DISTRICT NET POSITION

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Current and other assets | \$ 44,694,168 | \$ 44,519,192 |
| Capital assets: | | |
| Land and other improvements | 217,300,644 | 215,674,343 |
| Construction in process | 335,129 | 804,036 |
| Other capital assets, net of depreciation | 3,896,920 | 2,581,717 |
| Total assets | <u>266,226,861</u> | <u>263,579,288</u> |
| | | |
| Deferred outflows | <u>922,335</u> | <u>1,306,939</u> |
| | | |
| Current liabilities | 4,276,427 | 3,825,117 |
| Noncurrent liabilities | 5,004,468 | 6,431,609 |
| Total liabilities | <u>9,280,895</u> | <u>10,256,726</u> |
| | | |
| Deferred inflows | <u>1,347,224</u> | <u>861,283</u> |
| | | |
| Net position | | |
| Invested in capital assets, net of related debt | 221,532,693 | 219,060,096 |
| Restricted for land acquisition, restoration, and public works | 9,816,487 | 10,840,251 |
| Restricted for water resource planning and monitoring | 410,319 | 894,376 |
| Unrestricted | 24,761,578 | 22,973,495 |
| Total net position | <u>\$ 256,521,077</u> | <u>\$ 253,768,218</u> |

In the case of District's net position, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$256.52 million at the close of the most recent fiscal year.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
CHANGES IN NET POSITION**

| | 2025 | 2024 |
|---|----------------------|----------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 294,150 | \$ 326,156 |
| Operating grants and contributions | 8,527,512 | 10,567,746 |
| Capital grants and contributions | 11,595,135 | 12,845,937 |
| General revenues: | | |
| Ad valorem property taxes | 7,116,972 | 6,935,213 |
| Other income | 2,703,753 | 1,654,047 |
| Interest income | 1,661,715 | 1,414,602 |
| Gain/(Loss) on disposal of assets | (245,782) | (609,952) |
| Change in fair value of investments | 298,783 | 1,022,867 |
| Total revenues | 31,952,238 | 34,156,616 |
| Expenses: | | |
| Water resource planning and monitoring | 6,547,510 | 6,351,565 |
| Land acquisition, restoration, and public works | 13,516,706 | 14,228,131 |
| Operation and maintenance of works and lands | 5,778,343 | 4,990,091 |
| Regulation | 1,440,092 | 1,570,457 |
| Outreach | 198,885 | 233,455 |
| Management and administration | 1,717,843 | 1,741,550 |
| Total expenses | 29,199,379 | 29,115,249 |
| Increase in net position | 2,752,859 | 5,041,367 |
| Net position, beginning of year | 253,768,218 | 248,726,851 |
| Net position, end of year | \$256,521,077 | \$253,768,218 |

Governmental activities increased the District's net assets by \$2.75 million. Key elements of this increase can be attributed to:

- Interest earned in the District's investment accounts
- Gains related to the fair market value adjustment on the District's SPIA account
- Increased ad valorem property taxes collected
- One-time insurance claim recovery
- Additional timber revenues

The reconciliation statements in Note 2 of the notes to the financial statements detail the relationship between the government-wide financial statements and the governmental fund statements.

Detailed Analysis

Government-Wide Financial Analysis

The District's net position increased modestly during the year, reflecting stable operations.

By far the largest portion of the District's net position (86 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The District uses these capital assets to protect the water resources of the District; consequently, these assets are not available for future spending.

Governmental activities revenues totaled approximately \$31.95 million, while expenses totaled \$29.20 million, resulting in the observed increase in net position.

Key drivers of the changes included:

- Increased interest income driven by higher market rates
- Growth in ad valorem property taxes due to new construction in the District
- Additional timber revenue tied to hurricane-related salvage harvesting activity
- One-time insurance recovery revenue that was the result of Hurricane damage at the District's headquarters

Fund-Level Financial Analysis

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$40.70 million, a decrease of \$242 thousand from the prior year. Indicating that current year expenditures slightly exceeded inflows.

The General Fund is the chief operating fund of the District. In the current fiscal year, the fund balance increased by \$2.28 million, which was 18.6 percent of the total revenue earned. This ratio was a decrease from the prior year's ratio of 33.4 percent because of the \$2.16 million increase in expenses related to the District's investment in water resource planning and monitoring.

The Land Management and Operations Fund had a total fund balance of \$6.56 million. The majority of the \$658 thousand increase in this fund in the current year was attributable to net increase from timber sales that was the result of the harvest and selling of trees damaged in recent hurricanes.

The District Special Revenue Fund had a fund balance of \$6.34 million. The decrease of \$1.01 million is related to the completion and progress on District funded projects and Cost-Share programs.

The State Special Revenue Fund had a total fund balance of \$4.66 million. The \$2.17 million decrease is primarily due to the purchase of a conservation easement.

The Federal Special Revenue Fund had a total fund balance of \$0. This fund is continually supported by intergovernmental revenue.

Overall, fund activity reflects the timing of multi-year projects and grant-funded initiatives rather than structural financial issues.

Budgetary Highlights

Actual expenditures were significantly below budget across all major funds, primarily due to:

- Timing of multi-year projects and grant funded activities
- Lower-than-expected capital outlays
- Personnel cost savings from vacancies and turnover and projected benefit increases that did not materialize
- Lower contracted services and operating expenditures

These variances indicate that:

- Many projects are still in progress and will continue into future periods
- Budget capacity remains available for planned initiatives

Funds committed for future expenditures were as follows:

- General Fund - \$740 thousand
- Land Management and Operations Fund - \$631 thousand
- District Special Revenue Fund - \$2.11 million
- State Special Revenue Fund - \$23.95 million
- Federal Special Revenue Fund - \$6.56 million

Capital Assets and Long-Term Financing

Capital assets. The District's investment in capital assets, subscriptions, and leases as of September 30, 2025, amounts to \$221.53 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, land improvements, conservation easements, buildings, vehicles, office equipment, field equipment, computer equipment, leased assets, and subscription-based IT arrangements.

Capital activity during the year included \$3.18 million in additions which were derived mainly from the purchase of a \$1.87 million conservation easement and \$711 thousand of purchases related to buildings and improvements. Depreciation and amortization totaled approximately \$460 thousand for the year, reflecting the District's continued use of capital assets.

The District has minimal long-term debt, with obligations consisting primarily of lease liabilities, subscription-based IT arrangements, compensated absences, and pension-related liabilities.

Overall, the District remains in a strong capital position with limited financing risk.

Currently Known Facts, Decisions, or Conditions

The fiscal year (FY) 2025–26 adopted budget demonstrates the District's commitment to protecting Florida's water and restoring water resources. The District continues to focus on mission critical areas, improving water quality, protecting Florida springs, setting minimum flows and minimum water levels, completing District projects including Alternative Water Supply (AWS) and Wastewater projects, and funding capital investment in the region. The budget furthers the Governor's priorities for Florida's environment, and the Legislature's support of those priorities, and recognizes the importance of continued state funding critical to providing resources for water supply, water quality,

and water restoration activities. The budget is \$83.63 million, compared to \$79.97 million for FY 2024–25. This is an increase of \$3.66 million or 4.6 percent.

The District's primary revenue sources for recurring operations are state appropriations and ad valorem property taxes. Additional recurring revenue has been derived from the sale of timber on District lands used to support land management operations and permitting fees and fines used for ongoing costs of the District's regulatory program.

Ad valorem property taxes are levied using the rolled-back rate and is collected from the 15 counties encompassed by the District. The FY 2025–26 budget includes \$7.31 million in ad valorem property tax revenue. This is based on a rolled-back millage rate and accounts for growth in new unit construction. The operating or recurring portion of the FY 2025–26 budget is \$18.17 million, compared to \$17.39 million for FY 2024–25. This is an increase of \$777 thousand or 4.5 percent. The District's workforce remains the same at 69 Full-Time Equivalent (FTE) positions.

The projects and non-recurring portion of the FY 2025–26 budget is \$65.46 million, compared to \$62.57 million for FY 2024–25. This is an increase of \$2.88 million or 4.6 percent. This increase is primarily related to expenditures in the Land Acquisition, Restoration, and Public Works program area for anticipated Water Resource Development, Surface Water, and Land Acquisition projects funded by Alternative Water Supply, Resiliency, and Statewide Water Quality Restoration grants.

These factors are expected to continue influencing the District's financial position in future periods.

BASIC FINANCIAL STATEMENTS

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
For the Fiscal Year Ended September 30, 2025

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 750,141 |
| Interest bearing cash accounts | 13,799,751 |
| Investments | 25,012,599 |
| Accounts receivable | 1,872,572 |
| Intergovernmental receivables | 3,244,976 |
| Prepaid expenses | 14,129 |
| Right-to-use subscription asset, net | 236,277 |
| Right-to-use lease asset, net | 80,997 |
| Capital assets not being depreciated | |
| Land | 217,300,644 |
| Construction in process | 335,129 |
| Depreciable capital assets, net | |
| Buildings | 3,040,560 |
| Equipment | 539,086 |
| Total capital assets, net | 221,215,419 |
| Total assets | 266,226,861 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Other post employment benefits | 5,314 |
| Pension obligations | 917,021 |
| | 922,335 |
| LIABILITIES | |
| Accounts payable | 2,339,741 |
| Accrued liabilities | 445,299 |
| Unearned revenues | 197,884 |
| Damage deposits | 27,500 |
| Performance deposits | 981,663 |
| Subscription liability, due within one year | 78,237 |
| Lease liability, due within one year | 42,358 |
| Compensated absences, due within one year | 163,745 |
| Other post employment benefits, due within one year | |
| Net pension liability, due within one year | |
| Noncurrent liabilities | |
| Subscription liability, due in more than one year | 176,991 |
| Lease liability, due in more than one year | 43,218 |
| Compensated absences, due in more than one year | 491,234 |
| Other post employment benefits, due in more than one year | 172,020 |
| Net pension liability, due in more than one year | 4,121,005 |
| Total liabilities | 9,280,895 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension obligations | 1,347,224 |

(continued)

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION (CONCLUDED)
For the Fiscal Year Ended September 30, 2025

NET POSITION

| | |
|--|----------------|
| Net investment in capital assets | 221,532,693 |
| Restricted for: | |
| Water Management Lands Trust Fund -Springs | 25,873 |
| Land Management - Timber | 5,286,994 |
| Land Management - Other | 918,999 |
| Surplus Lands Funds | 357,501 |
| DOT Mitigation Projects | 384,446 |
| Land Acquisition - PCS Mitigation | 3,252,993 |
| Unrestricted | |
| Project Effectiveness Metrics | 353,079 |
| RIVER Cost-Share | 1,349,717 |
| Agricultural Cost-Share | 1,278,544 |
| Regional Water Resource Projects | 3,363,555 |
| Economic Stabilization Reserve | 2,600,000 |
| Operating Liquidity Reserve | 3,900,000 |
| Operating Transfer - Hyrdo & Ag Monitoring | 785,734 |
| Operating Transfer - Ag Cost-Share | 994,305 |
| General Fund Operations | 10,136,644 |
| Total net position | \$ 256,521,077 |

See notes to financial statements.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2025**

| Functions/Programs | Expenses | Charges for Services | Program Revenues | | Net (Expenses) Revenue and Changes in Net Position Governmental Activities |
|---|----------------------|----------------------|---------------------------------------|-------------------------------------|---|
| | | | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Water resource planning and monitoring | \$ 6,547,510 | \$ - | \$ 4,482,112 | \$ - | \$ (2,065,398) |
| Land acquisition, restoration, and public works | 13,516,706 | 3,100 | 294,493 | 10,618,928 | (2,600,185) |
| Operation and maintenance of works and lands | 5,778,343 | - | 2,614,908 | 976,207 | (2,187,228) |
| Regulation | 1,440,092 | 291,050 | 730,999 | - | (418,043) |
| Outreach | 198,885 | - | - | - | (198,885) |
| Management and administration | 1,717,843 | - | 405,000 | - | (1,312,843) |
| Total governmental activities | \$ 29,199,379 | \$ 294,150 | \$ 8,527,512 | \$ 11,595,135 | (8,782,582) |

| General Revenues | |
|---|-----------------------|
| Ad valorem property taxes | 7,116,972 |
| Timber sales | 2,134,379 |
| Interest income | 1,661,715 |
| Other income | 569,374 |
| Increase in fair value of investments | 298,783 |
| Net loss on disposal of assets and conveyance | (245,782) |
| Total general revenues | 11,535,441 |
| Change in net position | 2,752,859 |
| Net position at beginning of year | 253,768,218 |
| Net position at end of year | \$ 256,521,077 |

See notes to the financial statements.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2025**

| | General Fund | Land Management & Operations Fund | District Fund | State Fund | Federal Fund | Total Governmental Funds |
|---|----------------------|--|---------------------|---------------------|---------------------|--------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 750,141 | \$ - | \$ - | \$ - | \$ - | \$ 750,141 |
| Interest bearing cash accounts | 13,799,751 | - | - | - | - | 13,799,751 |
| Investments | 25,012,599 | - | - | - | - | 25,012,599 |
| Receivables | 70,863 | 1,801,709 | - | - | - | 1,872,572 |
| Intergovernmental receivables | 528,059 | - | - | 1,716,772 | 1,000,145 | 3,244,976 |
| Prepaid items | 14,129 | - | - | - | - | 14,129 |
| Due from other funds | 1,593,218 | 5,564,541 | 6,365,307 | 4,972,517 | 7,117 | 18,502,700 |
| Total assets | \$ 41,768,760 | \$ 7,366,250 | \$ 6,365,307 | \$ 6,689,289 | \$ 1,007,262 | \$ 63,196,868 |
| Liabilities | | | | | | |
| Accounts payable | \$ 263,053 | \$ 777,084 | \$ 20,412 | \$ 365,770 | \$ 913,422 | \$ 2,339,741 |
| Accrued liabilities | 445,299 | - | - | - | - | 445,299 |
| Unearned revenue | 5,686 | 25,672 | - | 166,526 | - | 197,884 |
| Due to other funds | 16,909,484 | - | - | 1,499,376 | 93,840 | 18,502,700 |
| Damage deposits | 27,500 | - | - | - | - | 27,500 |
| Performance deposits | 981,663 | - | - | - | - | 981,663 |
| Total liabilities | 18,632,685 | 802,756 | 20,412 | 2,031,672 | 1,007,262 | 22,494,787 |
| Fund balances | | | | | | |
| Nonspendable | | | | | | |
| Prepaid expenses | 142,547 | - | - | - | - | 142,547 |
| Restricted for: | | | | | | |
| Land Management - Timber | - | 5,286,994 | - | - | - | 5,286,994 |
| Land Management - WMLTF | - | 918,999 | - | - | - | 918,999 |
| Surplus Land Funds | - | 357,501 | - | - | - | 357,501 |
| Water Management Lands Trust Fund | - | - | - | 25,873 | - | 25,873 |
| DOT Mitigation Projects | - | - | - | 384,446 | - | 384,446 |
| Land Acquisition - PCS Mitigation | - | - | - | 3,252,993 | - | 3,252,993 |
| Committed for: | | | | | | |
| Project Effectiveness Metrics | - | - | 353,079 | - | - | 353,079 |
| Agricultural Cost-Share | - | - | 1,278,544 | - | - | 1,278,544 |
| Regional Water Resource Projects | - | - | 3,363,555 | - | - | 3,363,555 |
| RIVER Cost-Share | - | - | 1,349,717 | - | - | 1,349,717 |
| Economic Stabilization Reserve | 2,600,000 | - | - | - | - | 2,600,000 |
| Assigned | | | | | | |
| Operating Liquidity Reserve | 3,900,000 | - | - | - | - | 3,900,000 |
| Hydro & Ag Monitoring FY24 SR Operating Transfer | 785,734 | - | - | - | - | 785,734 |
| Ag Cost-Share FY24 SR Operating Transfer | - | - | - | 994,305 | - | 994,305 |
| Unassigned, general fund operations | 15,707,794 | - | - | - | - | 15,707,794 |
| Total fund balances | 23,136,075 | 6,563,494 | 6,344,895 | 4,657,617 | - | 40,702,081 |
| Total liabilities and fund balance | \$ 41,768,760 | \$ 7,366,250 | \$ 6,365,307 | \$ 6,689,289 | \$ 1,007,262 | |

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

Capital assets used in governmental activities are not available financial resources and, therefore, are not reported in the funds 221,532,693

Deferred outflows/inflows are not available resources and, therefore, are not reported in the funds. (424,889)

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (5,288,808)

Net position of governmental activities \$ 256,521,077

See notes to the financial statements.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2025

| | General | Land Management & Operations | District | State | Federal | Total |
|--|----------------------|------------------------------------|---------------------|---------------------|------------------|-----------------------|
| | Fund | Fund | Fund | Fund | Fund | Governmental Funds |
| Revenues | | | | | | |
| Ad valorem property taxes | \$ 5,989,839 | \$ 1,127,133 | \$ - | \$ - | \$ - | \$ 7,116,972 |
| Intergovernmental revenue | 4,412,420 | 3,591,115 | - | 6,911,357 | 5,207,755 | 20,122,647 |
| License and permit fees | 291,050 | - | - | - | - | 291,050 |
| Charges for services | - | 3,100 | - | - | - | 3,100 |
| Timber revenue | - | 2,134,379 | - | - | - | 2,134,379 |
| Lease proceeds | 82,445 | - | - | - | - | 82,445 |
| Other income | 90,607 | 478,767 | - | - | - | 569,374 |
| Interest income | 1,156,684 | 235,250 | - | 269,781 | - | 1,661,715 |
| Increase in fair value investment | 298,783 | - | - | - | - | 298,783 |
| Total revenues | 12,321,828 | 7,569,744 | - | 7,181,138 | 5,207,755 | 32,280,465 |
| Expenditures | | | | | | |
| General government | | | | | | |
| Water resource planning and monitoring | 5,138,780 | - | 13,415 | 282,716 | 1,158,975 | 6,593,886 |
| Land acquisition, restoration, and public works | 1,288,809 | 8,123 | 999,615 | 7,198,257 | 4,048,780 | 13,543,584 |
| Operation and maintenance of works and lands | 1,481 | 5,763,474 | - | - | - | 5,764,955 |
| Regulation | 1,512,984 | - | - | - | - | 1,512,984 |
| Outreach | 209,748 | - | - | - | - | 209,748 |
| Management and administration | 1,718,867 | - | - | - | - | 1,718,867 |
| Capital outlay | 166,752 | 1,139,745 | - | 1,872,083 | - | 3,178,580 |
| Total general government expenditures | 10,037,421 | 6,911,342 | 1,013,030 | 9,353,056 | 5,207,755 | 32,522,604 |
| Excess (deficiency) of revenues over (under) expenditures | 2,284,407 | 658,402 | (1,013,030) | (2,171,918) | - | (242,139) |
| Net change in fund balance | 2,284,407 | 658,402 | (1,013,030) | (2,171,918) | - | (242,139) |
| Fund balance at beginning of year | 20,851,668 | 5,905,092 | 7,357,925 | 6,829,535 | - | 40,944,220 |
| Fund balance at end of year | \$ 23,136,075 | \$ 6,563,494 | \$ 6,344,895 | \$ 4,657,617 | \$ - | \$ 40,702,081 |

See notes to the financial statements.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
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

| | | |
|--|------------------|----------------------------|
| Net change in fund balances - total governmental funds | | \$ (242,139) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. | | |
| Expenditures for capital and right of use assets | 3,178,580 | |
| Less current year depreciation/amortization | <u>(460,201)</u> | 2,718,379 |
| The net effect of various miscellaneous transactions involving balance sheet items (i.e., contributions, sales, conveyance, and disposals) is to increase/(decrease) net assets. | | |
| Net loss on disposal of fixed assets, net | (245,782) | |
| Lease proceeds | <u>(82,445)</u> | (328,227) |
| Some expenditures reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. Also, recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds but are recognized in the statement of activities. | | |
| Recognition of changes in deferred inflows and outflows of resources: | | |
| Florida State Retirement Pension | (863,720) | |
| OPEB | (6,825) | |
| Recognition of changes in long-term debt: | | |
| Compensated absences | (878) | |
| OPEB liability | (25,587) | |
| Net pension liability | 1,389,914 | |
| Lease liability | 39,834 | |
| Subscription liability | <u>72,108</u> | <u>604,846</u> |
| Change in net position of governmental activities | | <u><u>\$ 2,752,859</u></u> |

See notes to the financial statements

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Financial Reporting Entity

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

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

B. Financial Reporting Structure

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements.

Government-wide Financial Statements

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Administrative overhead, including centralized expenses, are directly allocated to a specific function and are included in direct expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Program revenues are netted within program expenses in the statement of activities to present the net cost of each program.

Fund Financial Statements

The emphasis of fund financial statements is on the District's major funds, each presented in a separate column.

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

The General Fund is the principal operating fund used to account for most of the District's general activities.

Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The District reports the following major governmental funds:

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

The Land Management and Operations Fund accounts for timber transactions, land use charges, acquisitions and surplus, fleet and facilities, and funds appropriated by the State of Florida legislature for the purpose of land management: maintenance, capital improvements of land titled to the District, and payments in lieu of taxes.

The District Special Revenue Fund was created to consolidate similar accounting funds that were established by the Governing Board's commitment of fund balance for a specific use. Those accounting funds consolidated into the District Special Revenue Fund include the Agricultural Cost-Share program, Regional Initiative Valuing Environmental Resources ("RIVER") Cost-Share program, Project Effectiveness Metrics, and Regional Water Resource Development.

The State Special Revenue Fund was created to consolidate similar accounting funds that were established to account for programs funded by the State of Florida for a specific purpose. Those accounting funds consolidated into the State Special Revenue Fund include the Alternative Water Supply Program (AWS), Water Protection and Sustainability Program Grants ("WPSP"), Spring Appropriation Grants, Water Management Lands Trust Fund - Springs Appropriation, Florida Forever/Preservation 2000, DOT - Environmental Transportation Decision Making ("ETDM") Grant, DOT Mitigation Grants, Suwannee River Partnership Program, Land Acquisition from Mitigation Funds, and Other State Reimbursable Grants.

The Federal Special Revenue Fund was created to consolidate similar accounting funds that were established to account for programs funded by Federal grants for a specific purpose. Those accounting funds consolidated into the Federal Special Revenue Fund include FEMA Risk Map Program Grants, and other Federal Reimbursable Grant programs.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include ad valorem property taxes, entitlements, and donations. Ad valorem property taxes are recognized as revenues at the time of receipt. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Ad valorem property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. New Accounting Pronouncements

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The Statement requires that governments disclose essential risks related to certain vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which became effective for the District for the fiscal year ended September 30, 2025. GASB Statement No. 103 establishes improvements to the financial reporting model for state and local governments, including changes to the format and content of the management's discussion and analysis (MD&A), the presentation of unusual or infrequent items, and certain financial statement disclosures.

The District implemented the provisions of GASB Statement No. 103 during the current fiscal year. The implementation of this statement resulted in changes to the presentation and structure of the MD&A; however, it did not have a material impact on the District's financial position, results of operations, or cash flows.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* was implemented by the District during the current fiscal year. This statement establishes new disclosure requirements for certain types of capital assets, including capital assets held for sale, intangible assets, and lease assets.

The implementation of this statement resulted in additional disclosures in the notes to the financial statements; however, it did not have a material impact on the District's financial position, changes in financial position, or cash flows.

E. Accounting and Financial Reporting for Pensions

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, requires the District to recognize as a liability their long-term obligation for pension benefits. The District's liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position. Obligations for the District's cost sharing plans are based on their proportionate share of contributions to the pension plan. The standard also requires immediate recognition of annual service cost, interest, and changes in benefits for pension expense; specifies requirements for discount rates, attribution methods; and changes disclosure requirements.

F. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Included in overall cash is interest-bearing cash accounts in which the District has deposited funds.

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

Investments for the District are generally reported at fair value. The State of Florida Department of Financial Services Special Purpose Investment Account (SPIA) operates in accordance with applicable State laws and regulations. As a participant in SPIA, the District invests in pooled investments whereby the District owns a share of the respective pool rather than the underlying securities. The District also participates in the Florida PRIME investment pool administered by the State Board of Administration of Florida. Florida PRIME is a qualifying external investment pool that measures its investments at amortized cost in accordance with GASB Statement No. 79; therefore, the District's investment in Florida PRIME is reported at amortized cost rather than fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

All receivables are shown net of an allowance for uncollectible receivables.

3. Ad Valorem Property Taxes

The District is authorized by Section 373.503, *Florida Statutes*, to levy ad valorem property taxes on all real and personal property located within the District not to exceed .75 mills. The rate for the 2024-2025 fiscal year was .2936 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the fifteen counties comprising the District. Commissions are paid to the counties for these appraisal and collection services.

Taxes are billed and collected for the District by the County Tax Collectors according to *Florida Statutes* under the following calendar:

| | |
|-------------------|------------|
| Levy Date: | October 1 |
| Due Date: | November 1 |
| Lien Date: | January 1 |
| Delinquency Date: | April 1 |

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| Assets | Years |
|--------------------|-------|
| Buildings | 40 |
| Office equipment | 10 |
| Mobile equipment | 7 |
| Field equipment | 7 |
| Computer equipment | 5 |

The District does not own any infrastructure assets.

6. Capitalization of Leases and Subscription-Based Information Technology Arrangements

In compliance with Statement of Governmental Accounting Standards (SGAS) No. 87, *Leases*, and No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, the District must consider the possibility of capitalizing leases and SBITAs whose terms exceed 12 months. This results in both a right-to-use asset and a related liability being reported in the government-wide financial statements. Both the asset and the liability are amortized over their respective term. In order to efficiently record material lease and SBITA transactions, the District has adopted a capitalization policy. According to this policy, leased property and equipment or SBITAs whose asset or liability is amortized at a rate of \$5,000 or more annually are capitalized and reported on the government-wide financial statements in a manner consistent with the provisions outlined by the Government Accounting Standards Board. For the year ending September 30, 2025, the District reported a right-to-use lease asset and liability of \$80,997 and \$85,576, respectively on its government-wide financial statements and a right-to-use subscription asset and liability of \$236,277 and \$255,228, respectively, net of any accumulated amortization.

7. Unearned Revenues

Unearned revenues reported in government-wide financial statements represent unearned timber and grant revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. At September 30, 2025, the District reported \$197,884 in unearned revenues.

8. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay benefits are accrued when incurred in the government-wide financial statements. A portion of the compensated absences liability for these amounts is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. In compliance with SGAS No. 101, a compensated absences liability is accrued in the government-wide financial statements for leave that more likely than not will be used for time off or paid to the employee at some point in the future.

9. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

10. 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. The District only has two items that qualify for reporting in this category. The first is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the District's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with

pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year. The second type of deferred outflow recorded in the financial statements is related to the Other Post-Employment Obligations of the District. This deferred outflow is related to the benefits paid subsequent to year end.

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. The government has only one type of item, which is related to pensions. Deferred inflows on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the District's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

11. Fund Balances – Governmental Funds

As of September 30, 2025, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the District. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Executive Director may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2025, fund balances are composed of the following:

| | <u>Governmental Funds</u> |
|--|---------------------------|
| Nonspendable, Prepaid Expenses | \$ 142,547 |
| Restricted, Land Management - Timber | 5,286,994 |
| Restricted, Land Management - WMLTF | 918,999 |
| Restricted, Surplus Land Funds | 357,501 |
| Restricted, DOT Mitigation Projects | 384,446 |
| Restricted, Water Management Lands Trust Fund | 25,873 |
| Restricted, Land Acquisition - PCS Mitigation | 3,252,993 |
| Committed, Project Effectiveness Metrics | 353,079 |
| Committed, RIVER Cost-Share | 1,349,717 |
| Committed, Agricultural Cost-Share | 1,278,544 |
| Committed, Regional Water Resource Projects | 3,363,555 |
| Committed, Economic Stabilization Reserve | 2,600,000 |
| Assigned, Operating Liquidity | 3,900,000 |
| Assigned, Operating Transfer - Hydro and Ag Monitoring | 785,734 |
| Assigned, Operating Transfer - Ag Cost-Share | 994,305 |
| Unassigned, General Fund Operations | 15,707,794 |
| | <u>\$ 40,702,081</u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position.

“Total fund balances” of the District’s governmental funds \$40,702,081 differs from “net position” of governmental activities \$256,521,077 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the District as a whole.

| | |
|---------------------------------|-----------------------|
| Cost of capital assets | \$ 226,613,781 |
| Right-to-use subscription asset | 393,795 |
| Right-to-use lease asset | 141,951 |
| Accumulated depreciation | (5,398,362) |
| Accumulated amortization | (218,472) |
| | <u>\$ 221,532,693</u> |

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2025, were:

| | |
|--------------------------------|-----------------------|
| Compensated absences | \$ (654,979) |
| Other post-employment benefits | (172,020) |
| Net pension liability | (4,121,005) |
| Subscription liability | (255,228) |
| Lease liability | (85,576) |
| | <u>\$ (5,288,808)</u> |

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

| | |
|-------------------|---------------------|
| Deferred outflows | \$ 922,335 |
| Deferred inflows | (1,347,224) |
| | <u>\$ (424,889)</u> |

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

| | Total Governmental Funds | Capital Related Items | Long-term Debt Transactions/ Eliminations | Deferred Outflows/Inflows | Statement of Net Position |
|--------------------------------------|--------------------------------|--------------------------|---|------------------------------|------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 750,141 | \$ - | \$ - | \$ - | \$ 750,141 |
| Interest bearing cash accounts | 13,799,751 | - | - | - | 13,799,751 |
| Investments | 25,012,599 | - | - | - | 25,012,599 |
| Receivables | 1,872,572 | - | - | - | 1,872,572 |
| Intergovernmental receivables | 3,244,976 | - | - | - | 3,244,976 |
| Prepaid expenses | 14,129 | - | - | - | 14,129 |
| Due from other funds | 18,502,700 | - | (18,502,700) | - | - |
| Capital assets - net | - | 221,215,419 | - | - | 221,215,419 |
| Right-to-use subscription asset, net | - | 236,277 | - | - | 236,277 |
| Right-to-use lease asset, net | - | 80,997 | - | - | 80,997 |
| Total assets | 63,196,868 | 221,532,693 | (18,502,700) | - | 266,226,861 |
| DEFERRED OUTFLOWS | | | | | |
| OPEB obligation | - | - | - | 5,314 | 5,314 |
| Pension obligations | - | - | - | 917,021 | 917,021 |
| | - | - | - | 922,335 | 922,335 |
| LIABILITIES | | | | | |
| Accounts payable | 2,339,741 | - | - | - | 2,339,741 |
| Accrued liabilities | 445,299 | - | - | - | 445,299 |
| Unearned revenues | 197,884 | - | - | - | 197,884 |
| Due to other funds | 18,502,700 | - | (18,502,700) | - | - |
| Damage deposits | 27,500 | - | - | - | 27,500 |
| Performance deposits | 981,663 | - | - | - | 981,663 |
| Subscription liability | - | - | 255,228 | - | 255,228 |
| Lease liability | - | - | 85,576 | - | 85,576 |
| Compensated absences | - | - | 654,979 | - | 654,979 |
| OPEB liability | - | - | 172,020 | - | 172,020 |
| Net pension liability | - | - | 4,121,005 | - | 4,121,005 |
| Total liabilities | 22,494,787 | - | (13,213,892) | - | 9,280,895 |
| DEFERRED INFLOWS | | | | | |
| | - | - | - | 1,347,224 | 1,347,224 |
| FUND BALANCE/NET POSITION | | | | | |
| Fund balance/net position | 40,702,081 | 221,532,693 | (5,288,808) | (424,889) | 256,521,077 |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The “net change in fund balances” for governmental funds (\$242,139) differs from the “change in net position” for governmental activities \$2,752,859 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charges for the year.

| | |
|-----------------------------------|---------------------|
| Capital outlay | \$ 3,178,580 |
| Depreciation/amortization expense | (460,201) |
| Net loss on disposals of assets | (245,782) |
| | <u>\$ 2,472,597</u> |

Long-term debt related items

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

| | |
|--|---------------------|
| Net increase in compensated absences | \$ (878) |
| Net decrease in other post-employment benefits | (25,587) |
| Combined reduction of lease and subscription liabilities | 111,942 |
| Recognition of lease proceeds | (82,445) |
| Net increase in net pension expense | 1,389,914 |
| | <u>\$ 1,392,946</u> |

Other items

Recognition of certain obligations related to prior and subsequent periods are not recognized in the governmental funds.

| | |
|--|---------------------|
| Change in deferred inflows and deferred outflows | <u>\$ (870,545)</u> |
|--|---------------------|

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Difference Between Government Fund Statements of Revenues, Expenses, and Changes in Fund Balance and the Statement of Activities

| | Total Governmental Funds | Capital Related Items | Long-term Debt Transactions/ Eliminations | Deferred Outflows/Inflows | Statement of Activities |
|--|--------------------------------|--------------------------|---|------------------------------|----------------------------|
| Revenues | | | | | |
| Ad valorem property taxes | 7,116,972 | - | - | - | 7,116,972 |
| Intergovernmental revenue | 20,122,647 | - | - | - | 20,122,647 |
| License and permit fees | 291,050 | - | - | - | 291,050 |
| Charges for service | 3,100 | - | - | - | 3,100 |
| Timber revenue | 2,134,379 | - | - | - | 2,134,379 |
| Lease proceeds | 82,445 | - | (82,445) | - | - |
| Other income | 569,374 | - | - | - | 569,374 |
| Interest income | 1,661,715 | - | - | - | 1,661,715 |
| Increase/(decrease) in fair value of investment | 298,783 | - | - | - | 298,783 |
| Total revenues | 32,280,465 | - | (82,445) | - | 32,198,020 |
| Expenditures | | | | | |
| General government | | | | | |
| Water resource planning and monitoring | 6,593,886 | 157,294 | (491,733) | 288,063 | 6,547,510 |
| Land acquisition, restroration, and public works | 13,543,584 | 76,882 | (258,369) | 154,609 | 13,516,706 |
| Operation and maintenance of works and lands | 5,764,955 | 93,488 | (192,923) | 112,823 | 5,778,343 |
| Regulation | 1,512,984 | 31,199 | (247,818) | 143,727 | 1,440,092 |
| Outreach | 209,748 | 2,593 | (37,222) | 23,766 | 198,885 |
| Management and administration | 1,718,867 | 98,745 | (247,326) | 147,557 | 1,717,843 |
| Capital outlay | 3,178,580 | (3,178,580) | - | - | - |
| Total general government expenditures | 32,522,604 | (2,718,379) | (1,475,391) | 870,545 | 29,199,379 |
| Excess of revenues over expenditures | (242,139) | 2,718,379 | 1,392,946 | (870,545) | 2,998,641 |
| Other financing sources (uses) | | | | | |
| Gain (loss) on disposal of assets | - | (245,782) | - | - | (245,782) |
| Total other financing sources (uses) | - | (245,782) | - | - | (245,782) |
| Net change in fund balance/net position | (242,139) | 2,472,597 | 1,392,946 | (870,545) | 2,752,859 |
| Fund balance at beginning of year | 40,944,220 | 219,060,096 | (6,681,754) | 445,656 | 253,768,218 |
| Fund balance at end of year | 40,702,081 | 221,532,693 | (5,288,808) | (424,889) | 256,521,077 |

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. At year end, the entire operating bank account balances of \$1,396,252, were covered by Federal depository insurance or by collateral, held by the District's custodial bank, which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. The District also holds a portion of the balance of its investments in an interest-bearing Insured Cash Sweep (ICS) account. At year-end, the bank balance for this account was \$13,799,751, and was fully covered by the FDIC due to the entire balance being allocated amongst FDIC insured institutions in amounts that were below the \$250,000 per depositor per institution threshold.

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

Investments. The foremost objective of the District's investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance compared to the safety and liquidity of funds. The District's investment policy limits investments to relatively low-risk securities authorized by Florida law.

The District invests in two State of Florida investment pools: the Special Purpose Investment Account (SPIA) administered by the Florida Department of Financial Services and Florida PRIME, administered by the State Board of Administration.

Special Purpose Investment Account (SPIA)

The District is a participant in the State of Florida Department of Financial Services Special Purpose Investment Account (SPIA). As a SPIA participant, the District invests in the Florida Treasury Investment Pool. The Florida Treasury Investment Pool is a pool of investments whereby the District owns a share of the pool, not the underlying securities.

Credit Risk: The Florida Treasury Investment Pool is rated by Standard and Poor's. The current rating is AA-f. The unaudited fair value factor for September 30, 2025 of this pool was 1.0065. This fair value factor is also posted to the Florida State Treasury website at www.fltreasury.org.

Interest Rate Risk: The District manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, State of Florida Department of Financial Services Special Purpose Investment Account. The effective duration of SPIA at September 30, 2025 was 3.47 years.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District's name, and are held by the party that either sells to or buys for the District. No investments held at year end were subject to custodial credit risk. The District owns shares of the Florida Treasury Investment Pool, and not the underlying investments. The District has not participated in a securities lending program in the fiscal year ending September 30, 2025.

Foreign Currency Risk: State law and investment policy do not authorize the Treasury Investment Pool to purchase investments in foreign currencies. Therefore, the Treasury Investment Pool is not exposed to Foreign Currency Risk.

Fair Value Hierarchy: Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled, and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed, and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance.

Florida PRIME

The District also participates in Florida PRIME, an external investment pool administered by the State Board of Administration (SBA) of Florida. Participants in Florida PRIME own shares of the investment pool rather than the underlying securities.

Florida PRIME is a qualifying external investment pool that measures its investments at amortized cost for financial reporting purposes in accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants. Accordingly, the District's investment in Florida PRIME is reported at amortized cost, which approximates fair value, and is not included within the fair value hierarchy established by GASB Statement No. 72.

Credit Risk: Florida PRIME is rated AAAM by Standard and Poor's.

Interest Rate Risk: The dollar weighted average days to maturity (WAM) of Florida PRIME on September 30, 2025, is 47 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME on September 30, 2025, is 73 days.

Foreign Currency Risk: Florida PRIME was not exposed to any foreign currency risk during the period October 1, 2024, to September 30, 2025.

Securities Lending: Florida PRIME did not participate in a securities lending program during the period October 1, 2024, to September 30, 2025.

Fair Value Hierarchy: Florida PRIME currently meets all the necessary GASB 79 criteria to elect to measure all the investments in Florida PRIME at amortized cost; therefore, your participant account balance should be reported at amortized cost.

Liquidity and Redemption Restrictions: GASB Statement No. 79 requires participants in qualifying external investment pools to disclose any limitations or restrictions on withdrawals.

Florida PRIME participants may withdraw funds daily; however, Section 218.409(8)(a), Florida Statutes, authorizes the executive director of the SBA to limit contributions or withdrawals for up to 48 hours in the event of a material impact on the liquidity or operations of the pool. The trustees must subsequently convene an emergency meeting to review the necessity of such action and may vote to continue the measures for an additional period not exceeding 15 days.

Florida Statutes also authorize the SBA to impose liquidity fees or early withdrawal penalties if such provisions are disclosed in the pool's enrollment materials. As of September 30, 2025, Florida PRIME had not implemented any liquidity fees, redemption fees, or maximum transaction limits that would restrict a participant's ability to withdraw 100 percent of their account balance.

The SBA prepares separate financial statements for Florida PRIME, which are available once the audit for the fiscal year ended June 30, 2025 is completed.

As of September 30, 2025, the District had the following investments reported fair values:

| | Fair Value |
|----------------------------------|-------------------|
| Florida PRIME investments | \$ 5,198,404 |
| Florida Treasury Investment Pool | 19,814,195 |
| | <u>25,012,599</u> |

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Other Governmental Funds | Total |
|-------------------------|-------------------|--------------------------------|---------------------|
| Receivables: | | | |
| Intergovernmental | \$ 528,059 | \$ 2,716,917 | \$ 3,244,976 |
| Other | 70,863 | 1,801,709 | 1,872,572 |
| Gross total receivables | <u>\$ 598,922</u> | <u>\$ 4,518,626</u> | <u>\$ 5,117,548</u> |

C. Capital Assets

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

| | Beginning | Additions | Deletions | Noncash activity/ Reclassifications | Ending |
|---------------------------------|----------------------|---------------------|---------------------|--|----------------------|
| Land | \$155,510,098 | \$ - | \$ (245,755) | \$ - | \$155,264,343 |
| Easements | 60,126,560 | 1,872,083 | - | (27) | 61,998,616 |
| Land - Headquarters | 37,685 | - | - | - | 37,685 |
| Construction in Process | 804,036 | 335,129 | - | (804,036) | 335,129 |
| | <u>216,478,379</u> | <u>2,207,212</u> | <u>(245,755)</u> | <u>(804,063)</u> | <u>217,635,773</u> |
| Buildings and improvements | 4,718,306 | 710,936 | - | 804,036 | 6,233,278 |
| Equipment | | | | | |
| Office/field | 1,135,444 | 37,442 | (51,270) | - | 1,121,616 |
| Computer | 658,390 | 54,806 | - | - | 713,196 |
| Mobile | 866,614 | 85,739 | (42,435) | - | 909,918 |
| Right-to-use subscription asset | 393,795 | - | - | - | 393,795 |
| Right-to-use lease asset | | | | | |
| Equipment | 59,506 | 82,445 | - | - | 141,951 |
| | <u>7,832,055</u> | <u>971,368</u> | <u>(93,705)</u> | <u>804,036</u> | <u>9,513,754</u> |
| Total capital assets | <u>224,310,434</u> | <u>3,178,580</u> | <u>(339,460)</u> | <u>(27)</u> | <u>227,149,527</u> |
| Depreciation: | | | | | |
| Building | (3,070,774) | (121,944) | - | - | (3,192,718) |
| Office/field | (971,084) | (56,735) | 51,270 | - | (976,549) |
| Computer | (435,532) | (77,025) | - | - | (512,557) |
| Mobile | (675,593) | (83,380) | 42,435 | - | (716,538) |
| Right to use subscription asset | (78,759) | (78,759) | - | - | (157,518) |
| Right-to-use lease asset | | | | | |
| Equipment | (18,596) | (42,358) | - | - | (60,954) |
| | <u>(5,250,338)</u> | <u>(460,201)</u> | <u>93,705</u> | <u>-</u> | <u>(5,616,834)</u> |
| Net depreciable assets | <u>2,581,717</u> | <u>511,167</u> | <u>-</u> | <u>804,036</u> | <u>3,896,920</u> |
| Total assets | <u>\$219,060,096</u> | <u>\$ 2,718,379</u> | <u>\$ (245,755)</u> | <u>\$ (27)</u> | <u>\$221,532,693</u> |

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

| | |
|---|-------------------|
| Governmental Activities | |
| Water resource planning and monitoring | \$ 157,294 |
| Land acquisition, restoration, and public works | 76,882 |
| Operation and maintenance of works and lands | 93,488 |
| Regulation | 31,199 |
| Outreach | 2,593 |
| Management and administration | 98,745 |
| Total depreciation expense | <u>\$ 460,201</u> |

Included in capital assets is land held for sale within governmental activities; however, the amount is not material to the government-wide financial statements.

D. Interfund Balances and Activity

| | <u>Due To</u> | <u>Due From</u> |
|-------------------------------------|----------------------|----------------------|
| General Fund | \$ 16,909,484 | \$ 1,593,218 |
| Land Management and Operations Fund | - | 5,564,541 |
| District Fund | - | 6,365,307 |
| State Fund | 1,499,376 | 4,972,517 |
| Federal Fund | 93,840 | 7,117 |
| | <u>\$ 18,502,700</u> | <u>\$ 18,502,700</u> |

Interfund receivables/payables represent loans to fund expenditures of other funds.

E. Long-term Liabilities

Changes in Long-term Liabilities: Long-term liability activity for the year ended September 30, 2025, was as follows:

| | <u>Balance</u> <u>9/30/2024</u> | <u>Additions*</u> | <u>Reductions*</u> | <u>Balance</u> <u>9/30/2025</u> | <u>Due Within</u> <u>One Year</u> |
|--------------------------------|------------------------------------|-------------------|----------------------|------------------------------------|--------------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 654,101 | \$ 878 | \$ - | \$ 654,979 | \$ 163,745 |
| Other post-employment benefits | 146,433 | 25,587 | - | 172,020 | - |
| Net pension liability | 5,510,919 | | (1,389,914) | 4,121,005 | - |
| Subscription liability | 327,336 | - | (72,108) | 255,228 | 78,237 |
| Lease liability | 42,965 | 82,445 | (39,834) | 85,576 | 42,358 |
| | <u>\$6,681,754</u> | <u>\$ 108,910</u> | <u>\$(1,501,856)</u> | <u>\$5,288,808</u> | <u>\$ 284,340</u> |

*The change in the compensated absences liability is presented as a net change.

The compensated absences liability, other post-employment benefits, and net pension liability will be liquidated primarily by the General Fund.

NOTE 4. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

B. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time District employees, permits the participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen financial emergency. The District does not contribute to the 457 plan. Participation under the plan is solely at the discretion of the employee.

The District has no liability for losses under the 457 plan but does have the duty of due care that would be required of an ordinary prudent investor. The District does not have a fiduciary relationship with the plan. Therefore, the assets and liabilities related to the plan are not recorded in the District's financial statements.

C. Related Party Balances and Transactions

One Board member has entered into a timber service agreement with the District. The District received \$2,743 in timber-related revenue from these agreements and did not pay for contracted services. There was a remaining contract balance of \$2,500 on the timber-related agreements as of September 30, 2025.

One Board member is indirectly associated with three approved participants in the District's Agricultural Cost-Share and grant programs. The three participants received \$140,768 from the District during the fiscal year. This noncompetitive program assists farmers in upgrading irrigation systems to reduce water use and nitrogen loading. As of September 30, 2025, the balance remaining under the related contracts was \$3,225,883.

One Board member is employed by a City that received a Florida Department of Environmental Protection Water Quality Improvement Grant that was passed through the District in the amount of \$6,190,000. The City received \$4,229,069 from the District during the fiscal year. As of September 30, 2025, the balance remaining under the related contract was \$1,569,711.

Three Board members hold environmental resource permits. Two Board members are either holders or compliance contacts on agricultural water use permits.

NOTE 5. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS – FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREMENT HEALTH INSURANCE SUBSIDY PROGRAM

A. Florida Retirement System

General Information - All of the District's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, which include the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees who work in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

B. Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. This amount increases with every year of additional service up to a maximum of 1.68% of the final average compensation of their five highest years for each year of credited service at age 65 with 33 or more years of service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service (age 52 if credited service includes at least four years of wartime military service) or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, beginning at 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service and increasing to a maximum of 1.68% of each year up to age 58 (55 with wartime service) and 28 years of special risk service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 (age 52 with wartime experience) with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. The final average compensation for all these members is also based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before August 1, 2011, the annual cost-of-living adjustment is three percent per year. The cost-of-living adjustment for participants with a retirement date or DROP participation date after August 1, 2011 is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement and multiplying by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025, respectively, were as follows:

| Class | October 1, 2024 | July 1, 2025 |
|---|-----------------|--------------------|
| | June 30, 2025 | September 30, 2025 |
| Regular Class | 13.63% | 14.03% |
| Special Risk Class | 32.79% | 35.19% |
| Special Risk Administrative Support | 39.82% | 39.48% |
| County Elected Officers Class | 58.68% | 54.57% |
| Senior Management Class | 34.52% | 33.24% |
| Deferred Retirement Option Program (DROP) | 21.13% | 22.02% |

These employer contribution rates include a 2.00% HIS Plan subsidy for the periods October 1, 2024 through September 30, 2025, respectively.

The District's contributions, including employee contributions, to the Pension Plan totaled \$620,256 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 \$2,899,319 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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 2023-24 fiscal year contributions of all participating members. At June 30, 2025, the District's proportionate share was .009342056% percent, which was a decrease of 6.61 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of \$210,985. 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 | \$ 309,678 | \$ - |
| Changes in assumptions | 336,686 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | 484,071 |
| Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions | 87,182 | 397,983 |
| District Pension Plan contributions subsequent to the measurement date | 137,276 | - |
| Total | \$ 870,822 | \$ 882,054 |

The deferred outflows of resources related to the Pension Plan, totaling \$137,276, 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 outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30 | Amount |
|------------------------------------|---------------------|
| 2026 | \$ (429,940) |
| 2027 | \$76,389 |
| 2028 | \$114,319 |
| 2029 | \$90,724 |
| 2030 | - |
| Thereafter | - |
| | \$ (148,508) |

Actuarial Assumptions - The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.40% |
| Salary increases | 3.50%, average, including inflation |
| Investment rate of return | 6.70%, net of pension plan investment expense, including inflation |
| Discount rate | 6.70% |

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial assumptions used in the June 30, 2025, valuation was 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 | Annual | Compound | Standard Deviation |
|--------------------------|-------------------|-------------------|---------------------------|--------------------|
| | | Arithmetic Return | Annual (Geometric) Return | |
| Cash | 1.0% | 3.2% | 3.2% | 1.1% |
| Fixed income | 29.0% | 5.5% | 5.4% | 4.0% |
| Global equity | 45.0% | 8.5% | 6.9% | 18.3% |
| Real estate | 12.0% | 8.4% | 7.1% | 16.8% |
| Private equity | 11.0% | 12.4% | 8.8% | 28.4% |
| Strategic investments. | 2.0% | 6.5% | 6.1% | 8.7% |
| Total | 100.0% | | | |
| Assumed inflation - mean | | | 2.4% | 1.5% |

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

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

| | 1% Decrease | Current | 1% Increase |
|---|-------------|-----------------------|-------------|
| | 5.70% | Discount Rate 6.70 | 7.70 |
| District's proportionate share of the net pension liability | \$5,689,869 | \$2,899,319 | \$ 559,762 |

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

Payables to the Pension Plan - The District had no payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

C. HIS Plan

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

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

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution for the period October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025 was 2.00% and 2.00%, respectively. The District contributed 100% 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 legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions, including employee contributions, to the HIS Plan totaled \$324,581 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 \$1,318,210 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2024-25 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2025, the District's proportionate share was .010284499 percent, which was an decrease of 5.99 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized an expense related to the HIS Plan of \$141,553. 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 | \$ 7,869 | \$ 2,091 |
| Changes in assumptions | 11,668 | 318,841 |
| Net difference between projected and actual earnings on HIS Plan investments | - | 1,097 |
| Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions | 4,117 | 143,141 |
| District HIS Plan contributions subsequent to the measurement date | 22,545 | - |
| Total | <u>\$ 46,199</u> | <u>\$ 465,170</u> |

The deferred outflows of resources related to the HIS Plan, totaling \$22,545 , 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 outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30 | Amount |
|------------------------------------|----------------------------|
| 2026 | \$ (97,399) |
| 2027 | (116,610) |
| 2028 | (98,178) |
| 2029 | (78,679) |
| 2030 | (50,650) |
| Thereafter | - |
| | <u>\$ (441,516)</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% |
| Salary increases | 3.50%, average, including inflation |
| Municipal bond rate | 5.20% |

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial valuations were prepared as of June 30, 2025 valuation was based on the results of an actuarial experience study, completed in 2025, 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 Position Liability to Changes in the Discount Rate - The following represents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|--------------------|--------------------------|--------------------|
| | 4.20 | 5.20 | 6.20 |
| District's proportionate share of the net pension liability | <u>\$1,486,494</u> | <u>\$1,318,210</u> | <u>\$1,177,073</u> |

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

Payables to the HIS Plan – The District had no payables for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2025.

D. Investment Plan

The SBA administers the defined contribution plan officially titled the FRS 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 District Officers, etc.), as the Pension 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 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts at the end of the 2024 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 11.57%, Special Risk Administrative Support class 37.76%, Special Risk class 30.73%, Senior Management Service class 32.46% and District Elected Officers class 56.62%.

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 Pension Plan is transferred to the Investment Plan, the member must have the years of service required for 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. For the fiscal year ended September 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; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District had 28 participants in the Investment Plan for the fiscal year ended September 30, 2025.

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The District has previously established and maintains an employee group health insurance plan (the Plan) that it makes available to eligible retirees in accordance with the State of Florida law. The Plan is a single employer, experience rated insurance plan that provides medical benefits to eligible retirees and their eligible dependents. The post-retirement benefit portion of the Plan refers to the medical benefits applicable to current and future retirees and their eligible dependents. The Plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity.

Membership of each plan consisted of the following as of the measurement date of September 30, 2025:

| Date of Actuarial Valuation: | <u>September 30, 2025</u> |
|---|---------------------------|
| Retirees and Beneficiaries Receiving Benefits | 1 |
| Active Plan Members | <u>65</u> |
| Total | <u>66</u> |

Funding Policy

In prior years, the District has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit cost and expenses. The contribution requirements of plan members, if any, are established by the District. Eligible retirees pay the full cost of blended rate premiums associated with the medical plan elected; no direct District subsidy is currently applicable. However, there are implicit costs of the medical plan for retirees, as their claims experience is higher than the blended rate premiums. State of Florida Law prohibits the District from separately rating retirees and active employees specifically for medical plan benefits. The District, therefore, assigns eligible active employees and eligible retirees equal, blended-rate premiums and makes available to both groups the same plan options. Although both groups are assigned the same blended rate premiums, generally accepted auditing principles (GAAP) requires the actuarial liabilities presented below to be calculated using age-adjusted premiums approximating claim costs for eligible retirees separate from active eligible members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

Annual OPEB Costs and Net OPEB Obligation

The Annual OPEB Cost is the amount that was expensed for the fiscal year. Since the District's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the District for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the statement of net position.

For the year ended September 30, 2025, the District recognized an OPEB expense of \$25,587.

Total OPEB Liability - The District's total OPEB liability as of September 30, 2025 was determined by an actuarial valuation as of September 30, 2024 using September 30, 2023 as the measurement date. The actuarial assumptions used in the September 30, 2022 valuation with a measurement date of September 30, 2023 were as follows:

Methods and Assumptions Used to Determine Total OPEB Liability

| | |
|--------------------------------------|------------------|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| Discount Rate | 3.81% |
| Initial Trend Rate FY beginning 2024 | 0.00% |
| Trend Rate for FY beginning 2025 | 7.00% |
| Ultimate Trend Rate | 4.00% |

Retirement age varies based on several factors including plan-specific retirement eligibility provisions and experience.

Mortality tables come from those used in the July 1, 2024 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class members . These rates were taken from adjusted PUB-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to the referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018.

Healthcare Cost Trend Rates are 7.00% for the fiscal year beginning 2025, 7.00% for the fiscal year beginning 2026 and then gradually decreasing to an ultimate trend rate of 4.00%.

Other information:

Changes in assumptions and other inputs reflected in the schedule of changes in the Total OPEB liability include:

- Discount rates changed from 4.63 to 3.81%.

There were no benefit changes during the year.

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this AMM roll forward calculation, the municipal bond rate is 3.81% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date of the Bond Buyer "20-Bond GO Index"). The discount rate was 4.63% as of the beginning of the measurement year.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in the Total OPEB Liability:

| <u>Measurement Fiscal Year Ended September 30,</u> | <u>2024</u> |
|--|-------------------|
| Total OPEB Liability | |
| Service cost | \$ 18,607 |
| Interest | 7,360 |
| Changes in benefit terms | - |
| Difference between expected and actual experience of Total OPEB Liability | - |
| Changes in assumptions and inputs | 11,759 |
| Benefit payments | <u>(12,139)</u> |
| Net changes | 25,587 |
| Total OPEB Liability - Beginning of Fiscal Year | <u>146,433</u> |
| Total OPEB Liability - Ending of Fiscal Year | <u>\$ 172,020</u> |
| | |
| Covered Employee Payroll | 4,760,680 |
| Total OPEB Liability as a percentage of Covered Employee Payroll | 3.61% |

Sensitivity of the total OPEB liability to changes in the discount rate - The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.61%) or 1 percentage point higher (4.61%) than the current discount rate.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate Assumption</u> | <u>1% Increase</u> |
|--|--------------------|--|--------------------|
| Total other postemployment benefits liability | <u>\$ 151,877</u> | <u>\$ 172,020</u> | <u>\$ 196,461</u> |

Statement of OPEB expense Employer Fiscal Year End September 30, 2025:

(Based on Measurement Period Ending September 30, 2024.)

| | |
|---|------------------|
| OPEB Expense | |
| Service cost | \$ 18,607 |
| Interest on the Total OPEB Liability | 7,360 |
| Changes in benefit terms | - |
| Difference between expected and actual experience of Total OPEB Liability | - |
| Changes in assumptions and inputs | 11,759 |
| Benefit payments | (12,139) |
| Total OPEB Expense | <u>\$ 25,587</u> |

Schedule of Employer Contributions

| <u>Year Ended September 30</u> | <u>Annual OPEB Expense</u> | <u>% Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------------------|--------------------------------|----------------------|--------------------------------|
| 2019 | (7,709) | 0% | 104,879 |
| 2020 | 247,498 | 0% | 352,337 |
| 2021 | 16,099 | 0% | 368,476 |
| 2022 | (238,581) | 0% | 129,895 |
| 2023 | (10,928) | 0% | 118,967 |
| 2024 | 27,466 | 0% | 146,433 |
| 2025 | 25,587 | 0% | 172,020 |

NOTE 7. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS

In March 2023, the District entered into a three-year Subscription Based Information Technology Agreement (SBITA) for disaster recovery services. Payments were made on an annual basis in the amount of \$92,213. In accordance with SGAS 96, the District reported a subscription right-to-use asset and subscription liability on the government-wide financial statements. In March 2024 the District amended the contract extending the length to five years and increasing annual payments to \$99,932, which increased the value of the right-to-use asset and the corresponding subscription liability. At September 30, 2025, the subscription based right-to-use asset of \$236,277, net of accumulated amortization, was reported and is also displayed on the Capital Asset schedule in Note 3. The subscription liability at September 30, 2025 was \$255,228. The related principal and interest requirements to maturity for the subscription liability are as follows:

| | <u>Interest</u> | <u>Principal</u> | <u>Payment</u> |
|------|------------------|-------------------|-------------------|
| 2026 | \$ 21,695 | \$ 78,237 | \$ 99,932 |
| 2027 | 15,044 | 84,888 | 99,932 |
| 2028 | 7,829 | 92,103 | 99,932 |
| | <u>\$ 44,568</u> | <u>\$ 255,228</u> | <u>\$ 299,796</u> |

NOTE 8. LEASES

The District has entered into various leases for office equipment whose terms extend beyond 12 months. Per the District’s lease and subscription capitalization policy, the resulting amortization of each lease exceeds the threshold of \$5,000 annually. As a result, the District has recognized a right-to-use lease asset and a corresponding lease liability on the government-wide financial statements. As of the end of the 2025 fiscal year, the District’s right-to-use lease asset was valued at \$80,997, net of accumulated amortization and has been included in the capital asset schedule in Note 3. The lease liability was valued at \$85,576 at year-end. The related principal and interest requirements to maturity for the lease liability are as follows:

| | <u>Interest</u> | <u>Principal</u> | <u>Payment</u> |
|------|-----------------|------------------|------------------|
| 2026 | \$ 5,339 | \$ 43,180 | \$ 48,519 |
| 2027 | 1,743 | 42,396 | 44,139 |
| | <u>\$ 7,082</u> | <u>\$ 85,576</u> | <u>\$ 92,658</u> |

NOTE 9. CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2025**

| | Budgeted Amounts | | Variance with Original Budget- over (under) Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|----------------------|----------------------|---|----------------------|---|
| | Original | Final | | | |
| Revenues | | | | | |
| Ad valorem property taxes | \$ 6,085,787 | \$ 6,085,787 | \$ - | \$ 5,989,839 | \$ (95,948) |
| Intergovernmental revenue | 4,632,000 | 4,632,000 | - | 4,412,420 | (219,580) |
| Licenses and permits | 223,000 | 223,000 | - | 291,050 | 68,050 |
| Lease proceeds | - | - | - | 82,445 | 82,445 |
| Other income | 90,000 | 90,000 | - | 90,607 | 607 |
| Interest income | 130,000 | 130,000 | - | 1,156,684 | 1,026,684 |
| Increase/(decrease) in fair value of investment | - | - | - | 298,783 | 298,783 |
| Total revenues | 11,160,787 | 11,160,787 | | 12,321,828 | 1,161,041 |
| Expenditures | | | | | |
| General government | | | | | |
| Salaries and benefits | 7,816,845 | 7,816,496 | (349) | 6,291,083 | 1,525,413 |
| Contracted services | 2,952,675 | 2,952,675 | - | 1,384,409 | 1,568,266 |
| Operating expenditures | 1,683,792 | 1,683,792 | - | 1,277,426 | 406,366 |
| Intergovernmental expenditures | 1,420,500 | 1,420,500 | - | 917,751 | 502,749 |
| Capital outlay | 149,714 | 149,714 | - | 84,307 | 65,407 |
| Capital outlay - leases | - | - | - | 82,445 | (82,445) |
| Total general government expenditures | 14,023,526 | 14,023,177 | | 10,037,421 | 3,985,756 |
| Excess (deficiency) of revenues over (under) expenditures | (2,862,739) | (2,862,390) | 349 | 2,284,407 | 5,146,797 |
| Net change in fund balance | (2,862,739) | (2,862,390) | 349 | 2,284,407 | 5,146,797 |
| Fund balance at beginning of year | 20,851,668 | 20,851,668 | - | 20,851,668 | - |
| Fund balance at end of year | \$ 17,988,929 | \$ 17,989,278 | \$ 349 | \$ 23,136,075 | \$ 5,146,797 |

See notes to required supplementary information.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
LAND MANAGEMENT AND OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2025

| | Budgeted Amounts | | Variance with Original Budget- over (under) Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|---------------------|---|
| | Original | Final | | | |
| Revenues | | | | | |
| Ad valorem property taxes | \$ 1,008,994 | \$ 1,008,994 | \$ - | \$ 1,127,133 | \$ 118,139 |
| Intergovernmental revenue | 5,690,119 | 5,690,119 | - | 3,591,115 | (2,099,004) |
| Licenses and permits | - | - | - | - | - |
| Charges for services | - | - | - | 3,100 | 3,100 |
| Timber revenue | 1,300,000 | 1,300,000 | - | 2,134,379 | 834,379 |
| Other income | 20,288 | 20,288 | - | 478,767 | 458,479 |
| Interest revenue | - | - | - | 235,250 | 235,250 |
| Total revenues | 8,019,401 | 8,019,401 | - | 7,569,744 | (449,657) |
| Expenditures | | | | | |
| General government | | | | | |
| Salaries and benefits | 1,165,305 | 1,165,305 | - | 906,094 | 259,211 |
| Contracted services | 4,031,489 | 4,031,489 | - | 3,686,901 | 344,588 |
| Operating expenditures | 855,508 | 855,508 | - | 559,723 | 295,785 |
| Intergovernmental expenditures | 970,000 | 970,000 | - | 618,879 | 351,121 |
| Capital outlay | 3,664,330 | 3,664,330 | - | 1,139,745 | 2,524,585 |
| Total general government expenditures | 10,686,632 | 10,686,632 | - | 6,911,342 | 3,775,290 |
| Excess (deficiency) of revenues over (under) expenditures | (2,667,231) | (2,667,231) | - | 658,402 | 3,325,633 |
| Net change in fund balance | (2,667,231) | (2,667,231) | - | 658,402 | 3,325,633 |
| Fund balance at beginning of year | 5,905,092 | 5,905,092 | - | 5,905,092 | - |
| Fund balance at end of year | \$ 3,237,861 | \$ 3,237,861 | \$ - | \$ 6,563,494 | \$ 3,325,633 |

See notes to required supplementary information.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2025

| | Budgeted Amounts | | Variance with Original Budget- over (under) | Actual | Variance With Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|---------------------|---|
| | Original | Final | Final Budget | Amounts | |
| Revenues | | | | | |
| Other income | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total revenues | - | - | - | - | - |
| Expenditures | | | | | |
| General government | | | | | |
| Contracted services | 1,150,000 | 1,150,000 | - | 255,884 | 894,116 |
| Operating expenditures | 30,000 | 30,000 | - | - | 30,000 |
| Capital outlay | 25,000 | 25,000 | - | - | |
| Intergovernmental expenditures | 2,135,000 | 2,135,000 | - | 757,146 | 1,377,854 |
| Total general government expenditures | 3,340,000 | 3,340,000 | - | 1,013,030 | 2,301,970 |
| Excess (deficiency) of revenues over (under) expenditures | (3,340,000) | (3,340,000) | - | (1,013,030) | 2,326,970 |
| Net change in fund balance | (3,340,000) | (3,340,000) | - | (1,013,030) | 2,326,970 |
| Fund balance at beginning of year | 7,357,925 | 7,357,925 | - | 7,357,925 | - |
| Fund balance at end of year | \$ 4,017,925 | \$ 4,017,925 | \$ - | \$ 6,344,895 | \$ 2,326,970 |

See notes to required supplementary information.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATE SPECIAL REVENUE FUND
BUDGET AND ACTUAL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2025

| | Budgeted Amounts | | Variance with Original Budget- over (under) Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|---------------------|---|
| | Original | Final | | | |
| Revenues | | | | | |
| Intergovernmental revenue | \$ 42,034,120 | \$ 42,034,120 | \$ - | \$ 6,911,357 | \$ (35,122,763) |
| Interest revenue | - | - | - | 269,781 | 269,781 |
| Total revenues | 42,034,120 | 42,034,120 | - | 7,181,138 | (34,852,982) |
| Expenditures | | | | | |
| General government | | | | | |
| Salaries and benefits | 5,552 | 5,552 | - | - | 5,552 |
| Contracted services | 13,915,620 | 13,915,620 | - | 4,055,025 | 9,860,595 |
| Operating expenditures | 10,948 | 10,948 | - | 4,910 | 6,038 |
| Intergovernmental expenditures | 23,542,000 | 23,542,000 | - | 3,421,038 | 20,120,962 |
| Caplital outlay | 7,000,000 | 7,000,000 | - | 1,872,083 | 5,127,917 |
| Total general government expenditures | 44,474,120 | 44,474,120 | - | 9,353,056 | 35,121,064 |
| Excess (deficiency) of revenues over (under) expenditures | (2,440,000) | (2,440,000) | - | (2,171,918) | 268,082 |
| Net change in fund balance | (2,440,000) | (2,440,000) | - | (2,171,918) | 268,082 |
| Fund balance at beginning of year | 6,829,535 | 6,829,535 | - | 6,829,535 | - |
| Fund balance at end of year | \$ 4,389,535 | \$ 4,389,535 | \$ - | \$ 4,657,617 | \$ 268,082 |

See notes to required supplementary information.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
FEDERAL SPECIAL REVENUE FUND
BUDGET AND ACTUAL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2025**

| | Budgeted Amounts | | Variance with Original Budget- over (under) Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|------------------|------------------|---|-------------------|---|
| | Original | Final | | | |
| Revenues | | | | | |
| Intergovernmental revenue | \$ 7,443,000 | \$ 7,443,349 | \$ 349 | \$ 5,207,755 | \$ (2,235,594) |
| Total revenues | 7,443,000 | 7,443,349 | 349 | 5,207,755 | (2,235,594) |
| Expenditures | | | | | |
| General government | | | | | |
| Salaries and benefits | - | 349 | 349 | 349 | - |
| Contracted services | 4,435,000 | 4,285,000 | (150,000) | 2,056,237 | 2,228,763 |
| Operating expenditures | 8,000 | 8,000 | - | 2,389 | 5,611 |
| Intergovernmental expenditures | 3,000,000 | 3,150,000 | 150,000 | 3,148,780 | 1,220 |
| Total general government expenditures | 7,443,000 | 7,443,349 | 349 | 5,207,755 | 2,235,594 |
| Excess (deficiency) of revenues over (under) expenditures | | | | | |
| | - | - | - | - | - |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - |
| Net change in fund balance | | | | | |
| | - | - | - | - | - |
| Fund balance at beginning of year | | | | | |
| | - | - | - | - | - |
| Fund balance at end of year | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - |

See notes to required supplementary information.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2025**

I. Stewardship, Compliance and Accountability:

A. Budgetary Information

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

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

1. In accordance with *Florida Statutes*, prior to July 15, the finance office shall submit to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted following preliminary examination and revision of the proposed operating budget by the Board.
3. After public hearings and necessary revisions have been completed, the budget is legally enacted through passage of a resolution.
4. Revisions that alter the total expenditures of any fund must be approved by the Board. The Executive Director is authorized to approve line-item budget transfers within a fund without approval of the Governing Board. The legal level of budgetary control is the fund level.
5. Formal budgetary integration is employed as a management control device during the year for all governmental fund types.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SUWANNEE RIVER WATER MANAGEMENT DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the FRS net pension liability (asset) | 0.009342056% | 0.010003549% | 0.010466194% | 0.011597006% | 0.010742049% | 0.010137885% | 0.010515337% | 0.010495420% | 0.011136560% | 0.011295417% |
| District's proportionate share of the FRS net pension liability (asset) | \$ 2,899,319 | \$ 3,869,843 | \$ 4,170,447 | \$ 4,315,018 | \$ 811,440 | \$ 4,393,909 | \$ 3,621,336 | \$ 3,161,274 | \$ 3,294,120 | \$ 2,852,102 |
| District's proportion of the HIS net pension liability (asset) | 0.010284499% | 0.010939797% | 0.010941147% | 0.011810071% | 0.011747994% | 0.011761558% | 0.011188140% | 0.011137294% | 0.011336563% | 0.011222589% |
| District's proportionate share of the HIS net pension liability (asset) | 1,318,210 | 1,641,076 | 1,737,600 | 1,250,875 | 1,441,068 | 1,436,067 | 1,329,411 | 1,203,725 | 1,212,158 | 1,307,946 |
| District's proportionate share of the total net pension liability (asset) | \$ 4,217,529 | \$ 5,510,919 | \$ 5,908,047 | \$ 5,565,893 | \$ 2,252,508 | \$ 5,829,976 | \$ 4,950,747 | \$ 4,364,999 | \$ 4,506,278 | \$ 4,160,048 |
| District's covered-employee payroll | \$ 4,594,909 | \$ 4,629,861 | \$ 4,354,957 | \$ 4,303,956 | \$ 4,159,053 | \$ 4,082,091 | \$ 3,979,411 | \$ 3,717,846 | \$ 3,613,480 | \$ 3,468,829 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 91.79% | 119.03% | 133.73% | 129.32% | 54.16% | 142.82% | 124.41% | 117.41% | 124.71% | 119.93% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.96% | 78.79% | 77.04% | 79.09% | 91.09% | 78.85% | 82.61% | 79.86% | 79.30% | 85.85% |

See notes to the required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SUWANNEE RIVER WATER MANAGEMENT DISTRICT'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required FRS contribution | \$ 620,256 | \$ 630,197 | \$ 589,166 | \$ 632,041 | \$ 461,356 | \$ 465,924 | \$ 447,416 | \$ 412,608 | \$ 414,295 | \$ 380,782 |
| Contractually required HIS contribution | 324,581 | 297,584 | 221,551 | 91,270 | 77,852 | 94,280 | 90,534 | 85,079 | 60,327 | 77,992 |
| Total Contractually Required Contributions | <u>944,837</u> | <u>927,781</u> | <u>810,717</u> | <u>723,311</u> | <u>539,208</u> | <u>560,204</u> | <u>537,950</u> | <u>497,687</u> | <u>474,622</u> | <u>458,774</u> |
| Contributions in relation to the contractually required contribution | (944,837) | (927,781) | (810,717) | (723,311) | (539,208) | (560,204) | (537,950) | (497,687) | (474,622) | (458,774) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 4,658,124 | \$ 4,613,661 | \$ 4,417,842 | \$ 4,216,591 | \$ 4,189,251 | \$ 4,050,200 | \$ 4,049,548 | \$ 3,802,030 | \$ 3,634,140 | \$ 3,505,500 |
| Contributions as a percentage of covered-employee payroll | 20.28% | 20.11% | 18.35% | 17.15% | 12.87% | 13.83% | 13.28% | 13.09% | 13.06% | 13.09% |

See notes to the required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SUWANNEE RIVER WATER MANAGEMENT DISTRICT'S CHANGES IN
THE TOTAL OPEB LIABILITY*

| Measurement Year Ended September 30, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Total OPEB Liability | | | | | | | | |
| Service Cost | \$ 18,607 | \$ 15,210 | \$ 20,045 | \$ 31,335 | \$ 28,618 | \$ 9,310 | \$ 9,440 | \$ 9,711 |
| Interest | 7,360 | 5,606 | 3,128 | 9,305 | 10,068 | 4,049 | 3,933 | 3,922 |
| Changes in benefit terms | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience of total OPEB Liability | - | 169 | - | (192,129) | - | 149,893 | - | - |
| Changes in assumptions and inputs | 11,759 | 20,038 | (19,842) | (59,654) | 7,214 | 101,180 | (1,770) | (2,174) |
| Benefit Payments | (12,139) | (13,557) | (14,259) | (27,438) | (29,801) | (16,934) | (19,312) | (31,379) |
| Net changes | \$ 25,587 | \$ 27,466 | \$ (10,928) | \$ (238,581) | \$ 16,099 | \$ 247,498 | \$ (7,709) | \$ (19,920) |
| Total OPEB Liability - Beginning of Fiscal Year | 146,433 | 118,967 | 129,895 | 368,476 | 352,377 | 104,879 | 112,588 | 132,508 |
| Total OPEB Liability - Ending of Fiscal Year | 172,020 | 146,433 | 118,967 | 129,895 | 368,476 | 352,377 | 104,879 | 112,588 |
| | | | | | | | | |
| Covered Employee Payroll | \$4,760,680 | \$4,582,572 | \$4,342,462 | \$4,324,982 | \$4,134,319 | \$3,917,555 | \$3,798,982 | \$3,108,830 |
| Total OPEB Liability as a percentage of Covered Employee Payroll | 3.61% | 3.20% | 2.74% | 3.00% | 8.91% | 8.99% | 2.76% | 3.62% |

*GASB requires information for 10 years. Until a full ten-year trend has been compiled, only those years for which information is available has been presented. Only information for the current year is presented.

See notes to the required supplementary information.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**THE SUWANNEE RIVER WATER MANAGEMENT DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND REQUIRED CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year Ended September 30, 2025**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2025, are shown below:

| | FRS | HIS |
|-----------------------------|--------------------|-------------------|
| Total pension liability | \$ 243,620,457,000 | \$ 13,687,702,516 |
| Plan fiduciary net position | (212,585,325,722) | (870,258,386) |
| Net pension liability | \$ 31,035,131,278 | \$ 12,817,444,130 |

| | | |
|--|--------|-------|
| Plan fiduciary net position as a percentage of the total pension liability | 87.26% | 6.36% |
|--|--------|-------|

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated June 30, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. For fiscal years June 30, 2018 through June 30, 2025, in addition to contributions from employers the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportionate basis. The division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018 through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20 % was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the Pub-2010 base table.

The following changes in actuarial assumptions occurred in 2025:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) RETIREMENT HEALTHCARE PLAN
SEPTEMBER 30, 2025**

The District obtains an actuarial report every three years. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at September 30, 2023 that were “rolled forward” to the September 30, 2024 measurement date, with results applicable to the fiscal year ended September 30, 2025. Information about the methods and assumptions used in the actuarial valuation follows:

| | |
|--------------------------|--|
| Valuation Date: | September 30, 2023 |
| Measurement Date: | September 30, 2024 |
| Roll Forward Procedures: | The Total OPEB Liability was rolled forward twelve months from the Valuation Date to the Measurement Date using standard actuarial techniques. |

Methods and Assumptions Used to Determine Total OPEB Liability

| | |
|--------------------------------------|------------------|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| Discount Rate | 3.81% |
| Initial Trend Rate FY beginning 2024 | 0.00% |
| Trend Rate for FY beginning 2025 | 7.00% |
| Ultimate Trend Rate | 4.00% |

| | |
|----------------|---|
| Retirement Age | Varies based on several factors including plan-specific retirement eligibility provisions and experience. |
|----------------|---|

| | |
|-----------|--|
| Mortality | Mortality tables used in the July 1, 2023 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class members . These rates were taken from adjusted PUB-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018 |
|-----------|--|

| | |
|--------------------|--|
| Other information: | Changes in assumptions and other inputs include the change in the discount rate from 4.63% as of the beginning of the measurement period to 3.81% as of September 30, 2024. This change is reflected in the Schedule of Changes in Total OPEB Liability. |
|--------------------|--|

There were no benefit changes during the year.

As of September 30, 2023, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits at September 30, 2025 was \$172,020, and the actuarial value of assets was \$0.

The following Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SCHEDULE OF OPEB FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age Normal Cost (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL:as a % of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|--|
| 9-30-18 | - | 112,588 | 112,588 | 0.00% | 3,108,830 | 3.62% |
| 9-30-19 | - | 104,879 | 104,879 | 0.00% | 3,798,982 | 2.76% |
| 9-30-20 | - | 352,337 | 352,337 | 0.00% | 3,917,555 | 8.99% |
| 9-30-21 | - | 368,476 | 368,476 | 0.00% | 4,134,319 | 8.91% |
| 9-30-22 | - | 129,895 | 129,895 | 0.00% | 4,324,982 | 3.00% |
| 9-30-23 | - | 118,967 | 118,967 | 0.00% | 4,342,462 | 2.74% |
| 9-30-24 | - | 146,433 | 146,433 | 0.00% | 4,582,572 | 3.20% |
| 9-30-25 | - | 172,020 | 172,020 | 0.00% | 4,760,680 | 3.61% |

SCHEDULE OF OPEB EMPLOYER CONTRIBUTIONS

| Year Ended September 30 | Annual OPEB Expense | % Contributed | Net OPEB Obligation |
|-------------------------|---------------------|---------------|---------------------|
| 2019 | (7,709) | 0% | 104,879 |
| 2020 | 247,498 | 0% | 352,337 |
| 2021 | 16,099 | 0% | 368,476 |
| 2022 | (238,581) | 0% | 129,895 |
| 2023 | (10,928) | 0% | 118,967 |
| 2024 | 27,466 | 0% | 146,433 |
| 2025 | 25,587 | 0% | 172,020 |

SINGLE AUDIT SECTION

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2025

| Program Titles & Grant Numbers | ALN/CFSA | Award Number | Award/Contract Amount | Expenditures Recognized in Prior Years | Expenditures Recognized in Current Year | Transfers to Subrecipients in Current Year |
|---|----------|-------------------|--------------------------|--|---|--|
| Federal Awards | | | | | | |
| <i>U.S. Department of the Treasury passed through from the Florida Department of Environmental Protection</i> | | | | | | |
| Coronavirus Sate and Local Fiscal Recovery Funds-Live Oak Septic to Sewer Reuse** | 21.027 | WG051 | 3,540,000 | 391,220 | 3,148,780 | 3,148,780 |
| Coronavirus Sate and Local Fiscal Recovery Funds-Graham Farm Land Acquisition** | 21.027 | WSA06 | 900,000 | - | 900,000 | 900,000 |
| Total U.S. Department of Treasury pass through from Florida Department of Environmental Protection | | | <u>4,440,000</u> | <u>391,220</u> | <u>4,048,780</u> | <u>4,048,780</u> |
| <i>U.S. Department of Environmental Protection passed through the Florida Department of Environmental Protection</i> | | | | | | |
| BMAP monitoring - SRWMD Region | 66.454 | MN032 | 327,726 | 104,255 | 126,374 | - |
| Total U.S. Department of Environmental Protection pass through from the Florida Department of Environmental protection | | | <u>327,726</u> | <u>104,255</u> | <u>126,374</u> | <u>-</u> |
| <i>U.S. Department of Interior</i> | | | | | | |
| Service-Lower Suwannee River Watershed Nutrient Reduction | 15.658 | N122CPT0011155 | 323,750 | 281,414 | 349 | - |
| Total U.S. Department of Interior | | | <u>323,750</u> | <u>281,414</u> | <u>349</u> | <u>-</u> |
| <i>U.S. Department of Homeland Security-Federal Emergency Management Agency passed through Florida Division of Emergency Management</i> | | | | | | |
| DR4086- Hurricane Debby | 97.036 | Z4242 | 48,193 | - | 48,193 | - |
| DR4686 - Hurricane Helene | 97.036 | Z4758 | 58,782 | - | 58,782 | - |
| Total U.S. Department Homeland Security - Federal Emergency Management Agency pass through Florida Division of Emergency Management | | | <u>106,975</u> | <u>-</u> | <u>106,975</u> | <u>-</u> |
| <i>U.S. Department of Homeland Security-Federal Emergency Management Agency</i> | | | | | | |
| Cooperating Technical Partners | 97.045 | EMA-2016-CA-0009 | 1,088,000 | 942,739 | 121,004 | - |
| Cooperating Technical Partners | 97.045 | EMA-2017-CA-00002 | 1,018,000 | 877,247 | 91,033 | - |
| Cooperating Technical Partners | 97.045 | EMA-2018-CA-00006 | 1,718,594 | 1,154,308 | 118,398 | - |
| Cooperating Technical Partners | 97.045 | EMA-2019-CA-00002 | 1,873,150 | 578,820 | 32,410 | - |
| Cooperating Technical Partners | 97.045 | EMA-2020-CA-00003 | 2,136,750 | 699,161 | 163,855 | - |
| Cooperating Technical Partners | 97.045 | EMA-2021-CA-00003 | 1,904,527 | 138,569 | 395,303 | - |
| Cooperating Technical Partners | 97.045 | EMA-2022-CA-00015 | 1,620,396 | 264,605 | 63,188 | - |
| Cooperating Technical Partners | 97.045 | EMA-2024-CA-05005 | 1,043,000 | - | 47,061 | - |
| Total U.S. Department of Homeland Security - Federal Emergency Management Agency | | | <u>12,402,417</u> | <u>4,655,450</u> | <u>1,032,252</u> | <u>-</u> |
| Total Federal Awards | | | <u>17,600,869</u> | <u>5,432,339</u> | <u>5,314,730</u> | <u>4,048,780</u> |

**Major Programs are identified with an asterisk
(Continued)

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Continued)
For the Fiscal Year Ended September 30, 2025

| Program Titles & Grant Numbers | ALN/CFSA | Award Number | Award/Contract Amount | Expenditures Recognized in Prior Years | Expenditures Recognized in Current Year | Transfers to Subrecipients in Current Year |
|--|----------|--------------|--------------------------|--|---|--|
| State Financial Assistance | | | | | | |
| <i>Department of Environmental Protection</i> | | | | | | |
| <i>Water Management District Operations</i> | | | | | | |
| General Fund-Operations | 37.037 | WP027 | 2,287,000 | - | 2,287,000 | - |
| Total Water Management District Operations | | | 2,287,000 | - | 2,287,000 | - |
| <i>Florida Springs Grant Program</i> | | | | | | |
| <i>Agricultural Springs Pilot Program-Low Input</i> | | | | | | |
| Agriculture and Land Conservation** | 37.052 | LP61038 | 5,000,000 | 1,374,261 | 333,355 | - |
| Accelerating Suwannee River Restoration and Silviculture Management** | 37.052 | LP6103G | 1,878,736 | 201,118 | 415,875 | 415,875 |
| Precision Agricultural Practices-Land Acquisition Trust Fund** | 37.052 | LP6103K | 5,000,000 | 2,453,828 | 705,414 | - |
| Bradford Co. Silviculture Enhancement and Recharge** | 37.052 | LPS0016 | 2,000,000 | 537,810 | 290,597 | - |
| Agricultural Springs Protection** | 37.052 | LPS0087 | 6,000,000 | 1,152,222 | 1,809,259 | - |
| Agricultural Springs Protection** | 37.052 | S0676 | 3,660,000 | 2,593,298 | 5,078 | - |
| Total Florida Springs Grant Program | | | 23,538,736 | 8,312,537 | 3,559,578 | 415,875 |
| <i>Alternative Water Supply</i> | | | | | | |
| Pivot Retrofits** | 37.100 | WS002 | 1,200,400 | 677,230 | 110,041 | - |
| Public Supply Efficiency Improvements** | 37.100 | WS003 | 1,000,000 | 873,796 | 126,204 | 126,204 |
| GRU Recharge Wetland Phase II** | 37.100 | WS004 | 500,000 | 210,240 | 73,124 | 73,124 |
| Lake Butler Wastewater Treatment Facility-Phase I & II** | 37.100 | WS005 | 3,400,000 | 3,155,878 | 236,400 | 236,400 |
| AWS Feasibility Study** | 37.100 | WS044 | 700,000 | 277,041 | 243,818 | - |
| Reducing Impacts from Urban Landscapes** | 37.100 | WS070 | 220,000 | 2,209 | 16,241 | 16,241 |
| Dispersed Storage for Recharge and Alternative Water Supply** | 37.100 | WS072 | 2,100,000 | 102,416 | 69,343 | - |
| Archer Water Systems Improvements Project** | 37.100 | WS075 | 724,220 | 5,311 | 87,852 | 87,852 |
| Total Alternative Water Supply | | | 9,844,620 | 5,304,120 | 963,022 | 539,820 |

**Major Projects are identified with an asterisk
(Continued)

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Continued)
For the Fiscal Year Ended September 30, 2025

| Program Titles & Grant Numbers | ALN/CFSA | Award Number | Award/ Contract Amount | Expenditures Recognized in Prior Years | Expenditures Recognized in Current Year | Transfers to Subrecipients in Current Year |
|--|----------|--------------|---------------------------|--|---|--|
| <i>Florida Department of Environmental Protection from Appropriations</i> | | | | | | |
| Internal Improvement Trust Fund-PILT | 37.022 | WP027 | \$ 352,909 | \$ - | \$ 352,909 | \$ - |
| Land Acquisition Trust Fund-Land Management | 37.022 | WP027 | 1,777,210 | - | 1,777,210 | - |
| Land Acquisition Trust Fund-Minimum Flows and Minimum Water Levels | 37.022 | WP027 | 1,635,000 | 436,040 | 1,198,960 | - |
| Land Acquisition Trust Fund-Minimum Flows and Minimum Water Levels | 37.022 | WP034 | 1,635,000 | - | 473,462 | - |
| Land Acquisition and Improvements - District Field Service Lab and Facilities Renovation | 37.022 | WP024 | 3,500,000 | 753,920 | 976,207 | - |
| Total Land Acquisition and Improvement Trust Fund | | | 8,900,119 | 1,189,960 | 4,778,748 | - |
| General Revenue Fund-Environmental Resource Permitting | 37.029 | WP018 | 453,000 | - | 453,000 | - |
| Total Appropriations | | | 9,353,119 | 1,189,960 | 5,231,748 | - |
| <i>Passed through Surface Restoration and Wastewater Program</i> | | | | | | |
| Sustainable Suwannee Nutrient Mitigation Project | 37.039 | LPS0082 | 5,500,000 | 350,000 | 60,358 | - |
| Statewide Water Quality Restoration Projects - North Florida Mega Industrial Park Wastewater Treatment Plant | 37.039 | WG050 | 3,359,615 | 2,498,339 | 861,277 | 861,277 |
| Statewide Water Quality Restoration Projects - Live Oak Septic to Sewer Reuse | 37.039 | WG051 | 2,650,000 | - | 1,080,289 | 1,080,289 |
| Total Passed Through Surface Restoration and Wastewater Program | | | 11,509,615 | 2,848,339 | 2,001,923 | 1,941,565 |
| <i>Passed through Office of Water Policy and Ecosystem Restoration -Water Quality</i> | | | | | | |
| SRWMD Water Quality Monitoring Enhancement | 37.105 | AT025 | 290,418 | 60,978 | 219,773 | - |
| SRWMD Water Quality Monitoring Enhancement | 37.105 | AT028 | 195,531 | - | 62,943 | - |
| Total Passed Through Office of Water Policy and Ecosystem Restoration - Water Quality | | | 485,949 | 60,978 | 282,716 | - |
| Total Florida Department of Environmental Protection | | | 57,019,039 | 17,715,934 | 14,325,986 | 2,897,261 |
| <i>Florida Division of Emergency Management</i> | | | | | | |
| Disaster Grants - Public Assistance - DR4086 Hurricane Debby | 97.036 | Z4242 | 8,032 | - | 8,032 | - |
| Disaster Grants - Public Assistance - DR4686 Hurricane Helene | 97.036 | Z4758 | 5,137 | - | 5,137 | - |
| Total Florida Division of Emergency Management | | | 13,169 | - | 13,169 | - |

**Major Projects are identified with an asterisk
(Continued)

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Concluded)
For the Fiscal Year Ended September 30, 2025

| Program Titles & Grant Numbers | ALN/CFSA | Award Number | Award/Contract Amount | Expenditures Recognized in Prior Years | Expenditures Recognized in Current Year | Transfers to Subrecipients in Current Year |
|--|----------|--------------|-----------------------------|--|---|--|
| <i>Florida Department of Agricultural Services and Consumer Services</i> | | | | | | |
| <i>Agricultural Nonpoint Source Best Management Practices</i> | | | | | | |
| Implementation | 42.017 | 29631 | 200,000 | 39,128 | 45,625 | - |
| Prescribed Fire Enhancement Program - Florida Forest Services | 42.065 | 30427 | 294,000 | 270,428 | 23,185 | - |
| Prescribed Fire Enhancement Program - Florida Forest Services | 42.065 | 31513 | 342,275 | - | 341,460 | - |
| Total Florida Department of Agricultural Services and Consumer Services | | | <u>836,275</u> | <u>309,555</u> | <u>410,270</u> | <u>-</u> |
| <i>Florida Department of Transportation</i> | | | | | | |
| State Road 200 Mitigation Project | 55.031 | N/A | 4,065,292 | 4,006,868 | 58,424 | - |
| Efficient Transportaion Decision Making (ETDM) | | ASY63 | 50,000 | - | 69 | - |
| Total Florida Department of Transportation | | | <u>4,115,292</u> | <u>4,006,868</u> | <u>58,493</u> | <u>-</u> |
| Total State Awards | | | <u>61,983,775</u> | <u>22,032,356</u> | <u>14,807,919</u> | <u>2,897,261</u> |
| Total Federal and State Financial Assistance | | | <u>\$ 79,584,644</u> | <u>\$ 27,464,696</u> | <u>\$ 20,122,649</u> | <u>\$ 6,946,041</u> |

**Major Projects are identified with an asterisk

See notes to the Schedule of expenditures of federal awards and state financial assistance.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2025

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state award activity of Suwannee River Water Management District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Summary of Significant Account Policies

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

3. Subrecipients

The District utilizes some State and Federal funds received to issue awards to subrecipients in order to fund projects that are in alignment with the purposes of the District. These transfers to subrecipients have been reflected on the preceding schedule.

4. Indirect Cost Rate

The District did not elect to use the 10% de minimis cost rate.

SUPPLEMENTARY INFORMATION

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
DISTRICT SPECIAL REVENUE FUND
COMBINING BALANCE SHEET – SUB FUNDS
September 30, 2025**

| | Project Effectiveness Metrics | Agricultural Cost-Share | Water Resource Development Projects | RIVER Cost-Share | Total District Special Revenue Fund |
|---|-------------------------------------|----------------------------|--|---------------------|---|
| Assets | | | | | |
| Due from other funds | \$ 358,329 | \$ 1,278,544 | \$ 3,378,717 | \$ 1,349,717 | \$ 6,365,307 |
| Total assets | \$ 358,329 | \$ 1,278,544 | \$ 3,378,717 | \$ 1,349,717 | \$ 6,365,307 |
| Liabilities | | | | | |
| Accounts payable | \$ 5,250 | \$ - | \$ 15,162 | \$ - | \$ 20,412 |
| Total liabilities | 5,250 | - | 15,162 | - | 20,412 |
| Fund balances | | | | | |
| Committed | 353,079 | 1,278,544 | 3,363,555 | 1,349,717 | 6,344,895 |
| Total fund balances | 353,079 | 1,278,544 | 3,363,555 | 1,349,717 | 6,344,895 |
| Total liabilities and fund balance | \$ 358,329 | \$ 1,278,544 | \$ 3,378,717 | \$ 1,349,717 | \$ 6,365,307 |

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATE SPECIAL REVENUE FUND
COMBINING BALANCE SHEET – SUB FUNDS
September 30, 2025

| | Alternative Water Supply & WSPS | | Water Management Lands Trust Fund - | | Suwannee River Partnership | Other State Grants | Land Acquisitions - PCS Mitigation | Total State Special Revenue Fund |
|---|---------------------------------|---------------------|-------------------------------------|-------------------|----------------------------|--------------------|------------------------------------|----------------------------------|
| | Grants | Springs Grants | Springs | DOT - Mitigation | | | | |
| Assets | | | | | | | | |
| Intergovernmental receivables | \$ 58,621 | \$ 1,593,021 | \$ - | \$ - | \$ - | \$ 65,130 | \$ - | \$ 1,716,772 |
| Due from other funds | 104,751 | - | 192,399 | 428,069 | 994,305 | - | 3,252,993 | 4,972,517 |
| Total assets | \$ 163,372 | \$ 1,593,021 | \$ 192,399 | \$ 428,069 | \$ 994,305 | \$ 65,130 | \$ 3,252,993 | \$ 6,689,289 |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 163,372 | \$ 158,775 | \$ - | \$ 43,623 | \$ - | \$ - | \$ - | \$ 365,770 |
| Interest payable | - | - | - | - | - | - | - | - |
| Unearned revenue | - | - | 166,526 | - | - | - | - | 166,526 |
| Due to other funds | - | 1,434,246 | - | - | - | 65,130 | - | 1,499,376 |
| Total liabilities | 163,372 | 1,593,021 | 166,526 | 43,623 | - | 65,130 | - | 2,031,672 |
| Fund balances | | | | | | | | |
| Assigned | - | - | - | - | 994,305 | - | - | 994,305 |
| Restricted | - | - | 25,873 | 384,446 | - | - | 3,252,993 | 3,663,312 |
| Total fund balances | - | - | 25,873 | 384,446 | 994,305 | - | 3,252,993 | 4,657,617 |
| Total liabilities and fund balance | \$ 163,372 | \$ 1,593,021 | \$ 192,399 | \$ 428,069 | \$ 994,305 | \$ 65,130 | \$ 3,252,993 | \$ 6,689,289 |

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
 FEDERAL SPECIAL REVENUE FUND
 COMBINING BALANCE SHEET – SUB FUNDS
 September 30, 2025**

| | <u>FEMA Risk Mapping Grants</u> | <u>Other Federal Grants</u> | <u>Total Federal Special Revenue Fund</u> |
|---|-------------------------------------|---------------------------------|---|
| Assets | | | |
| Intergovernmental receivables | \$ - | \$ 1,000,145 | \$ 1,000,145 |
| Due from other funds | <u>7,117</u> | <u>-</u> | <u>7,117</u> |
| Total assets | <u><u>\$ 7,117</u></u> | <u><u>\$ 1,000,145</u></u> | <u><u>\$ 1,007,262</u></u> |
| Liabilities | | | |
| Accounts payable | \$ 7,117 | \$ 906,305 | \$ 913,422 |
| Due to other funds | <u>-</u> | <u>93,840</u> | <u>93,840</u> |
| Total liabilities | <u>7,117</u> | <u>1,000,145</u> | <u>1,007,262</u> |
| Fund balances | | | |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balance | <u><u>\$ 7,117</u></u> | <u><u>\$ 1,000,145</u></u> | <u><u>\$ 1,007,262</u></u> |

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

**DISTRICT SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2025**

| | <u>Project Effectivness Metrics</u> | <u>Agricultural Cost-Share</u> | <u>Water Resource Development Projects</u> | <u>RIVER Cost-Share</u> | <u>Total District Special Revenue Fund</u> |
|--|---|------------------------------------|--|-----------------------------|--|
| Revenues | | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | |
| General government | | | | | |
| Water resource planning and monitoring | 13,415 | - | - | - | 13,415 |
| Land acquisition, restoration, and public works | <u>-</u> | <u>37,405</u> | <u>205,064</u> | <u>757,146</u> | <u>999,615</u> |
| Total general government expenditures | <u>13,415</u> | <u>37,405</u> | <u>205,064</u> | <u>757,146</u> | <u>1,013,030</u> |
| Excess (deficiency) of revenues over (under) expenditures | (13,415) | (37,405) | (205,064) | (757,146) | (1,013,030) |
| Net change in fund balance | (13,415) | (37,405) | (205,064) | (757,146) | (1,013,030) |
| Fund balances at beginning of year | <u>366,494</u> | <u>1,315,949</u> | <u>3,568,619</u> | <u>2,106,863</u> | <u>7,357,925</u> |
| Fund balances at end of year | <u>\$ 353,079</u> | <u>\$ 1,278,544</u> | <u>\$ 3,363,555</u> | <u>\$ 1,349,717</u> | <u>\$ 6,344,895</u> |

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATE SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2025**

| | Alternative Water Supply & WPSP Grants | Springs Grants | Water Management Lands Trust Fund - Springs | DOT- Environmental Transportation Decision Making | DOT- Mitigation | Suwannee River Partnership | Other State Grants | Land PCS | Total State Special Revenue Fund |
|--|--|------------------|--|--|--------------------|-------------------------------|-----------------------|---------------------|--|
| Revenues | | | | | | | | | |
| Intergovernmental revenue | \$ 963,022 | \$ 3,559,578 | \$ - | \$ 69 | \$ 58,424 | \$ - | 2,330,264 | \$ - | \$ 6,911,357 |
| Interest income | 6,843 | - | 7,649 | 842 | 20,368 | 43,565 | - | 190,514 | 269,781 |
| Total revenues | <u>969,865</u> | <u>3,559,578</u> | <u>7,649</u> | <u>911</u> | <u>78,792</u> | <u>43,565</u> | <u>2,330,264</u> | <u>190,514</u> | <u>7,181,138</u> |
| Expenditures | | | | | | | | | |
| General government | | | | | | | | | |
| Water resource planning and monitoring | - | - | - | - | - | - | 282,716 | - | 282,716 |
| Land acquisition, restoration, and public works | 1,122,406 | 3,559,578 | - | 42,814 | 239,074 | 186,240 | 2,047,548 | 597 | 7,198,257 |
| Capital outlay | - | - | - | - | - | - | - | 1,872,083 | 1,872,083 |
| Total general government expenditures | <u>1,122,406</u> | <u>3,559,578</u> | <u>-</u> | <u>42,814</u> | <u>239,074</u> | <u>186,240</u> | <u>2,330,264</u> | <u>1,872,680</u> | <u>9,353,056</u> |
| Excess (deficiency) of revenues over (under) expenditures | (152,541) | - | 7,649 | (41,903) | (160,282) | (142,675) | - | (1,682,166) | (2,171,918) |
| Net change in fund balance | (152,541) | - | 7,649 | (41,903) | (160,282) | (142,675) | - | (1,682,166) | (2,171,918) |
| Fund balances at beginning of year | 152,541 | - | 18,224 | 41,903 | 544,728 | 1,136,980 | - | 4,935,159 | 6,829,535 |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,873</u> | <u>\$ -</u> | <u>\$ 384,446</u> | <u>\$ 994,305</u> | <u>\$ -</u> | <u>\$ 3,252,993</u> | <u>\$ 4,657,617</u> |

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
FEDERAL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2025**

| | FEMA Risk Mapping Grants | Other Federal Grants | Total Federal Special Revenue Fund |
|--|-----------------------------|-------------------------|--|
| Revenues | | | |
| Intergovernmental revenue | \$ 1,032,252 | \$ 4,175,503 | \$ 5,207,755 |
| Total revenues | <u>1,032,252</u> | <u>4,175,503</u> | <u>5,207,755</u> |
| Expenditures | | | |
| General government | | | |
| Water resource planning and monitoring | 1,032,252 | 126,723 | 1,158,975 |
| Land acquisition, restoration, and public works | - | 4,048,780 | 4,048,780 |
| Total general government expenditures | <u>1,032,252</u> | <u>4,175,503</u> | <u>5,207,755</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - |
| Net change in fund balance | - | - | - |
| Fund balances at beginning of year | - | - | - |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ADDITIONAL REPORTS



Powell and Jones CPA

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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

March 24, 2026

To the Honorable Board of Governors
of the Suwannee River Water Management District:

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 of the Suwannee River Water Management District (the District) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2026.

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.

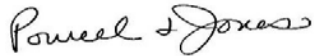
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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



Powell & Jones CPA
Lake City, Florida
March 24, 2026



Powell and Jones CPA

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Phone 386.755.4200

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

March 24, 2026

To the Honorable Board of Governors
of the Suwannee River Water Management District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Suwannee River Water Management District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with the 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

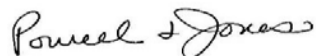
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in cursive script that reads "Powell & Jones".

Powell & Jones CPA
Lake City, Florida
March 24, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, OFFICE OF THE AUDITOR GENERAL

March 24, 2026

To the Honorable Board of Governors
of the Suwannee River Water Management District:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Suwannee River Water Management District's (the District) compliance with the types of compliance requirements in the State of Florida, Department of Financial Services State Projects Compliance and Supplement that could have a direct and material effect on each of the District's major state projects for the year ended September 30, 2025. The District's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with the 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 State of Florida, Office of the Auditor General. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with the 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 State of Florida, Office of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

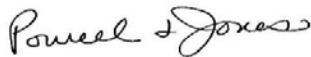
Report on Internal Control over Compliance

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

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

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

Pursuant to Chapter 119, *Florida Statutes*, this report is a public record, and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the District’s management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Powell & Jones CPA
Lake City, Florida
March 24, 2026

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS
For the Fiscal Year Ended September 30, 2025**

Summary of Auditor's Results

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting | |
| • Material weakness identified? | No |
| • Reportable condition identified not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements | No |

Federal Awards

Internal control over major programs:

| | |
|---|---------------|
| • Material weaknesses identified? | No |
| • Reportable condition identified not considered to be material weaknesses? | None reported |

| | |
|--|------------|
| Type of auditor's report issued on compliance for major programs | Unmodified |
|--|------------|

| | |
|---|----|
| Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a) | No |
|---|----|

Identification of major programs:

| | |
|------------|--|
| <u>ALN</u> | <u>Name of Federal Program:</u> |
| 21.027 | Coronavirus State and Local Fiscal Recovery Funds |

| | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
|--|-----------|

| | |
|--|-----|
| Auditee qualified as low-risk auditee? | Yes |
|--|-----|

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS
For the Fiscal Year Ended September 30, 2025**

State Financial Assistance

Internal control over major projects:

- Material weakness identified? No
- Reportable condition identified not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Rule 10.656, *Rules of the Auditor General*? No

| <u>CSFA Number</u> | <u>Name of State Programs</u> |
|--------------------|---|
| 37.052 | Florida Department of Environmental Protection from Springs Initiative Grant Program |
| 37.100 | Florida Department of Environmental Protection from Alternative Water Supply |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Financial Statement Findings

None

State Financial Assistance Findings and Questioned Costs

None



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

MANAGEMENT LETTER

To the Honorable Board of Governors
of the Suwannee River Water Management District:

Report on the Financial Statements

We have audited the financial statements of the Suwannee River Water Management District (the District), for the year ended September 30, 2025, and have issued our report thereon dated March 24, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent 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; Independent Auditor's Reports on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; 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 and schedule, which are dated March 24, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Suwannee River Water Management District a statement as to whether a PACE program authorized pursuant to section 163.081 or Section 163.082, Florida Statutes did not operate within the Suwannee River Water Management's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting for the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with 218.39(3)(b), Florida Statutes.

Special District Specific Information

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 67 employees.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 47 contractors.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$4,781,353.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$11,438,455.
- e. The two construction projects with individual total costs of at least \$65,000 approved by the District that are scheduled to begin on or after October 1 of the fiscal year being reported, together with their total expenditures, was the District Headquarters Facilities Refurbishment with expenditures of \$981,987.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: The District's original budgeted expenditures totaled \$79,967,278 and there were no amendments that changed the overall amount.

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

- a. The millage rate imposed by the District as 0.2936%
- b. The total amount of ad valorem property taxes collected by the District as \$7,116,972
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as \$0

Monthly Financial Statements

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

Transparency

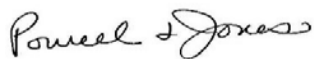
Sections 10.554(1)(i)10.b. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its website to the Florida Department of Financial Service's website to view the District's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

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

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

Purpose of This Letter

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



Powell & Jones CPA
Lake City, Florida
March 24, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of Governors
of the Suwannee River Water Management District:

We have examined Suwannee River Water Management District's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the 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 and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

This report is intended solely for the information and use of the District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Powell & Jones CPA
Lake City, Florida
March 24, 2026



Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

Communication with Those Charged with Governance

To the Honorable Board of Governors;
Suwannee River Water Management District

We have audited the financial statements of Suwannee River Water Management District (the District) for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the District's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 24, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

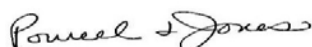
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

This information is intended solely for the use of the Board of Governors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell & Jones CPA
Lake City, Florida
March 24, 2026

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

MEMORANDUM

TO: Audit Committee

FROM: Pam Shaw, Chief, Office of Finance

THRU: Tim Alexander, Deputy Executive Director, Business and Community Services

DATE: March 12, 2026

RE: Inspector General Audit Report #26-01, Follow-up on District Corrective Actions Regarding Auditor General Audit Report No. 2026-022

RECOMMENDATION

Acceptance of the Inspector General Audit Report #26-01, Follow-up on District Corrective Actions Regarding Auditor General Audit Report No. 2026-022, from Law, Redd, Crona & Munroe, P.A.

BACKGROUND

The Inspector General (IG) conducted follow-up activities on the corrective action plan related to Auditor General Audit Report No. 2026-022 dated September 2025. This report included two findings including Interest Allocation and Extra Compensation.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and generally accepted Government Audit Standards.

The IG's report concluded that the District has corrected the findings and recommendations in the Auditor General's report.

PS/rl
Attachment

**SUWANNEE RIVER
WATER MANAGEMENT DISTRICT**

**FOLLOW-UP REPORT ON
DISTRICT CORRECTIVE ACTIONS
REGARDING
AUDITOR GENERAL AUDIT REPORT NO. 2026-022**

REPORT #26-01

February 19, 2026

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February 19, 2026

Governing Board
Suwannee River Water Management District
9225 CR 49
Live Oak, Florida 32060

Pursuant to Section 20.055(6)(h), Florida Statutes, as the District's Inspector General, we are reporting on the status of the Suwannee River Water Management District corrective actions taken on the findings and recommendations in the Auditor General's Operational Audit Report No. 2026-022, dated September 2025. A copy of this report will also be filed with the Joint Legislative Auditing Committee.

If you have any questions regarding this report, please contact Sam McCall, CPA, CIG, CIA; or Geoffrey Adams, CPA, CISA, CFE.

Sincerely,



LAW, REDD, CRONA & MUNROE, P.A.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
FOLLOW-UP ON AG REPORT NO. 2026-022
(February 19, 2026)

BACKGROUND

In September 2025, the Auditor General released Audit Report No. 2026-022, Operational Audit of the Suwannee River Water Management District (District). That report focused on selected District processes and administrative activities and contained two findings and recommendations for improvement.

Pursuant to Section 20.055(6)(h), Florida Statutes, the District's Inspector General is required to report to the Executive Director on the status of corrective actions taken on the Auditor General's report.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this follow-up engagement was to determine the status of corrective action taken by the District to address the findings and recommendations in Auditor General Report No. 2026-022.

The scope of our follow-up activities focused on District actions taken to address the findings and recommendations made by the Auditor General regarding the District's Interest Allocation and Extra Compensation.

To achieve our audit objectives, we conducted the following procedures:

- 1) Examined Auditor General Report No. 2026-022, dated September 2025, to ascertain the findings, recommendations, and original District management response thereto.
- 2) Made inquiries of and obtained representations from District management regarding the current status of corrective actions taken to address the Auditor General's findings and recommendations.
- 3) Examined District policies, procedures, and on a sample basis reperformed the interest allocation procedure for FY 2025-26, then examined evidence of interest allocation for FY 2024-25.
- 4) Examined evidence of employee and supervisor goal setting and performance evaluation meetings for employees to achieve the bonus for FY 2025-26. We also examined evidence of employees' acknowledgement of the bonus, the eligibility requirements, and the method for achieving the bonus for FY 2024-25, and other documentation relating to management corrective actions.

SUMMARY OF RESULTS

For this follow-up audit, we concluded that District management has corrected the findings and recommendations in the Auditor General's report. Please see Appendix A of this report for a schedule of the current status reported by management regarding the Auditor General's findings and recommendations.

We wish to take this opportunity to thank District staff for their assistance and cooperation in the conduct of our audit. If there are any questions regarding this report, please feel free to contact Sam McCall, CPA, CIG, CIA, or Geoffrey Adams, CPA, CISA, CFE.

Law Redd Crona + Munroe P.A.

LAW, REDD, CRONA & MUNROE, P.A.

| Appendix A-1 | |
|---|--|
| Schedule of District Corrective Action for Auditor General Report No. 2026-022 | |
| February 2026 | |
| Finding 1: Interest Allocation | |
| AG Finding Summary | The District allocated interest earnings totaling \$300,000 to the General Fund that should have been allocated to the Special Revenue – Land Management and Operations Fund. |
| AG Recommendation | District procedures should continue efforts to ensure that interest earnings are properly calculated and allocated to the specific fund that produced the earnings. Such procedures should require and ensure that interest earnings from restricted resources, like timber sale revenue, remain available in the Land Management Fund to support land management activities. |
| Original District Response | As discussed during the audit visit, District staff have made significant modifications to the interest allocation process as they have documented a procedure to perform the monthly interest allocation for FY 2025-26, and adjusted the fund generated interest out of the general fund and back to the interest generating funds for FY 2024-25. We have reviewed the finding and recommendation, and we will continue to improve the interest allocation process to ensure that any changes continue to address the audit findings. |
| Status per Management as of February 2026 | The District’s staff implemented changes to the interest allocation process for FY 2025-26 as of September 15, 2025, and have adjusted the interest out of the General Fund and allocated it back to the generating funds as of September 30, 2025. As such, the Auditor General’s finding has been corrected. |

| Appendix A-2 Schedule of District Corrective Action for Auditor General Report No. 2026-022 February 2026 | |
|--|--|
| Finding 2: Extra Compensation | |
| AG Finding Summary | State law prohibits the District from making extra compensation payments to employees after services have been rendered. While State law provides for the payment of bonus awards, the law requires that any policy, ordinance, rule, or resolution designed to implement a bonus scheme must base the award of a bonus on work performance; describe the performance standards and evaluation process by which a bonus will be awarded; notify all employees of the policy, ordinance, rule, or resolution before the beginning of the evaluation period on which a bonus will be based; and consider all employees for the bonus. |
| AG Recommendation | The District should refrain from making extra compensation payments to employees after services have been rendered. If the District decides to implement a bonus scheme, an effective process should be established to ensure compliance with the statutory requirements for implementing the scheme. |
| Original District Response | As discussed during the audit visit, District staff have made significant modifications to their policies and processes by documenting performance standards, creating a performance evaluation process, and a bonus awarding plan. The policy has been updated to reflect formal goal-setting, performance evaluation, and bonus awarding processes. As of October 1, 2025, staff are made aware of and must acknowledge their supervisor's performance expectations and goals at the start of each fiscal year. The district was already in the process of issuing bonuses for FY 2024-25 when this finding was reported to management. As a corrective measure, the district collected staff acknowledgement of their awareness of their FY 2024-25 bonus award requirements and performance expectations to achieve a bonus. The policy and practice was formalized after the extant bonus awarding processes were already underway for FY 2024-25, and FY 2024-25 was drawing to a close. We have reviewed the finding and recommendation and are continuing to improve our staff communication, goal setting, performance evaluation, and bonus awarding practices to ensure that the changes implemented address the audit finding. |
| Status per Management as of February 2026 | The District's staff implemented written performance standards and an evaluation process, as well as a bonus plan, in compliance with Section 215.425, F.S., and F.A.C. 60L-35 for FY 2025-26. As such, the Auditor General's finding has been corrected. |

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

MEMORANDUM

TO: Audit Committee
FROM: Pam Shaw, Chief, Office of Finance
THRU: Tim Alexander, Deputy Executive Director, Business and Community Services
DATE: April 3, 2026
RE: Inspector General Audit Report #26-02, Internal Audit of Timber Sales

RECOMMENDATION

Acceptance of the Inspector General Audit Report #26-02, Internal Audit of Timber Sales, from Law, Redd, Crona & Munroe, P.A.

BACKGROUND

The Inspector General (IG) conducted an internal audit on the District's timber sales revenue for the period of October 1, 2022, through September 30, 2025.

The objective of this audit was to test and evaluate selected District procedures and controls over timber revenue including harvests and monitoring.

The IG's report concluded that the District follows a formal bid process for establishing timber sales agreements with timber companies and monitors timber harvests from removal through milling, settlement, and payment to the District. For the timber sales agreements included in the test samples, the IG concluded that the District followed its policies and procedures for timber sales contracting and monitoring. There was one finding related to timber sales contract authorization and monitoring controls.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and generally accepted Government Audit Standards.

PS/rl
Attachment

**SUWANNEE RIVER
WATER MANAGEMENT DISTRICT**

**REPORT ON INTERNAL AUDIT OF
TIMBER SALES**

REPORT #26-02

April 3, 2026

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Governing Board
Suwannee River Water Management District
9225 CR 49
Live Oak, Florida 32060

We have performed internal audit procedures at the Suwannee River Water Management District (District) to review the District's Timber Sales.

This audit was performed in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions in light of our audit objectives.

The objective of our audit was to test and evaluate selected District procedures and controls over timber sales revenue. The accompanying report presents our analysis and is organized as follows:

- Background
- Objectives, Scope, and Methodology
- Observations and Recommendations
- Conclusion

The procedures we performed were applied to the District's timber sales revenues for the period October 1, 2022, through September 30, 2025. These procedures were accomplished by:

- Obtaining and inspecting the District's documented policies and procedures;
- Analytical procedures to gain our understanding of timber sales revenue;
- Inquiries and discussions with District staff;
- Performing tests of selected aspects of the District's timber sales revenues;
- In-person observation of a timber harvest and delivery to the associated mill;

This report is intended solely for the information and use of the Governing Board, District management, and the Auditor General and is not intended to be used by anyone other than these specified parties.

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Tallahassee, Florida

April 3, 2026

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
TIMBER SALES
April 03, 2026

BACKGROUND

Section 373.1391(1)(a), Florida Statutes, provides that lands owned, managed, and controlled by water management districts may be used for multiple purposes, including agriculture. Section 373.1391(5), Florida Statutes, further provides that water management districts may use lands acquired pursuant to the Florida Forever program and other state funded land purchase programs for certain activities, including sustainable agriculture and forestry, where approved by the Governing Board. The District’s land management program includes timber thinning and harvesting to improve and protect the habitat by removing diseased trees, opening stands to increase sunlight, promoting plant diversity, and providing the remaining trees with more room to grow.

Within its land management program, the District has established a written land management plan. The plan was established to formally document land management objectives and serve as an operational guide for all land management planning and operations in each region over a 10-year period. The District has also established Timber Management Standards (TMS) to document forest management practices, including timber harvesting. The TMS documents all timber-related processes, including reforestation and the steps to conduct a timber sale. The TMS provides guidance on when timber harvests may be appropriate, based on factors such as timber age, species, density, soil type, and reforestation objectives.

For District-owned lands with harvestable tree stands, the District establishes sales contracts with the highest-bidding timber company to harvest the identified timber at agreed-upon prices per ton, based on the type of tree being harvested. The following table provides details of the District’s timber sales revenue, contracts awarded, and acreage harvested within our audit scope:

| Fiscal Year | 2025 | 2024 | 2023 |
|-----------------------------|-------------|-------------|-------------|
| Timber Sales Revenue | \$2,134,379 | \$1,504,701 | \$2,528,013 |
| Contracts Awarded | 17 | 9 | 12 |
| Acreage Harvested | 2,300 | 1,223 | 1,302 |

The District issues a competitive Invitation to Bid (ITB) for a specific timber sale unit (tract) or combination of units for an estimated timber volume based on the District's timber database. Field staff verifies the estimated volumes and associated tonnage. The ITB is advertised through the State of Florida's procurement application MyFloridaMarketPlace Vendor Information Portal, the District Website, and the DemandStar Website. In addition, the District sends e-mail notifications to interested parties listed on an e-mail database who have expressed an interest in receiving timber sale ITBs.

Once the sealed bids are received, a tabulation sheet is prepared and posted on the District Website, Vendor Information Portal, and DemandStar Website. The bids and management's bid evaluation results are then submitted to the Governing Board for approval to enter into an agreement with the recommended contractor. The contract is awarded to the highest bidder based on the price per ton for each timber product class submitted through the bid process.

The District then initiates a Timber Sale Agreement (template) to outline the procedures for harvesting operations, timber sales, and payment remittance. Timber harvesting commences following an on-site meeting between the District and the contractor to review the agreement and procedures for managing load tickets.

Each week, the contractor provides the District with load sheets from the mill to which the timber is delivered, detailing the tonnage and classification of each load.

As a control for the harvesting process, the district uses a three-part, prenumbered ticket to monitor timber being hauled off the site to a lumber mill by the contractor. Part 1 of the ticket must be physically attached to the load before it leaves District property, so a District Forester can observe the ticket attached to a completed load being hauled offsite. Part 2 of the ticket must be attached to a scale ticket for timber weighed at the mill. Part 2 is then returned to the contractor, at which point the contractor is given a load sheet detailing the tonnage and type of timber of each load. Both the load sheet and Part 2 of the ticket are then provided to the contractor's accountant for use in preparing the weekly settlement report. Part 3 of the prenumbered ticket is provided to the District by the site foreman each week. Part 3 is used by the District to confirm the loads and the subsequent payment once the contractor's settlement report has been received.

Upon receipt by the District, the settlement report is entered into the timber sale spreadsheet reconciliation and matched to the pre-numbered tickets received each week. The Forester, and later a supervisor, match mill-scale ticket numbers to the District-supplied load tickets to ensure that all load-haul tickets are accounted for and that the tonnage reported on the

weekly logging diary matches the settlement report. The Forester retains the load tickets and the corresponding settlement reports in the District's files.

While most contracts follow this process, a small number are issued as "lump-sum contracts," in which the bidder pays a lump sum at contract execution, plus a deposit. This extra deposit is returned to the loggers at the end of the contract if they abide by its terms. These lump-sum payments are recognized as unearned revenue at the start of the contract and then moved to revenue after the harvest is complete.

Another noted exception to standard procedures occurs in the wake of hurricanes and other natural disasters. In line with the Governor's emergency declarations, the District has expedited the bidding process for "Hurricane Salvage" plots affected by the storms. Downed and flooded timber rots quickly and can be disastrous for local ecosystems, so the District can solicit bids directly from established contractors and accept a bid in a matter of days or weeks, rather than the usual month or more. Since the District would otherwise have to pay to have these plots cleared, the prices accepted for these salvage tracts can be substantially lower than the market price. The lower rates are deemed reasonable given the timber's poor condition and the timeliness demanded of the Contractors.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to evaluate selected District procedures and controls over timber harvests and monitoring. The scope of this audit included the District's timber sales.

To achieve our audit objectives, we conducted the following procedures:

- 1) Interviewed District personnel to establish an understanding of the timber sale process, from the monitoring and forecasting to the end of each harvest contract.
- 2) Reviewed the District's Employee Procedures Manual, Chapter 22, to understand the Finance and Accounting policies.
- 3) Performed analytical procedures to understand the timber sales revenue trends.
- 4) Reviewed the Standard LM-02-2019-02, the Timber Management Standard, for procedures regarding timber management.
- 5) Reviewed the District's 2025 Land Management Plan, DLMP Goal I, for the most recent timber metrics and objectives.
- 6) Cross-referenced the 2024 timber sales summary and 2025 forecasting, from the District's 2024 Land Management Annual Report, with the activity reported.
- 7) Judgmentally selected settlement reports from active contracts between 10/1/22 and 9/30/25, to identify the most significant or irregular settlements.
- 8) Tested attributes included agreeing the tract data to internal monitoring data and adherence to the prescribed bidding and contract approval procedures.
- 9) Tested the existence and accuracy of the harvests via the three-way match of prenumbered load tickets given to the contractor. Matched tonnage reported on contractor's settlement reports with the amounts reported on each respective mill's scale tickets. Agreed settlement calculations and payments to both the established contractual prices and the District's settlement reconciliations.
- 10) Selected and investigated salvage tracts related to Hurricane Helene and Hurricane Idalia, respectively, to ensure compliance with the Governor's emergency orders that superseded standard procedures.

OBSERVATIONS AND RECOMMENDATIONS

Based on the procedures described above, we concluded that the District follows a formal bid process for establishing timber sales agreements with timber companies and monitors timber harvests from removal through milling, settlement, and payment to the District. For the timber sales agreements included in the scope of our testing, we concluded that the District followed its policies and procedures for timber sales contracting and monitoring.

Finding 1: Timber Sales Contract Authorization and Monitoring Controls

Authorization and monitoring controls are essential safeguards to mitigate the opportunity for errors or irregularities. Having all necessary safeguards in place and enforced ensures that each contract is established and carried out as management intends. The District's TMS enumerates the procedures and requirements designed by management. Adherence to the TMS is expected.

Testing of timber sales contracts revealed a few minor exceptions relative to the District's TMS. One such exception was a blank field on an inspection log that helps reconcile a three-way match. Two other contracts were found to be missing a requisite cover sheet sign-off, as required by the TMS. We concluded that compensating controls mitigated any negative impact of these exceptions.

Recommendation:

The District should ensure that the required fields are populated on all relevant timber sale documentation before a document is considered completed.

Management Response:

We are pleased that your audit concluded that the District followed its policies and procedures for timber sales contracting and monitoring, with only a few minor exceptions noted in Finding 1. The District will ensure the required fields are populated on all relevant timber sale documentation before a document is considered complete.

CONCLUSION

Based on the results of our audit objectives and procedures, we concluded that the District has established a timber sales process that adequately meets the objectives outlined in the District's Land Management Annual Reports. Aside from a minor finding regarding the application of controls, which we did not consider significant to our audit conclusion, the District has maintained adequate records relating to ITBs, bid awards, timber harvest, timber sales, and collections. In addition, the District provided substantial evidence that it has diligently monitored contractors' harvests.

We wish to take this opportunity to thank District staff for their assistance and cooperation in conducting our audit. If there are any questions regarding this report, please feel free to contact Sam McCall, CPA, CIG, CIA; or Geoffrey Adams, CPA, CISA, CFE.

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