

**Request for Qualifications (RFQ) for
Tree & Vegetation Removal Services
June 2023 – May 2024**
RFQ #23-9887L.06

Michelle Sinclair, Project Coordinator

Board Meeting
May 17, 2023
Agenda Item #8



1

Background



- May 2022 – Board approved six (6) Qualified Contractors for Tree & Vegetation Removal Services, as needed, from June 2022 to May 2023 for remaining CRP-Vegetation Removal projects
- LWDD staff efforts focusing on maintaining Low Maintenance rights-of-way already cleared during completed CRP projects

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RFQ Schedule



- ✓ April 16 - Advertise RFQ in Sun Sentinel
- ✓ April 17 – Broadcast RFQ on DemandStar.com
- ✓ May 8 – Qualification Packages Due
- May 17 – Board approval of Qualified Contractors

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Qualified Contractors



- 9 Contractors responded – 6 Qualified Contractors

	Company Name	Completed Previous LWDD Projects
1.	A Plus Environmental	no
2.	ATL Diversified	Yes
3.	Coco Tree Service	Yes
4.	DRC Emergency	no
5.	East Coast Mulch	no
6.	Sherlock Tree Co.	no

NON-RESPONSIVE:

Aquatic Control Group – failed to submit proper insurance certification

Salgado Tree Trimming – failed to submit, personnel list, insurance certification, litigation summary, certificate of good standing

STI Land Development – failed to submit qualifications & experience, equipment inventory, personnel list, references, litigation summary

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Staff Recommendation



- Approval of list of Qualified Contractors to perform hazardous and exotic Tree & Vegetation Removal services, as needed, during a one-year period from June 2023 to May 2024

**Brokerage Services for Property &
Casualty and Workers' Compensation
Insurance**
RFP #23-8296L.02


Karen Hoyt, Director of Finance
Governing Board Meeting
May 17, 2023
Agenda Item #9



LWDD
LAKE WORTH DRAINAGE DISTRICT

1

Background



LWDD
LAKE WORTH DRAINAGE DISTRICT

- LWDD seeking brokerage services for property & casualty and workers' compensation insurance
- Entered current contract with Brown & Brown in August 2011
- Contract timeframe has expired and LWDD required to solicit formal proposals in accordance with public procurement policies

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RFP Scope of Work



- Provide services to routinely evaluate risks and make recommendations for the appropriate mitigation of those risks in a cost beneficial way.
- Review the quality of the coverage, cost effectiveness, competitiveness and administration on an annual basis.
- Assist with all tasks related to the annual renewal process for all insurance coverages.
- Coordinate notice of claims and/or losses to underwriters and act as a facilitator during the claim process.

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Timeline



- ✓ **January 11, 2023**- Board approved to solicit brokerage services
- ✓ **February 27, 2023** - RFP was uploaded online with Demand Star
- ✓ **April 6, 2023** – Deadline for responses
- ✓ **April 19, 2023** – Selection committee met
- **May 17, 2023** – Approval of ranking, consideration and award by District Board

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Request for Proposals



We received proposals from the following firms:

- Brown & Brown
- Egis Insurance & Risk Advisors

The members of the Selection Committee charged with evaluating the proposals were:

- Carrie Hill, Board Supervisor
- Melissa Skora, HR Administrator
- Karen Hoyt, Director of Finance

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Criteria for Ranking



- The Evaluation Committee reviewed the proposals and scored the proposals based on the following criteria:
 - Responsiveness of Submittal
 - Expertise and Reliability
 - Service Factors
 - Fee Proposal
- Final Ranking:
 1. Brown & Brown
 2. Egis Insurance & Risk Advisors

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Contract Terms



Brown & Brown shall provide brokerage services for the following lines of coverage:

- a) Property, b) Inland Marine, c) General Liability,
- d) Automobile, e) Public Officials,
- f) Employment Practices, g) Cyber Liability,
- h) Crime, i) Workers' Compensation,
- j) Storage Tank Liability and k) Pollution Liability

The term of the agreement is for a period of two years with option to renew for additional one-year periods.

The Broker Services fee shall be payable in annual amounts as follows:

- First year - \$22,000
- Second year - \$23,500

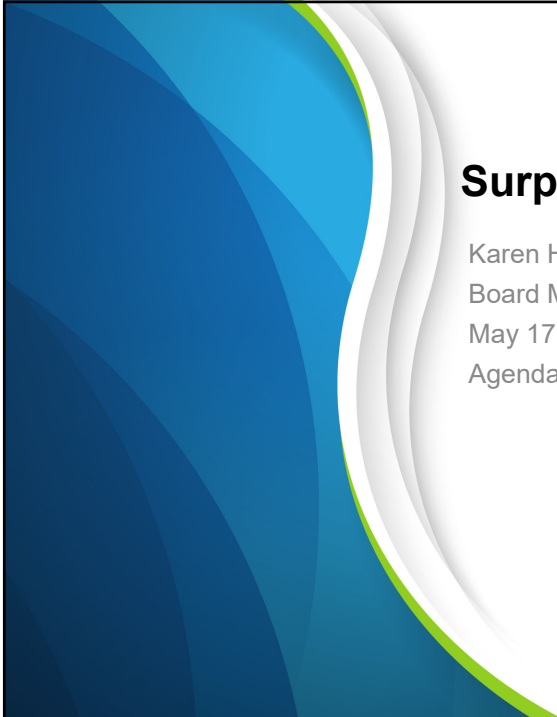
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Recommendation




- Approval of firms' ranking in response to the Request for Proposals (RFP) for Brokerage Services for Property & Casualty and Workers' Compensation Insurance and authorization to enter into contract with top ranked firm, Brown & Brown

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Surplus and Disposal

Karen Hoyt, Director of Finance
Board Meeting
May 17, 2023
Agenda Item #10




1



Surplus and Disposal

- Pursuant to Chapter 274, Florida Statutes, the District has the discretion to surplus property that is obsolete or the continued use of which is uneconomical, unsafe, inefficient, or which serves no useful function
- Staff has identified items that meets this criteria and requests that they be declared surplus, and disposed of through the recommended disposal method



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Asset ID	Description	Cost or Basis	Acquisition Date	Estimated Accumulated		Estimated Book Value	Recommended Disposal Method
				Useful Life	Depreciation at 9-30-2022		
Buildings & Improvements							
1	B154C Security Camera System - NVR, Hikvision	5,414.22	5/1/2018	120	2,391.43	3,022.79	IT Asset Disposition Provider/Employee Sale/Recycling Program
Machinery & Equipment *							
2	M-057 BACK HOE W/TRACKS (Hours: 11,698)	160,572.00	3/28/2005	180	160,572.00	0.00	Online Auction Website/Employee Sale/Recycling Program
3	M-057A 60" Tilting Ditch Cleaning Bucket	8,875.00	5/10/2021	120	1,257.32	7,617.68	Online Auction Website/Employee Sale/Recycling Program
4	M-082 Tractor - Kubota, M9960 (Hours: 8,384)	40,452.13	4/30/2015	120	30,339.00	10,113.13	Online Auction Website/Employee Sale/Recycling Program
5	T-095 2007 STERLING F-750 (Hours: 8,044)	65,531.00	1/22/2007	180	65,531.00	0.00	Online Auction Website/Employee Sale/Recycling Program
6	T-095A 20' FLATBED	9,500.00	1/17/2007	180	9,500.00	0.00	Online Auction Website/Employee Sale/Recycling Program
7	T-095B Ramsey 30K Hydraulic Winch	8,395.00	4/2/2007	120	8,395.00	0.00	Online Auction Website/Employee Sale/Recycling Program
8	T-095C Hydraulic PTO Installed	3,895.00	4/2/2007	120	3,895.00	0.00	Online Auction Website/Employee Sale/Recycling Program
9	TRL-25 2015 Dump Trailer - 14 ft	6,629.00	11/12/2014	120	5,247.80	1,381.20	Online Auction Website/Employee Sale/Recycling Program
10	TRL-26 2014 Dump Trailer - 12 ft	6,596.46	1/12/2015	120	5,112.21	1,484.25	Online Auction Website/Employee Sale/Recycling Program
11	TRL-27 2014 Dump Trailer - 12 ft	6,596.46	1/12/2015	120	5,112.21	1,484.25	Online Auction Website/Employee Sale/Recycling Program
Office Furniture, Fixtures & Equipment							
12	07327 Cisco Small Business Switch	1,320.32	1/6/2014	60	1,320.32	0.00	IT Asset Disposition Provider/Employee Sale/Recycling Program
13	07331 Server - Dell, PE R520	5,280.54	12/6/2013	60	5,280.54	0.00	IT Asset Disposition Provider/Employee Sale/Recycling Program
14	07332 Server - Dell, PE R720	6,244.22	12/6/2013	60	6,244.22	0.00	IT Asset Disposition Provider/Employee Sale/Recycling Program
15	07572 Scanner - HP ScanJet Enterprise	2,729.68	11/28/2017	120	1,342.25	1,387.43	IT Asset Disposition Provider/Employee Sale/Recycling Program
				338,031.03	311,540.30	26,490.73	
* All items are slated to be replaced within the 2023 Operating Budget							



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Staff Recommendation

Declare listed items surplus and authorize disposal of items through the recommended disposal method.

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LWDD Board of Supervisors
Meeting Materials - May 17, 2023
Agenda Item #12



**FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Lake Worth Drainage District
Delray Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Lake Worth Drainage District, Delray Beach, Florida (the "District") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of September 30, 2022, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, schedules of pension contributions, schedule of changes in the District's net OPEB liability and related ratio be presented to supplement the basic financial statements as shown 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.

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

May 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lake Worth Drainage District, Delray Beach, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year resulting in a net position balance of \$90,084,110.
- The change in the District's total net position increased by \$20,222,993. The key components of the District's net position and change in net position are reflected in the table in the following section.
- At September 30, 2022, the District's governmental fund reported ending fund balance of \$55,411,279, an increase of \$20,777,194 in comparison with the prior fiscal year. A portion of fund balance is nonspendable for inventories and prepaid items, committed for insurance, capital expenditures, and canal revetment, assigned to subsequent years expenditures, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by non-ad valorem assessments. The District does not have any business-type activities. The governmental activities of the District include the physical environment function.

The government-wide financial statements can be found on pages 8-9 of this report.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

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

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 outflow spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

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

The District maintains on governmental fund for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	NET POSITION SEPTEMBER 30,		
	2022	2021	Percentage Change
Current and other assets	\$ 58,265,737	\$ 35,315,419	65%
Capital assets, net of depreciation	41,065,435	41,740,302	-2%
Total assets	99,331,172	77,055,721	29%
Deferred outflows of resources	1,704,608	1,463,016	17%
Current liabilities	1,183,444	1,137,068	4%
Long-term liabilities	6,950,730	3,087,325	125%
Total liabilities	8,134,174	4,224,393	93%
Deferred inflows of resources	2,817,496	4,433,227	-36%
Net position			
Investment in capital assets	41,065,435	41,740,302	-2%
Unrestricted	49,018,675	28,120,815	74%
Total net position	\$ 90,084,110	\$ 69,861,117	29%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to its residents; consequently, these assets are not available for future spending.

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

The District's net position increased during the most recent fiscal year. The majority of the increase represents proceeds from the sale of development rights. In April 2022, the District sold and transferred development rights attached to approximately 262.661 acres of certain property in the Palm Beach County Agricultural Reserve for \$18,385,990.

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

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,			
	2022	2021	Percentage Change
Revenues:			
Program revenues			
Charges for services	\$ 16,597,158	\$ 16,433,540	1%
General revenues			
Unrestricted investment earnings	178,570	55,022	225%
Miscellaneous income	81,214	95,920	-15%
Gain (loss) on sales/disposal of capital assets	179,317	923,688	-81%
Total revenues	<u>17,036,259</u>	<u>17,508,170</u>	<u>-3%</u>
Expenses:			
Physical environment	15,199,256	13,777,264	10%
Total expenses	<u>15,199,256</u>	<u>13,777,264</u>	<u>10%</u>
Special Items	18,385,990	-	n/a
Change in net position	<u>20,222,993</u>	<u>3,730,906</u>	<u>442%</u>
Net position - beginning	69,861,117	66,130,211	6%
Net position - ending	<u>\$ 90,084,110</u>	<u>\$ 69,861,117</u>	<u>29%</u>

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures for the fiscal year ended September 30, 2022 did not exceed appropriations.

The budgetary comparison schedule can be found on page 34 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table presents the District's capital assets, net of accumulated depreciation, for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 4,222,413	\$ 4,222,415
Construction in progress	1,303,422	929,076
Buildings and improvements	3,725,519	3,803,604
Machinery and equipment	4,083,158	3,835,999
Canal revetment	14,712,912	15,180,198
Water control structures and pump stations	12,702,066	13,503,895
Furniture, fixtures and office equipment	315,945	265,115
	<u>\$ 41,065,435</u>	<u>\$ 41,740,302</u>

Additional information on the District's capital assets can be found in Note 5 on page 19 of this report.

Debt

The following table presents the District's total long-term liabilities for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Other postemployment benefits	\$ 154,727	\$ 184,428
Compensated absences	496,429	541,260
Net pension liability	6,722,321	2,817,371
	<u>\$ 7,373,477</u>	<u>\$ 3,543,059</u>

Additional information on the District's long-term liabilities can be found in Note 6 on page 20 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For fiscal year 2022/2023, the District adopted a budget of \$18,481,000 representing a 2.7% increase from the prior year budget. The rate per parcel remained the same at \$49.50, the last rate increase occurred in 2019.

The majority of the increase in revenues and other financing sources came from the increase in the amount of funds carried over from the prior year fund balance from \$2,221,500 to \$2,680,600.

The majority of the increase in expenditures is due to the following:

- Increase in funds allocated to field operations and maintenance from \$3.1 million to \$3.5 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, landowners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Lake Worth Drainage District at 13081 Military Trail, Delray Beach, FL 33484; 561-498-5363.

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 55,237,398
Accounts receivables	99,966
Lease receivable	2,066,006
Inventories	221,273
Prepaid items	114,369
Restricted assets:	
Cash and cash equivalents	526,725
Capital assets:	
Nondepreciable	5,525,835
Depreciable, net	35,539,600
Total assets	99,331,172
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,586,307
OPEB	118,301
Total deferred outflows of resources	1,704,608
LIABILITIES	
Accounts payable and accrued expenses	233,972
Unearned revenue	526,725
Non-current liabilities:	
Due within one year	
Compensated absences	422,747
Due in more than one year	
Compensated absences	73,682
OPEB	154,727
Net pension liability	6,722,321
Total liabilities	8,134,174
DEFERRED INFLOWS OF RESOURCES	
Pension	723,735
Lease related	2,093,761
Total deferred outflows of resources	2,817,496
NET POSITION	
Investment in capital assets	41,065,435
Unrestricted	49,018,675
Total net position	\$ 90,084,110

See notes to the financial statements

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary government:		<u>Charges for</u>	<u>Governmental</u>
Governmental activities:		<u>Services</u>	<u>Activities</u>
Physical environment	\$ 15,199,256	\$ 16,597,158	\$ 1,397,902
Total governmental activities	15,199,256	16,597,158	1,397,902
General revenues:			
Investment earnings			178,570
Miscellaneous			81,214
Gain (loss) on sales/disposal of capital assets			179,317
Total general revenues			439,101
Special items - sale of development rights			18,385,990
Change in net position			20,222,993
Net position - beginning			69,861,117
Net position - ending			\$ 90,084,110

See notes to the financial statements

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Major Fund General	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 55,237,398	\$ 55,237,398
Accounts receivables	99,966	99,966
Lease receivable	2,066,006	2,066,006
Inventories	221,273	221,273
Prepaid items	114,369	114,369
Restricted cash and cash equivalents	526,725	526,725
Total assets	\$ 58,265,737	\$ 58,265,737
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 233,972	\$ 233,972
Unearned revenue	526,725	526,725
Total liabilities	760,697	760,697
Deferred Inflows of Resources:		
Lease related	2,093,761	2,093,761
Fund Balances:		
Nonspendable:		
Inventories	221,273	221,273
Prepaid items	114,369	114,369
Committed:		
Insurance	2,084,864	2,084,864
Capital expenditures	43,502,676	43,502,676
Canal revetment	1,025,000	1,025,000
Assigned to:		
Subsequent years expenditures	2,680,600	2,680,600
Unassigned	5,782,497	5,782,497
Total fund balances	55,411,279	55,411,279
Total liabilities, deferred inflows of resources and fund balances	\$ 58,265,737	\$ 58,265,737

See notes to the financial statements

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balance - governmental funds \$ 55,411,279

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	71,231,781	
Accumulated depreciation	<u>(30,166,346)</u>	41,065,435

Deferred outflows of resources related to pensions and OPEB are recorded in the statement of net position.	1,704,608
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Deferred inflows of resources related to pensions are recorded in the statement of net position.	(723,735)
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Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Net pension liability	(6,722,321)	
Compensated absences	(496,429)	
OPEB Liability	<u>(154,727)</u>	<u>(7,373,477)</u>

Net position of governmental activities	<u>\$ 90,084,110</u>
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See notes to the financial statements

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Major Fund General	Total Governmental Funds
REVENUES		
Assessments	\$ 15,565,168	\$ 15,565,168
Investment earnings	178,570	178,570
Licenses and permits	1,031,990	1,031,990
Miscellaneous	81,214	81,214
Total revenues	16,856,942	16,856,942
EXPENDITURES		
Current:		
Physical environment	12,954,428	12,954,428
Capital outlay	1,730,136	1,730,136
Total expenditures	14,684,564	14,684,564
Excess of revenues over expenditures	2,172,378	2,172,378
OTHER FINANCING SOURCES (USES)		
Proceeds from sales/disposals of capital assets	218,826	218,826
Total other financing sources	218,826	218,826
SPECIAL ITEMS		
Proceeds from sale of development rights	18,385,990	18,385,990
Total special items	18,385,990	18,385,990
Net change in fund balances	20,777,194	20,777,194
Fund balances - beginning	34,634,085	34,634,085
Fund balances - ending	\$ 55,411,279	\$ 55,411,279

See notes to the financial statements

**LAKE WORTH DRAINAGE DISTRICT
 DELRAY BEACH, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Net change in fund balance - total governmental funds	\$ 20,777,194
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.	1,730,137
The net effect of various transactions involving the sales/disposals of capital assets is to increase (decrease) net position	(39,509)
The change in compensated absences between the current and prior fiscal year is reported in the statement of activities but is not reported as expenditures in governmental funds.	44,831
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:	
Change in net pension liability and deferred inflows and outflows of resources related to pension	65,579
Change in net OPEB liability and deferred outflows of resources related to OPEB	10,256
Depreciation of capital assets	<u>(2,365,495)</u>
Change in net position of governmental activities	<u>\$ 20,222,993</u>

See notes to the financial statements

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Lake Worth Drainage District ("District") was originally incorporated and created under Chapter 6458 of the laws of the State of Florida by decree of the Circuit Court of Palm Beach County on June 15, 1915, and now exists under Chapter 09-258, Laws of Florida and amendments thereto. The District was created for the purpose of reclaiming the lands within its boundaries and for the purpose of water control and water supply and to improve said lands and make these lands available, acceptable and habitable for settlement and agriculture.

The District is governed by the Board of Supervisors ("Board"), which is composed of owners of land in the District. The Supervisors are elected by the owners of the property within the District. The supervisors are each elected to a three-year term. Length of service is staggered so that one or more supervisors is elected or re-elected at the annual landowners meeting in January.

The Board has the responsibility for:

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Assessments

The collection of non-ad valorem assessments is consolidated in the Office of the County Tax Collector. Assessments are levied on November 1st of each year, or as soon thereafter as the tax roll is certified by the County Property Appraiser and delivered to the Tax Collector. All unpaid assessments levied become delinquent April 1st of the following year. Discounts are allowed for early payment at a maximum rate of 4%. At September 30, 2022, unpaid delinquent assessments are not material and have not been recorded by the District.

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

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources.

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

New Accounting Standards Adopted

During fiscal year 2022, the District adopted the following new accounting standard:

GASB Statement No. 87 - Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to debt covenants or other contractual restrictions.

Deposits and Investments

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

The District has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves. The District is authorized to invest in obligations of the U.S. Treasury, Federal agencies and instrumentalities, certificates of deposit and savings accounts, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, the Florida Local Government Surplus Funds Trust Funds ("Florida Prime"), Government National Mortgage Association (GNMA) bonds, Other U.S. Government Guaranteed bonds (e.g. AID, GTC), Federal Agency/GSE bonds, Supranationals where the United States is a shareholder and voting member, Corporate Bonds, Municipal Bonds, Agency Mortgage-Backed Securities, Commercial Paper, Asset-Backed Securities, Fixed-Income Mutual Funds and Exchange Traded Funds, Intergovernmental Pools, and other professionally managed mutual funds.

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

Receivables

Receivables are recorded and revenues are recognized when earned.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Lease agreements that qualify as capital leases are recorded at the present value of their future minimum lease payments as of the inception date.

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

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

<u>Asset</u>	<u>Years</u>
Canal revetment	50
Water control structures and pump stations	10-50
Buildings and improvements	5-50
Furniture, fixtures and office equipment	5-30
Machinery and equipment	5-20

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

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

Leases

Lessor: The District is a lessor for a noncancellable ground and tower lease. The District recognizes lease receivables and a deferred inflows of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

It is the District's policy to permit employees to accumulate vacation and sick leave. Accrued vacation hours are compensated in full at separation at the employee's current rate of pay up to 240 hours. Sick leave hours may be accumulated without limit for the duration of employment. At the time of separation, employees are paid 25% of their sick leave balance at their current rate of pay, up to 240 hours.

Unearned Revenue

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

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Deferred Outflows/Inflows of Resources

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position

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

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

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

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

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

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

Other Disclosures

Use of Estimates

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

NOTE 3 – BUDGETARY INFORMATION

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

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

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

NOTE 4 – DEPOSITS

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and improvements	\$ 3,372,934	\$ -	\$ (2)	\$ 3,372,932
Land under assignment rights	849,481	-	-	849,481
Work in progress:				
Furniture, fixtures, and office equipment	-	6,025	-	6,025
Buildings and improvements	-	2,900	-	2,900
Water control structures and pump stations	929,076	365,421	-	1,294,497
Total capital assets, not being depreciated	5,151,491	374,346	(2)	5,525,835
Capital assets, being depreciated				
Buildings and improvements	6,777,034	208,270	(27,757)	6,957,547
Machinery and equipment	9,140,581	961,822	(736,587)	9,365,816
Canal revetment	23,364,303	-	-	23,364,303
Water control structures and pump stations	25,146,054	49,160	-	25,195,214
Furniture, fixtures, and office equipment	716,864	136,539	(30,337)	823,066
Total capital assets, being depreciated	65,144,836	1,355,791	(794,681)	65,705,946
Less accumulated depreciation for:				
Buildings and improvements	(2,973,430)	(276,640)	18,042	(3,232,028)
Machinery and equipment	(5,304,582)	(686,057)	707,981	(5,282,658)
Canal revetment	(8,184,105)	(467,286)	-	(8,651,391)
Water control structures and pump stations	(11,642,159)	(850,989)	-	(12,493,148)
Furniture, fixtures, and office equipment	(451,749)	(84,523)	29,151	(507,121)
Total accumulated depreciation	(28,556,025)	(2,365,495)	755,174	(30,166,346)
Total capital assets, being depreciated, net	36,588,811	(1,009,704)	(39,507)	35,539,600
Governmental activities capital assets	\$ 41,740,302	\$ (635,358)	\$ (39,509)	\$ 41,065,435

Depreciation expense was charged to the Physical Environment function.

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liability activity for the fiscal year ended September 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Compensated absences:					
Vacation accrual	\$ 422,891	\$ 413,206	\$ 450,608	\$ 385,489	\$ 385,489
Sick leave accrual	118,369	297,004	304,433	110,940	37,258
Other postemployment benefits	184,428	-	29,701	154,727	-
Net pension liability	2,817,371	3,904,950	-	6,722,321	-
Total	<u>\$ 3,543,059</u>	<u>\$ 4,615,160</u>	<u>\$ 784,742</u>	<u>\$ 7,373,477</u>	<u>\$ 422,747</u>

NOTE 7 – LEASES

Through a series of agreements with various cell phone companies and ATC Sequoia LLC (American Tower), the District has entered into a ground and tower lease agreement with American Tower, who has assumed the responsibility for managing the parcel and any further lease agreement with cell phone companies. The current agreement is a five-year agreement with three additional options for five-year renewals, at an approximate annual revenue of \$120,000. As of September 30, 2022, the value of the lease receivable is \$2,066,006. The value of the deferred inflow of resources as of September 30, 2022 was \$2,093,761, and the District recognized lease revenue and interest revenue related to the lease of \$113,688 and \$79,376, respectively, during the fiscal year.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the District is required to permit eligible retirees and their eligible dependents to participate in the District's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

Plan Description

The District administers a single-employer defined benefit health care plan that provides health care benefits to eligible retired employees (the "Plan"). The Board of Supervisors is authorized to establish and amend benefit levels, subject to the minimum requirements set forth by Florida Statutes, and to approve the actuarial assumptions used in the determination of contribution levels. The District determines the required contribution on a pay-as-you-go basis.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

At September 30, 2021, the date of the most recent valuation, the following employees were covered by benefit terms:

Actives (covered)	74
Actives (not covered)	2
Retirees (covered)	5
	<u>81</u>

Changes in Net OPEB Liability

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2021	\$ 184,428	\$ -	\$ 184,428
Changes due to:			
Service cost	3,801	-	3,801
Interest	3,671	-	3,671
Experience losses (gains)	-	-	-
Changes of assumptions	-	-	-
Benefit payments and refunds	(37,173)	-	(37,173)
Balance as of September 30, 2022	<u>\$ 154,727</u>	<u>\$ -</u>	<u>\$ 154,727</u>

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

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

Valuation date	September 30, 2021
Measurement date	September 30, 2022
Actuarial valuation method	Entry age normal
Retirement Rates	
	Age Percent
	56-61 10%
	61-64 20%
	65 100%
Discount Rate	2.43% per annum
Salary increases	3.00% per annum
Plan participation	10% of future eligible retirees are assumed to elect medical coverage upon retirement.
Marital status	Actual spouse participation and dates of birth were used.
Medical claims cost, pre-65	Retiree/spouse \$17,648
Healthcare cost trend rate	Medical:6.25% graded uniformly to 5.50% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075.
Retiree contributions - medical plan	Retirees and their spouses are assumed to contribute the full group premium rate. A blended group premium rate was calculated based on actual plan election information in the census data. Retiree contributions were assumed to increase at the health care cost trend rate.
	Retiree Spouse
Pre-65	\$8,461 \$11,182
Administrative expenses	Administrative costs are assumed to be included in the medical claims cost.
Retirement eligibility	Employees become eligible for benefits under the plan upon attainment of 30 years of service or age 62 if employed prior to July 1, 2011; if employed after July 1, 2011, the employee must be age 65 or have attained 33 years of service to retire. Actives must be covered at the time of retirement to be eligible for post-employment benefits.
Spouse coverage	Benefits for spouses cease at the earlier of spouse age 65 or cessation of retiree coverage. Actual retiree spousal information was provided in the census data and used for valuation purposes.
Funding policy	Benefits of the plan are provided through a fully-insured medical program through Cigna Healthcare. Contributions by participating retired employees, at rates determined by the District, are required for continued participation. The employer has not contributed any amounts to finance future benefits under the plan for either current or future retirees.
Amortization period	20 years (closed). Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 10 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Deferred outflows and inflows of resources

At September 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and Inflows of Resources
Experience losses (gains)	110,144	-	110,144
Changes of assumptions	8,157	-	8,157
	<u>\$ 118,301</u>	<u>\$ -</u>	<u>\$ 118,301</u>

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

Year ending September 30,	Net Deferred Outflows and Inflows of Resources
2023	\$ 19,445
2024	19,445
2025	19,445
2026	19,444
2027	10,132
Thereafter	30,390
	<u>\$ 118,301</u>

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is a 1-percentage-point lower (1.43%) or 1-percentage-point higher (3.43%) than the current discount rate:

1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% Increase (3.43%)
\$ 161,272	\$ 154,727	\$ 148,338

Sensitivity of the Net OPEB Liability Using Alternative Healthcare Cost Trend Rates

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

1% Decrease 5.25% decreasing to 4.5% over 3 years and following the Getzen model thereafter	Current Healthcare cost rates 6.25% decreasing to 5.5% over 3 years and following the Getzen model thereafter	1% Increase 7.25% decreasing to 6.5% over 3 years and following the Getzen model thereafter
\$ 144,318	\$ 154,727	\$ 166,989

NOTE 9 – RETIREMENT PLAN

Florida Retirement System (FRS)

General Information about the FRS

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

All regular employees of the District are eligible to enroll as members of the FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense totaled \$711,149 for the fiscal year ended September 30, 2022.

FRS Pension Plan

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

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

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

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

NOTE 9 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

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

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

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected Officers’ Class	
Service as elected official of a special district that chose EOC membership for its elected officials	3.00
Senior Management Service Class	2.00

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

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2021 to June 30, 2022		Percent of Gross Salary July 1, 2022 to September 30, 2022	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	10.82	3.00	11.91
FRS, Elected Local Officers	3.00	51.42	3.00	57.00
FRS, Senior Management Service Class	3.00	29.01	3.00	31.57
DROP - Applicable to all members in the above classes	0.00	18.34	0.00	18.60

The District’s contributions to the Plan totaled \$605,438 for the fiscal year ended September 30, 2022. This excludes the HIS defined benefit pension plan contributions.

NOTE 9 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the District reported a liability of \$5,278,235 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District’s proportionate share of the net pension liability was based on the District’s contributions for the year ended June 30, 2022 relative to the contributions made during the year ended June 30, 2021 of all participating members. At June 30, 2022, the District’s proportionate share was .014%, which decreased .001% from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022 the District recognized pension expense of \$636,335 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 250,686	\$ -
Change of assumptions	650,037	-
Net difference between projected and actual earnings on FRS pension plan investments	348,521	-
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	4,754	(269,394)
District FRS contributions subsequent to the measurement date	180,751	-
Total	<u>\$ 1,434,749</u>	<u>\$ (269,394)</u>

The deferred outflows of resources related to pensions, totaling \$180,751, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2023	\$ 208,436
2024	42,889
2025	(162,409)
2026	857,631
2027	38,057
Thereafter	-
Total	<u>\$ 984,604</u>

Actuarial Assumptions – The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

NOTE 9 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

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

Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Total	100.0%			
Assumed inflation - mean			2.4%	1.3%

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

Discount Rate – The discount rate used to measure the total pension liability was 6.7 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
District’s proportionate share of net pension liability	\$ 9,128,345	\$ 5,278,235	\$ 2,059,085

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

HIS Pension Plan

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

Benefits Provided – For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

NOTE 9 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

HIS Pension Plan (Continued)

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the contribution rate was 1.66% of payroll from October 1, 2021 through September 30, 2022 pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The District’s contributions to the HIS Plan totaled \$74,676 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the District reported a net pension liability of \$1,444,086 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District’s proportionate share of the net pension liability was based on the year ended June 30, 2022 contributions relative to the year ended June 30, 2021 contributions of all participating members. At June 30, 2022, the District’s proportionate share was .014%, which which did not change significantly from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022, the District recognized pension expense of \$8,889 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 43,831	\$ (6,354)
Change of assumptions	82,776	(223,399)
Net difference between projected and actual earnings on HIS pension plan investments	2,091	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	-	(224,588)
District HIS contributions subsequent to the measurement date	22,860	-
Total	<u>\$ 151,558</u>	<u>\$ (454,341)</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – The deferred outflows of resources related to pensions, totaling \$22,860, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2023	\$ (88,396)
2024	(65,874)
2025	(50,760)
2026	(56,212)
2027	(47,825)
Thereafter	<u>(16,576)</u>
Total	<u>\$ (325,643)</u>

NOTE 9 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

HIS Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.54%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
District's proportionate share of net pension liability	\$ 1,652,153	\$ 1,444,086	\$ 1,271,915

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

FRS – Defined Contribution Pension Plan

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

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

NOTE 9 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS – Defined Contribution Pension Plan (Continued)

Allocations to the investment member’s accounts during the 2022 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30%
FRS, Elected Local Officers	14.34%
FRS, Senior Management Service Class	10.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

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

The District’s Investment Plan pension expense totaled \$65,925 for the fiscal year ended September 30, 2022.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The District is subject to various lawsuits incidental to its operations, the outcome of which is not presently determinable. In the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Pending Lawsuit

The District is the Defendant in a pending lawsuit filed on July 1, 2019 in the Fifteenth Judicial Circuit of Palm Beach County, Florida, under the case number, 50-2019-CA-08566 XXXX MB AJ (“the Lawsuit.”). The plaintiffs filed this action on July 1, 2019. The District owns the L-49 Canal and associated right-of-way that abuts Plaintiffs’ property pursuant to the Chancery Case 407. The plaintiffs have planted and otherwise made improvements on the LWDD’s right-of-way, which the LWDD seeks to clear for maintenance of the canal. The plaintiffs dispute the LWDD’s ownership of the underlying property. The plaintiffs filed this action for quiet title and declaratory relief seeking to establish ownership of the disputed property up to the water line. LWDD and the plaintiffs agreed to a settlement of the matter in June 2022, but the plaintiffs contend that no settlement was reached. Thereafter, the Court granted summary judgment in favor of the plaintiffs on one of three counts at issue. The District has moved to enforce the settlement agreement. A hearing on the motion to enforce is set for July 2023. No liability, as of September 30, 2022 has been recorded by the District as the District’s Management believes the likelihood of an unfavorable outcome as of the date of this report is not probable.

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – SPECIAL ITEMS

In April 2022, the District sold and transferred development rights attached to approximately 262.661 acres of certain property in the Palm Beach County Agricultural Reserve for \$18,385,990.

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
FLORIDA RETIREMENT SYSTEM NET PENSION LIABILITY AND CONTRIBUTION SCHEDULES
(UNAUDITED)**

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan
Last 9 Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the FRS net pension liability	0.014%	0.015%	0.015%	0.016%	0.015%	0.016%	0.017%	0.017%	0.018%
District's proportionate share of the FRS net pension liability	\$ 5,278,235	\$ 1,100,070	\$ 6,438,661	\$ 5,349,186	\$ 4,659,522	\$ 4,814,462	\$ 4,346,414	\$ 2,187,790	\$ 1,081,086
District's covered payroll	\$ 4,425,102	\$ 4,413,391	\$ 4,607,086	\$ 4,941,138	\$ 4,916,291	\$ 4,966,652	\$ 5,299,353	\$ 5,170,005	\$ 5,223,039
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	119.28%	24.93%	139.76%	108.26%	94.78%	96.94%	82.02%	42.32%	20.70%
FRS plan fiduciary net position as a percentage of the total pension liability	96.20%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Health Insurance Subsidy Pension Plan
Last 9 Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the HIS net pension liability	0.014%	0.014%	0.015%	0.016%	0.016%	0.017%	0.018%	0.018%	0.018%
District's proportionate share of the HIS net pension liability	\$ 1,444,086	\$ 1,717,301	\$ 1,828,457	\$ 1,822,297	\$ 1,728,280	\$ 1,795,334	\$ 2,077,661	\$ 1,819,357	\$ 1,723,800
District's covered payroll	\$ 4,425,102	\$ 4,413,391	\$ 4,607,086	\$ 4,941,138	\$ 4,916,291	\$ 4,966,652	\$ 5,299,353	\$ 5,170,005	\$ 5,223,039
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.63%	38.28%	39.69%	36.88%	35.15%	36.15%	39.21%	35.19%	33.00%
HIS plan fiduciary net position as a percentage of the total pension liability	4.81%	3.00%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

(2) Information is only available for the years presented.

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
FLORIDA RETIREMENT SYSTEM NET PENSION LIABILITY AND CONTRIBUTION SCHEDULES
(UNAUDITED)**

**Schedule of the District Contributions -
Florida Retirement System Pension Plan
Last 9 Fiscal Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 605,438	\$ 539,407	\$ 502,792	\$ 477,973	\$ 435,420	\$ 423,716	\$ 419,778	\$ 412,967	\$ 388,109
FRS contributions in relation to the contractually required contribution	(605,438)	(539,407)	(502,792)	(477,973)	(435,420)	(423,716)	(419,778)	(412,967)	(388,109)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,498,503	\$ 4,368,641	\$ 4,718,084	\$ 4,904,012	\$ 4,926,658	\$ 4,959,317	\$ 5,066,334	\$ 5,165,195	\$ 5,214,663
FRS contributions as a percentage of covered payroll	13.46%	12.35%	10.66%	9.75%	8.84%	8.54%	8.29%	8.00%	7.44%

**Schedule of the District Contributions -
Health Insurance Subsidy Pension Plan
Last 9 Fiscal Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 74,676	\$ 72,520	\$ 78,321	\$ 81,407	\$ 81,783	\$ 88,861	\$ 91,375	\$ 68,194	\$ 63,155
HIS contributions in relation to the contractually required contribution	(74,676)	(72,520)	(78,321)	(81,407)	(81,783)	(88,861)	(91,375)	(68,194)	(63,155)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,498,503	\$ 4,368,641	\$ 4,718,084	\$ 4,904,012	\$ 4,926,658	\$ 4,959,317	\$ 5,066,334	\$ 5,165,195	\$ 5,214,663
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.79%	1.80%	1.32%	1.21%

(1) The amounts presented for each fiscal year were determined as of September 30.

(2) Information is only available for the years presented.

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS
(UNAUDITED)**

	2022	2021	2020	2019	2018
Total OPEB Liability					
Beginning balance	\$ 184,428	\$ 111,168	\$ 129,543	\$ 73,595	\$ 72,223
Service cost	3,801	4,174	3,901	3,646	3,404
Interest	3,671	3,175	3,904	2,096	2,386
Difference between expected and actual experience	-	94,015	-	69,865	-
Assumption changes	-	7,299	-	4,638	-
Benefit payments and refunds	(37,173)	(35,403)	(26,180)	(24,297)	(4,418)
Ending balance	<u>\$ 154,727</u>	<u>\$ 184,428</u>	<u>\$ 111,168</u>	<u>\$ 129,543</u>	<u>\$ 73,595</u>
Plan Fiduciary Net Position					
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability	<u>\$ 154,727</u>	<u>\$ 184,428</u>	<u>\$ 111,168</u>	<u>\$ 129,543</u>	<u>\$ 73,595</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 4,870,836	\$ 4,728,967	\$ 5,260,660	\$ 5,107,437	\$ 4,926,658
Net OPEB liability as a percentage of covered payroll	3.18%	3.90%	2.11%	2.54%	1.49%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	<u>Original & Final</u>	Actual Amounts	
REVENUES			
Assessments	\$ 15,388,000	\$ 15,565,168	\$ 177,168
Investment earnings	10,000	178,570	168,570
Licenses and permits	372,500	1,031,990	659,490
Miscellaneous	1,000	81,214	80,214
Total revenues	<u>15,771,500</u>	<u>16,856,942</u>	<u>1,085,442</u>
EXPENDITURES			
Current:			
Physical environment	13,906,000	12,954,428	951,572
Capital outlay	<u>4,097,000</u>	<u>1,730,136</u>	<u>2,366,864</u>
Total expenditures	<u>18,003,000</u>	<u>14,684,564</u>	<u>3,318,436</u>
Excess (deficiency) of revenues over (under) expenditures	(2,231,500)	2,172,378	4,403,878
OTHER FINANCING SOURCES			
Proceeds from sales/disposals of capital	10,000	218,826	208,826
Use of fund balance	<u>2,221,500</u>	-	<u>(2,221,500)</u>
Total other financing sources	<u>2,231,500</u>	<u>218,826</u>	<u>(2,012,674)</u>
SPECIAL ITEMS			
Proceeds from the sale of development rights	-	18,385,990	18,385,990
Total other financing sources	<u>-</u>	<u>18,385,990</u>	<u>18,385,990</u>
Net change in fund balance	<u>\$ -</u>	<u>20,777,194</u>	<u>\$ 20,777,194</u>
Fund balances - beginning		<u>34,634,085</u>	
Fund balance - ending			<u>\$ 55,411,279</u>

See notes to required supplementary information

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND**

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures for the fiscal year ended September 30, 2022 did not exceed appropriations.

**LAKE WORTH DRAINAGE DISTRICT
DELRAY BEACH, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
(UNAUDITED)**

<u>Element</u>	<u>Comments</u>
Number of district employees compensated at 9/30/2022	82
Number of independent contractors compensated in September 2022	32
Employee compensation for FYE 9/30/2022 (paid/accrued)	\$5,270,898
Independent contractor compensation for FYE 9/30/2022	\$2,813,966
Construction projects to begin on or after October 1; (\$65K)	
Refurbishment of Control Structure No. 9	\$1,623,568
Budget variance report	See page 35 of annual financial report
Ad Valorem taxes;	Not applicable
Outstanding Bonds:	Not applicable
Non ad valorem special assessments;	
Special assessment rate FYE 9/30/2022	\$49.50 per acre
Special assessments collected FYE 9/30/2022	\$15,565,168
Outstanding Bonds:	Not applicable



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

To the Board of Supervisors
Lake Worth Drainage District
Delray Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Lake Worth Drainage District, Delray Beach, Florida ("District") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated May 30, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

May 30, 2023



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

To the Board of Supervisors
Lake Worth Drainage District
Delray Beach, Florida

We have examined Lake Worth Drainage District, Delray Beach, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2022. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2022.

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

May 30, 2023



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

To the Board of Supervisors
Lake Worth Drainage District
Delray Beach, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Lake Worth Drainage District, Delray Beach, Florida ("District"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 30, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated Xxxx, 2023, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

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

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

May 30, 2023

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2021.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2022.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2022.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2022. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 37.