

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NORTHWEST FLORIDA WATER MANAGEMENT  
DISTRICT OFFICIALS  
SEPTEMBER 30, 2023**

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Jerry Pate, Vice Chair

John Alter

Gus Andrews

Ted Everett

Nick Patronis

Kellie Ralston

Anna Upton

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
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SEPTEMBER 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Governing Board,  
Northwest Florida Water Management District:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Northwest Florida Water Management District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Northwest Florida Water Management District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northwest Florida Water Management District, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Florida Water Management 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 Northwest Florida Water Management District's ability to continue as a going concern for a reasonable period of time.

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

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

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

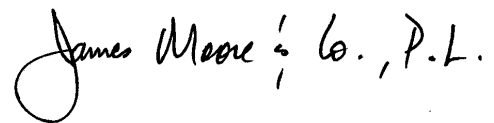
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2024, on our consideration of Northwest Florida Water Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Florida Water Management District's internal control over financial reporting and compliance.

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

Tallahassee, Florida  
April 25, 2024

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

As management of the Northwest Florida Water Management District, we offer readers of the Northwest Florida Water Management District's financial statements this narrative overview and analysis of the financial activities of the Northwest Florida Water Management District for the fiscal year ended September 30, 2023.

**Financial Highlights**

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

- Assets exceeded its liabilities by \$210,444,485 (*net position*). Of this amount, \$9,193,558 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental funds reported combined ending fund balances of \$34,374,121, an increase of \$1,684,606 from the previous year.
- Unassigned fund balance for the general fund was \$0 and assigned fund balance was \$12,482,294 for all funds.

**Overview of the Financial Statements**

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

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

The statement of net position presents information on all of the Northwest Florida Water Management District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Northwest Florida Water Management District is improving or declining.

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

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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

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

**Fund financial statements—**A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Northwest Florida Water Management District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Northwest Florida Water Management District are in one category: governmental funds.

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

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

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

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

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



**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Northwest Florida Water Management District, assets exceeded liabilities by \$210,444,485 at the close of the most recent fiscal year. See notes for numbers below.

**STATEMENT OF NET POSITION**

|                                      | <u>2023</u>           | <u>2022</u>           |
|--------------------------------------|-----------------------|-----------------------|
| <b>Assets:</b>                       |                       |                       |
| Current and other assets             | \$ 53,331,373         | \$ 51,412,040         |
| Capital assets                       | <u>187,197,559</u>    | <u>186,090,482</u>    |
| <b>Total assets</b>                  | <u>240,528,932</u>    | <u>237,502,522</u>    |
| <b>Deferred outflow of resources</b> | <u>2,413,001</u>      | <u>2,402,412</u>      |
| <b>Liabilities:</b>                  |                       |                       |
| Long-term liabilities outstanding    | 1,970,570             | 1,941,302             |
| Net pension liability                | 8,449,743             | 6,846,581             |
| Total OPEB liability                 | 497,823               | 495,553               |
| Other liabilities                    | <u>18,957,252</u>     | <u>18,722,525</u>     |
| <b>Total liabilities</b>             | <u>29,875,388</u>     | <u>28,005,961</u>     |
| <b>Deferred inflow of resources</b>  | <u>2,622,060</u>      | <u>2,995,187</u>      |
| <b>Net position:</b>                 |                       |                       |
| Net investment in capital assets     | 186,245,622           | 185,052,033           |
| Restricted                           | 15,005,305            | 14,409,574            |
| Unrestricted                         | <u>9,193,558</u>      | <u>9,442,179</u>      |
| <b>Total net position</b>            | <u>\$ 210,444,485</u> | <u>\$ 208,903,786</u> |

By far the largest portion of the Northwest Florida Water Management District's net position (89 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Northwest Florida Water Management District uses these capital assets to protect environmentally sensitive lands and to provide services to citizens; consequently, these assets are not available for future spending. As part of GASB 87 implementation in fiscal year 2021, the District recorded a right to use lease in capital assets and related long term liability. As of September 30, 2023, the value of the lease liability was \$951,937.

An additional portion of the Northwest Florida Water Management District's net position (7.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$9,193,558 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**CHANGE IN NET POSITION**

|  | <u>2023</u>           | <u>2022</u>           |
|--|-----------------------|-----------------------|
| <b>Revenues:</b>                             |                       |                       |
| Program revenues:                            |                       |                       |
| Charges for services                         | \$ 1,069,586          | \$ 1,260,429          |
| Operating grants and contributions           | 32,389,753            | 17,798,499            |
| Capital grants and contributions             | 369,356               | 509,637               |
| General revenues:                            |                       |                       |
| Property taxes                               | 3,796,540             | 3,687,743             |
| Investment earnings                          | 1,695,991             | 330,042               |
| Other revenues                               | 119,016               | 11,437                |
| <b>Total revenues</b>                        | <u>39,440,242</u>     | <u>23,597,787</u>     |
| <b>Expenses:</b>                             |                       |                       |
| Water Resources Planning and Monitoring      | 4,227,253             | 3,641,922             |
| Acquisition, Restoration, and Public Works   | 19,603,340            | 6,253,356             |
| Operation and Maintenance of Lands and Works | 7,294,641             | 6,094,081             |
| Regulation                                   | 4,050,338             | 3,533,929             |
| Outreach                                     | 160,714               | 135,281               |
| Administration                               | 2,563,257             | 2,124,584             |
| <b>Total expenses</b>                        | <u>37,899,543</u>     | <u>21,783,153</u>     |
| <b>Changes in net position</b>               | <u>1,540,699</u>      | <u>1,814,634</u>      |
| <b>Net position - beginning of year</b>      | <u>208,903,786</u>    | <u>207,089,152</u>    |
| <b>Net position - end of year</b>            | <u>\$ 210,444,485</u> | <u>\$ 208,903,786</u> |

**Governmental activities**—Governmental activities at the end of the most recent fiscal year increased Northwest Florida Water Management District’s net position by \$1,540,699. The increase is largely attributed to residual revenues received through District sources, some of which were budgeted but unspent. Investment earnings had a significant increase in interest earned. The increase in Operating Grants and Contributions is primarily due to progress on or completion of water supply development, watershed improvements, and springs projects. Expenses increased largely due to increased grant expenditures of \$13.5 million.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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

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

**Governmental funds**— The focus of the Northwest Florida Water Management District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Northwest Florida Water Management District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the most recent fiscal year, the Northwest Florida Water Management District's governmental funds reported combined ending fund balances of \$34,374,121 an increase of \$1,684,606 in comparison with the prior year. Currently, there is \$0 unassigned fund balance. The District's fund balance is in restricted, committed, or assigned form to indicate that it is not available for new spending because it has already been committed to activities associated with the general fund, various special revenue funds, and the capital projects fund.

The general fund is the chief operating fund of the Northwest Florida Water Management District. At the end of the most recent fiscal year, unassigned fund balance was \$0 and total fund balance of the general fund was \$19,368,816, an increase of \$1,088,875 from FY 2022. The increase is largely attributed to residual revenue, some of which was budgeted but unspent. The District's other fund balances increased by a combined total of \$595,730 for the same reason. The lands management and capital projects funds had a combined decrease in fund balance of \$758,609 due to increased expenditures in land management activities and Hurricane Michael recovery efforts.

**General Fund Budgetary Highlights**

The Northwest Florida Water Management District's General Fund spent a total of \$573,764 less than budgeted expenditures in FY 2022-2023 primarily due to unspent grants and aids of \$249,987 for local governments.

The District's final adopted budget included a use of General Fund reserves for several projects that totaled \$1,933,561, mainly for water supply development assistance grants, water resource evaluations, and surface water projects. Only a portion of these grants were expended in FY 2023 with the unspent funds being used in future years to complete these projects.

**Capital Asset and Debt Administration**

**Capital assets**—The Northwest Florida Water Management District's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$187,197,559 (net of accumulated depreciation), an increase of \$1,107,077 over the prior year. This investment in capital assets includes land, easements, building, infrastructure, vehicles, office equipment, field equipment, and computer equipment.

The increase is driven by the District having recorded the value of additional furniture and equipment and conservation easements totaling \$837,694 and \$615,285, respectively.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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

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

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

The FY 2022-2023 Adopted Budget was \$107.2 million, a decrease of \$2.9 million or 2.6 percent below the FY 2021-2022 Amended Budget. The adopted millage rate was 0.0261 which is 52.2 percent below the constitutional and statutory cap of 0.05 mills. The decrease in the budget was primarily attributable to progress on or completion of water supply development, watershed improvement, and springs projects. Total funding consisted of \$33.2 million in new revenue, \$70.2 million in revenue received and/or appropriated in prior years, and \$3.6 million in fund balance. Just under one-fifth (18.7 percent) of the \$107.2 million represented recurring needs.

The District plans to continue to develop future budgets using annual state appropriations and ad valorem as the primary revenue sources for supporting recurring operations. However, less reliance has been placed on the collection of timber sales revenue since 2018. Prior to Hurricane Michael’s impact in October 2018 and starting in FY 2021-2022, annual timber revenues were projected to decline from \$2.0 million to \$750,000, due to the make-up and nature of the District’s timber inventory. After Hurricane Michael however, timber revenues have fluctuated greatly ranging from just over \$1.0 million in FY 2020-2021 to \$20,745 in FY 2021-2022 to \$97,504 in FY 2022-2023. Beginning in FY 2020-2021, additional state appropriations of \$4.0 million have been provided annually to assist with hurricane recovery efforts and to support District land management operations. As such, the District will continue to seek recurring revenue sources from State appropriations to address the ongoing shortfall in timber revenues that support land management operations.

**Requests for Information**

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>   |                                    |
| Cash and cash equivalents                                     | \$ 1,207,695                       |
| Investments   | 31,526,041                         |
| Accounts receivable   | 202,938                            |
| Due from other governments                                    | 20,389,019                         |
| Prepays   | 3,597                              |
| Deposits  | 2,083                              |
| Capital assets:   |                                    |
| Non-depreciable   | 179,475,582                        |
| Depreciable, net  | 7,721,977                          |
| <b>Total assets</b>   | <b>240,528,932</b>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |                                    |
| Deferred outflows related to pensions                         | 1,924,448                          |
| Deferred outflows related to OPEB                             | 488,553                            |
| <b>Total deferred outflows of resources</b>                   | <b>2,413,001</b>                   |
| <b>LIABILITIES</b>  |                                    |
| Accounts payable and accrued expenses                         | 1,132,728                          |
| Due to other governments                                      | 4,308,861                          |
| Deposits  | 283,577                            |
| Unearned revenue  | 13,232,086                         |
| Noncurrent liabilities:                                       |                                    |
| Due within one year:  |                                    |
| Compensated absences  | 556,837                            |
| Lease liability   | 87,468                             |
| Due in more than one year:                                    |                                    |
| Compensated absences  | 461,796                            |
| Net pension liability   | 8,449,743                          |
| Total OPEB liability  | 497,823                            |
| Lease liability   | 864,469                            |
| <b>Total liabilities</b>                                      | <b>29,875,388</b>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                                    |
| Deferred inflows related to pensions                          | 430,094                            |
| Deferred inflows related to OPEB                              | 2,191,966                          |
| <b>Total deferred inflows of resources</b>                    | <b>2,622,060</b>                   |
| <b>NET POSITION</b>   |                                    |
| Net investment in capital assets                              | 186,245,622                        |
| Restricted for:   |                                    |
| Regulatory, permitting, licensing, and enforcement activities | 4,412,904                          |
| Mitigation projects   | 3,516,391                          |
| Minimum flow and minimum levels                               | 3,798,307                          |
| Operation & maintenance of lands & works                      | 3,004,145                          |
| Capital improvement and land acquisition and restoration      | 273,558                            |
| Unrestricted  | 9,193,558                          |
| <b>Total net position</b>                                     | <b>\$ 210,444,485</b>              |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| <b>Functions/Programs</b>                       | <b>Expenses</b>      | <b>Program Revenues</b>         |   |   | <b>Net (Expense)<br/>Revenue and<br/>Change in<br/>Net Position</b> |
|---|----------------------|---------------------------------|---|---|---|
|   |                      | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> |   |
| <b>Governmental activities</b>                  |                      |                                 |   |   |   |
| Water resources planning<br>and monitoring      | \$ 4,227,253         | \$ -                            | \$ 3,452,016                                      | \$ -  | \$ (775,237)  |
| Acquisition, restoration,<br>and public works   | 19,603,340           | 202,482                         | 19,966,694  | 369,356   | 935,192   |
| Operation and maintenance<br>of lands and works | 7,294,641            | 141,084                         | 5,609,511   | -   | (1,544,046)   |
| Regulation                                      | 4,050,338            | 726,020                         | 3,361,532   | -   | 37,214  |
| Outreach  | 160,714              | -                               | -   | -   | (160,714)   |
| Administration                                  | 2,563,257            | -                               | -   | -   | (2,563,257)   |
| <b>Total</b>                                    | <b>\$ 37,899,543</b> | <b>\$ 1,069,586</b>             | <b>\$ 32,389,753</b>                              | <b>\$ 369,356</b>                               | <b>(4,070,848)</b>  |
| <b>General revenues</b>                         |                      |                                 |   |   |   |
| Property taxes                                  |                      |                                 |   |   | 3,796,540   |
| Unrestricted investment earnings                |                      |                                 |   |   | 1,695,991   |
| Miscellaneous                                   |                      |                                 |   |   | 119,016   |
| <b>Total general revenues</b>                   |                      |                                 |   |   | <b>5,611,547</b>  |
| <b>Change in net position</b>                   |                      |                                 |   |   |   |
|   |                      |                                 |   |   | 1,540,699   |
| <b>Net position, beginning of year</b>          |                      |                                 |   |   |   |
|   |                      |                                 |   |   | 208,903,786   |
| <b>Net position, end of year</b>                |                      |                                 |   |   |   |
|   |                      |                                 |   |   | <b>\$ 210,444,485</b>   |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

|  | General<br>Fund      | Mitigation<br>Fund   | Projects<br>Fund     | Lands<br>Management<br>Fund | Regulation<br>Fund  | Capital<br>Projects<br>Fund | Total                |
|--|----------------------|----------------------|----------------------|-----------------------------|---------------------|-----------------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |                      |                             |                     |                             |                      |
| Cash and cash equivalents                                | \$ 1,118,473         | \$ -                 | \$ -                 | \$ -                        | \$ 89,222           | \$ -                        | \$ 1,207,695         |
| Investments  | 410,683              | 16,277,479           | 5,152,297            | 4,358,547                   | 4,203,680           | 1,123,355                   | 31,526,041           |
| Accounts receivable                                      | 695                  | 64                   | 273                  | 201,405                     | 501                 | -                           | 202,938              |
| Due from other governments                               | 29,213               | -                    | 16,574,805           | 1,610,255                   | 1,854,142           | 320,604                     | 20,389,019           |
| Due from other funds                                     | 18,280,729           | -                    | -                    | -                           | -                   | -                           | 18,280,729           |
| Prepays  | 2,837                | 6                    | -                    | 695                         | 59                  | -                           | 3,597                |
| Deposits   | 953                  | -                    | -                    | -                           | 1,130               | -                           | 2,083                |
| Total assets   | <u>\$ 19,843,583</u> | <u>\$ 16,277,549</u> | <u>\$ 21,727,375</u> | <u>\$ 6,170,902</u>         | <u>\$ 6,148,734</u> | <u>\$ 1,443,959</u>         | <u>\$ 71,612,102</u> |
| <b>LIABILITIES AND FUND BALANCES</b>                     |                      |                      |                      |                             |                     |                             |                      |
| <b>Liabilities</b>                                       |                      |                      |                      |                             |                     |                             |                      |
| Accounts payable and accrued expenses                    | \$ 465,447           | \$ 1,224             | \$ 496,214           | \$ 123,935                  | \$ 26,794           | \$ 19,114                   | \$ 1,132,728         |
| Due to other governments                                 | 9,320                | 5,973                | 4,240,786            | 40,967                      | 11,815              | -                           | 4,308,861            |
| Due to other funds                                       | -                    | 620,603              | 12,958,306           | 2,764,636                   | 1,607,999           | 329,185                     | 18,280,729           |
| Deposits   | -                    | -                    | -                    | 194,355                     | 89,222              | -                           | 283,577              |
| Unearned revenues  | -                    | 12,133,358           | 233,762              | 42,864                      | -                   | 822,102                     | 13,232,086           |
| Total liabilities  | <u>474,767</u>       | <u>12,761,158</u>    | <u>17,929,068</u>    | <u>3,166,757</u>            | <u>1,735,830</u>    | <u>1,170,401</u>            | <u>37,237,981</u>    |
| <b>Fund balances</b>                                     |                      |                      |                      |                             |                     |                             |                      |
| Nonspendable:  |                      |                      |                      |                             |                     |                             |                      |
| Prepays  | 2,837                | 6                    | -                    | 695                         | 59                  | -                           | 3,597                |
| Restricted:  |                      |                      |                      |                             |                     |                             |                      |
| Regulatory services                                      | -                    | -                    | -                    | -                           | 4,412,845           | -                           | 4,412,845            |
| Mitigation projects                                      | -                    | 3,516,385            | -                    | -                           | -                   | -                           | 3,516,385            |
| Min. flows & levels                                      | -                    | -                    | 3,798,307            | -                           | -                   | -                           | 3,798,307            |
| Capital improvement and land acquisition and restoration | -                    | -                    | -                    | -                           | -                   | 273,558                     | 273,558              |
| Operation & maintenance of lands & works                 | -                    | -                    | -                    | 3,003,450                   | -                   | -                           | 3,003,450            |
| Committed:   |                      |                      |                      |                             |                     |                             |                      |
| Economic stabilization fund                              | 4,950,124            | -                    | -                    | -                           | -                   | -                           | 4,950,124            |
| Water resource evaluations                               | 711,125              | -                    | -                    | -                           | -                   | -                           | 711,125              |
| Water supply development assistance                      | 890,000              | -                    | -                    | -                           | -                   | -                           | 890,000              |
| Surface water projects                                   | 332,436              | -                    | -                    | -                           | -                   | -                           | 332,436              |
| Assigned:  |                      |                      |                      |                             |                     |                             |                      |
| General fund deficiencies                                | 4,000,000            | -                    | -                    | -                           | -                   | -                           | 4,000,000            |
| Hurricane recovery                                       | 1,000,000            | -                    | -                    | -                           | -                   | -                           | 1,000,000            |
| District short-term projects                             | 1,000,000            | -                    | -                    | -                           | -                   | -                           | 1,000,000            |
| Resource management programs and projects                | 6,222,294            | -                    | -                    | -                           | -                   | -                           | 6,222,294            |
| District renovations and fleet purposes                  | 160,000              | -                    | -                    | -                           | -                   | -                           | 160,000              |
| Lake Jackson facility improvements                       | 100,000              | -                    | -                    | -                           | -                   | -                           | 100,000              |
| Total fund balances                                      | <u>19,368,816</u>    | <u>3,516,391</u>     | <u>3,798,307</u>     | <u>3,004,145</u>            | <u>4,412,904</u>    | <u>273,558</u>              | <u>34,374,121</u>    |
| <b>Total liabilities and fund balances</b>               | <u>\$ 19,843,583</u> | <u>\$ 16,277,549</u> | <u>\$ 21,727,375</u> | <u>\$ 6,170,902</u>         | <u>\$ 6,148,734</u> | <u>\$ 1,443,959</u>         | <u>\$ 71,612,102</u> |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

**Total fund balances - governmental funds** \$ 34,374,121

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

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

|  |                    |             |
|--|--------------------|-------------|
| Total governmental capital assets - nondepreciable | 179,475,582        |             |
| Total governmental capital assets - depreciable    | 14,649,034         |             |
| Less: accumulated depreciation                     | <u>(6,927,057)</u> | 187,197,559 |

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

|                                       |                  |             |
|---------------------------------------|------------------|-------------|
| Net pension liability                 | (8,449,743)      |             |
| Deferred outflows related to pensions | 1,924,448        |             |
| Deferred inflows related to pensions  | <u>(430,094)</u> | (6,955,389) |

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

|                                   |                    |             |
|-----------------------------------|--------------------|-------------|
| Total OPEB liability              | (497,823)          |             |
| Deferred outflows related to OPEB | 488,553            |             |
| Deferred inflows related to OPEB  | <u>(2,191,966)</u> | (2,201,236) |

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

|                      |  |             |
|----------------------|--|-------------|
| Compensated absences |  | (1,018,633) |
| Lease liability      |  | (951,937)   |

**Net position of governmental activities** \$ 210,444,485

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



**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**

|  | <b>General<br/>Fund</b> | <b>Mitigation<br/>Fund</b> | <b>Projects<br/>Fund</b> | <b>Land<br/>Management<br/>Fund</b> | <b>Regulation<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Total</b>         |
|--|-------------------------|----------------------------|--------------------------|-------------------------------------|----------------------------|--------------------------------------|----------------------|
| <b>Revenues</b>  |                         |                            |                          |                                     |                            |                                      |                      |
| Property taxes   | \$ 2,172,926            | \$ -                       | \$ 1,210,713             | \$ -                                | \$ 412,901                 | \$ -                                 | \$ 3,796,540         |
| Permits and licenses   | -                       | -                          | -                        | -                                   | 719,670                    | -                                    | 719,670              |
| Timber sales   | -                       | -                          | -                        | 97,504                              | -                          | -                                    | 97,504               |
| Intergovernmental revenue                                    | 41,369                  | 733,174                    | 21,367,638               | 5,567,281                           | 3,361,532                  | 369,356                              | 31,440,350           |
| Federal grants   | -                       | -                          | 1,229,800                | 70,513                              | -                          | -                                    | 1,300,313            |
| Investment income  | 324,922                 | 750,813                    | 190,021                  | 211,605                             | 204,282                    | 14,348                               | 1,695,991            |
| Miscellaneous revenues                                       | 2,840                   | 6                          | 1,105                    | 377,467                             | 8,456                      | -                                    | 389,874              |
| <b>Total revenues</b>  | <u>2,542,057</u>        | <u>1,483,993</u>           | <u>23,999,277</u>        | <u>6,324,370</u>                    | <u>4,706,841</u>           | <u>383,704</u>                       | <u>39,440,242</u>    |
| <b>Expenditures</b>  |                         |                            |                          |                                     |                            |                                      |                      |
| Current:   |                         |                            |                          |                                     |                            |                                      |                      |
| Salaries   | 1,366,281               | 192,510                    | 1,807,897                | 1,093,322                           | 1,911,463                  | 34,696                               | 6,406,169            |
| Employee benefits  | 732,654                 | 88,764                     | 800,352                  | 532,434                             | 933,526                    | 18,874                               | 3,106,604            |
| Professional/contractual services                            | 202,728                 | 320,511                    | 2,315,896                | 3,453,967                           | 118,404                    | 122,683                              | 6,534,189            |
| Services   | 452,530                 | 43,724                     | 185,811                  | 538,639                             | 392,913                    | 25                                   | 1,613,642            |
| Commodities  | 66,959                  | 23,497                     | 214,452                  | 535,280                             | 93,157                     | -                                    | 933,345              |
| Capital outlay   | 73,038                  | 770                        | 149,364                  | 544,608                             | 98,010                     | 208,479                              | 1,074,269            |
| Grants and aids  | 250,013                 | -                          | 17,739,905               | -                                   | -                          | -                                    | 17,989,918           |
| Debt service:  |                         |                            |                          |                                     |                            |                                      |                      |
| Principal  | -                       | -                          | -                        | -                                   | 86,512                     | -                                    | 86,512               |
| Interest   | -                       | -                          | -                        | -                                   | 10,988                     | -                                    | 10,988               |
| Administrative overhead allocated                            | (1,691,021)             | 63,405                     | 595,579                  | 371,383                             | 648,361                    | 12,293                               | -                    |
| <b>Total expenditures</b>                                    | <u>1,453,182</u>        | <u>733,181</u>             | <u>23,809,256</u>        | <u>7,069,633</u>                    | <u>4,293,334</u>           | <u>397,050</u>                       | <u>37,755,636</u>    |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>1,088,875</u>        | <u>750,812</u>             | <u>190,021</u>           | <u>(745,263)</u>                    | <u>413,507</u>             | <u>(13,346)</u>                      | <u>1,684,606</u>     |
| <b>Net change in fund balance</b>                            | <u>1,088,875</u>        | <u>750,812</u>             | <u>190,021</u>           | <u>(745,263)</u>                    | <u>413,507</u>             | <u>(13,346)</u>                      | <u>1,684,606</u>     |
| <b>Fund balance, beginning of year</b>                       | 18,279,941              | 2,765,579                  | 3,608,286                | 3,749,408                           | 3,999,397                  | 286,904                              | 32,689,515           |
| <b>Fund balance, end of year</b>                             | <u>\$ 19,368,816</u>    | <u>\$ 3,516,391</u>        | <u>\$ 3,798,307</u>      | <u>\$ 3,004,145</u>                 | <u>\$ 4,412,904</u>        | <u>\$ 273,558</u>                    | <u>\$ 34,374,121</u> |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|   |                  |                            |
|---|------------------|----------------------------|
| <b>Net change in fund balances-total governmental funds</b>   |                  | \$ 1,684,606               |
| Amounts reported for governmental activities in the statement of activities are different because:  |                  |                            |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.  |                  |                            |
| Capital outlay expenditures   | 1,747,875        |                            |
| Depreciation expense  | <u>(637,237)</u> | 1,110,638                  |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net position.   |                  |                            |
|   |                  | (3,561)                    |
| Lease proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of lease liability principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows: |                  |                            |
| Principal repayment of general long-term debt   |                  | 86,512                     |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:   |                  |                            |
| Change in net pension liability and deferred inflows/outflows related to pensions   | (1,367,305)      |                            |
| Change in total OPEB liability and deferred inflows/outflows related to OPEB  | 145,589          |                            |
| Change in compensated absences liability  | <u>(115,780)</u> | (1,337,496)                |
| <b>Change in net position of governmental activities</b>  |                  | <u><u>\$ 1,540,699</u></u> |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

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

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

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

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

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

**Government-wide Financial Statements**

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Fund Financial Statements**

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

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

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

The District reports the following major governmental funds:

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

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

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

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are received. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

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

(g) **Property taxes**—The District is authorized by Section 373.503, Florida Statutes, to levy ad valorem taxes on all real and personal property located within the District not to exceed .05 mills. The rate for the 2022-2023 fiscal year was 0.0261 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the sixteen counties comprising the District. Commissions are paid to the counties for these appraisal and collection services.

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

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

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

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

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

(k) **Compensated absences**—It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

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

- **Nonspendable Fund Balance**—includes amounts that cannot be spent because they are either: (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

- Restricted Fund Balance—includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
  - Committed Fund Balance—Includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s Governing Board. These amounts cannot be used for any other purpose unless the District’s Governing Board removes or changes the specified use by taking the same type of action (Resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District established an Economic Stabilization Reserve equal to two months of the tentative operating expenditure budget. Use of the Economic Stabilization Fund is limited to the following circumstances:
    - When a state of emergency is declared by the Governor of Florida or the President of the United States that impacts the region served by the District.
    - When the Governing Board determines through the adoption of a resolution that: (a) an emergency or other extreme circumstance has arisen that creates an unanticipated need for additional revenues that are not available through other funding sources; (b) the underlying condition directly impacts the citizens and/or environment within District boundaries; and (c) remedial action cannot wait until the next fiscal year. In the event of an emergency, the Executive Director or his/her designee may take necessary action as a time sensitive matter.
  - Assigned Fund Balance—Assigned fund balance consists of amounts that are constrained by a less than formal action of the District’s Governing Board, or by an individual body to whom the Governing Board has delegated this responsibility. The District has delegated this responsibility to the Executive Director. Assignment of fund balance may be made for a specific purpose that is narrower than the general purposes of the fund and to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year’s budget including any amendments thereto.
  - Unassigned Fund Balance—Includes the residual fund balance that may be used for yet to be determined purposes in the general fund only.
- (n) **Flow assumption**—The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the Economic Stabilization Reserve established by the District’s Governing Board.
- (o) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

(2) **Deposits and Investments:**

*Deposits*—At year-end, the District had carrying amounts of deposits of \$1,118,223 and bank balances of \$2,688,128. The District also had cash on hand of \$250. In addition, the District had \$89,222 that is being held in escrow with the Florida Department of Financial Services on behalf of a company whose permit requires certain mitigation be performed. Of the bank balances, \$2,688,128 was covered by Federal depository insurance or by collateral held by the District’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage.

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

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

Investments of \$31,526,041 represent amounts held with the Florida State Board of Administration, Local Government Surplus Funds Trust (PRIME Fund). The fund invests in money market and U.S. treasury notes, collateralized mortgage obligations, asset backed securities, agency notes, agency ARM pass-through, corporate bonds, government related securities, and certificates of deposit. This fund is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. The State Board of Administration (SBA)’s interpretation of GASB Statement No. 79 is that the Florida PRIME investment pool currently meets all necessary criteria to measure its investments at amortized cost. Therefore, as a participant in the Florida SBA’s Florida PRIME investment pool, the District’s investments in Florida PRIME were also measured at amortized cost for fiscal year 2022-2023. There were no limitations or restrictions on participant withdrawals including items such as redemption notices, maximum transaction amounts, and the pool’s authority to impose liquidity fees or redemption gates.

- **Credit Risk**—The District minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. The Local Government Surplus Funds Trust (PRIME Fund) is rated by Standards & Poors. The current rating is AAAM. The Investment Manager of Florida PRIME managements credit risk by purchasing only high quality securities, performing a credit analysis to develop a database of issuers and securities that meet the Investment manager’s minimum standard and by regularly reviewing the portfolio’s securities financial data, issuer news and developments, and ratings of the nationally recognized statistical rating organizations.
- **Interest Rate Risk**—The District manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities and the Florida SBA’s Florida PRIME. The weighted average days to maturity of the Local Government Surplus Funds Trust at September 30, 2023, was 35 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity. The weighted average life of Florida PRIME at September 30, 2023, is 75 days.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

(2) **Deposits and Investments:** (Continued)

- Custodial Credit Risk—Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District’s name, and are held by the party that either sells to or buys for the District. No investments held at year-end were subject to custodial credit risk. The Florida SBA’s Florida PRIME does participate in securities lending, but the District owns shares of the Florida PRIME and not the underlying investments. Neither the District nor Florida Prime has participated in securities lending program in the fiscal year ended September 30, 2023.

(3) **Unearned Revenue:**

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

|  | <b>Unearned</b>      |
|--|----------------------|
| Grant drawdowns prior to meeting all eligibility requirements              | \$ 12,367,120        |
| Advance payment received prior to meeting revenue recognition requirements | 864,966              |
| <b>Unearned Revenue for Governmental Funds</b>                             | <b>\$ 13,232,086</b> |

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

There were no transfers between funds for the year ended September 30, 2023. Interfund receivables/payables represent loans to fund expenditures of other funds. At September 30, 2023, the balances in these accounts consist of the following:

|                       | <b>Receivable</b>    | <b>Payable</b>       |
|-----------------------|----------------------|----------------------|
| General Fund          | \$ 18,280,729        | \$ -                 |
| Projects Fund         | -                    | 12,958,306           |
| Lands Management Fund | -                    | 2,764,636            |
| Regulation Fund       | -                    | 1,607,999            |
| Mitigation Fund       | -                    | 620,603              |
| Capital Projects Fund | -                    | 329,185              |
| <b>Total</b>          | <b>\$ 18,280,729</b> | <b>\$ 18,280,729</b> |

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

(5) **Capital Assets:**

Capital asset activity for the year ended September 30, 2023, was as follows:

| <b>Governmental Activities:</b>                                    | <b>Balance<br/>10/1/22</b> | <b>Increases</b>    | <b>Decreases</b>  | <b>Balance<br/>9/30/23</b> |
|--|----------------------------|---------------------|-------------------|----------------------------|
| Capital Assets, Not Being Depreciated:                             |                            |                     |                   |                            |
| Land   | \$ 154,084,635             | \$ 265,450          | \$ (3,561)        | \$ 154,346,524             |
| Capital Easements  | 24,393,835                 | 615,286             | -                 | 25,009,121                 |
| Construction in Progress   | 118,589                    | 1,348               | -                 | 119,937                    |
| <b>Total Capital Assets Not Being Depreciated</b>                  | <b>178,597,059</b>         | <b>882,084</b>      | <b>(3,561)</b>    | <b>179,475,582</b>         |
| Capital Assets Being Depreciated:                                  |                            |                     |                   |                            |
| Buildings and Improvements   | 3,529,189                  | -                   | -                 | 3,529,189                  |
| Right-to-Use Leased Building                                       | 1,209,719                  | -                   | -                 | 1,209,719                  |
| Infrastructure   | 4,170,786                  | -                   | -                 | 4,170,786                  |
| Furniture and Equipment  | 4,901,646                  | 865,791             | (28,097)          | 5,739,340                  |
| <b>Total Capital Assets Being Depreciated</b>                      | <b>13,811,340</b>          | <b>865,791</b>      | <b>(28,097)</b>   | <b>14,649,034</b>          |
| Less Accumulated Depreciation For:                                 |                            |                     |                   |                            |
| Buildings and Improvements   | 1,546,915                  | 72,792              | -                 | 1,619,707                  |
| Right-to-Use Leased Building                                       | 186,110                    | 93,055              | -                 | 279,165                    |
| Infrastructure   | 710,294                    | 83,416              | -                 | 793,710                    |
| Furniture and Equipment  | 3,874,598                  | 387,974             | (28,097)          | 4,234,475                  |
| <b>Total Accumulated Depreciation</b>                              | <b>6,317,917</b>           | <b>637,237</b>      | <b>(28,097)</b>   | <b>6,927,057</b>           |
| <b>Total Capital Assets Being Depreciated, Net of Depreciation</b> | <b>7,493,423</b>           | <b>228,554</b>      | <b>-</b>          | <b>7,721,977</b>           |
| <b>Governmental Activities Capital Assets, Net</b>                 | <b>\$ 186,090,482</b>      | <b>\$ 1,110,638</b> | <b>\$ (3,561)</b> | <b>\$ 187,197,559</b>      |

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

|  |                   |
|--|-------------------|
| <b>Governmental Activities</b>               |                   |
| Water Resources Planning and Monitoring      | \$ 55,689         |
| Operation and Maintenance of Lands and Works | 259,421           |
| Regulation                                   | 122,937           |
| Administration                               | 171,471           |
| Acquisition, Restoration, and Public Works   | 27,719            |
| <b>Total Governmental Activities</b>         | <b>\$ 637,237</b> |

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**(6) Long Term Debt:**

Changes in Long-term Liabilities—Long-term liability activity for the year ended September 30, 2023, was as follows:

|                                | <u>Balance<br/>9/30/2022</u> | <u>Additions</u>  | <u>Deletions</u>    | <u>Balance<br/>9/30/2023</u> | <u>Due Within<br/>One Year</u> |
|--------------------------------|------------------------------|-------------------|---------------------|------------------------------|--------------------------------|
| <b>Governmental Activities</b> |                              |                   |                     |                              |                                |
| Compensated Absences           | \$ 902,853                   | \$ 663,501        | \$ (547,721)        | \$ 1,018,633                 | \$ 556,837                     |
| Lease Obligation               | 1,038,449                    | -                 | (86,512)            | 951,937                      | 87,468                         |
| Total                          | <u>\$ 1,941,302</u>          | <u>\$ 663,501</u> | <u>\$ (634,233)</u> | <u>\$ 1,970,570</u>          | <u>\$ 644,305</u>              |

**(7) Leases:**

In 2017 the Northwest Florida Water Management District entered into a fifteen-year lease agreement as lessee for use of an office building. The initial lease liability of \$1,124,016 was recorded as of October 1, 2021. As of September 30, 2023, the value of the lease liability was \$951,937. The Northwest Florida Water Management District is required to make monthly principal and interest payments of \$8,125. The lease has an interest rate of 1.1%. The building has a 30-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$1,209,719 and had accumulated amortization of \$279,165. Future minimum lease payments for lease are as follows:

| <u>Fiscal Year Ending<br/>September 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>        |
|---|-------------------|------------------|---------------------|
| 2024  | \$ 87,468         | \$ 10,032        | \$ 97,500           |
| 2025  | 88,436            | 9,064            | 97,500              |
| 2026  | 89,414            | 8,086            | 97,500              |
| 2027  | 90,403            | 7,097            | 97,500              |
| 2028  | 91,398            | 6,102            | 97,500              |
| 2029 – 2034                                 | 504,818           | 15,182           | 520,000             |
| <b>Total</b>                                | <u>\$ 951,937</u> | <u>\$ 55,563</u> | <u>\$ 1,007,500</u> |

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

The District is authorized by Section 373.4136, Florida Statutes, to permit the establishment of mitigation banks. As part of the permit application, the establishment of a mitigation bank is required to demonstrate the financial ability to conduct the mitigation activities, any necessary management of the site, monitoring of the mitigation, and any necessary correction action indicated by the monitoring. The mitigation banks can provide the demonstrated financial assurance by obtaining a surety bond, performance bond, irrevocable letter of credit, or establishing a trust fund. If a bond or an irrevocable letter of credit is used, a standby trust fund shall be established in which all payments under the bonds or letters of credit shall be directly deposited. If the mitigation bank fails to comply with the terms and conditions of the permit, the District may draw upon the financial assurance provided by the mitigation bank. As of September 30, 2023, the District had \$0 of financial assurances provided by the various mitigation banks.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**(9) Other Disclosures:**

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

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

**Contractual Commitments** —

As of September 30, 2023, the District had the following commitments related to unfinished projects:

| <u>Projects</u>                           | <u>Expended as of<br/>September 30, 2023</u> | <u>Remaining<br/>Commitment</u> |
|---|--|---------------------------------|
| Local Infrastructure Improvement Projects | \$ 14,457,761                                | \$ 30,201,947                   |
| Agricultural Cost Sharing Agreement       | 51,039                                       | 158,558                         |

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

**A. Florida Retirement System**

**Plan Description and Administration**

The District participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the District's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the District are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service.

Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months.

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

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

**Financial Statements**

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

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

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

**Contributions**

Employers may participate in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

| <u>FRS Membership Plan &amp; Class</u> | <u>Through<br/>June 30,<br/>2023</u> | <u>After<br/>June 30,<br/>2023</u> |
|--|--------------------------------------|------------------------------------|
| Regular Class                          | 11.91%                               | 13.57%                             |
| DROP                                   | 18.60%                               | 21.13%                             |
| Senior Management                      | 31.57%                               | 34.52%                             |

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30, 2023 and 2.00% thereafter, which are included in the above rates.

For the plan year ended June 30, 2023, actual contributions made for District employees participating in FRS and HIS for the plan year ended June 30, 2023, were as follows:

|                              |            |
|------------------------------|------------|
| District Contributions – FRS | \$ 713,921 |
| District Contributions – HIS | 105,056    |
| Employee Contributions – FRS | 189,859    |

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

At September 30, 2023, the District reported a net pension liability related to FRS and HIS as follows:

| <u>Plan</u> | <u>Net Pension<br/>Liability</u> |
|-------------|----------------------------------|
| FRS         | \$ 5,913,445                     |
| HIS         | 2,536,298                        |
| Total       | <u>\$ 8,449,743</u>              |

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2023 and June 30, 2022, the District's proportionate share of the FRS and HIS net pension liabilities were as follows:

| <u>Plan</u> | <u>2023</u>  | <u>2022</u>  |
|-------------|--------------|--------------|
| FRS         | 0.014840438% | 0.014028475% |
| HIS         | 0.015970310% | 0.015359919% |

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

For the plan year ended June 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

|       |  |                     |
|-------|--|---------------------|
| FRS   |  | \$ 1,245,200        |
| HIS   |  | <u>931,282</u>      |
| Total |  | <u>\$ 2,176,482</u> |

*Deferred outflows/inflows related to pensions:*

At September 30, 2023, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

|   | FRS                            |                               | HIS                            |                               |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience              | \$ 555,221                     | \$ -                          | \$ 37,130                      | \$ (5,953)                    |
| Changes of assumptions  | 385,487                        | -                             | 66,679                         | (219,779)                     |
| Net difference between projected and actual investment earnings | 246,961                        | -                             | 1,310                          | -                             |
| Change in proportionate share                                   | 358,828                        | (142,774)                     | 65,094                         | (61,588)                      |
| Contributions subsequent to measurement date                    | 178,110                        | -                             | 29,628                         | -                             |
| Total   | <u>\$ 1,724,607</u>            | <u>\$ (142,774)</u>           | <u>\$ 199,841</u>              | <u>\$ (287,320)</u>           |

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

|            | FRS                 | HIS                 | Total               |
|------------|---------------------|---------------------|---------------------|
| 2024       | \$ 204,873          | \$ (32,300)         | \$ 172,573          |
| 2025       | (8,463)             | (17,133)            | (25,596)            |
| 2026       | 1,041,146           | (21,132)            | 1,020,014           |
| 2027       | 126,699             | (35,446)            | 91,253              |
| 2028       | 39,468              | (12,673)            | 26,795              |
| Thereafter | -                   | 1,577               | 1,577               |
|            | <u>\$ 1,403,723</u> | <u>\$ (117,107)</u> | <u>\$ 1,286,616</u> |

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.



**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.54%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2023, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| <b>Asset Class</b>    | <b>Target<br/>Allocation</b> | <b>Annual<br/>Arithmetic<br/>Expected<br/>Rate of<br/>Return</b> |
|-----------------------|------------------------------|--|
| Cash                  | 1.0%                         | 2.9%   |
| Fixed income          | 19.8%                        | 4.5%   |
| Global equities       | 54.0%                        | 8.7%   |
| Real estate           | 10.3%                        | 7.6%   |
| Private equity        | 11.1%                        | 11.9%  |
| Strategic investments | 3.8%                         | 6.3%   |
| Total                 | 100.0%                       |  |

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

| <b>Plan</b> | <b>Current<br/>Discount<br/>Rate</b> | <b>NPL with<br/>1%<br/>Decrease</b> | <b>NPL at<br/>Current<br/>Discount<br/>Rate</b> | <b>NPL with<br/>1% Increase</b> |
|-------------|--------------------------------------|-------------------------------------|---|---------------------------------|
| FRS         | 6.70%                                | \$ 10,101,368                       | \$ 5,913,445                                    | \$ 2,409,746                    |
| HIS         | 3.65%                                | 2,893,520                           | 2,536,298                                       | 2,240,185                       |

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

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

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

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

**Plan Membership**—At September 30, 2022, the date of the latest actuarial valuation, plan participation consisted of the following:

|                                       |    |
|---------------------------------------|----|
| Active Employees                      | 85 |
| Inactive Employees receiving benefits | 4  |
|                                       | 89 |
|                                       | 89 |

**Total OPEB Liability**—The District's total OPEB liability of \$497,823 was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2022.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

|                                |  |
|--------------------------------|--|
| Inflation                      | 2.25%  |
| Salary increases               | 3.4%- 8.2%   |
| Investment rate of return      | N/A; plan is not pre-funded  |
| 20-year AA Municipal bond rate | 4.63%  |
| Mortality                      | PUB-2010 General headcount weighted mortality table with MP-2018 improvement scale |

The District does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the 20-year AA Municipal bond rate as of September 30, 2023.

Changes in the OPEB liability for the fiscal year ended September 30, 2023, were as follows:

|  | <b>Total OPEB<br/>Liability</b> |
|--|---------------------------------|
| Balance at September 30, 2022                      | \$ 495,553                      |
| Changes for a year:                                |                                 |
| Service cost                                       | 23,136                          |
| Interest   | 22,002                          |
| Differences between expected and actual experience | -                               |
| Changes of actuarial assumptions                   | (5,576)                         |
| Benefit payments                                   | (37,292)                        |
| Net changes  | <u>2,270</u>                    |
| Balance at September 30, 2023                      | <u>\$ 497,823</u>               |

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

The following presents the total OPEB liability of the District calculated using the discount rate of 4.63%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.63%) or 1% higher (5.63%) than the current rate:

|                      | <u>1%<br/>Decrease</u> | <u>Current<br/>Discount<br/>Rate</u> | <u>1% Increase</u> |
|----------------------|------------------------|--------------------------------------|--------------------|
| Total OPEB Liability | \$ 521,740             | \$ 497,823                           | \$ 472,866         |

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

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates. Based on the Getzen Model, with trends starting at 5.75% for 2023 and gradually decreasing to an ultimate trend rate of 4.00%:

|                      | <u>1%<br/>Decrease</u> | <u>Current<br/>Trend Rates</u> | <u>1% Increase</u> |
|----------------------|------------------------|--------------------------------|--------------------|
| Total OPEB Liability | \$ 448,051             | \$ 497,823                     | \$ 555,603         |

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

For the year ended September 30, 2023, the District recognized OPEB expense (benefit) of \$(108,297). At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                           | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---------------------------|---|--|
| Experience (Gains)/Losses | \$ -  | \$ 456,635                                   |
| Changes of assumptions    | 488,553                                       | 1,735,331                                    |
| Total                     | \$ 488,553                                    | \$ 2,191,966                                 |

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

|            |                |
|------------|----------------|
| 2024       | \$ (153,435)   |
| 2025       | (153,435)      |
| 2026       | (153,435)      |
| 2027       | (153,435)      |
| 2028       | (153,435)      |
| Thereafter | (936,238)      |
| Total      | \$ (1,703,413) |

(12) **Implementation of Accounting Standards:**

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. It aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments. Generally, a liability for leave that has not been used would be recognized if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. The provisions in GASB 101 are effective for periods beginning after December 15, 2023.

**REQUIRED SUPPLEMENTAL INFORMATION**

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</u> |
|--|-------------------------|----------------------|----------------------|--|
|  | <u>Original</u>         | <u>Final</u>         |                      |  |
| <b>Revenues</b>  |                         |                      |                      |  |
| Property taxes   | \$ 1,297,151            | \$ 1,292,090         | \$ 2,172,926         | \$ 880,836   |
| Intergovernmental revenue                                    | 158,931                 | 155,711              | 41,369               | (114,342)  |
| Investment income  | -                       | -                    | 324,922              | 324,922  |
| Miscellaneous revenues                                       | -                       | -                    | 2,840                | 2,840  |
| <b>Total revenues</b>  | <u>1,456,082</u>        | <u>1,447,801</u>     | <u>2,542,057</u>     | <u>1,094,256</u>   |
| <b>Expenditures</b>  |                         |                      |                      |  |
| Salaries   | 1,525,518               | 1,507,979            | 1,366,281            | 141,698  |
| Employee benefits  | 849,393                 | 843,203              | 732,654              | 110,549  |
| Professional/contractual services                            | 299,051                 | 300,251              | 202,728              | 97,523   |
| Services   | 456,026                 | 456,026              | 452,530              | 3,496  |
| Commodities  | 72,896                  | 71,696               | 66,959               | 4,737  |
| Capital outlay   | 191,851                 | 191,851              | 73,038               | 118,813  |
| Grants and aids  | 500,000                 | 500,000              | 250,013              | 249,987  |
| Administrative overhead allocated                            | (1,859,508)             | (1,844,060)          | (1,691,021)          | (153,039)  |
| <b>Total expenditures</b>                                    | <u>2,035,227</u>        | <u>2,026,946</u>     | <u>1,453,182</u>     | <u>573,764</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>(579,145)</u>        | <u>(579,145)</u>     | <u>1,088,875</u>     | <u>1,668,020</u>   |
| <b>Other financing sources (uses)</b>                        |                         |                      |                      |  |
| Transfers out  | (1,083,226)             | (1,083,226)          | -                    | 1,083,226  |
| <b>Total other financing sources (uses)</b>                  | <u>(1,083,226)</u>      | <u>(1,083,226)</u>   | <u>-</u>             | <u>1,083,226</u>   |
| <b>Net change in fund balance</b>                            | <u>(1,662,371)</u>      | <u>(1,662,371)</u>   | <u>1,088,875</u>     | <u>2,751,246</u>   |
| <b>Fund balance, beginning of year</b>                       | 18,279,941              | 18,279,941           | 18,279,941           | -  |
| <b>Fund balance, end of year</b>                             | <u>\$ 16,617,570</u>    | <u>\$ 16,617,570</u> | <u>\$ 19,368,816</u> | <u>\$ 2,751,246</u>  |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|--|-------------------------|---------------------|---------------------|--|
|  | <u>Original</u>         | <u>Final</u>        |                     | <u>(Under)</u>   |
| <b>Revenues</b>  |                         |                     |                     |  |
| Property taxes   | \$ 2,495,748            | \$ 2,468,407        | \$ 1,210,713        | \$ (1,257,694)   |
| Intergovernmental revenue  | 68,835,761              | 70,324,084          | 21,367,638          | (48,956,446)   |
| Federal grants   | 5,297,905               | 5,497,905           | 1,229,800           | (4,268,105)  |
| Investment income  | -                       | -                   | 190,021             | 190,021  |
| Miscellaneous revenues   | 770,000                 | 770,000             | 1,105               | (768,895)  |
| <b>Total revenues</b>  | <u>77,399,414</u>       | <u>79,060,396</u>   | <u>23,999,277</u>   | <u>(55,061,119)</u>  |
| <b>Expenditures</b>  |                         |                     |                     |  |
| Salaries   | 1,969,289               | 1,963,103           | 1,807,897           | 155,206  |
| Employee benefits  | 953,519                 | 929,106             | 800,352             | 128,754  |
| Professional/contractual services                                    | 7,464,976               | 7,804,976           | 2,315,896           | 5,489,080  |
| Services   | 269,594                 | 271,394             | 185,811             | 85,583   |
| Commodities  | 254,431                 | 312,631             | 214,452             | 98,179   |
| Capital outlay   | 196,411                 | 196,411             | 149,364             | 47,047   |
| Grants and aids  | 66,736,091              | 68,033,361          | 17,739,905          | 50,293,456   |
| Administrative overhead allocated                                    | 638,329                 | 632,640             | 595,579             | 37,061   |
| <b>Total expenditures</b>  | <u>78,482,640</u>       | <u>80,143,622</u>   | <u>23,809,256</u>   | <u>56,334,366</u>  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(1,083,226)</u>      | <u>(1,083,226)</u>  | <u>190,021</u>      | <u>1,273,247</u>   |
| <b>Other financing sources (uses)</b>                                |                         |                     |                     |  |
| Transfers in   | <u>1,083,226</u>        | <u>1,083,226</u>    | <u>-</u>            | <u>(1,083,226)</u>   |
| <b>Total other financing sources (uses)</b>                          | <u>1,083,226</u>        | <u>1,083,226</u>    | <u>-</u>            | <u>(1,083,226)</u>   |
| <b>Net change in fund balance</b>                                    | <u>-</u>                | <u>-</u>            | <u>190,021</u>      | <u>190,021</u>   |
| <b>Fund balance, beginning of year</b>                               | 3,608,286               | 3,608,286           | 3,608,286           | -  |
| <b>Fund balance, end of year</b>                                     | <u>\$ 3,608,286</u>     | <u>\$ 3,608,286</u> | <u>\$ 3,798,307</u> | <u>\$ 190,021</u>  |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - LAND MANAGEMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</u> |
|--|-------------------------|---------------------|---------------------|--|
|  | <u>Original</u>         | <u>Final</u>        |                     |  |
| <b>Revenues</b>  |                         |                     |                     |  |
| Property taxes   | \$ -                    | \$ 32,402           | \$ -                | \$ (32,402)  |
| Timber sales   | 600,000                 | 600,000             | 97,504              | (502,496)  |
| Intergovernmental revenue  | 5,518,740               | 5,531,487           | 5,567,281           | 35,794   |
| Federal grants   | -                       | -                   | 70,513              | 70,513   |
| Investment income  | 8,500                   | 8,500               | 211,605             | 203,105  |
| Miscellaneous revenues   | 311,465                 | 311,465             | 377,467             | 66,002   |
| <b>Total revenues</b>  | <u>6,438,705</u>        | <u>6,483,854</u>    | <u>6,324,370</u>    | <u>(159,484)</u>   |
| <b>Expenditures</b>  |                         |                     |                     |  |
| Salaries   | 1,118,227               | 1,141,607           | 1,093,322           | 48,285   |
| Employee benefits  | 585,317                 | 617,425             | 532,434             | 84,991   |
| Professional/contractual services                                    | 4,124,217               | 4,124,217           | 3,453,967           | 670,250  |
| Services   | 587,729                 | 587,729             | 538,639             | 49,090   |
| Commodities  | 559,101                 | 594,101             | 535,280             | 58,821   |
| Capital outlay   | 632,800                 | 597,800             | 544,608             | 53,192   |
| Administrative overhead allocated                                    | 372,054                 | 368,846             | 371,383             | (2,537)  |
| <b>Total expenditures</b>  | <u>7,979,445</u>        | <u>8,031,725</u>    | <u>7,069,633</u>    | <u>962,092</u>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(1,540,740)</u>      | <u>(1,547,871)</u>  | <u>(745,263)</u>    | <u>802,608</u>   |
| <b>Net change in fund balance</b>                                    | <u>(1,540,740)</u>      | <u>(1,547,871)</u>  | <u>(745,263)</u>    | <u>802,608</u>   |
| <b>Fund balance, beginning of year</b>                               | 3,749,408               | 3,749,408           | 3,749,408           | -  |
| <b>Fund balance, end of year</b>                                     | <u>\$ 2,208,668</u>     | <u>\$ 2,201,537</u> | <u>\$ 3,004,145</u> | <u>\$ 802,608</u>  |

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



**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - REGULATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|--|-------------------------|---------------------|---------------------|--|
|  | <b>Original</b>         | <b>Final</b>        |                     |  |
| <b>Revenues</b>  |                         |                     |                     |  |
| Property taxes   | \$ -                    | \$ -                | \$ 412,901          | \$ 412,901   |
| Permits and licenses   | 655,000                 | 655,000             | 719,670             | 64,670   |
| Intergovernmental revenue                                    | 4,110,818               | 4,110,238           | 3,361,532           | (748,706)  |
| Investment income  | 6,000                   | 6,000               | 204,282             | 198,282  |
| Miscellaneous revenues                                       | -                       | -                   | 8,456               | 8,456  |
| <b>Total revenues</b>  | <b>4,771,818</b>        | <b>4,771,238</b>    | <b>4,706,841</b>    | <b>(64,397)</b>  |
| <b>Expenditures</b>  |                         |                     |                     |  |
| Salaries   | 2,256,841               | 2,253,960           | 1,911,463           | 342,497  |
| Employee benefits  | 1,221,165               | 1,219,017           | 933,526             | 285,491  |
| Professional/contractual services                            | 166,941                 | 166,941             | 118,404             | 48,537   |
| Services   | 532,592                 | 530,759             | 392,913             | 137,846  |
| Commodities  | 87,446                  | 87,446              | 93,157              | (5,711)  |
| Capital outlay   | 113,622                 | 115,455             | 98,010              | 17,445   |
| Debt service:  |                         |                     |                     |  |
| Principal  | -                       | -                   | 86,512              | (86,512)   |
| Interest   | -                       | -                   | 10,988              | (10,988)   |
| Administrative overhead allocated                            | 759,582                 | 753,031             | 648,361             | 104,670  |
| <b>Total expenditures</b>                                    | <b>5,138,189</b>        | <b>5,126,609</b>    | <b>4,293,334</b>    | <b>833,275</b>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(366,371)</b>        | <b>(355,371)</b>    | <b>413,507</b>      | <b>768,878</b>   |
| <b>Net change in fund balance</b>                            | <b>(366,371)</b>        | <b>(355,371)</b>    | <b>413,507</b>      | <b>768,878</b>   |
| <b>Fund balance, beginning of year</b>                       | <b>3,999,397</b>        | <b>3,999,397</b>    | <b>3,999,397</b>    | <b>-</b>   |
| <b>Fund balance, end of year</b>                             | <b>\$ 3,633,026</b>     | <b>\$ 3,644,026</b> | <b>\$ 4,412,904</b> | <b>\$ 768,878</b>  |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - MITIGATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|--|-------------------------|---------------------|---------------------|--|
|  | <b>Original</b>         | <b>Final</b>        |                     | <b>(Under)</b>   |
| <b>Revenues</b>  |                         |                     |                     |  |
| Intergovernmental revenue                                    | \$ 1,605,011            | \$ 1,608,880        | \$ 733,174          | \$ (875,706)   |
| Investment income  | 35,000                  | 35,000              | 750,813             | 715,813  |
| Miscellaneous revenues                                       | -                       | -                   | 6                   | 6  |
| <b>Total revenues</b>  | <u>1,640,011</u>        | <u>1,643,880</u>    | <u>1,483,993</u>    | <u>(159,887)</u>   |
| <b>Expenditures</b>  |                         |                     |                     |  |
| Salaries   | 213,011                 | 216,237             | 192,510             | 23,727   |
| Employee benefits  | 99,118                  | 99,761              | 88,764              | 10,997   |
| Professional/contractual services                            | 1,104,831               | 1,104,831           | 320,511             | 784,320  |
| Services   | 29,881                  | 109,881             | 43,724              | 66,157   |
| Commodities  | 8,482                   | 8,482               | 23,497              | (15,015)   |
| Capital outlay   | 116,520                 | 36,520              | 770                 | 35,750   |
| Administrative overhead allocated                            | 68,168                  | 68,168              | 63,405              | 4,763  |
| <b>Total expenditures</b>                                    | <u>1,640,011</u>        | <u>1,643,880</u>    | <u>733,181</u>      | <u>910,699</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>            | <u>750,812</u>      | <u>750,812</u>   |
| <b>Net change in fund balance</b>                            | <u>-</u>                | <u>-</u>            | <u>750,812</u>      | <u>750,812</u>   |
| <b>Fund balance, beginning of year</b>                       | 2,765,579               | 2,765,579           | 2,765,579           | -  |
| <b>Fund balance, end of year</b>                             | <u>\$ 2,765,579</u>     | <u>\$ 2,765,579</u> | <u>\$ 3,516,391</u> | <u>\$ 750,812</u>  |

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
SEPTEMBER 30, 2023**

**Notes to Budgetary Comparison Schedules:**

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

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

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

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

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

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

|   | As of the Plan Year Ended June 30, |              |              |              |              |              |              |              |              |  |
|---|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
|   | 2023                               | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |  |
| <b>Florida Retirement System (FRS)</b>  |                                    |              |              |              |              |              |              |              |              |  |
| Proportion of the net pension liability   | 0.014840438%                       | 0.014028475% | 0.014392154% | 0.013232255% | 0.013963889% | 0.014350464% | 0.014547660% | 0.016537167% | 0.018788173% |  |
| Proportionate share of the net pension liability                                    | \$ 5,913,445                       | \$ 5,219,720 | \$ 1,087,164 | \$ 5,735,054 | \$ 4,808,969 | \$ 4,322,434 | \$ 4,303,100 | \$ 4,175,648 | \$ 2,426,745 |  |
| Covered payroll   | 6,328,646                          | 5,598,822    | 5,516,744    | 5,367,770    | 5,356,024    | 5,325,095    | 5,279,199    | 5,628,494    | 5,371,658    |  |
| Proportionate share of the net pension liability as a percentage of covered payroll | 93.44%                             | 93.23%       | 19.71%       | 106.84%      | 89.79%       | 81.17%       | 81.51%       | 74.19%       | 45.18%       |  |
| Plan fiduciary net position as a percentage of the total pension liability          | 82.38%                             | 82.89%       | 96.40%       | 78.85%       | 82.61%       | 84.26%       | 83.89%       | 84.88%       | 92.00%       |  |
| <b>Health Insurance Subsidy Program (HIS)</b>                                       |                                    |              |              |              |              |              |              |              |              |  |
| Proportion of the net pension liability   | 0.015970310%                       | 0.015359919% | 0.015579759% | 0.015462820% | 0.016011499% | 0.016300234% | 0.016710517% | 0.017533971% | 0.017752284% |  |
| Proportionate share of the net pension liability                                    | \$ 2,536,298                       | \$ 1,626,861 | \$ 1,911,092 | \$ 1,887,985 | \$ 1,791,527 | \$ 1,725,235 | \$ 1,786,766 | \$ 2,043,512 | \$ 1,810,454 |  |
| Covered payroll   | 6,328,646                          | 5,598,822    | 5,516,744    | 5,367,770    | 5,356,024    | 5,325,095    | 5,279,199    | 5,628,494    | 5,371,658    |  |
| Proportionate share of the net pension liability as a percentage of covered payroll | 40.08%                             | 29.06%       | 34.64%       | 35.17%       | 33.45%       | 32.40%       | 33.85%       | 36.31%       | 33.70%       |  |
| Plan fiduciary net position as a percentage of the total pension liability          | 4.12%                              | 4.81%        | 3.56%        | 3.00%        | 2.63%        | 2.15%        | 1.64%        | 0.97%        | 0.50%        |  |

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

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

|  | For the year ended September 30, 2023 |              |              |              |              |              |              |              |              |
|--|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2023                                  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
| <b>Florida Retirement System (FRS)</b>                               |                                       |              |              |              |              |              |              |              |              |
| Contractually required contribution                                  | \$ 701,505                            | \$ 622,941   | \$ 575,032   | \$ 439,649   | \$ 432,981   | \$ 408,977   | \$ 370,750   | \$ 426,894   | \$ 444,312   |
| Contributions in relation to the contractually required contribution | (701,505)                             | (622,941)    | (575,032)    | (439,649)    | (432,981)    | (408,977)    | (370,750)    | (426,894)    | (444,312)    |
| Contribution deficiency (excess)                                     | <u>\$ -</u>                           | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered payroll  | \$ 6,182,951                          | \$ 5,706,061 | \$ 5,516,744 | \$ 5,367,770 | \$ 5,356,024 | \$ 5,325,095 | \$ 5,279,199 | \$ 5,628,494 | \$ 5,371,658 |
| Contributions as a percentage of covered payroll                     | 11.35%                                | 10.92%       | 10.42%       | 8.19%        | 8.08%        | 7.68%        | 7.02%        | 7.58%        | 8.27%        |
| <b>Health Insurance Subsidy Program (HIS)</b>                        |                                       |              |              |              |              |              |              |              |              |
| Contractually required contribution                                  | \$ 107,674                            | \$ 94,721    | \$ 92,867    | \$ 89,105    | \$ 88,910    | \$ 88,397    | \$ 87,653    | \$ 93,433    | \$ 72,751    |
| Contributions in relation to the contractually required contribution | (107,674)                             | (94,721)     | (92,867)     | (89,105)     | (88,910)     | (88,397)     | (87,653)     | (93,433)     | (72,751)     |
| Contribution deficiency (excess)                                     | <u>\$ -</u>                           | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered payroll  | \$ 6,182,951                          | \$ 5,706,061 | \$ 5,516,744 | \$ 5,367,770 | \$ 5,356,024 | \$ 5,325,095 | \$ 5,279,199 | \$ 5,628,494 | \$ 5,371,658 |
| Contributions as a percentage of covered payroll                     | 1.74%                                 | 1.66%        | 1.68%        | 1.66%        | 1.66%        | 1.66%        | 1.66%        | 1.66%        | 1.35%        |

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

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

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

Notes to Schedule:

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

*Valuation date:*

9/30/2022

Changes of assumptions and other changes reflect the effects of

|      |       |
|------|-------|
| 2018 | 3.64% |
| 2019 | 3.58% |
| 2020 | 2.14% |
| 2021 | 2.43% |
| 2022 | 4.40% |
| 2023 | 4.63% |

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

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

**OTHER REPORTS AND SCHEDULES**

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

| Federal Grantor/Pass Through Grantor/Program Title  | Assistance Listing Number | Contract Number   | Expenditures         | Amounts Provided to Subrecipients  |
|---|---------------------------|-------------------|----------------------|------------------------------------|
| <b>FEDERAL AWARDS</b>   |                           |                   |                      |                                    |
| <b>U.S. Department of Commerce- National Oceanic and Atmospheric Administration</b>                         |                           |                   |                      |                                    |
| Passed through Florida Department of Environmental Protection Coastal Zone Management Administration Awards | 11.419                    | 22-007            | \$ 18,500            | \$ 18,500                          |
| <b>U.S. Environmental Protection Agency</b>   |                           |                   |                      |                                    |
| Direct:   |                           |                   |                      |                                    |
| Gulf of Mexico Program  | 66.475                    | 21-048            | 499,653              | -                                  |
| Passed through Florida Department of Environmental Protection Water Quality Management Planning             | 66.454                    | 23-046            | 39,861               | -                                  |
| Total U.S Environmental Protection Agency   |                           |                   | <u>539,514</u>       | <u>-</u>                           |
| <b>U.S Department of Homeland Security</b>  |                           |                   |                      |                                    |
| Direct:   |                           |                   |                      |                                    |
| Public Assistance - FEMA - Hurricane Sally  | 97.036                    | Z2708             | 45,389               | -                                  |
| Public Assistance - FEMA - Hurricane Michael  | 97.036                    | Z0889             | 25,124               | -                                  |
|   |                           |                   | <u>70,513</u>        | <u>-</u>                           |
| Cooperating Technical Partners  | 97.045                    | EMA-2009-CA-5937  | 2,000                | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2010-CA-5085  | 696                  | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2011-CA-5142  | 12,992               | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2016-CA-00003 | 5,133                | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2017-CA-00003 | 32,720               | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2018-CA-00016 | 31,425               | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2019-CA-00005 | 7,311                | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2020-CA-00005 | 24,128               | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2021-CA-00007 | 445,070              | -                                  |
| Cooperating Technical Partners  | 97.045                    | EMA-2022-CA-00018 | 110,311              | -                                  |
|   |                           |                   | <u>671,786</u>       | <u>-</u>                           |
| Total U.S Department of Homeland Security   |                           |                   | <u>742,299</u>       | <u>-</u>                           |
| <b>Total Federal Awards</b>   |                           |                   | <u>1,300,313</u>     | <u>18,500</u>                      |
| State Grantor/Pass Through Grantor/Program Title  | CSFA Number               | Contract Number   | Expenditures         | Amounts Provided to Sub-recipients |
| <b>STATE FINANCIAL ASSISTANCE</b>   |                           |                   |                      |                                    |
| <b>Florida Department of Environmental Protection</b>   |                           |                   |                      |                                    |
| Direct:   |                           |                   |                      |                                    |
| Water Management Districts - Land Acquisition and Improvement   | 37.022                    | WP011             | 227,990              | 227,990                            |
| Water Management Districts - Land Acquisition and Improvement (Lands)                                       | 37.022                    | WP012             | 1,610,001            | -                                  |
| Water Management Districts - Land Acquisition and Improvement (MFL)   | 37.022                    | WP012             | 1,208,258            | -                                  |
|   |                           |                   | <u>3,046,249</u>     | <u>227,990</u>                     |
| Water Management District Permitting Assistance   | 37.030                    | WP012             | 1,851,230            | -                                  |
| Water Management District Operations  | 37.037                    | WP012             | 3,359,999            | -                                  |
| Statewide Surface Water Restoration and Wastewater Projects   | 37.039                    | MN023             | 112,771              | -                                  |
| Statewide Surface Water Restoration and Wastewater Projects   | 37.039                    | Res 649           | 24,044               | 24,044                             |
| Statewide Surface Water Restoration and Wastewater Projects   | 37.039                    | LPA0427           | 216,737              | -                                  |
| Statewide Surface Water Restoration and Wastewater Projects   | 37.039                    | LP0110L           | 2,567,880            | 2,567,880                          |
|   |                           |                   | <u>2,921,432</u>     | <u>2,591,924</u>                   |
| Florida Springs Grant Program-LATF  | 37.052                    | LP0110B           | 384,179              | 384,179                            |
| Florida Springs Grant Program-LATF  | 37.052                    | LP0110I           | 555,631              | 555,631                            |
| Florida Springs Grant Program-LATF  | 37.052                    | LP0110I           | 1,348                | -                                  |
| Florida Springs Grant Program-LATF  | 37.052                    | LP01105           | 2,073,703            | 2,073,703                          |
| Florida Springs Grant Program-LATF  | 37.052                    | LPS0041           | 319,258              | -                                  |
| Florida Springs Grant Program-LATF  | 37.052                    | LP0110L           | 2,485,184            | 2,485,184                          |
| Florida Springs Grant Program-LATF  | 37.052                    | LPS0031           | 3,889,895            | 3,889,895                          |
| Florida Springs Grant Program-LATF  | 37.052                    | LPS0036           | 3,637,238            | 3,637,238                          |
| Florida Springs Grant Program   | 37.052                    | LPS0043           | 20,295               | 20,295                             |
| Florida Springs Grant Program   | 37.052                    | LP01103           | 372,793              | 372,793                            |
| Florida Springs Grant Program   | 37.052                    | LP0110A           | 16,100               | -                                  |
|   |                           |                   | <u>13,755,624</u>    | <u>13,418,918</u>                  |
| Early Restoration Deepwater Horizon Oil Spill   | 37.081                    | DH010             | 112,876              | 112,876                            |
| Alternative Water Supply  | 37.100                    | WS039             | 44,385               | 44,385                             |
| Alternative Water Supply  | 37.100                    | WS001             | 1,122,099            | 1,122,099                          |
|   |                           |                   | <u>1,166,484</u>     | <u>1,166,484</u>                   |
| Innovative Technologies   | 37.103                    | INV003            | 131,817              | -                                  |
| Water Quality Enhancement and Accountability  | 37.105                    | AT003             | 232,440              | -                                  |
| Water Management Districts Hurricane Recovery   | 37.109                    | RE017             | 4,000,000            | -                                  |
| Total Florida Department of Environmental Protection  |                           |                   | <u>30,578,151</u>    | <u>17,518,192</u>                  |
| <b>Total Expenditures of State Financial Assistance</b>   |                           |                   | <u>30,578,151</u>    | <u>17,518,192</u>                  |
| <b>Total Federal Awards and State Financial Assistance</b>  |                           |                   | <u>\$ 31,878,464</u> | <u>\$ 17,536,692</u>               |

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



**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

(1) **Basis of Presentation:**

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

Pass-through entity identifying numbers are presented where available.

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

The District did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, Indirect (F&A) costs, of the Uniform Guidance.

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

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major Federal programs:

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

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

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

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

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

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



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

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

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

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

We have audited Northwest Florida Water Management District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the District's major federal programs and major state projects for the year ended September 30, 2023. The District's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2023.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

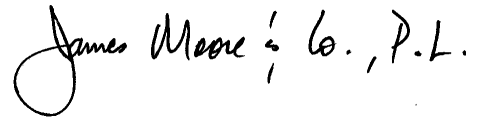
### **Report on Internal Control Over Compliance**

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

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

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

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

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

Tallahassee, Florida  
April 25, 2024

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

The Honorable Governing Board,  
Northwest Florida Water Management District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Northwest Florida Water Management District (the District) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 25, 2024.

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

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

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

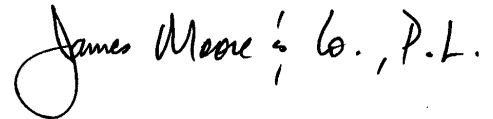
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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

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

### **Purpose of this Report**

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

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

Tallahassee, Florida  
April 25, 2024



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

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

**Report on the Financial Statements**

We have audited the financial statements of Northwest Florida Water Management District (the District), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 25, 2024.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and Each Major State Project and Report on Internal Control over Compliance in Accordance with Chapter 10.550, Rules of the Auditor General, Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 25, 2024, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

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

## **Special District Component Units**

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

## **Specific Information**

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as 96 with pay and 0 with terminal leave payouts.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 13 based on vendors that received a 1099 NEC in September 2023.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$6,405,219. Annual and sick leave payout accrual balances total \$1,018,633. Compensated time earned balance is \$7,041.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$7,443,187.96 based on the sum of invoice payments paid in FY2021-22 to vendors that received a 1099 NEC.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project: Cypress Springs restoration is an ongoing project with life to date expenses totaling \$113,697 as of 9/30/2023.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: The District's original budget totaled \$107,249,547 and was amended by the total amount of \$1,697,270, for final budgeted expenditures of \$108,946,817.

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

- a) The mileage rate or rates imposed by the district as 0.0261, refer to resolution 909.
- b) The total amount of ad valorem taxes collected by or on behalf of the district as \$3,796,543.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as no outstanding bonds issued by the District.

A statement describing the results of the auditors' determination as to whether or not the district provided monthly financial statements to its governing board and posted the monthly financial statements on its Web site (see Sections 215.985(11) and 373.536(4)(e), Florida Statutes). The district is compliant with the requirements above.

A statement describing the results of the auditors' determination as to whether or not the district provided a link on its Web site to the Florida Department of Financial Services' Web site to allow viewing of the district's annual financial report (see Section 218.32(1)(g), Florida Statutes). The district is compliant with the requirements above.

A statement describing the results of the auditors' determination as to whether or not the district posted its tentative and final budgets on its Web site (see Section 373.536(5)(d) and (6)(d), Florida Statutes). The district is compliant with the requirements above.

### **Monthly Financial Statements**

Section 10.554(1)(i)6.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 Web site. 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 Web site.

### **Transparency**

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

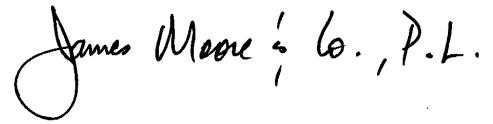
Sections 10.554(1)(i)9.c. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District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

### **Additional Matters**

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

**Purpose of this Letter**

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

James Moore & Co., P.L.

Tallahassee, Florida  
April 25, 2024

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

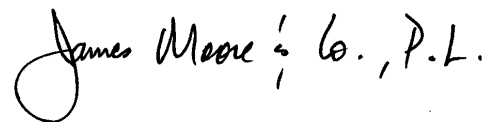
To the Honorable Board of District Commissioners,  
Northwest Florida Water Management District

We have examined the compliance of Northwest Florida Water Management District (the District) with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating compliance, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating the District's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement or evaluation of the District's compliance for the year ended September 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the District complied with the aforementioned requirements for the year ended September 30, 2023, in all material respects.



Tallahassee, Florida  
April 25, 2024